



ICON ENERGY LIMITED

ABN 61 058 454 569

energy for the future - the future of energy

Registered Office:

4 Miami Key
Broadbeach Waters
Queensland 4218 AUSTRALIA

Ph: 61+ 07 5554 7111
Fax: 61+ 07 5554 7100
Email: info@iconenergy.com
Web: www.iconenergy.com

29 January 2010

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

Dear Sir

OPERATIONS REPORT TO QUARTER ENDING 31 DECEMBER 2009

Icon Energy Limited submits its Quarterly Operations Report for the quarter ending 31 December 2009 as per the attached documents.

Yours faithfully

Ray McNamara
Executive Director/Company Secretary
Icon Energy Limited
Telephone: (+617) 5554 7111
Facsimile: (+617) 5554 7100
Email: info@iconenergy.com or visit www.iconenergy.com

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 31 December 2009

QUARTERLY ACTIVITIES REPORT

REPORT FOR THE QUARTER ENDING 31 DECEMBER 2009

HIGHLIGHTS

- Three wells of a nine well drilling program were completed in the December Quarter 2009.
- The progress of the Lydia Pilot program to date culminated in the achievement of gas to surface from all three pilot production wells. Dewatering of the wells is ongoing.
- Preliminary gas analysis from the Lydia Pilot has confirmed that there is quality gas in the region, 98% methane with a calorific value of 1 gigajoule/MCF and is compatible with the applications under consideration.
- Lydia Pilot water tests show good quality water that is potable and useable for livestock.
- A new well program for the Lydia Pilot Area was approved for an additional four stratigraphic core wells as part of Stage 2 of the Lydia Pilot Program.
- Icon earned its 33% interest in PEL 218 above the Post-Permian with the completion of Wakefield No. 1.
- Wakefield No. 1 suggests a new Coal Bed Methane play. Well logs indicate a series of coal sections in the Winton Formation totalling 8.9 metres with gas shows up to 112 units of methane gas.
- Beach Energy Limited (BPT) and Icon Energy Limited (Icon) have signed a farmin letter of agreement for Icon's ATP 855P tenement in a deal worth up to \$12 million.
- Icon joins the S&P/ASX 300 top listed companies in Australia.
- Cash position at 31 December 2009 is \$23,219,000.

EVENTS SUBSEQUENT to 31 DECEMBER 2009

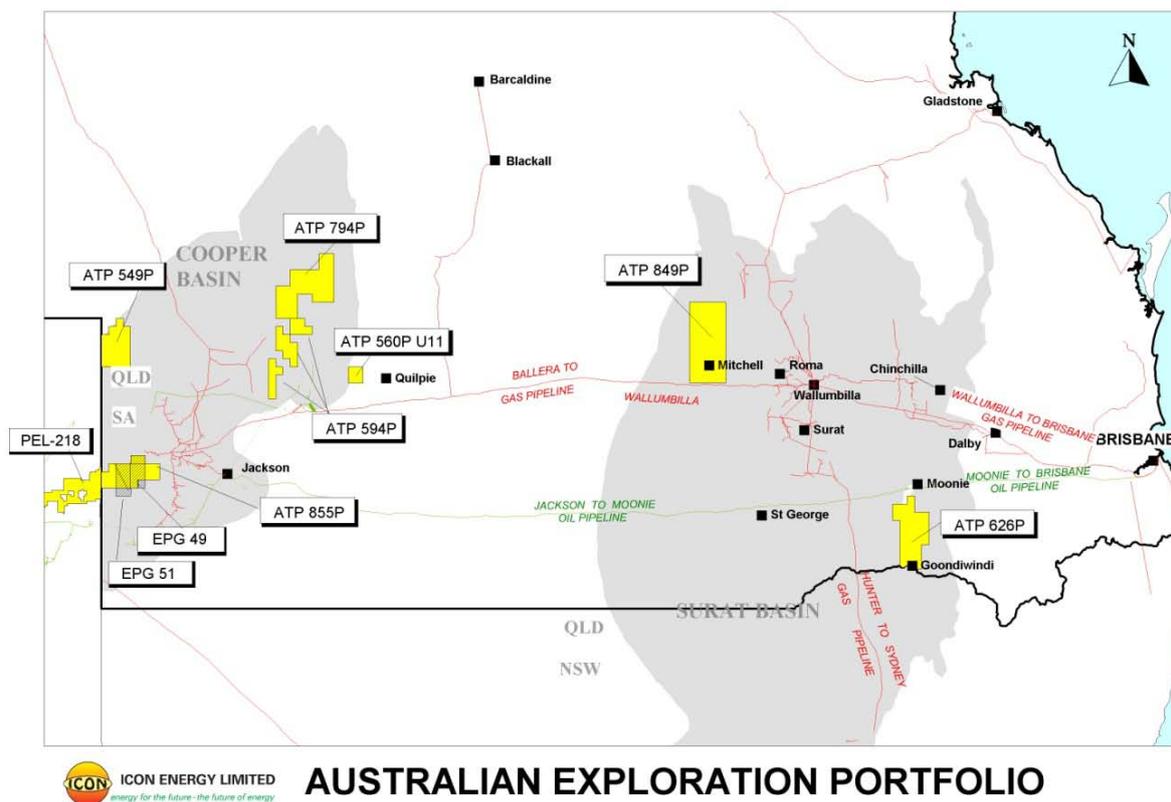
- Dominic No. 1 in the 100% owned part of ATP 626P reached its target depth.
- Lydia No. 8 in the Lydia Pilot Area is now completed with promising water shows.
- The ATP 626P drilling program is ongoing at the time of publication.

