



**ICON ENERGY LIMITED**  
*energy for the future -  
the future of energy*

ABN 61 058 454 569

**Registered Office:**  
Level 4, 19 Arbour Court  
ROBINA TOWN CENTRE QLD 4230 AUSTRALIA  
(PO Box 3366)

**Ph:** (07) 5562 0077  
**Fax:** (07) 5562 0011  
**Web:** [www.iconenergy.com](http://www.iconenergy.com)  
**Email:** [icon@iconenergy.com](mailto:icon@iconenergy.com)

13 January 2009

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Sir

**Re: Extraordinary General Meeting (EGM)**

As advised to the ASX on 24 December 2008, Icon Energy Limited has received a request from one shareholder who holds more than 5% of the votes that may be cast at a general meeting (requesting shareholder), pursuant to section 249D of the Corporations Act.

As such an EGM will be held at 10:00am, 23 February 2009. A Notice of Meeting (Notice) and Proxy Form is attached. Pursuant to section 249HA(1) of the Corporations Act, these documents will be mailed to Shareholders on or prior to 22 January 2009.

In addition, the Company also received a statement pursuant to 249P of the Corporations Act from the requesting shareholder. This statement is Annexure A to the Notice.

Yours sincerely

Ray James  
Managing Director  
Icon Energy Limited



For further information please contact:

Ray McNamara  
Telephone: (+617) 5562 0077  
Facsimile: (+617) 5562 0011  
Email: [info@iconenergy.com](mailto:info@iconenergy.com)  
Or visit [www.iconenergy.com](http://www.iconenergy.com)

13 January 2008

**Dear Icon Energy Shareholder**

On 24 December 2008, Mrs Dianne Beth Baldwin delivered a notice to the Company's head office, calling for an Extraordinary General Meeting (EGM) to be held under Section 249D of the Corporations Act. Mrs Baldwin, as a holder of more than 5% of the Company's issued capital, can legally request an EGM with the entire cost of calling and convening the EGM at Icon Energy's expense.

**The sole purpose of this EGM is an attempt to remove all current Directors of Icon Energy Limited and replace them with Mrs Baldwin's own nominees who have no specific experience in oil and gas exploration and development nor as ASX listed company directors.**

The Resolutions are opposed by your current Board which does not consider the proposed outcomes to be in the best interests of the Company or the vast majority of its Shareholders.

All of us are aware of the prevailing economic conditions endured towards the end of 2008. Despite the difficult climate we continued to make very successful advancements in the key areas of the funding and development of one of Icon Energy's core assets, the potential coal seam gas field in ATP 626P. With an estimated 5.4 TCF of gas in place, plans are now well advanced to prove up the resource with sites now in final preparation for the Lydia drilling program due to commence in February 2009.

**Icon Energy's Shareholders now currently enjoy the most advantageous outlook in the Company's history due to the continual efforts of your current Board.**

While a section 249D request may have ordinarily served as a distraction to some boards, we have continued to strengthen Icon Energy and the recently announced \$36 million deal with the Queensland Government's Stanwell Corporation highlights the continual momentum of the current Board. The deal with Stanwell Corporation demonstrates our efforts to align ourselves with strategic partners who have the financial security to assist us to develop our resource.

The Board was very pleased to have been able to announce the landmark deal with the Queensland Government owned Stanwell Corporation on 24 December 2008 as our Foundation Customer. This brought about an immediate surge in the share price of 53% on top of the underlying strength built over the past 12 months. The Board is committed to the successful development of ATP 626P which we believe will create real shareholder value. Accordingly, development of ATP 626P remains our key focus.

In addition to the Farm-in Agreement with Stanwell, we are also close to successfully concluding negotiations for the Joint Operating Agreement and Gas Sales Agreement also with Stanwell Corporations.

The current Board members are known personally to many of you, our long-term shareholders. With the express support of Management, we will continue to strive to meet all the strategic objectives we have previously identified and which we outline again within the attached documentation.

**The proposed replacement Board has published no strategic objectives nor outlined the future direction for your Company; your Company's future is unknown under the guise of the replacement Board.**

We commence 2009 heading in the right direction as the Icon Energy share price is now some 300% greater than the same time last year. This is a direct result of the Company's achievements to date and the future prospects which the current Board is working towards. Additionally, we now have assembled an expert professional team in exploration and development who are working closely with the Board to develop Icon Energy to its full potential.

**The fact that Icon Energy's outlook is so promising, despite the tide of the economic downturn, is truly a testament to the current team.**

2008 was a successful year for Icon Energy and we are projected only to go from strength to strength in 2009. Now is not the time for unproven and unpredictable change as we embark upon our drilling program in ATP 626P.

The reasons for **VOTING AGAINST ALL OF THE PROPOSED RESOLUTIONS** are articulated in the accompanying Explanatory Statement. Should you require further information, please contact us on (07) 5562 0077.

I urge you not to jeopardise the future of Icon Energy by replacing an experienced and dedicated team who have worked consistently in the Company's best interests with an unknown and technically inexperienced group.

**Stephen, Raymond and myself categorically encourage you to vote AGAINST each of Resolutions 1 to 6 as set out in the Notice.**

I look forward to sharing the future success of Icon Energy with you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R. James', with a long, sweeping horizontal line extending from the end of the signature.

