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30 July 2010

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

Dear Sir

ACTIVITIES REPORT FOR QUARTER ENDING 30 JUNE 2010

Icon Energy Limited ("Icon Energy") submits its Activities Report for the quarter ending 30 June 2010 as per the attached documents.

Yours faithfully



Ray McNamara
Company Secretary
Icon Energy Limited
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Icon is an Australian ASX listed petroleum and gas explorer. Its production and exploration assets are located in the Cooper/Eromanga Basins in South Australia and the Surat Basin in Queensland.



ICON ENERGY LIMITED

ACTIVITIES REPORT
Quarter Ending 30 June 2010

Quarterly Activities Report

REPORT FOR THE QUARTER ENDING 30 JUNE 2010

HIGHLIGHTS OF THE QUARTER

- Icon Energy continues ongoing negotiations with Shenzhen SinoGas with a view to executing a Gas Sale Agreement by 31 August 2010.
- Native Title agreements were signed with the Wongkumara People in relation to ATP 855P.
- The grant of ATP 855P by the Minister is imminent.
- The Lydia Pilot program final report was completed and provided to our joint venture partner.
- The cash position of Icon Energy as at 30 June 2010 was \$14,042,000.

EVENTS SUBSEQUENT TO 30 JUNE 2010

- The Environmental Authority for ATP 855P has been granted.
- Icon Energy has approved the second stage feasibility study for the proposed Domestic LNG Plant.
- The Queensland Minister for Mines and Energy, the Hon. Stephen Robertson MP has granted geothermal exploration permits EPG 49 and EPG 51 to Icon Energy, effective from 1 August 2010.

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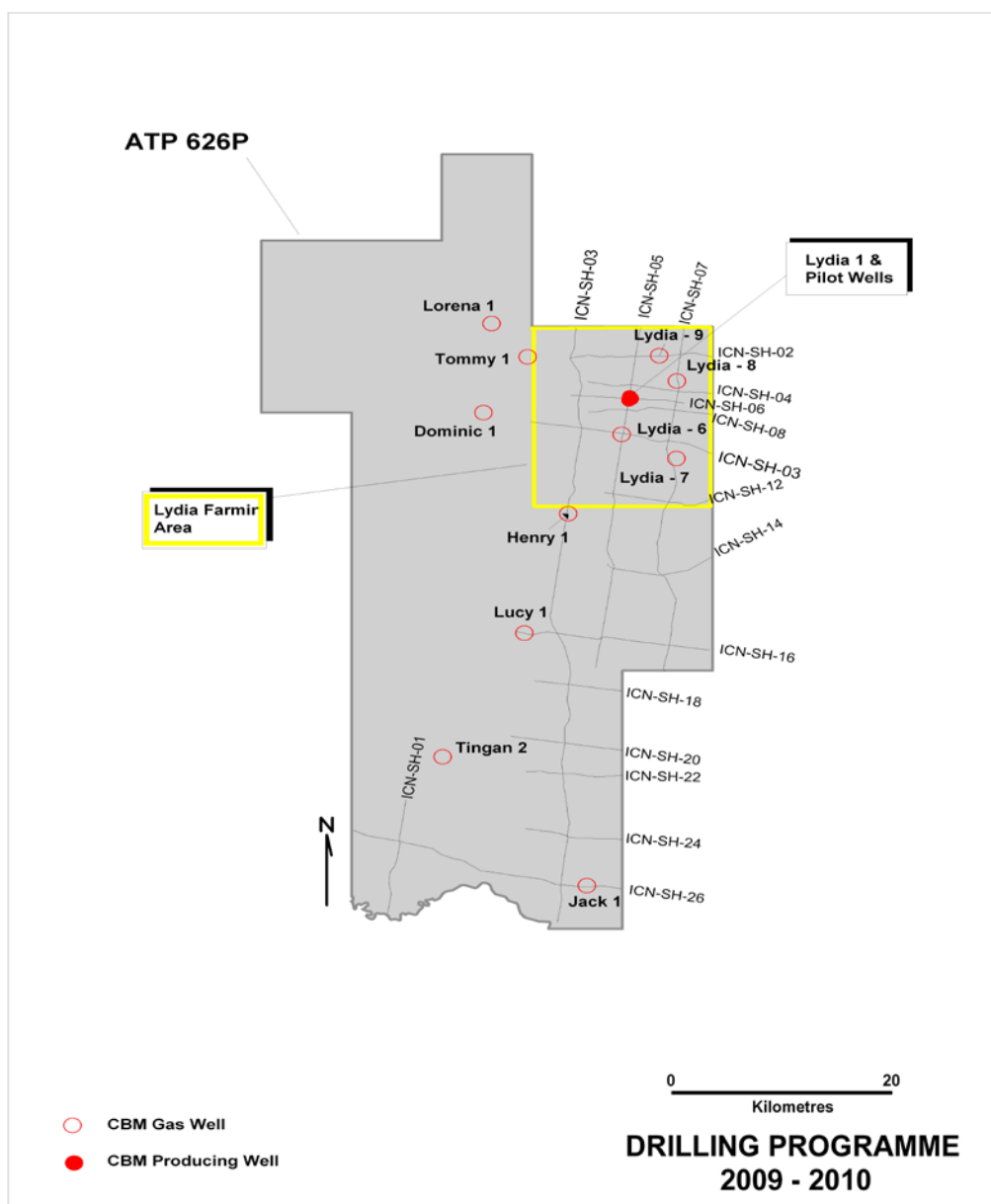
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QUARTERLY ACTIVITIES REPORT