TABLE OF CONTENTS

QUARTERLY ACTIVITIES REPORT	1
HIGHLIGHTS	1
EVENTS SUBSEQUENT to 30 SEPTEMBER 2009	1
TABLE OF CONTENTS.....	2
EXPLORATION TENEMENTS - AUSTRALIAN.....	3
COAL SEAM GAS EXPLORATION:.....	4
Lydia Pilot - ATP 626P Farmin	4
Drilling strategy for reserves certification	4
Further drilling operations.....	4
Steady dewatering continues	7
Seismic	8
Icon's Interest in ATP 626P	8
OTHER TENEMENTS:	8
Petroleum Exploration License PEL 218.....	8
Authority to Prospect ATP 855P	9
Authority to Prospect ATP 849P	10
Authority to Prospect ATP 594P	11
EPG 49 and EPG 51.....	11
Icon Energy Limited is an Australian S&P/ASX 300 Company.....	11
Subsequent Events.....	11
Funding	12

EXPLORATION TENEMENTS

Icon's exploration tenements are located in the Cooper Basin and the Surat Basin. The diagram below shows the relative locations of these tenements. ATP 626P is the Company's primary focus in Coal Seam Gas (CSG) development.



The December quarter saw Icon advance its non-conventional gas prospects, including those in ATP 855P and PEL 218.

PEL 218 is located close to the Queensland Border in the Cooper Basin. Icon earned its 33.33% interest in the area above the Post-Permian during the quarter by contributing to the costs of drilling Wakefield No.1 and completing new seismic in that tenement.

Icon has also entered into a farmin agreement with Beach Energy Limited for Icon's share of the work program for ATP 855P tenement.

COAL SEAM GAS EXPLORATION:

Lydia Pilot - ATP 626P Farmin

Drilling Strategy for Reserves Certification

Icon's ongoing drilling program is designed to follow its strategy of realising 2P and 3P reserves. This strategy incorporates a four step process which involves:

1. Continuing drilling programs in both the non-Lydia Pilot Area and within the Lydia Pilot Area;
2. Continuing to de-water the three Lydia Pilot Area wells;
3. Carrying out further well data analysis and revising the reservoir model;
4. Analysis of approximately 305 kilometres of seismic that was shot in the October quarter.

Further Drilling Operations

Major Drilling Pty Limited is contracted for a drilling program which involves completing five stratigraphic wells in the 100% Icon-owned area. This area represents 87% of the ATP 626P tenement.