Raymond James  
Managing Director  
Icon Energy Limited

# ICON ENERGY LIMITED ABN 61 058 454 569

## NOTICE OF EXTRAORDINARY GENERAL MEETING

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Notice is given that an Extraordinary General Meeting (EGM) of shareholders of Icon Energy Limited (Icon Energy or Company) will be held at the Southport Yacht Club, Macarthur Parade, Main Beach, Queensland 4217 on 23 February 2009 commencing at 10:00am (Queensland time).

The EGM has been requested pursuant to section 249D of the Corporations Act 2001 (Cth), by Mrs Dianne Beth Baldwin, being a member of the Company with at least 5% of the votes that may be cast at a general meeting of Icon Energy.

### RESOLUTIONS

#### 1. Appointment of Ronald William Baldwin as a Director

To consider and, if thought fit, pass the following Resolution as an ordinary resolution of Icon Energy:

*"That Ronald William Baldwin be appointed as director of the Company."*

(Note: this Resolution has been proposed by Mrs Dianne Beth Baldwin in accordance with section 249D of the Corporations Act 2001 (Cth)).

#### 2. Appointment of Ian Leslie Petherbridge as a Director

To consider and, if thought fit, pass the following Resolution as an ordinary resolution of Icon Energy:

*"That Ian Leslie Petherbridge be appointed as director of the Company."*

(Note: this Resolution has been proposed by Mrs Dianne Beth Baldwin in accordance with section 249D of the Corporations Act 2001 (Cth)).

#### 3. Appointment of Kaye Suzanne Sticklen as a Director

To consider and, if thought fit, pass the following Resolution as an ordinary resolution of Icon Energy:

*"That Kaye Suzanne Sticklen be appointed as director of the Company."*

(Note: this Resolution has been proposed by Mrs Dianne Beth Baldwin in accordance with section 249D of the Corporations Act 2001 (Cth)).

#### 4. Removal of Mr Raymond Swinburn James as a Director

To consider and, if thought fit, pass the following Resolution as an ordinary resolution of Icon Energy:

*"That Raymond Swinburn James be removed as a director of the Company, and that the removal to take effect when there are at least two other directors of the Company holding office."*

(Note: this Resolution has been proposed by Mrs Dianne Beth Baldwin in accordance with section 249D of the Corporations Act 2001 (Cth)).

#### 5. Removal of Mr Stephen Michael Barry as a Director

To consider and, if thought fit, pass the following Resolution as an ordinary resolution of Icon Energy:

*"That Stephen Michael Barry be removed as a director of the Company, and that the removal to take effect when there are at least two other directors of the Company holding office."*

(Note: this Resolution has been proposed by Mrs Dianne Beth Baldwin in accordance with section 249D of the Corporations Act 2001 (Cth)).

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6. Removal of Dr Raymond Patrick McNamara as a Director

To consider and, if thought fit, pass the following Resolution as an ordinary resolution of Icon Energy:

*"That Raymond Patrick McNamara be removed as a director of the Company, and that the removal to take effect when there are at least two other directors of the Company holding office."*

(Note: this Resolution has been proposed by Dianne Beth Baldwin in accordance with section 249D of the Corporations Act 2001 (Cth)).

By order of the Board, as requested pursuant to section 249D of the Corporations Act 2001 (Cth).

A handwritten signature in black ink, appearing to read 'R. McNamara', with a stylized, flowing script.

Dr R McNamara  
Director & Company Secretary  
13 January 2009

## ENTITLEMENT TO ATTEND AND VOTE

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In accordance with Reg 7.11.37 of the Corporations Regulations, the Board has determined that persons who are registered holders of shares of Icon Energy as at 7:00pm (Queensland time) on 21 February 2009 will be entitled to attend and vote at the EGM as a Shareholder.

If more than one joint holder of shares is present at the Meeting (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

### VOTING BY PROXY

If you are a Shareholder entitled to attend and vote, you may appoint an individual or a body corporate as a proxy. A proxy need not be a Shareholder of Icon Energy.

If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Meeting.

A Shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the Shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the Shareholder's votes.

To be effective, the proxy must be received at the share registry of Icon Energy no later than 10:00am (Queensland time) on 21 February 2009. Proxies must be received before that time by one of the following methods:

- By post:** Icon Energy's Share Registry, c/o Computershare Investor Services Pty Limited,  
shown on the enclosed pre-addressed envelope
- By facsimile:** (within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555
- By delivery:** Icon Energy's Share Registry, c/o Computershare Investor Services Pty Limited,  
GPO Box 242, Melbourne, VIC 3001

### Voting by Attorney

A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by Icon Energy no later than 10:00am (Queensland time) on 21 February 2009 being 48 hours before EGM.

### Corporate Representatives

A body corporate which is a Shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the Meeting. The appointment of the representative must comply with the requirements under section 250D of the Corporations Act. The representative should bring to the Meeting a properly executed letter or other document confirming its authority to act as a body corporate's representative.

### Shareholder Queries

This EGM has been requested by a member pursuant to section 249D of the Corporations Act. If you have any questions in relation to the EGM, please contact the Company Secretary, Dr Ray McNamara at ray@iconenergy.com or (07) 5562 0077.

# EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of Shareholders of Icon Energy (Shareholders) in relation to the business to be conducted at Icon Energy's February 2009 Extraordinary General Meeting (EGM or Meeting).

**The Directors recommend that Shareholders read this Explanatory Statement** before determining whether to vote against, for, or abstain from voting for, the Resolutions. The purpose of this Explanatory Statement is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the Resolutions.

All of the Resolutions to be voted on are ordinary resolutions. An ordinary resolution requires a simple majority of votes cast by Shareholders entitled to vote on the resolution.

## **Why has the Meeting been called?**

This Meeting has been convened following receipt of a requisition from Mrs Dianne Beth Baldwin to remove the current Board and replace it with her nominees. As such, the Meeting is **not** at the option of the current Board.

Each Resolution set out in the Notice of Meeting has been proposed by Mrs Baldwin, **NOT** by your Directors.

In addition, the statement in Annexure A has been distributed to Shareholders of Icon Energy, as required by section 249P(6) of the Corporations Act 2001 (Cth) at the request of Mrs Baldwin.

The statements and information in Annexure A have **NOT** been verified by the Company.

## **Who pays for this Meeting?**

The cost of calling and convening the Meeting as requested by Mrs Baldwin is to be met by Icon Energy.

The cost of calling and convening the Meeting, taking into consideration all imposts (including but not limited to fees for professional advice, printing, mailing, share registry and venue hire) are expected to be approximately \$35,000. In addition, the calling and convening of this meeting has consumed a significant portion of Management's time.

## **About the requisitioning shareholder, Mrs Dianne Baldwin**

As disclosed to the ASX on 28 November 2008, Mrs Dianne Baldwin and her associates hold relevant interests in Icon Energy of 8.57%.

Mrs Baldwin is the wife of one of the candidates proposed for directorship, Mr Ronald Baldwin.

## The basis on which your current board was appointed

Mr Stephen Barry and Dr Ray McNamara were elected by Shareholders in general meeting, and in the case of, Mr Stephen Barry have been subsequently re-elected by Shareholders in general meeting, in accordance with the Icon Energy Constitution and the ASX Listing Rules. For each election and re-election, as the case may be, you, the Shareholders, voted overwhelmingly in favour in support of the current Board.

While the results of the 2007 AGM were released to ASX, the proxies received prior to the Meeting are summarised below for the benefit of all Shareholders:

### Resolution 1: Re-election of Mr Stephen Barry as a Director

	Number of Proxy Votes	% of all Proxy Votes
Proxy votes FOR* the Resolution	46,683,714	89.49%
Proxy votes against the Resolution	2,110,836	4.04%
Proxy votes abstaining from the Resolution	3,373,276	6.47%
Total proxy votes received	52,167,826	100%
*Including Proxy votes at the discretion of the Chair	2,983,612	

### Resolution 2: Re-election of Dr Raymond McNamara as a Director

	Number of Votes	% of all Votes
Proxy votes FOR* the Resolution	41,195,031	88.21%
Proxy votes against the Resolution	2,135,683	4.57%
Proxy votes abstaining from the Resolution	3,373,000	7.22%
Total proxy votes received	46,703,714	100%
*Including Proxy votes at the discretion of the Chair	2,983,612	

Throughout last year, at the 2008 AGM and during subsequent meetings, the feedback to the Directors from Shareholders has been positive and supportive.

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## STATEMENT BY YOUR CURRENT BOARD

The current Board, having held office for many years, are intimately familiar with the Company's operations and future prospects. Details of each of the current Directors' experience and qualifications, together with a summary of the Board's recent key milestones and their statement in relation to their current intentions, are set out in this Explanatory Statement.

**The current Directors are, collectively, substantial Shareholders in Icon Energy and their interests ARE ALIGNED WITH YOUR INTERESTS.**

The Board acknowledges that since the resignation of Mr Martin Pyecroft as Chairman of the Board in November 2008 due to ill health, that one or more additional independent Non-Executive Directors are needed. Your Board has held discussions with several suitably qualified candidates who would each bring their own distinctive and valued skills to the Company. The signing of the Agreement with Stanwell Corporation brought to Icon Energy the additional capital and reputation which would assist in attracting essential, highly qualified and professional directors needed to best complement the skill set of the current Board.

**It is planned to introduce these new Directors no later than the Annual General Meeting in May 2009. This allows the new Directors sufficient time to complete their own due diligence of the Company's activities and future prospects.**

The strategic objectives set by the current Board were disclosed at the 2008 Annual General Meeting (2008 AGM). The short to medium term objectives for Icon Energy, as approved by the Board are:

- to add one exploration block to existing portfolio exploration blocks or commence an exploration program on an existing tenement other than ATP 626; and
- to obtain a farm-in partner with the capital and capabilities or raise capital and equity to establish 3P reserves in a tenement to enable the future development of full-scale gas or oil production; and
- to maintain operating control of exploration tenements until reserves are proven; and
- to successfully complete the 24 well drilling program in ATP 626P.

The meeting of these objectives will assist the Company to achieve its objectives of:

1. Obtaining a market capitalisation of \$300 million in 18 months from the 2008 AGM; and
2. Commercialisation of 2P reserves of Coal Seam Gas.

