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30th January 2009

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

Dear Sir

**Icon completes Gas Sale Agreement and Joint Operating Agreement  
with Stanwell Corporation**

Icon Energy is pleased to announce the signing of a Gas Sale Agreement and Joint Operating Agreement with Stanwell Corporation. Stanwell Corporation has also made the initial Stage 1 payment of \$6 million under the Farmin Agreement.

These agreements provide a strong platform for commercialisation of the coal seam gas resources in Icon's ATP 626P in the Surat Basin. The negotiation and execution of these agreements fulfils the key conditions precedent for completion of the farm-in arrangement, announced on the 24<sup>th</sup> December 2008, under which Stanwell will commit to an initial Stage One \$6 million pilot production program covering four of the 30 blocks within ATP 626P.

Subject to the information received and successful results of that work, Stanwell can elect to spend a further \$30 million in Stage Two to secure a minimum proven and probable (2P) reserve of 340 PJ. Stanwell will earn a 50% interest in the four blocks known as the Lydia Pilot on full payment of \$36 million.

Drilling of the Stage One pilot program is scheduled to commence in February/March 2009 subject to operational constraints.

The Joint Operating Agreement sets out the basis on which the two organisations will work together to prove up and develop the Lydia Pilot. Under the Gas Sales Agreement, which is conditional on successful completion of the Stage Two program, Stanwell will acquire up to 225 PJ of gas from the joint venture project area over a period of 15 years.

Stanwell's Chief Executive Officer Mr Kim Wood said the completion of the deal with Icon Energy was a further commitment by Stanwell to securing gas options in the Queensland market to further diversify Stanwell's asset portfolio and contribute to the Queensland Gas Scheme.

"Our focus over the near term is on expanding our portfolio to include a range of gas and renewable energy technologies to meet head on the climate change challenges we face. This deal with Icon brings us one step closer to achieving these strategic goals", Mr Wood said.

Managing Director of Icon Energy Mr Ray James described the completion of the Gas Sales Agreement and Joint Operating Agreement as "key milestones" for the Company. "In Stanwell Corporation we have a strong and highly credible partner who will become the cornerstone customer for gas out of the Lydia prospect. Stanwell's involvement provides crucial funding to advance the project while allowing Icon to maintain 100% ownership over the majority of the gas-in-place within ATP 626P" said Mr James. "Importantly, it anticipates provision of a pipeline to market for the additional gas that we expect to prove up in the area over time."

Mr James went on to note that "Contrary to recent, well-publicised but ill-informed suggestions that the Stanwell deal would undervalue the ATP 626P resource by selling the gas at "giveaway" prices, our expert advisers ACIL Tasman have concluded that the base price under the GSA is fair and reasonable when compared with the prices at which a number of other Queensland CSG explorers have settled foundation Gas Sales Agreements in the recent past.

In reaching this conclusion, ACIL Tasman have taken into account the current unproven classification of the resource, a prospective gas resource of 5.4 TCF (Gas Initially In Place) as well as Stanwell's injection of at-risk capital. They have also recognised the fact that the arrangement includes a price escalation mechanism to ensure that Icon will share in any significant upward re-rating of gas prices as a result of LNG developments in central Queensland. The deal provides Icon with the market certainty we need to achieve reserves certification and commercialisation, without foregoing the opportunity to share in higher gas prices in the future."

"This has now been accomplished without further dilution of the shares issued which is a very significant impact for the shareholders of Icon Energy" said Mr James.

Yours Sincerely



Ray McNamara  
Company Secretary / Executive Director  
Icon Energy Limited



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