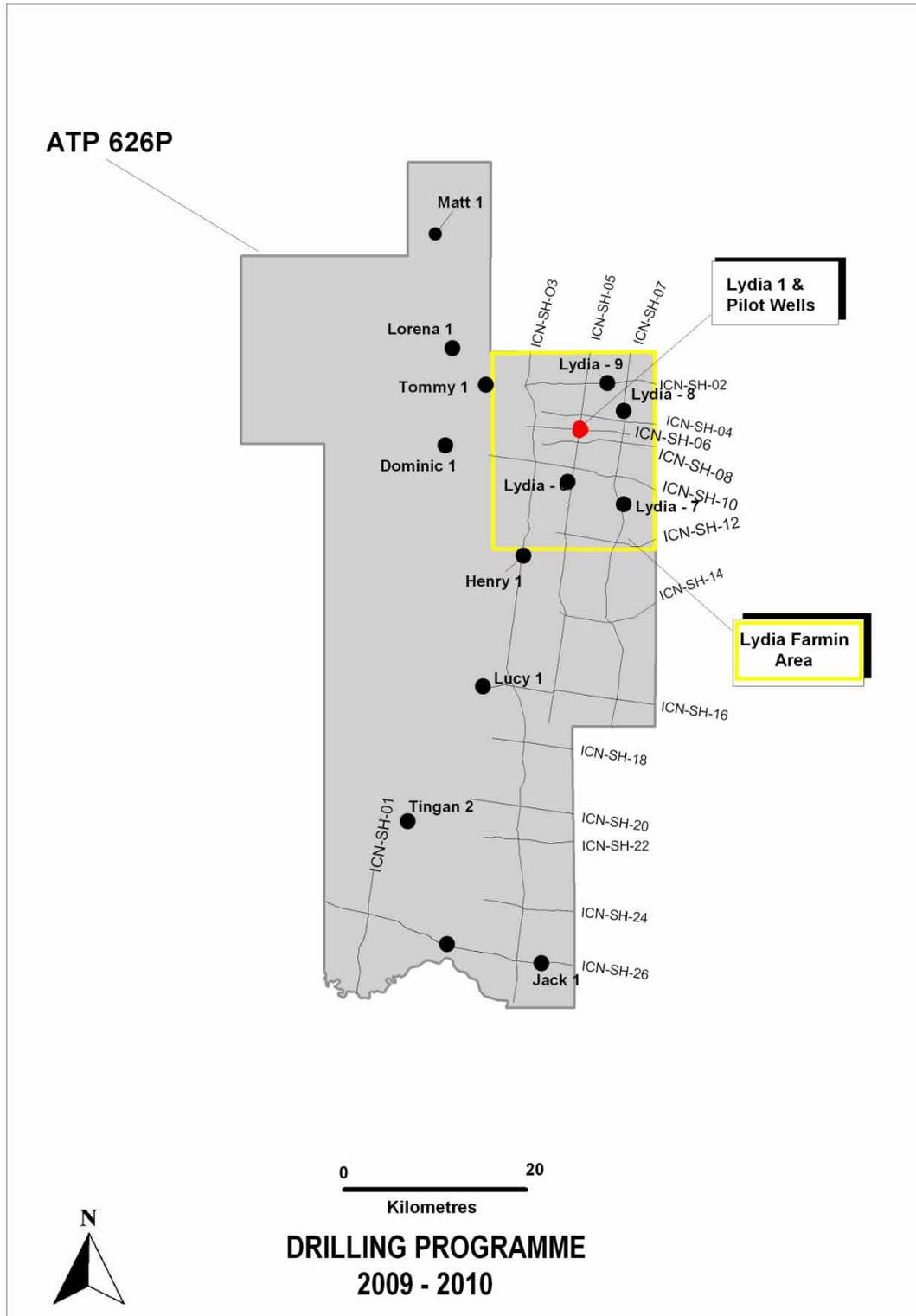
ATP 626P has a number of older wells drilled in it and these were used to generate the original reservoir maps for the determination of the 2C certified resource. These old wells provided no information on the permeability of the coals, which has now been included as an objective of the current ongoing program.

The overall objectives of the current drilling program in ATP 626P are:

- to identify the net coal thickness;
- to obtain enough core information to confirm original Gas Initially In Place (GIIP);
- to determine, by the use of Drill Stem Tests (DST's) and sophisticated logs, possible areas of improved permeability of the coals; and
- to integrate the results obtained with the seismic from ATP 626P to map potential "sweet spots" in permeability which may be suitable for additional pilot wells.