Achievement of these objectives will create real value for Icon Energy Shareholders.

**The current Board has the full support of a skilled and dedicated Management team who will, together, be integral in achieving the strategic objectives of Icon Energy.**

## COMMENTS IN RELATION TO THE PROPOSED RESOLUTIONS

### **Our experience and expertise is critical to the future success of Icon Energy**

The vast experience of the current Directors and their invaluable contribution in building the foundations for Icon Energy to become what is described in its mission statement as 'a world class gas and oil producer' is demonstrated in this Explanatory Statement.

The effect of focusing on the Company's mission statement can be easily demonstrated: over the last 12 months, the market capitalisation of Icon Energy has increased from \$12 million to \$70 million.

The Board believes, in their opinion and having regard to industry specific acumen and best practice principles which require the 'board to be structured to add value', that the candidates comprising the proposed replacement board of directors do not have the desired experience nor technical expertise to take Icon Energy to the forefront of the oil and gas industry.

**In particular, none of the proposed candidates have experience exploring and developing in any of the oil, gas or coal seam methane industries.**

Additionally, none of the proposed candidates have suggested that they have any experience as a director of an ASX listed entity and none currently serve in such a capacity.

**The proposed replacement board of directors have given no information as to their proposed strategic intentions with respect to Icon Energy's future.**

**In addition no candidate within the proposed replacement board of directors has articulated the contribution they anticipate being able to make to Icon Energy should they be elected.**

### **Disclosure of a pre-existing relationship between the Icon Energy and Mr Ronald Baldwin**

The Board notes that the following two contracts currently remain in force between the Company and Mr Baldwin:

- Agency Contract for Gas Sale Agreements
- Finance Acquisition Agreement

#### **Baldwin Agency Contract for Gas Sale Agreements**

Mrs Baldwin states that Mr Baldwin is the Chief Executive of Oakey Power Holdings and has been involved with that company for 12 years. Oakey Power Holdings, which operates the Oakey power station, is 50% owned by Babcock & Brown Power Limited since at least June 2000.

Mr Baldwin introduced Icon Energy to Babcock and Brown Infrastructure Pty Ltd, a wholly owned subsidiary of Babcock and Brown Limited (Babcock & Brown) and assisted with the negotiations for a memorandum of understanding between Icon and Babcock & Brown.

Under the agency agreement, Mr Baldwin was given a mandate to procure a purchaser of at least 5PJ per annum for 15 years at a minimum price of \$3.15 per PJ for 'Tranche 1' gas.

**If a gas sales agreement was negotiated with a buyer introduced by Mr Baldwin under the agency agreement, Mr Baldwin would have received:**

- (a) an entitlement to 10,000,000 options, exercisable at 10 cents per options; and
- (b) a cash commission payable on Tranche 1 gas sales equal to at least \$750,000 per year for a period of 15 years.

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The Board's rejection of many of the proposed terms in the Gas Sale Agreement with Babcock & Brown as negotiated by Mr Baldwin led to the failure of the parties to reach a mutually acceptable agreement by the stipulated deadline of 30 October 2008.

Since the expiry of the Memorandum of Understanding with Babcock & Brown, Mr Baldwin has not introduced any other gas sale prospects to the Icon Energy Board.

#### **Baldwin Finance Agency Acquisition Agreement**

Mr Baldwin has also entered into a Finance Agency Agreement with Icon Energy to arrange finance via a convertible note or other acceptable finance. The mandate can be terminated by Icon Energy by three months' notice in writing served after 30 June 2009

As part of these arrangements, Mr Baldwin presented Icon Energy with a \$40,000,000 note with the following terms:

- 10,000,000 options for shares in Icon Energy payable up front at 10 cents per security; and
- Interest for the first year of 15%; and
- Interest for the second year of 25%; and
- Security over ATP 626P; and
- 20,000,000 options, exercisable over three years at 50 cents per option to Mr Baldwin as a commission.

#### **The Board rejected Mr Baldwin's proposal.**

Since the rejection of this proposal, Mr Baldwin has failed to introduce any further funding options to the Icon Energy Board. Incidentally, the proposed funding arrangements with Pacific Capital were not introduced to the Company by Mr Baldwin and would not have entitled Mr Baldwin to any commission.

Due to the nature of these agreements with Mr Baldwin (including the amounts payable in additional equity and cash to Mr Baldwin), and the observance of correct corporate governance, the Board directs that the proposed appointment of Mr Baldwin as a statutory officer of the Company ought to have been subject to the immediate termination by Mr Baldwin of the existing contractual agreements with the Company so as to prevent any conflict of interest and ensure full disclosure to Shareholders.

**As a director, Mr Baldwin may have a conflict of interest in any financial agreements and gas sale agreements that Icon Energy wishes to enter into prior to 30 September 2009.**

#### **Scarce and limited resources**

The Icon Energy team has limited staffing as a result of the need to conservatively manage the Company's operations as well as the 'tight' labour conditions with respect to oil and gas industry professionals. The dynamics within a small management team are often upset upon major structural changes such as upon the proposed immediate and forced departures of Messrs James and McNamara as Executive Directors.

