



**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)

9<sup>th</sup> January 2009

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

Dear Sir

**Re: ICON Newsletter**

Attached is the Icon's newsletter on Icon Energy Limited's \$36 million deal with Stanwell Corporation.

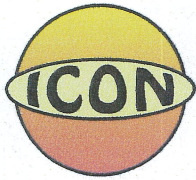
Yours Sincerely

Ray James  
Managing Director  
Icon Energy Limited



For further information please contact:

Ray James  
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)



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On Location: Survey Vehicle



On Location: Site Preparation

## ICON ENERGY LIMITED NEWSLETTER

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### Icon Signs \$36 Million Deal with Stanwell Corporation

Early in 2008 Icon embarked on a program to develop and market coal seam gas from its Surat Basin area, ATP 626P, near Goondiwindi in Queensland, following the drilling of Stitch, Lydia and Natasha in late 2007.

The aim of the program was to obtain information from the new wells and secure a conditional market for the gas as well as funding for the appraisal program.

Our introduction to Babcock & Brown in May 2008, was very disappointing. Additionally we were contractually unable to discuss any further Gas Sale Agreements until the MOU expiration date of October 30, 2008. After the expiration of that period, the Directors commenced discussions with other interested parties to cement a long term arrangement for the exploration and development of ATP 626P.

On December 24, 2008 Icon reached another milestone when the Directors announced that a deal had been reached with Stanwell Corporation. This deal was reached in the remarkably short time of less than two months. Stanwell is a Queensland Government Owned Corporation which trades 30% of Queensland's electricity. This deal cements Icon's position in the coal seam gas market.

The Farmin Agreement has been executed and under this Agreement Stanwell has committed to spend up to \$36 million in ATP 626P over the next 18 months subject to the signing of a Gas Sale Agreement and Joint Operating Agreement. On the signing of these Agreements, the Farmin Agreement will become unconditional. It is anticipated that these Agreements will be signed on or before the 30th January 2009.

Upon finalisation of the Farmin, Icon will be able to expand its drilling appraisal program to prove up 2P reserves in the Farmin Area. This will also enable the release of other funds for the further appraisal development of the remainder of ATP 626P that are separate to the Stanwell deal.

The drilling sites for the Lydia Pilot Program have been prepared with conductors installed (as pictured) in readiness for the commencement of the program. The Ancon Rig #1 is contracted to commence drilling the Lydia Pilot Program in February 2009. The signing of a drilling contract with Ancon was finalised after a long search in a market characterized by a shortage of suitable drilling equipment.

Icon's 2009 - 2010 drilling plans envisage an additional drilling program of up to 25 new wells and core wells to evaluate the gas resource in ATP 626P and ATP 849P.

Managing Director



On Location: ATP 626P Lydia Pilot No. 2  
Installing Conductor

Gold Coast Bulletin (Business Friday): 26/12/08

# Icon jumps at \$36m gas deal

ICON Energy has signed a \$36 million deal with the Queensland Government's Stanwell Corporation that could see it become a commercial gas producer within four years.

Icon managing director Ray James said that the 'blue-chip' deal would provide gas to fire a new power station in southeast Queensland.

Stanwell Corporation, formed in 1997 after the restructure of the state-owned Queensland Generation Corporation, owns and operates power stations using coal-fired and hydro-electric power.

Mr James said the significance of Icon's Stanwell joint venture could not be understated.

"It is quite an achievement in these times of economic gloom to secure an agreement with an entity as safe as a government-owned corporation," he said.

"Our agreement is similar, but on better terms, to one that the Queensland Government's CS Energy did with Queensland Gas.

"That deal jump-started Queensland Gas, which has now been absorbed by British Gas."

Mr James said the Government recognised that gas was the cleanest and greenest way of generating electricity at present.

The agreement is conditional on appropriate joint operating and gas supply agreements being negotiated and executed on or before January 30, 2009.

When the agreements are executed, Stanwell will commit \$6 million to an initial pilot program covering four of the 30 blocks in

Icon's ATP 626P in the Surat Basin. These four blocks comprise the joint-venture gas project.

Subject to results, Stanwell may spend a further \$30 million to secure a minimum 2P reserve of 340 petajoules of gas.

At the completion of this second stage, Stanwell will earn a 50 per cent interest in the four blocks of ATP 626P.

Stanwell, subject to reserves of at least 340 petajoules being confirmed, will buy up to 225 petajoules of gas over a 15-year period under a joint operating agreement.

The two parties will build a 110km pipeline to connect the Lydia section of ATP 626P with the Roma-Brisbane pipeline.

Each joint-venture partner will be able to sell its share of any surplus gas. At this stage, a joint marketing company is envisaged.

Mr James said the Stanwell joint-venture agreement was a milestone for Icon that would provide a steady cashflow to the company.

"The plan enables Icon to have a base revenue stream which will help it capitalise on the ATP 626P lease," he said.

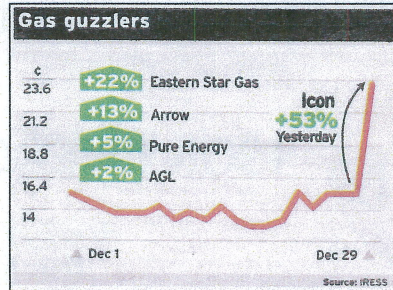
"ATP 626P has an estimated prospective resource of up to 5400 petajoules of gas, so the Stanwell joint venture will absorb approximately 18 per cent of that.

"Ultimately, the development of ATP 626P, with the pipeline, will secure access to the other gas markets, such as the LNG market.