ATP 626P Drilling Operations (continued)

This drilling program is shown in the map below. The three wells completed in the December Quarter were: Tommy No. 1, Lorena No. 1 and Henry No. 1.



ATP 626P Drilling Operations (continued)

Henry No. 1.

Henry No. 1 was the first of four petrophysical wells in this multi-well program. This well is specifically designed to acquire sophisticated quantitative reservoir data. This data supplements the data from coring the wells and the seismic data in the region.

Henry No. 1 reached a total depth of 1,065 metres. The well penetrated 8.6 metres of net coal which was 3.1 metres more than predicted. Two DST's were successfully conducted over the intervals 820m-852m and 693m-704m.

Tommy No. 1.

Major Drilling's Rig P52 commenced Tommy No. 1 on 4 November 2009. Tommy No. 1 reached a depth of 849 metres. Analysis of the core and logs showed a net coal thickness of 15m. This exceeded Icon's expectations by approximately 11%. Faults and fractures and permeability have been confirmed in this well. These factors have identified the fundamental commercial reservoir properties to produce commercial coal bed methane at this location.

Lorena No 1.

Lorena No. 1, the second well in the program penetrated a net coal thickness of 11.45 metres. Early analysis suggests this well is the most promising well to date. The well shows good-to-highly fractured coals with "visible open cleats" in the deeper regions of the well. These characteristics are very promising because they often indicate excellent permeability which bodes well for the recovery of gas and production potential in the Lorena No. 1 region. The "coal reservoir" quality appears superior in many respects to previous wells. Early DST analysis confirms both horizontal and vertical permeability in the reservoir at this location.

These new wells target the coal seams within Icon's key tenement for reserve data and will be used to help target future production program locations. The program is ongoing at the time of this publication.

Lydia Pilot - Steady Dewatering Continues

Dewatering is continuing in the Lydia Pilot. All three wells are currently exhibiting a build-up of gas pressure on the casing tubing /annuli. Stabilised gas flow rates have not yet been achieved due to the continued water production from the wells. All Coal Seam Gas wells have differing times of de-watering depending on the completion configuration, efficiency of water removal and the plumbing that exists within the coal seams themselves.

Early gas production figures can be made to look artificially healthy by over pumping early in the process, but can be at the cost of long term production. Icon is certain of the view that a slow and steady approach is the key to establish our reserve targets. Icon's NSAI-certified (Netherland, Sewell and Associates Inc.) Contingent Resources are "contingent" on commercial gas flows being achieved. Dewatering for commercial production flows is naturally a priority. At this point Icon is ensuring that every step in the process is taken with exacting care.

The Lydia Pilot Area has given us invaluable information on the permeability (or transmissibility of fluids) in the area of the Lydia Pilot which will be utilised to calibrate a geologic model currently under construction. The model will incorporate the productivity of the Lydia Pilot along with the results of drilling currently underway, the seismic data that has recently been obtained, and subsequent remapping of the coals underlying ATP 626P. Additionally, the Lydia Pilot has provided critical information on the gas quality which was extremely good, with low inert gas percentages or impurities suggesting that little, if any treatment of the gas, to bring it to saleable standards is required.

A preliminary laboratory analysis of a gas sample collected from the Lydia Pilot within ATP 626P has established that there is quality gas in the region. The gas composition is as follows:

Methane	97.87%
Nitrogen	1.14%
Carbon Dioxide	0.43%
Ethane, propane, isobutane	0.56%

No other impurities or additions were noted. The gas has a gross heating value of 999 BTU/SCF of dry gas. The composition of the gas indicates that the gas will be compatible with the applications under consideration and it is anticipated that no expensive gas treatment will be required.

ATP 626P Seismic Program

Fugro Seismic Imaging in Western Australia has processed seismic data acquired by Terrex Seismic for Icon within ATP 626P during the quarter.

In synopsis, the completed seismic program:

- Acquired approximately 305 km of 2D seismic data from the south-eastern Queensland portion of the Surat Basin in a key region for Icon;
- Was a world first, carbon neutral operation; and
- Was completed by Terrex Seismic for Icon on schedule.