Other than the demoralising affect to the current Management team, the proposed cessation as Executive Directors of both Messrs James and McNamara will significantly and immediately deplete the pool of working and corporate knowledge of Icon Energy's Board.

**There will be no transitional phase as would ordinarily be the case upon resignation and service during a notice period. As such, almost 60 years' collective petroleum and commercial experience will be lost to Icon Energy's Board immediately, if Shareholders do not vote AGAINST these Resolutions.**

The ability of the Company to seamlessly operate its Lydia Drilling Program (which is due to commence in February 2009) and meet its outstanding obligations during a time of management upheaval at a very critical time would be questionable.

## Public company to have three Directors

On a technical note, the Board note the application of section 201A(2) of the Corporations Act (Cth) which requires a public company to have at least three Directors. The proposed removal of each of Messrs James, Barry and McNamara conditional on Icon Energy having at least two Directors in office suggests a knowing breach of the legislation should Resolutions 4 to 6 be passed.

## RECOMMENDATIONS OF YOUR BOARD

The Board urges you to read the Notice of Meeting and Explanatory Statement in its entirety.

The Board encourages all Shareholders to consider the prospects for Icon Energy under the current Directors - Messrs Barry, James and McNamara – against the backdrop of the solid foundation for growth which the same Board has built.

If you are unable to attend the Meeting the Board encourages you to participate by appointing a proxy who can vote on your behalf at the Meeting.

### Your Board unanimously recommends:

**YOU VOTE AGAINST Resolutions 1 to 3, being the appointment of Mr Ronald Baldwin, Mr Ian Petherbridge and Ms Kaye Sticklen.**

### Your Board unanimously recommends:

**YOU VOTE AGAINST Resolutions 4 to 6, being resolutions proposing the removal of Mr Raymond James, Mr Stephen Barry and Dr Raymond McNamara.**

If you wish to vote as recommended by your current Board, you would simply VOTE AGAINST all 6 Resolutions being put to the EGM.

The Chairman of the Meeting will vote all undirected proxies AGAINST all Resolutions.

### Resolution 1: Appointment of Ronald William Baldwin as a Director

The proposed appointment of Ronald Baldwin has been made pursuant to section 249D of the *Corporations Act 2001* (Cth). Further explanation is detailed in the section 249P statement contained in Annexure A.

While the Board has not verified the content of the section 249P statement contained in Annexure A, it notes the statement that Mr Baldwin “is a Queensland barrister”.

An independent enquiry made of the Bar Association of Queensland reveals Mr Baldwin is neither:

- a Barrister who is a member of the Bar Association of Queensland with a current Practising Certificate; or
- a Barrister who is not a member of the Bar Association of Queensland but holds a current Practising Certificate.

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As the representation that one is a barrister when one does not hold a current Practising Certificate is an offence under the Legal Profession Act 2007 (Qld), the matter has been referred to the Queensland Legal Services Commissioner for due investigation.

**The Board of Directors unanimously recommend that Shareholders VOTE AGAINST this Resolution.**

**Resolution 2: Appointment of Ian Leslie Petherbridge as a Director**

The proposed appointment of Ian Petherbridge has been made pursuant to section 249D of the *Corporations Act 2001* (Cth). Further explanation is detailed in the section 249P statement contained in Annexure A.

**The Board of Directors unanimously recommend that Shareholders VOTE AGAINST this Resolution.**

**Resolution 3: Appointment of Kaye Suzanne Sticklen as a Director**

The proposed appointment of Kaye Sticklen has been made pursuant to section 249D of the Corporations Act 2001 (Cth). Further explanation is detailed in the section 249P statement contained in Annexure A.

**The Board of Directors unanimously recommend that Shareholders VOTE AGAINST this Resolution.**

**Resolution 4: Removal of Mr Raymond Swinburn James as a Director**

Mr James is a founding Director and Shareholder of Icon Energy and has been Managing Director of the Icon Group of Companies since 1993.

Mr James has over 38 years' experience in the petroleum industry in Australia, USA, Indonesia, South East Asia, Middle East and Russia. Previously, he worked with Chevron Perth and Houston from 1969-74 and with Gulf Oil from 1974-80. After that, he was the Managing Director of Australian Hydrocarbons from 1980-81 and the Managing Director of Omega Oil from 1987-91.

Mr James was a Director of Australian Petroleum Production & Exploration Association (APPEA) from 1999-2007 and served as Vice Chairman of APPEA from 2003-2005.

Mr James holds a Bachelor of Science (Physics & Geology) from the University of NSW and is a fellow of the Australian Institute of Company Directors (FAICD).

**The Board of Directors recommend that Shareholders VOTE AGAINST this Resolution (with Mr James abstaining in the recommendation).**

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**Resolution 5: Removal of Mr Stephen Michael Barry as a Director**

Mr Barry is a founding Director and Shareholder of Icon Energy and is the Non-Executive Director and Chairman of Icon Energy. He is also a member of the Icon Energy Audit and Risk Management Committee and Remuneration Committee.

Mr Barry was admitted as a solicitor of the Supreme Court of NSW in 1983 and is currently a partner in the law firm, CKB Partners, who provide commercial advice and litigation, insurance, corporate advice and commercial leasing advice.

