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

Dear Sir

ICON ENERGY ANNOUNCES SIGNING OF A NINE WELL DRILLING CONTRACT FOR THE SECOND STAGE OF ITS COAL SEAM GAS PROGRAM IN ATP 626P

HIGHLIGHTS

1. Dewatering of Lydia Pilot wells continues
2. Icon Energy signs drilling contract for a further nine (9) wells within ATP 626P
3. World-first Carbon-neutral Seismic Program 80% complete
4. Water tests for each of the three Lydia Pilot wells shows potable water – could lead to lower production costs

1. Dewatering of the Lydia Pilot continues on schedule.

The dewatering of the Lydia Pilot Program continues according to the dewatering plan. Lydia 4, the first well to commence dewatering, is showing significant build up of gas.

The well configuration is spaced to enable the maximum information to be gained about the permeability of the coal in the Lydia Pilot Area.

The immediate build up of gas has been an encouraging development and the continual increase in the gas build up augers well for the early commercialisation of the pilot.

On reaching commercial flow rates of gas or water and confirmation of the permeability, our gas certifiers, Netherland, Sewell & Associates, Inc. (NSAI) will be asked to revalue the resource.

2. Major Drilling Pty Limited have been contracted for five new wells in the 100% owned Icon Area and an option for four additional wells in the Lydia Pilot Area.

Icon Energy Limited (Icon) has signed a drilling contract with Major Drilling Pty Limited to undertake a nine (9) well drilling program in ATP 626P to complete its 2009 Coal Seam Gas stratigraphic drilling program.

Five wells are planned outside of the Lydia Pilot Area with an option for four wells in the Lydia Pilot Area.

The nine wells will range in depth from 730 metres to 1250 metres. The objectives of the five wells in Icon Area are to:

- Delineate the coal thickness in the Walloon Coals;
- Obtain core samples to measure and confirm gas saturation;
- Obtain some preliminary information with respect to permeability; and
- Locate a pilot program for reserve development.

The four stratigraphic wells in the Lydia Pilot Area are part of a program aimed at maximising reserve certification. The specific purposes for these four wells are to:

- Delineate the reservoir over the maximum area of the Lydia Pilot Area in conjunction with 2D seismic;
- Delineate the reservoir over the complete depth window for the Lydia Pilot Area;
- Measure the gas content of the coals cored in the wells;
- Conduct drill stem tests to determine the permeability;
- Determine the locations for the next production tests that will consist of an additional five well pilot; and
- Assist in the certification of contingent resources to reserves.

3. World-first carbon-neutral Seismic Program 80% complete

Following the completion of the Cultural Heritage clearance by the traditional owners, the Bigambul People, our contractors Terrex Seismic have completed 242 kilometres or 80% of the breakthrough survey.

Through a cooperative agreement with one of Australia's major oil and gas companies, a small area was dedicated to frequency and depth of penetration experimental analyses in conjunction with Icon's survey.

The purpose of the seismic program is to delineate the coal structure and identify locations for additional pilot drilling to increase reserve certification.

The seismic program is the first totally "green", carbon-neutral seismic operation to be undertaken in Australia.

4. Water test for the three Stage 1 Lydia Pilot wells shows potable water flows from the Walloon Coals.

Independent laboratory test of the water from LP2, LP3 and LP4 wells show the water currently flowing from the Walloon Coals as part of the dewatering process is potable and free of any heavy metals and other exotic ions. Based on the analysis received, the water is within the drinkable water range and well above the standards required for use in agricultural applications.

Yours sincerely



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