Icon has fast-tracked the processing of data from the target region of the upcoming wells in the Lydia Pilot Area. The in-house analysis of the seismic has guided the operations team in locating the wells drilled in the October Quarter and once processed and ready for implementation, the processed image data will assist Icon's operations team to target drill sites for the next phase in the Lydia Pilot program.

Icon's Interest in ATP 626P

Icon's working interest in ATP 626P is currently 100% and will reduce when the first two stages of the farmin agreement are complete. At that time, Icon's interest will reduce to 50% over the Lydia Farmin portion, which itself consists of 4 graticular blocks within ATP 626P. Icon retains a 100% interest in ATP 626P outside the Lydia Area.

OTHER TENEMENTS:

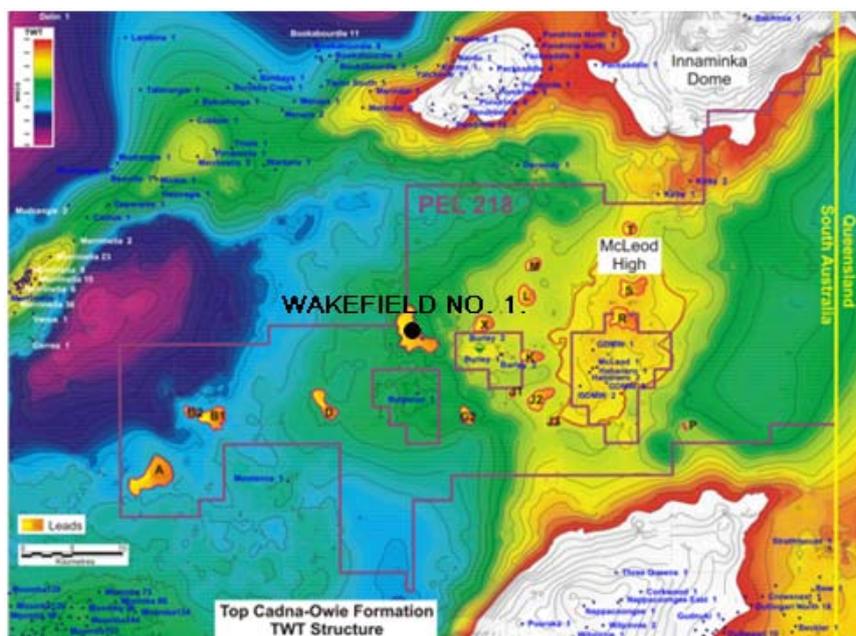
PETROLEUM EXPLORATION LICENSE PEL 218

Icon farmed into this permit in October 2007 to earn a 33.3% working interest in Mesozoic sedimentary section. It earned its interest by funding 50% of 100 kilometres of new seismic data, and by participating in one oil exploration well in September/October 2009. The block covers the South Australian side of the Nappameri Trough, the source "kitchen" for oil that is produced in the fields North and South of the block. Three petroleum licenses lie within the block and are not part of Icon's interest.

PETROLEUM EXPLORATION LICENSE PEL 218 (continued)

A potential new Coal Seam Gas discovery has been realised after analysis of drilling results from Wakefield No.1. Icon and its farmin partners see potential for a new Coal Seam Gas play in the Nappamerri Trough which has prospective methane gas shows between the lowermost coals of 906.9 and 956.8 metres. The thickness of coal, totalling 8.9 metres within the Winton Formation, with associated gas shows of 112 units of methane gas, indicates commercial potential for CSG production in the area.

Further work is still in progress, with planned core hole drilling to investigate gas content and permeabilities with sidewell core samples under laboratory analysis. The location of the find presents itself where the Moomba and Ballera gas pipeline traverses the central area of PEL 218 which invariably increases the economic viability of any new gas resource.



AUTHORITY TO PROSPECT ATP 855P

Icon has agreed to a farmin with Beach Energy Limited (Beach) in which Beach will acquire up to 40% working interest in ATP 855P. Prior to the completion of this agreement, Icon held an 80% working interest in the tenement. The farmin partners seek to target the potential deep shale gas deposits found in ATP 855P.