Mr Barry holds a Bachelor of Laws from the University of Sydney.

**The Board of Directors recommend that Shareholders VOTE AGAINST this Resolution (with Mr Barry abstaining in the recommendation).**

**Resolution 6: Removal of Dr Raymond Patrick McNamara as a Director**

Dr McNamara was appointed as an Executive Director of Icon Energy in 2007 and also serves as the Company Secretary.

Dr McNamara has more than 20 years of experience in the private and public sectors specialising in financial accounting, corporate control systems and security appraisal and valuation. He is currently an Associate Professor of Accounting at Bond University. Dr McNamara is a director of the Centre for Corporate Governance and is the deputy chairman of the Senate of Bond University.

Dr McNamara serves on the board of a substantial not-for-profit organisation and a private company.

Dr McNamara holds a Bachelor of Business from the University of Technology, Queensland, a Master of Business Administration and Doctor of Philosophy from the University of Queensland and is a member of Australian Society of CPA.

**The Board of Directors recommend that Shareholders VOTE AGAINST this Resolution (with Dr McNamara abstaining in the recommendation).**

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## COMMENTS IN RELATION TO THE SECTION 249P STATEMENT

The section 249P statement as provided by Mrs Dianne Beth Baldwin is set out in Annexure A.

The Board note the three reasons given by Mrs Baldwin to change the current Board and wish to respond to each proposition in turn.

**Firstly**, the Board believes it has the support of many of its Shareholders. Many Shareholders have been on the register of the Company for many years and despite the recent global economic crisis, have refrained from selling their interests, and remain long-term Shareholders in Icon Energy.

The draft proxy results were given by the Company to Mr Baldwin in confidence, which has subsequently been breached with the issuance of the section 249P statement. The proxy results were reflective of the contemporaneous wide-spread negative market sentiment with respect to executive remuneration experienced which was (and continues to be) by many ASX listed entities.

**Secondly**, the Board believed at the time of entering into the agreement, which was always subject to Shareholder approval, that the proposed financing arrangement with Pacific Capital, was in the best interests of Icon Energy Shareholders and agreed to pursue the arrangement.

The agreement with Pacific Capital:

- provided funding for the Company to be able to meet Stages 2 and 3 of its proposed program of works, being a 24 hole drilling program so as to develop the Company's core asset, ATP 626P;
- was finalised during the global economic crisis during which was a time many other issuers were unable to secure any form of equity funding;
- was conditional upon Mr James providing, as a form of security, 7,000,000 shares he holds personally.

The exit penalties available under the term sheet were on reasonable terms should the Board not proceed with all or any of the drawdown tranches. This facility allowed Icon Energy the opportunity to fully appraise its 24 well program.

Unlike the proposed funding arrangement as brokered by Mr Baldwin and described previously in this Explanatory Statement, the agreement with Pacific Capital was not introduced to the Icon Energy by Mr Baldwin. As such, there were no commissions payable to Mr Baldwin in respect of the agreement with Pacific Capital.

1. **The proposed agreement was rejected by Shareholders at the EGM on 23 December 2008, including by Mrs Baldwin and her associates. The Board noted the position of Shareholders on the vote and now do not intend to resurrect the deal.**
2. **The notice by Mrs Baldwin was served AFTER the EGM rejected the Pacific Capital proposal, at a time when Mrs Baldwin was aware of the collective Shareholder decision.**
3. **Mrs Baldwin's allegation that the Directors wish to enter into the transaction, following the EGM, is false. Mrs Baldwin seeks to appoint her nominees to control the company and relies on a misleading statement to Shareholders.**

Icon Energy's core business is now focused on developing the resources so they can be recertified as coal bed methane gas reserves in ATP 626P. Icon Energy holds a working interest in ATP 626P of 100%. The estimate of 5.4 TCF of gas initially in place was in accordance with the Standards Pertaining to Estimating and Auditing of Oil and Gas Reserves prescribed by the Society of Petroleum Engineers and was independently audited (the opinion being released to the ASX on 25 August 2008). The Board believes that developing these resources would demonstrably add Shareholder value.

The allegation that the *“agreement with Pacific Capital could have the effect of creating 600 million new shares with Pacific Capital ever having outlaid a single dollar”* simply lacks credulity. Under the agreement, Pacific Capital would subscribe for convertible notes, each with a face value (payable to Icon Energy) of \$1,000,000.

**As described in the explanatory memorandum accompanying the notice of meeting in relation to the 23 December 2008 EGM, the maximum number of securities to be issued was not known as it would depend on Icon Energy’s trading price over a series of dates.**

In total, twenty tranches were proposed to be issued (with the issuance of tranches 11-20 being at the option of Icon Energy). Icon Energy had the option at any time not to take up additional tranches if it considered that the dilution effect was unfavourable at any time to the Company .

At page 11 of the explanatory memorandum, the market and Shareholders were informed of the provision in the agreement that the note holder could never convert notes to shares if the number of shares it held would be greater than 15% of the issued capital at any one time.