REPORT FOR THE QUARTER ENDING 30 JUNE 2010

ATP 626P and Farmin

Icon Energy Limited (Icon) completed the 2009/2010 drilling program for ATP 626P in the second quarter of 2010. The purpose of this program was to obtain geological information for the development of commercial coal seam gas activities in both the Lydia Farmin area and the remainder of ATP 626P. This section summarises the completion of that program.



ATP 626P Drilling Operations

Lydia 7

Lydia 7, located in the southeastern corner of the Lydia blocks, was spudded on 1 April 2010 and drilled to a total depth of 667.2 metres and drill stem tested. Drilling continued to a total depth of 667.9 metres when the HQ core barrel became stuck, and pipe parted at 201 metres. Fishing operations were commenced to retrieve the HQ pipe. All pipe was recovered except for a core barrel and a 3 metre HQ pup joint. A decision was made to plug and abandon the well.

Jack 1

Jack 1, which is also located in the south eastern corner of the ATP 626P tenement, was spudded on 17 April 2010 and drilled to a total depth of 700.2 metres. Two DST's were performed in the well while drilling to TD. The well was plugged and abandoned on 29 April 2010.

Lydia Pilot - ATP 626P Farmin

Lydia Pilot – Dewatering Continues

Lydia Pilot 2

Lydia Pilot 2 is currently off production due to a loss in telemetry with the downhole sensor. A workover to pull and replace the telemetry cable and downsize the pump is planned in the immediate future. This workover has been delayed pending landowner issues, which have now been resolved. The workover will now be carried out as soon as possible, pending rig availability.

Lydia Pilot 3

De-watering is continuing in Lydia Pilot 3. Water rates continue to decline and casing pressure is increasing slowly.

Lydia Pilot 4

Lydia Pilot 4 is currently off production due to several factors, including high torque, the need for a workover rig to pull rods and pumps, in addition to down-sizing the pump. On completion this will restore dewatering operations. This workover has been delayed pending landowner issues, which have now been resolved. The workover will now be carried out as soon as possible, pending rig availability.

Stanwell commitment to Second Stage Works Program

Stanwell Corporation Limited (“Stanwell”) and Icon Energy are parties to a Farmin Agreement dated 26 February 2010 as amended (“Farmin Agreement”).

The Farmin Agreement required Icon Energy to provide Stanwell with a First Stage Final Report upon completion of the First Stage Work Program and the Early Works Program for the Lydia Pilot.

On 17 June 2010, Icon Energy provided Stanwell with the completed First Stage Final Report.

In accordance with the Farmin Agreement, Stanwell must now:

- (a) within 60 days from the date of receiving the First Stage Final Report, i.e. by 16 August 2010, notify Icon Energy in writing whether Stanwell’s Board of Directors has resolved to seek approval from Stanwell’s shareholding Ministers for a decision to commit to the Second Stage Work Program; and
- (b) within 4 months from the date of receiving the First Stage Final Report, i.e. by 16 October 2010, notify Icon Energy in writing as to its decision to commit to the Second Stage Works Program.

