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The Manager  
Company Announcements Office  
Australian Securities Exchange Limited  
20 Bridge Street  
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Dear Sir

***Rig mobilised to commence drilling of new well program in ATP 626P***

**Highlights**

1. Rig mobilised to commence drilling of new well program in ATP 626P
2. New seismic data fast-tracked to target well sites for next phase of Lydia Pilot
3. New Chief Geophysicist joins Icon
4. Early indications continue to show steady build-up of gas in Lydia Pilot 4

**1. Rig mobilised to commence drilling of new well program in ATP 626P**

Major Drilling's Rig P52 was mobilised this morning to ATP 626P for the commencement of a new five well stratigraphic program. Drilling at the site of the first well, "Tommy 1", is planned to begin (or "spud") later this week.

This five well program is outside the Lydia Pilot program area. However the rig will also be used for an additional four wells within the Lydia Pilot area, bringing the total to nine new wells.

The Lydia Pilot program has already seen the first flaring of gas to surface in key tenement ATP 626P only a few days ago.



**Lydia Flare in ATP 626P, 30 October 2009**

## **2. New seismic data fast-tracked to target well sites for next phase of Lydia Pilot program within ATP 626P**

The seismic data acquired by Terrex Seismic for Icon within ATP 626P last month has now been sent to Fugro Seismic Imaging in Western Australia for processing. Icon has fast-tracked the processing of the data from the target region of the upcoming wells in the Lydia Pilot area.

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.

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;
- Was completed by Terrex Seismic for Icon on schedule; and
- Though the full results will take some months to be thoroughly completed and analysed, the data required more immediately for the upcoming program is being fast tracked.

## **3. New Chief Geophysicist joins Icon**

With 26 years of international experience in seismic acquisition, processing and interpretation geophysics, Icon's new Chief Geophysicist, Bob King, is taking a direct and active role in the WA processing of the new seismic data.

Bob King's extensive experience makes his move to Icon a welcome and valuable addition to the team.

## **4. Early indications continue to show steady build-up of gas in Lydia Pilot 4**

The Lydia Pilot Program dewatering continues to increase gas flows necessary for reserve certification.

As the water continues to be pumped out of the coal formations below ATP 626P, the methane-based CSG gas is allowed to flow from the wellhead 'annulus'. At this point we are seeing an earlier than expected buildup of gas, particularly on the well Lydia Pilot 4 (or "LP-4"), and LP-2 was flared on 30 October 2009 in a first for ATP 626P.

While Icon has already had significant amount of gas initially in place (GIIP) certified by world leading certifier, Texas-based Netherland Sewell & Associates, Inc., commercial flows of gas are required for the establishment of certified "Proven & Probable Reserves" (2P Reserves).

This stage in the process represents a critical juncture, consequently Icon is treating it with appropriate care.

Yours faithfully



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Company Secretary/Director  
Icon Energy Limited



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