**The Board, in discharging their directors’ duties, would simply not agree to uncommercial terms which diluted existing Shareholders (including their own shareholdings) without due consideration.**

**Thirdly**, the Board wish to summarise the Company’s operations in 2008, many of which have been preparatory in nature, preserving the cash position of Icon Energy until suitable significant funding necessary for a large scale drilling program could be obtained. Considerable effort by both the Board and Management went into developing long term strategic relationships with major iconic entities, such as Babcock & Brown and other potential partners which for confidentiality reasons can not be disclosed. The Memorandum of Understanding with Babcock & Brown expired on 30 October 2008 which allowed the current Board to then discuss potential agreements with other parties. Details of the conditional farm-in agreement was secured on the 24 December 2008 with Stanwell Corporation as announced to the ASX on that date.

Key milestones achieved by the Board during 2008 include:

Date	Announcements & Activities
December 2008	Icon Energy signs a deal worth up to \$36 million with Queensland Government’s Stanwell Corporation. Under the agreement, Icon Energy could become a commercial gas producer within 4 years.
November 2008	Icon Energy signs a drilling contract with Ancon Drilling Pty Ltd to undertake a 4 well pilot program in ATP 626P for its 2009 Coal Seam Gas pilot program.
November 2008	Icon Energy announces a proposed \$20 million financing facility (unsecured non-interest bearing convertible notes) from a UK based fund to develop Stages 2 and 3 of the ATP 626P drilling program.
October 2008	Icon Energy commences a seismic survey in PEL218, South Australia under the Farm-in Agreement with Adelaide Energy to define leads in preparation for drilling in 2009.
September 2008	Icon Energy raises \$2.717 million to fund the drilling of coal bed methane wells in ATP 626P.
August 2008	Icon Energy announces a five-fold increase in its prospective gas reserves in the southern Surat Basin with its ATP 626P permit containing up to 5,500 petajoules of gas, as independently audited.

Date	Announcements & Activities
June 2008	Icon Energy enters into a non-binding Memorandum of Understanding with Babcock & Brown for the sale of coal seam gas from ATP 626P from the commencement of production.
June 2008	Icon Energy raises \$2.801 million to fund the ongoing administration of the Company and provide funds to commence the dewatering testing operations of the Coal Bed Methane wells drilled in ATP 626P.
May 2008	Icon Energy was advised of the success of the tender for both EPG 41 (NappaMerri 1) and EPG 51 (NappaMerri2) in south-west Queensland. This area is co-incidental with ATP 855P.
March 2008	An independent expert evaluation of ATP 626's prospective reserve calculations indicated gas reserves in the range of 0.9 to 1.25 trillion cubic feet of gas, the equivalent of 160 – 225 million barrels of oil.
January 2008	Icon Energy drills and completes three exploration wells in ATP 626P in Queensland's Surat Basin.
January 2008	Icon Energy succeeds in the tender for ATP 849P located west of Roma township and centred on the town of Mitchell in central Queensland. The area covers 3,854 sq km and is underlain by the Walloon Coal Measures at shallow depths.

Shareholders are encouraged to reflect on the collective efforts of the Icon Energy team during 2008.

The opening Icon Energy share price as at 2 January 2008 was \$0.05 and the closing share price as at 31 December 2008 was \$0.205. While the Australian and global equity markets finished 2008 with unprecedented losses, the share price of Icon Energy grew over 300% during 2008.

Icon Energy now has a team with a proven track record as indicated by the improving market capitalisation and increasing share price.

**THE BOARD STRONGLY RECOMMENDS THAT YOU CONSIDER THE ADVANTAGEOUS OUTLOOK OF THE COMPANY WHICH WILL ONLY BE ACHIEVED AS PLANNED WITH THE MOMENTUM OF THE CURRENT BOARD.**

## ANNEXURE A

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**Statement made pursuant to section 249P of the *Corporations Act 2001* (Cth)  
by Mrs Dianne Beth Baldwin.**

### **ICON ENERGY LIMITED**

#### **Explanatory Statement to Shareholders**

An Extraordinary General Meeting of Shareholders has been requested in order to remove and replace the existing three Directors with three new Directors. The request has been made by a substantial shareholder, with the support of a number of other material shareholders, who believe that the actions of the current Board of Directors are not in the best interests of the Company.

**Why change the current Board of Directors?**

**For three reasons:**

- (i) The current Board of Directors does not have the support of shareholders. This is evident from the result of proxy votes in relation to the majority of resolutions put to shareholders at the EGM held on 23 December 2008.

For example, Computershare Limited summary of proxy votes received as at 22 December 2008 in respect of Resolution 8, which seeks approval for an issue of shares to Mr Stephen Barry, show that shareholders holding only 10,171,068 shares had voted in favour whilst shareholders with 54,101,015 shares had lodged proxies opposing the resolution as follows:

<b>Resolution 8</b>	<b>For</b>	<b>10,171,068</b>
<b>Approval of issue of</b>	<b>Against</b>	<b>54,101,015</b>
<b>shares to Stephen Barry</b>	<b>Abstain</b>	<b>2,488,447</b>
	<b>Open - usable</b>	<b>8,034,293</b>

Proxy voting results for Resolutions 5 to 11 are similar to the above figures.

For a complete set of proxy voting results please email Ron Baldwin at [rwbdwin@netspace.net.au](mailto:rwbdwin@netspace.net.au).