Additional Exploration and Development in the Stanwell Blocks

The drilling results from the Lydia area and wells outside the Lydia area have not yielded commercial gas flows and results indicate that fracing may be required in the Lydia area. Fracing is not an uncommon requirement for coal seam gas wells. This stimulation method will be further investigated upon the drilling of the next pilot wells to follow four more core holes in the Stanwell blocks.

A recommendation for the way forward with Stanwell, is that four more core holes be drilled to identify pilot locations. These core holes will be selected using seismic and all other available data and targeted for areas that will provide the extra information that is currently lacking from our coal measure reservoir model.

The extra data is needed in order to target optimum pilot locations, design cost effective completion programs and minimise risk.

Following the incorporation of the new data, and a revised reservoir model updated, a location will be identified with superior reservoir characteristics over the original Lydia Pilot.

The four core wells would cost approximately \$1,100,000 each, and the four pilot production wells would cost approximately \$1,200,000 each. Water handling and testing facilities would also be required for the second pilot production area, at an approximate cost of \$800,000.

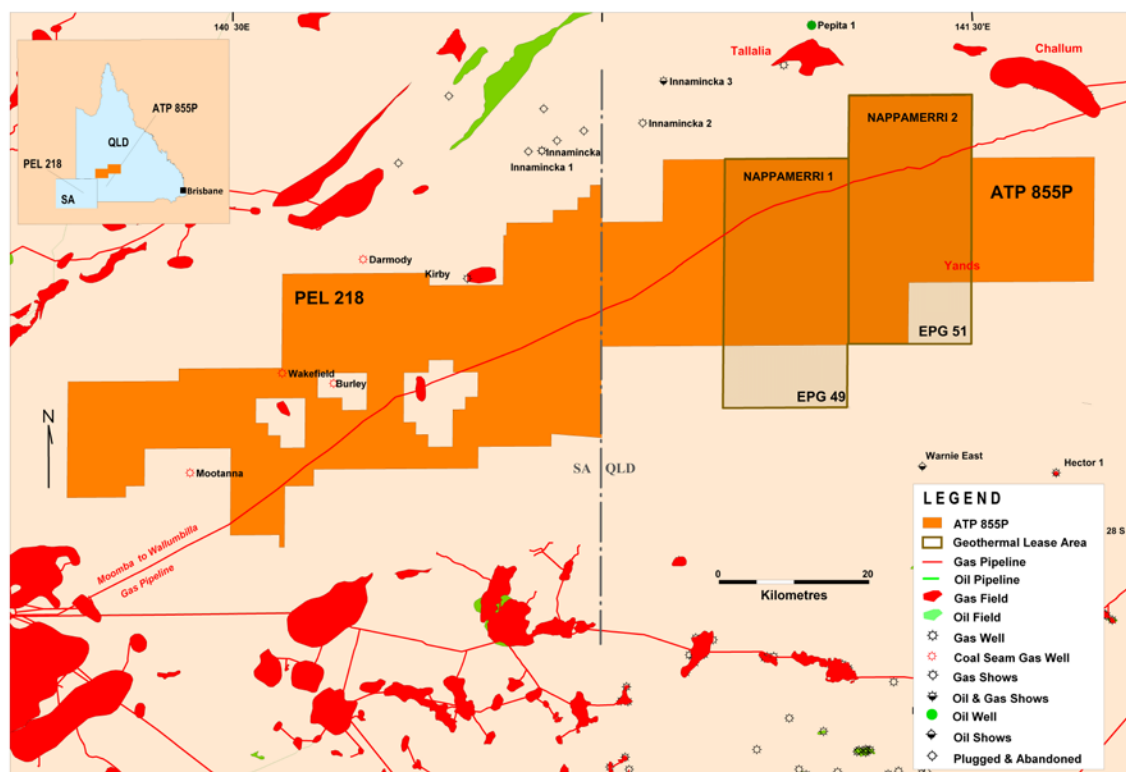
The above drilling program is dependent on Stanwell agreeing to proceed with the Second Stage Works Program.

ATP 626P Seismic Program

The seismic program for ATP 626P is complete with the new seismic data incorporated into our prior data giving a complete seismic picture of the whole of ATP 626P. This data is integral in improving the probability of a successful new pilot program.

Other Tenements

ATP 855P



The grant of ATP 855P by the Queensland State Minister for Natural Resources, Mines and Energy, the Hon. Stephen Robertson MP, (“Minister”) is imminent. This tenement has been in an application phase for some time, pending:

- (a) the grant of an environmental authority (“EA”) by the Environmental Protection Agency (“EPA”), which is now part of the Department of Environment and Resource Management (“DERM”); and
- (b) a “right to negotiate” process, in accordance with the *Native Title Act 1993* (Cth) (“NT Act”), being completed with the native title applicants for the area.