AUTHORITY TO PROSPECT ATP 855P (continued)

In the first stage of the farmin, a 25% interest in ATP 855P will be acquired by Beach by contributing 80% of the cost of seismic reprocessing and the acquisition of an additional 300 kms of 2D seismic. Beach has a further option to earn 15% by contributing to Icon's participating interest share of the drilling costs of up to \$7 million. As part of the agreement, Beach receives a placement in Icon's shares to the value of \$3.5 million.

In summary:

- ATP 855P is located on the eastern side of the Queensland and South Australian border and is 50km west of Jackson;
- The permit lies next to PEL 218 and is traversed by the Moomba to Ballera Gas Pipeline;
- ATP 855P occupies a total area of 1674 sq kms;
- Icon has an 80% working interest in ATP 855P which may reduce to 40% should Beach exercise its option under the agreement;
- This block is subject to a native title claim with the Wongkumara traditional owners. Negotiations began early 2009 with the traditional owners as a "Right To Negotiate" (RTN) process and is progressing well; and
- The area is surrounded by existing oil and gas production units.

AUTHORITY TO PROSPECT ATP 849P

- ATP 849P is located west of Roma Township in the Surat Basin in Queensland and the town of Mitchell is located in the southern region of the tenement.
- ATP 849P covers an area of 3854 sq kms west of the Lacerta Coal Seam Gas field.
- Icon's working interest is 80% and is the Operator of the block.
- Drilling on tenements adjacent to ATP 849P suggest this block has potential for Coal Seam Gas.
- Until seismic and test drilling is undertaken, expectations based on very limited control data are for a non-certified estimate of approximately 500 petajoules of Gas Initially In Place (GIIP).

AUTHORITY TO PROSPECT ATP 594P

- ATP 594P is located in the Cooper Basin in Queensland, approximately 99 kms west of the town of Quilpie.
- The tenement area covers 3 blocks consisting of a total area of 1538 sq kms.
- Icon has a 50% working interest in the permit and is the Operator.
- ASIC holds a 50% interest in the permit as a result of the default of the joint venture partner.
- A native title claim has been lodged by the Boonthamurra people and is awaiting a Federal Court hearing.

EPG 49 and EPG 51

- Icon has received initial interests from potential farmin partners in these tenements.
- Icon's geothermal area consists of NappaMerri 1 and NappaMerri 2. They are located underneath 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 ATP 855P to allow for cost savings and efficiencies in this phase.
- The Federal Government has legislated for Geothermal Development to proceed without a "Right to Negotiate" process.

Icon Energy Limited is an Australian S&P/ASX 300 Company

Icon became a S&P/ASX 300 listed company in Australia when Standard & Poors updated its ASX 300 listing for the October Quarter. This tremendous achievement is based on the aggregate market capitalisation and liquidity of the stock for the preceding six months of 2009. Icon's S&P/ASX 300 status is indicative of its gathering strength and momentum in the Coal Seam Gas sector. Furthermore, Icon's stock now has more appeal to institutional investment from corporate investors and managed funds who usually only invest in S&P/ASX 300 companies.

Subsequent Events

Icon completed Dominic No. 1 as the fourth stratigraphic hole in the current program outside the Lydia Block.

Lydia 8 is the first of four new appraisal wells in the Lydia Farmin portion of the ATP 626P block. These wells are step-outs from the original Lydia Pilot. Data from these wells have been designed principally to collect permeability data which shows the deliverability of water, and moreover, gas from the reservoir. This data will be used in building the permeability model within the Lydia block specifically and will be used to accelerate the early reserves program both within and outside the Lydia Block.

Funding

Icon completed 2009 with a cash balance of \$23,219,000. This provides Icon with sufficient funds to complete its stratigraphic drilling program outside the Lydia Pilot Area and to fund a separate pilot in the 100% Icon owned area of ATP 626P.

Yours faithfully,



Executive Director/Company Secretary
Icon Energy Limited



For further information please contact:
Ray McNamara
Telephone: (+617) 5554 7111
Facsimile: (+617) 5554 7100
Email: info@iconenergy.com
Or visit www.iconenergy.com