- (ii) The current Board of Directors wish to enter into a financing arrangement with Pacific Capital in opposition to the wishes and views of a number of major shareholders.

This agreement with Pacific Capital could have the effect of creating 660 million new shares without Pacific Capital ever having outlaid a single dollar. If new shares in anything approaching this number are issued then existing shareholders will suffer a significant fall in the value of their shareholding.

- (iii) Icon, under the control of the current Board of Directors has failed to drill a single well, de-water a well, flare any gas or establish any 2P or 3P reserves in 2008.

## ANNEXURE A (CONTINUED)

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### **Statement made pursuant to section 249P of the *Corporations Act 2001* (Cth) by Mrs Dianne Beth Baldwin.**

These four functions should have been the main focus of activity for 2008 and failure to achieve these functions has contributed to the shareholders view of the existing Board.

#### **The Replacement Team of Directors**

The three proposed new directors are:

**Ron Baldwin** – Ron is the Chief Executive of Oakey Power Holdings with 12 years experience in electricity generation and business development including contract negotiation for the supply and transmission of natural gas. Ron holds a Bachelor of Laws and is also a Queensland barrister. The Baldwin family is the largest shareholders in Icon with approximately 30 million shares.

**Ian Petherbridge** – Ian is a co-founder of one of Australia's largest IT Services Companies serving as General Manager, National Operations Manager and Queensland State Manager over a period of 20 years. He has formal education qualifications: Bachelor of Surveying (UQ), Graduate Certificate of Management (QUT) and has completed the International Executive Program (Insead, France). Ian is a Graduate Member of the Australian Institute of Company Directors (GAICD) and a Justice of the Peace (Commissioner for Declarations). The Petherbridge family is the third largest individual shareholders in Icon.

**Kaye Sticklen** – Kaye has an extensive history of developing and managing her own companies and has held positions as a Director of small to medium sized private companies. She has been a Board member of a large corporation. Kaye is a "Fellow" of the Australian Institute of Company Directors and owns and manages significant industrial property. The Sticklen Family hold shares in Icon.

#### **What we want you to do is support the proposed changes in the Board of Directors by:**

- A     Attending the EGM in person or by proxy and voting in favour of the resolutions to remove the existing Board of Directors consisting of Ray James, Stephen Barry and Raymond McNamara and approving the resolutions appointing a new Board of Directors consisting of Ron Baldwin, Ian Petherbridge and Kaye Sticklen.
- B     If you are unable to attend, or appoint someone to attend on your behalf, then complete the attached proxy form nominating "Mr. Ron Baldwin" as your proxy and directing your votes in favour of the new Board by marking with a cross the boxes in favour of the resolutions to remove the existing Directors and appointing the new Directors. Return your proxy form by the due date to Computershare in the envelope provided OR post it directly to 52 Ortive Street, Yeronga. QLD 4104

If you have any questions either about the notice or completion of the proxy form or why a significant number of major shareholders have taken this action then please call Ron Baldwin on (07) 3848 1680 or by email to [rwaldwin@netspace.net.au](mailto:rwaldwin@netspace.net.au)

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**ICON ENERGY LIMITED**

ABN 61 058 454 569

*energy for the future - the future of energy*

### **Contact us**

**Address:**

Level 4, 19 Arbour Court  
Robina Town Centre  
Queensland 4230  
Australia

Telephone: (07) 5562 0077

Fax: (07) 5562 0011

[www.iconenergy.com](http://www.iconenergy.com)

000001 000 ICON  
 MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

## Lodge your vote:



### By Mail:

Computershare Investor Services Pty Limited  
 GPO Box 242 Melbourne  
 Victoria 3001 Australia

Alternatively you can fax your form to  
 (within Australia) 1800 783 447  
 (outside Australia) +61 3 9473 2555

### For all enquiries call:

(within Australia) 1300 552 270  
 (outside Australia) +61 3 9415 4000

## Proxy Form

 For your vote to be effective it must be received by 10.00am (Brisbane time) Saturday, 21 February 2009

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the Against, For or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.computershare.com](http://www.computershare.com).

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** ➔



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

- ☒ Review your securityholding
- ☒ Update your securityholding

#### Your secure access information is:

SRN/HIN: I9999999999



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark ☒ to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Icon Energy Limited hereby appoint



the Chairman  
of the meeting OR



**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Extraordinary General Meeting of Icon Energy Limited to be held at the Southport Yacht Club, Macarthur Parade, Main Beach, QLD on Monday, 23 February 2009 at 10.00am (Brisbane time) and at any adjournment of that meeting.

### STEP 2 Items of Business



**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	Against	For	Abstain
1. Appointment of Ronald W. Baldwin as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Appointment of Ian L. Petherbridge as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Appointment of Kaye S. Sticklen as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Removal of Raymond S. James as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Removal of Stephen M. Barry as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Removal of Raymond P. McNamara as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Each resolution has been proposed by Mrs. Dianne Beth Baldwin, being a member with at least 5% of the votes that may be cast at a general meeting of Icon Energy Limited.

The resolutions have not been proposed by your Board.

The Chairman of the Meeting intends to vote undirected proxies **AGAINST** each item of business.

### SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_

Date \_\_\_\_/\_\_\_\_/\_\_\_\_

ICN

230209A

Computershare +