The above steps have now been completed, i.e:

- (a) on 8 July 2010 the EPA granted Icon Energy with an EA for ATP 855P; and

(b) on 14 May 2010 Icon Energy, along with the other holders of ATP 855P, entered into the following native title agreements with the Wongkumara People, who are the registered native title claimants for the area underlying ATP 855P:

- 1) a Right to Negotiate Agreement (ancillary to s31 Deed) – which included Cultural Heritage Agreement provisions; and
- 2) a Section 31 Deed in accordance with the NT Act.

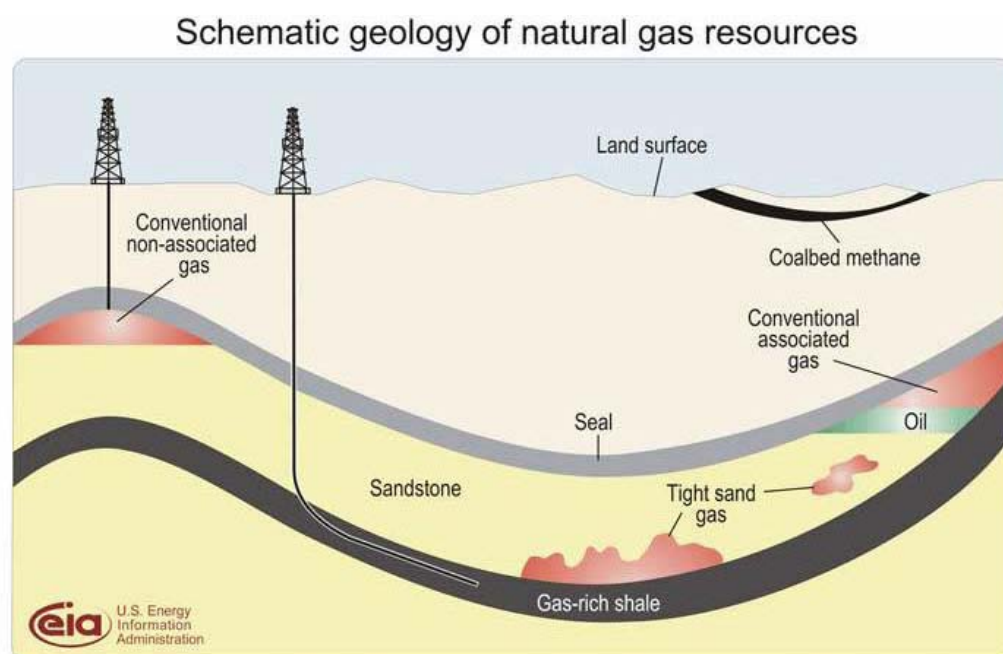
All that is now required for ATP 855P to be granted, is that the Minister signs the Section 31 Deed on behalf of the State of Queensland, and then produces the documentation to formally grant ATP 855P. Icon Energy has been advised that ATP 855P will be granted shortly.

Once ATP 855P is granted by the Minister, Icon Energy intends to commence its seismic acquisition and exploration drilling program in the latter half of 2010. Icon Energy has already commenced seismic reprocessing in relation to ATP 855P.

This area has little to no recent seismic data, and requires an investment of about \$1,800,000 for seismic acquisition and processing. These seismic costs are a requirement for our joint venture farmin partner as announced by Icon Energy on 26 October 2009. Icon Energy may be able to combine the coring programmes for PEL 218 and ATP 855P to avoid the high costs of rig mobilisation / demobilisation. Should the seismic be recorded at a later date, then the core hole locations may be positioned to calibrate the seismic data acquired. Icon Energy plans to drill four core wells to assess the potential of the Cretaceous coals in this lease. It is estimated that the cost of each core well will be approximately \$800,000. Again, 60% of these costs will be the responsibility of our joint venture partners. As in PEL 218 (see below), the information to be obtained from the core hole should include definition of coal, thickness, gas content, gas saturation and rudimentary permeability data. Additionally, from the core wells Icon Energy will begin to be able to assess development potential and a possible location for a pilot area to conduct future economic feasibility studies on the basis of what the core hole information indicates. All of the core holes drilled may be retained as possible future monitor holes and could be utilised to gain additional 2P reserves should pressure communication be observed between the pilot wells and the monitor well location. Commencement of the drilling program will be subject to our joint venture partners' approval and formal granting of ATP 855P.

