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## ASX/Media Release

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31 December 2010

### Icon Energy progresses China Gas Deal

Queensland based oil and gas company, Icon Energy Limited (**Icon Energy** or **Company**), today announced that its proposed LNG sales project with Shenzhen SinoGas has taken an important step forward with the introduction of a new Chinese state-owned joint venture company to the scheme.

The Company's Managing Director Ray James said that Icon Energy's new commercial counterpart in China would also be known as ShanTou SinoEnergy Co. Ltd (**Shantou SinoEnergy**), reflecting the market destination of the gas in Shantou City.

The new joint venture arrangement has become necessary in order for the then project proponent, Shenzhen SinoGas, to obtain Central Government approval for an LNG import licence.

Icon Energy signed a MOU on 8 April 2010 for an exclusive 20-year gas sale contract to supply Shenzhen SinoGas with 40 million metric tonnes of LNG or 2.2 trillion cubic feet (TCF) per annum.

Mr Ray James said that Icon Energy expected the LNG Sale and Purchase Agreement (**GSA**) to be executed as soon as Shantou SinoEnergy had secured all necessary joint venture and government sign-offs but that, as a result of the new joint venture arrangements, the execution of the GSA had been postponed.

"Shantou SinoEnergy has considerable support for this project in China. It has informed us (**Icon Energy**) that it is now in the final stages of reaching a joint venture consensus with a Chinese state-owned public company for its proposed natural gas terminal on Nanao Island near Shantou City, which would receive LNG supplied by Icon Energy and distributed to commercial and residential customers in the Shantou city area.

"Shantou SinoEnergy plans to construct a \$A727 million LNG receiving terminal capable of ultimately loading and off-loading and regassing up to 3 million metric tonnes per annum.

"While I cannot at this time name Shantou SinoEnergy's state-owned Joint Venture partner, in recent months we have been introduced in China to very senior executives of significant state-owned companies. We will be aiming to cement and expand these relationships over the coming months.

"We are confident that the project will proceed, particularly once various conditions precedent are met similar to those under a gas sales agreement signed with Stanwell Corporation in Queensland.

"China represents an enormous potential for the Company, which is why we were so eager to secure the recently announced placements from three separate Chinese investors and to broaden our connections in China and with Chinese business houses and regulators," he said.

Mr James said that while Icon Energy was obviously hopeful that it would be in a position to execute the GSA by December 31, it was important to recognise that it had received confirmation from Shantou SinoEnergy that they are keen to start the construction of the receiving terminal.

"Our discussions with Shantou SinoEnergy, and previously Shenzhen SinoGas, are very mature. We have been through a number of reiterations of the GSA and believe that we are now at a stage where we can effectively proceed to address what would have been conditions precedent to the initial deal, including the conduct of a full feasibility study and certification of the gas resource. The key commercial and other terms have been discussed at length and the Company is focused on its drilling operations to determine the best development options for the gas supply.

"The fact that a state-owned entity is now involved in the terminal project elevates the importance of this agreement to Guangdong Province and Shantou City as significant industrial centres," he said.

In a letter to Icon Energy received late yesterday (copy attached), Shantou SinoEnergy clarified that, during the course of their negotiations with the Company, the relevant departments of Guangdong Province and the local government of Shantou City have provided considerable support and encouragement for the GSA and the Terminal Project and have further encouraged Shantou SinoEnergy to introduce a state-owned entity to the Project.

"Again, we see this as an encouraging sign and further confirmation of our expectation that the GSA will be executed as soon as Shantou SinoEnergy and its state-owned Joint Venture partner finalise all necessary sign-offs and government approvals", Mr James said.

He said that it is inevitable that most companies, many of which are a great deal larger than Icon Energy, had experienced delays in finalising sale agreements. We were optimistic for a 31 December GSA execution date, but the reality is that certain processes needed to be further advanced by our then counterpart Shenzhen SinoGas.

"This remains an exciting growth project for the Company. While Shantou SinoEnergy proceeds with its approval processes in China, Icon Energy will continue with its focus on securing the necessary reserves to meet its commitments under the GSA. In that regard, various programmes have experienced delays with the late award of tenements and the requirement to go through new and protracted land access processes in Queensland, but our team is proceeding to recommence drilling activities during 2011.

"Unfortunately, the weather is now an impediment to drilling in all our Queensland permits with rain and flooding expected through the remaining Monsoon season ending in late March 2011. But this is something which is affecting everyone," Mr James said.

ENDS



賽洛能源  
SINOENERGY

汕头市赛洛能源有限公司

SHANTOU SINOENERGY LIMITED COMPANY

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Dare: 30 December 2010

时间: 12 月 30 日 2010 年

To: ICON Energy Limited

至: 艾亢能源有限公司

4 Miami Key, Broad beach Waters

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Dear Mr. James,

尊敬的詹姆斯先生

First of all, we would like to thank you for the LNG sales MOU signed on 8/April/2010. And really appreciate the efforts of all Icon involved staff for negotiating the LNG Gas Sale Agreement (GSA).

首先, 我司对与贵司在 2010 年 4 月 8 日双方签订的天然气供气备忘录和贵司的人员及代表为天然气买卖合同付出, 给予感谢。

This LNG project is a livelihood project, and has gained enormous supports from relevant departments of Guangdong Province and Shantou city.

该天然气接收站项目是民生工程。已得到省及汕头市政府的大力支持。

According to encouragement of relevant departments of government, we have reached a joint venture consensus with a state-owned public company. Between February and March 2011 we will launch the final application. Very soon we will gain all necessary approvals and start building the receiving terminal.

该项目根据有关部门的意见目前我司已与中央国企双方达成共识, 约在 2011 年 2-3 月份报上核准。在不久将会获得所有文件。我司将组织开工。

Please accept our sincere apologies for the delay of finalizing the GSA with the agreed term. The final negotiation of the GSA should be started once we receive the final approval from the relevant department of government.

天然气买卖合同延误, 请接受我们的歉意。一旦我们收到来自有关部门核准, 天然气买卖合同可以随即展开。

We sincerely hope that all the required approvals are obtained and the GSA is executed as soon as possible.

我们真诚希望获得所有所需的批准天然氣買賣合同可以在不久的将来完成。

Yours sincerely

此致

敬礼

Lin Jian Hua

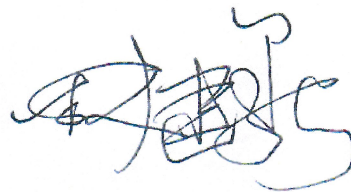
林建华

CEO

执行董事长

ShanTou SinoEnergy CO.,Ltd

汕头市赛洛能源有限公司

A handwritten signature in blue ink, appearing to be '林建华' (Lin Jianhua), written in a stylized, cursive manner.

2010.12.30