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Icon Energy to Begin Drilling Programme in ATP626P Lydia Block

Icon Energy Limited (**Icon Energy**) today announced that its wholly owned subsidiary, Jakabar Pty Ltd will mobilise the Atlas Drilling Rig # 2 on 14 April 2011 to commence drilling three exploratory wells in the ATP626P Lydia Block (**Drilling Programme**), in which Stanwell Corporation (**Stanwell**) has farmed into.

The Drilling Programme forms part of Stanwell's \$30 million Stage 2 investment (through Goondi Energy Pty Ltd) in ATP626P, located in the Surat Basin, to earn a 50% interest in the four graticular blocks which make up what is known as the Lydia Block.

"Icon Energy is very much looking forward to the commencement of this Drilling Programme, which is the first stage of what is expected, on a company-wide basis, to be the Company's largest programme ever", Mr James said.

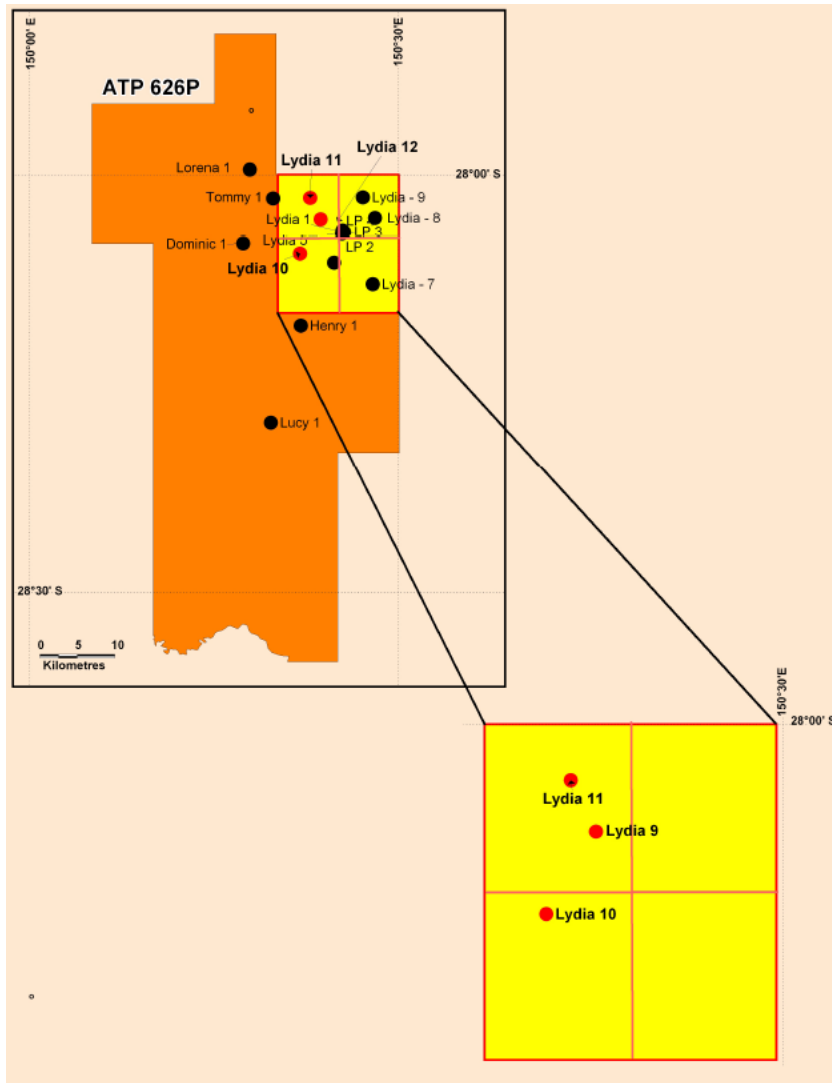
"Following this programme, we will be moving attention to drilling operations in the Cooper Eromanga Basin, where Icon Energy is targeting the Nappamerri Trough (and where Icon holds interests in the prized ATP855P Queensland tenement and PEL218 in South Australia), and then on to the Gippsland Basin (where Icon holds PEP170).

According to Mr James, each of these drilling operations is targeted to a strategic commercial focus.

In late March, Icon Energy entered into a landmark LNG Sales Agreement with Shantou SinoEnergy for the supply of 40 million tonnes of liquefied natural gas (**LNG**) over 20 years, with first delivery scheduled for June 2016.

"Meeting our supply obligations to Shantou SinoEnergy is obviously a key strategic driver for Icon Energy", Mr James said.

The figure below indicates the well positions for the Lydia 10, 11, and 12 exploration wells, which are expected to be spudded commencing in mid-April 2011.



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