As we indicated in our last Quarterly Report, any gas obtained from this tenement will be used to supply gas for the Gas Sale Agreement being negotiated with China's Shenzhen SinoGas.

In addition, Icon Energy's joint venture partner has identified a potential shale gas play in ATP 855P. The following diagram illustrates the exploration plays in ATP 855P and PEL 218:



While to date no shale gas exploration has been undertaken in Australia, a comparison of the Cooper Basin to US shale gas plays suggests a significant opportunity for Icon Energy in ATP 855P.

Parameter	Cooper Basin Nappamerri Trough	Barnett (Texas)	Haynesville (Louisiana)
Depth (ft)	9500 - 11500'	5400 - 9600'	10000 -13000'
Thickness (ft)	400 - 500'	250 - 500'	200 – 300'
Petrology	Siliceous Mudstone	Siliceous Mudstone	Argillaceous / Calcareous Mudstone
Age	Permian	Lower Carboniferous (Mississippian)	Jurassic
Porosity %	To be measured	7	10
TOC Av%	5	5	4
Ro%	1.6 - 3.1 (type II)	1 - 1.3 (type II)	2.2 - 3 (type III)
Temp degF	300 - 390	200	240 - 322
Gas in place (Av) Bcf/sq.mile	Prelim. 50 - 250 To be measured	100	200
Cost US\$/mcf	TBD	US\$1.51/mcf ^{1,2}	US\$1.51/mcf ^{1,3}

Source: Beach Energy Pty Limited website.

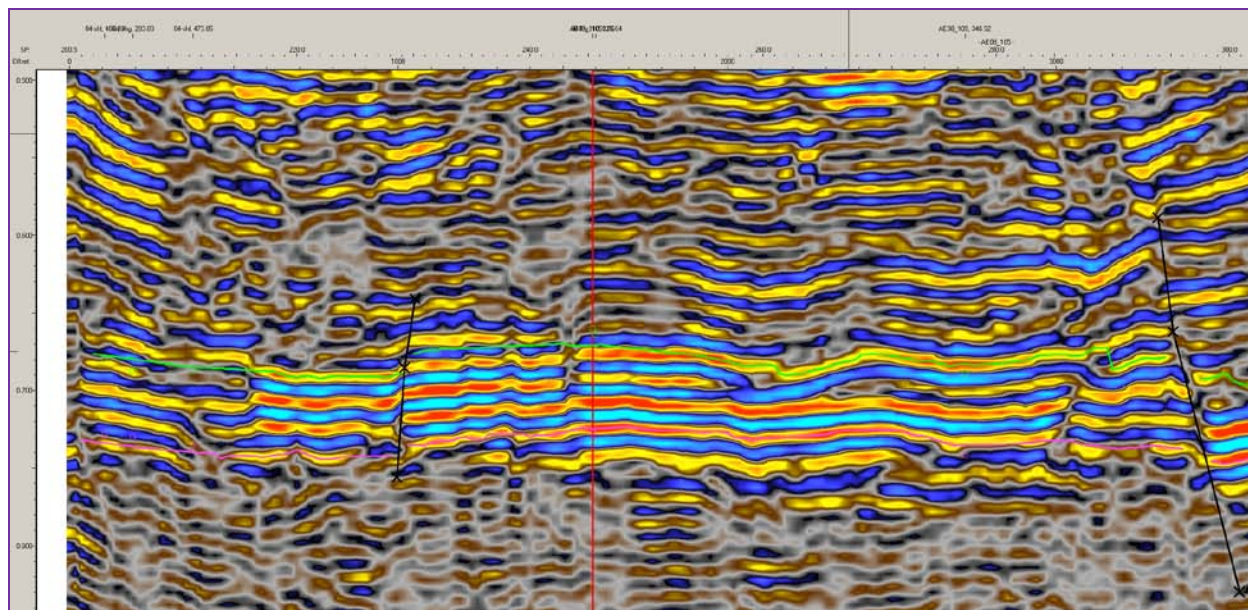
As the production profile for shale gas is complimentary to that of coal seam gas, the prospect of both plays in ATP 855P would solve the ramp-up gas issue facing coal seam gas producers.