"We have already been offered LNG contracts but they are dependent on a pipeline being built."

Icon also announced this month a drilling contract with Ancon.

It is an achievement to secure an agreement with an entity as safe as a government-owned corporation



Courier Mail: 30/12/08



On Location: Site Preparation Lydia Pilot No. 2



On Location: Site Preparation Lydia Pilot No. 3



On Location: New Entry Road Grid

## Stanwell Corporation Icon's Joint Venture Partner

Stanwell is a Queensland Government Owned Corporation formed in 1997. Stanwell owns and operates an energy portfolio comprising coal and hydro facilities throughout Queensland and trades more than 30 per cent of Queensland's electricity requirements. Stanwell's Chief Executive Officer, Kim Wood said "the diversification of our generating portfolio to include gas-fired generation is an important step in ensuring Stanwell is positioned for emissions trading, as well as to make a valuable contribution to the Queensland Government's Gas scheme."

Stanwell and Icon Energy's Agreement proceeds towards securing gas for Stanwell's future power generation requirements. Stanwell began this move with its agreement with Blue Energy. Mr Wood said Stanwell "welcomes the opportunity to work with a private sector partner to deliver the right outcomes for both parties and the right outcomes for Queensland."

As a Queensland Government Owned Corporation Stanwell is dedicated to ensuring sustainable and suitable generation capacity is delivered for Queensland.

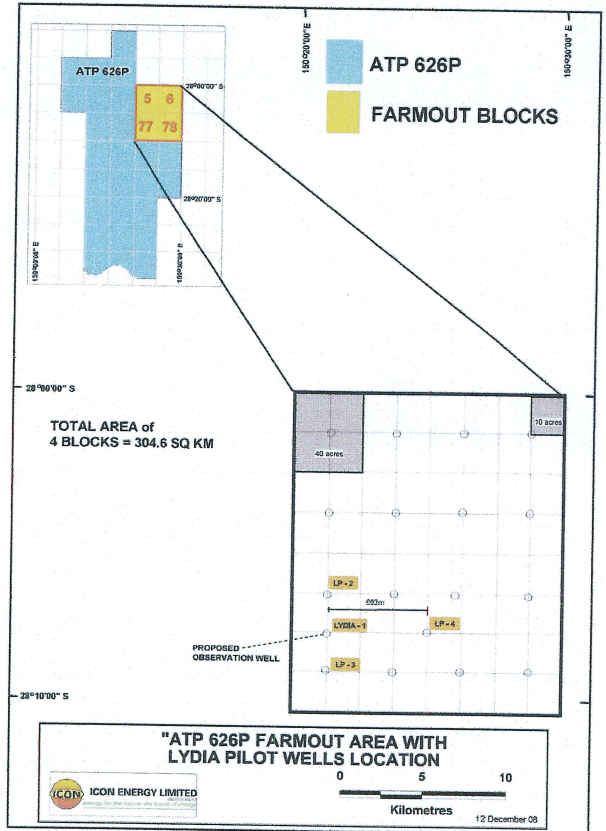
The map details the four blocks that Stanwell has farmed into and the initial Lydia Pilot Program.

The remaining 26 blocks in ATP 626P are still owned 100% by Icon Energy.

Gold Coast Bulletin: 30/12/08

### Stanwell deal sends Icon's shares higher

SHARES in Gold Coast gas explorer Icon Energy shot more than 53 per cent higher yesterday after news of its \$36 million partnership deal with the Stanwell Corporation.

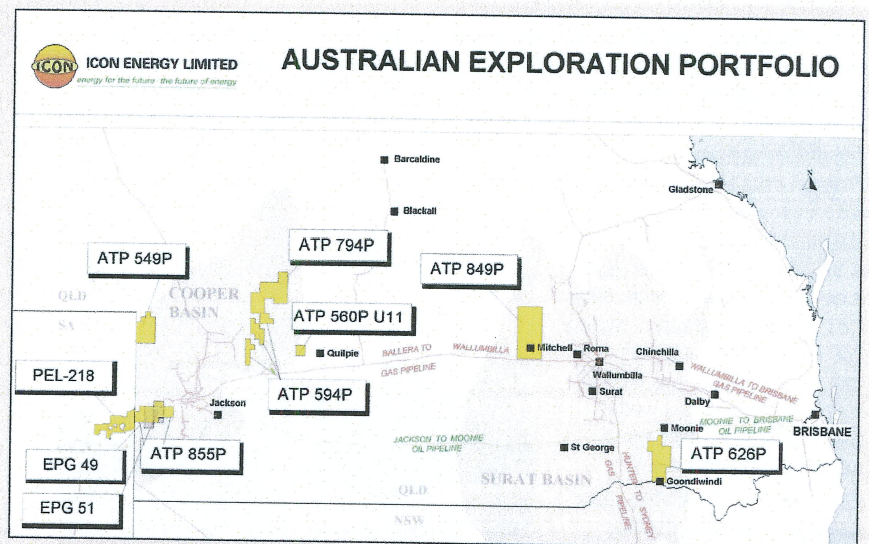


## Recent Tenement Activity in Icon Energy's Exploration Assets

**PEL 218** The total seismic of 308 km has been completed and is currently being evaluated. From this data, Icon and its partner Adelaide Energy are defining the leads in preparation for the drilling of an oil well in 2009.

**ATP 849P** ATP 849P is a potential coal seam gas field. Icon is in discussions with a potential Farmin Partner for the LNG market.

**ATP 855P** Negotiations will continue with the Wangkumara People in January 2009. When the Native Title Agreement is finalised, Icon will be able to commence the Work Program.



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