PEL 218

Icon Energy has held talks with some of its joint venture partners on the drilling of four core wells in PEL 218. This work would require the sharing of resources and infrastructure located in the Cooper Basin. The work program would consist of drilling up to four core wells to assess gas content, saturations, net coal and rudimentary permeability numbers from the core wells. Icon Energy estimates that the cost to drill each core well will be in the vicinity of \$1,000,000. On the basis of the information received from the core wells, additional reservoir simulation and economics would be planned to identify the preliminary economics and feasibility of further development. New seismic was recorded and processed in 2009 on this permit, and will be of use (in addition to existing seismic of numerous vintages) in locating potential well targets for core wells to be drilled. To have a rudimentary idea of the prospective development of this area, the data from the core wells is essential. Upon receiving the core data and DST data, Icon Energy will begin to assess the possibility of an economic development in this area. Four core hole locations have been identified and proposed by Icon Energy's joint venture partner.

Icon Energy's share of CSG obtained from this tenement will also be used to supply gas for the Gas Sale Agreement being negotiated with China's Shenzhen SinoGas.

Figure: Seismic example of Cretaceous Coal reflectivity



EPG 49 and EPG 51

The Minister has granted geothermal exploration permits EPG 49 and EPG 51 to Icon Energy, effective from 1 August 2010.

The area consists of NappaMerri 1 and NappaMerri 2 and the tenements are located beneath ATP 855P which is located on the eastern side of the Queensland and South Australian border.

The drilling program for NappaMerri 1 and NappaMerri 2 will be strategically aligned with the drilling program in ATP 855P to allow for cost savings and efficiencies. It includes geological and geophysical studies, gravity surveys, seismic acquisition and the drilling of wells during the first five year periods of the permits.

Icon Energy is the operator for the new geothermal exploration permits and has 100% working interests in both permits.

The term of the exploration geothermal permits is 5 years until 31 July 2015.

ATP 849P

An 80% interest in ATP 849P was granted to Icon Energy by the Minister on 24 August 2009. There is an EA in place for petroleum activities on the tenement, and the land is “exclusive” of native title, meaning that the “right to negotiate” procedures in the NT Act do not need to be complied with. A Cultural Heritage Agreement was reached between Icon Energy and the Bidjara Traditional owners in October 2009.

Icon Energy intends to conduct a 200km seismic program and drill two core holes in ATP 849 during 2010 and 2011. The two core holes will be located on the seismic lines to be shot, and will aid in calibrating the seismic data. The core holes are planned to be approximately 400 metres total depth and rudimentary data such as net coal thickness, gas content and saturations as well as preliminary permeability data should be attained to assess the economic development potential of ATP 849.

Icon Energy estimates that the cost of the seismic acquisition and processing would be approximately \$1,500,000, and the cost of the two core wells would be approximately \$1,300,000.

These activities and costs, if approved, would be shared with Icon Energy's joint venture partner for ATP 849P.

Should the core holes find favorable results, Icon Energy would then desire to proceed in the drilling of a four well production pilot to be able to better assess the economic potential development of ATP 849P.

ATP 594P

Icon Energy has a 50% working interest in ATP 594P. The Australian Securities and Investments Commission ("ASIC") holds the other 50% interest in the permit as a result of the default of Icon Energy's joint venture partner. No work is planned for ATP 594P until ASIC / the joint venture partner addresses the default.

Domestic LNG Project

A pre-feasibility study for Micro LNG plants to service the domestic needs of the transport industry and business enterprises was completed in June 2010. Icon Energy's Board of Directors approved a second stage feasibility study for this project to identify the number of offtake customers that would utilise the proposed Domestic LNG Plant and prospective sources of gas.

Subsequent Events

China LNG Project

Icon Energy continues its ongoing Gas Sale Agreement negotiations with China's Shenzhen Sino Industrial Development Co. Ltd ("Shenzhen SinoGas"). Icon Energy and Shenzhen SinoGas, in accordance with the Memorandum of Understanding signed by them on 8 April 2010, are working towards executing a Gas Sale Agreement by 31 August 2010.

Funding

Icon Energy completed the second quarter of 2010 with a cash balance of \$14,042,000. This provides Icon Energy with sufficient funds to meet its drilling program for the remainder of the year

and into the first quarter of 2011 with sufficient cash by December 2010 to fund its administrative functions until December 2011.

Yours faithfully,



Ray McNamara
Company Secretary
Icon Energy Limited



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