



**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> March 2009

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

Dear Sir

**Re: Icon Energy News Letter**

Attached is a news letter to Icon Energy Limited's shareholders.

Yours Sincerely

Ray McNamara  
Executive Director/Company Secretary  
Icon Energy Limited



For further information please contact:

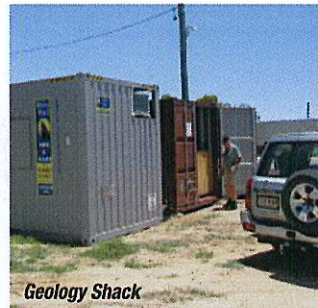
Ray McNamara  
Telephone: (+617) 5562 0077  
Facsimile: (+617) 5562 0011  
Email: [info@iconenergy.com](mailto:info@iconenergy.com)  
Or visit [www.iconenergy.com](http://www.iconenergy.com)



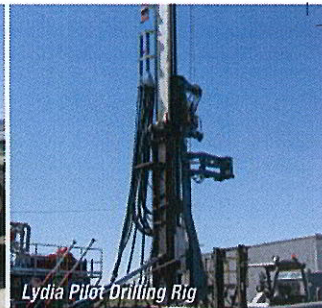
# ICON ENERGY LIMITED

ACN 058 454 569

*energy for the future -  
the future of energy*



Geology Shack



Lydia Pilot Drilling Rig

## ICON ENERGY LIMITED NEWSLETTER

Subscribe to NEWSLETTER. Go to [www.iconenergy.com](http://www.iconenergy.com)

March 2009



### UPDATE to Shareholders

The staff and management of Icon Energy would like to thank those shareholders who gave their overwhelming encouragement and support at the Extraordinary General Meeting on the 23rd February 2009. The voting by proxy and attendance at the meeting was a record for the Company with over 60% of the shares voted and over 150 shareholders personally in attendance at the meeting. Many travelled from interstate for the meeting.

We will continue to conduct the business of the Company in a professional and cost effective manner.

In 2008 Icon faced a complex undertaking to capitalize on the coal seam gas (CSG) asset discovered in ATP 626P. We went about this in the following way:

1. Increased our staff by over 350% by engaging the expertise we required to do the job. We do not yet have all the staff we require and Icon continues to actively recruit this additional expertise as required by the operations.
2. Icon contracted a suitable drilling rig which still required several modifications to meet the new Safety Guidelines.
3. Icon signed a \$36 million deal with Stanwell Corporation that involved a Farmout Agreement, Joint Operating Agreement, Gas Sale Agreement (GSA) and a commitment to build a joint venture pipeline. **This is crucial; for gas to be commercial it must be capable of being produced and transported before it can be certified as a commercial reserve.**
4. Icon raised new capital to enable the drilling contract for the rig to be signed.
5. Icon has undertaken other exploration activities in highly prospective areas for oil and gas which will create value for Icon when discoveries are made.
6. Icon's management team has worked hard since Icon's inception in 1993 to find assets to monetise and become a successful oil and gas production Company. We now have that asset and our long experience in oil and gas production will be utilized in the most efficient way to add value for shareholders.
7. The drilling program announced for the Lydia Pilot is ready to go but we must be patient until the drilling rig completes the CSG wells being drilled to our north. The wet weather has delayed our original February start date which has now been revised to the end of March.

When the wells are completed, dewatering can commence when the appropriate specification and design is complete from data supplied by the Lydia Pilot Program. The first dam must meet the new stringent EPA's regulations and Icon has engaged a contractor for the dam design and construction.

We anticipate that the time required to prove up 340PJ of 2P reserves under the Stanwell contracts will take 12-18 months and require the drilling of up to 25 wells.

We have put in place the team with all the skills needed to make Icon a successful CSG gas production Company along with a development program designed for the task. An overview of this program is outlined later in this newsletter.

Your Board of Directors has set a target of \$300 million market cap within the next two years. In addition we have other exciting exploration prospects including ATP 849P, a CSG area which is currently being granted to Icon (80%) and Icon's joint venture partners (20%).

Thank you for your support. We will continue to work for all shareholders. Our Annual Report is in preparation and Icon Energy's Annual General Meeting is scheduled for late May 2009.

Ray James

Managing Director - Icon Energy Limited

### New Monthly Newsletter

With the Lydia Pilot Drilling Program about to commence, Icon Energy are introducing a monthly E-Newsletter to provide Shareholders with a regular update of our Drilling Programs and other Company News.

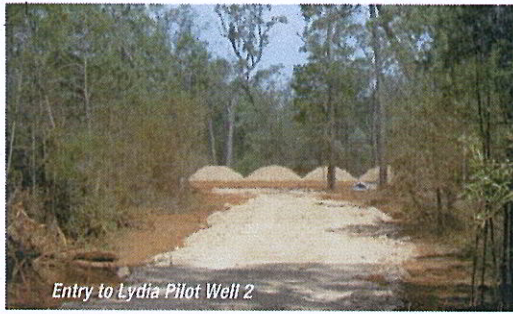
The first edition of the E-Newsletter will be emailed to Shareholders in the first week of April.

Icon's E-Newsletter will provide a user friendly monthly update to each Shareholder in a cost effective and timely manner. Please take a moment to subscribe to the E-Newsletter database.

Subscribe to the E-Newsletter by going to the Icon Energy website and clicking on the registration box located on the home page.

Ancon Rig for Lydia Pilot Program - March 2009





Entry to Lydia Pilot Well 2



Ancon Rig #1



Conductor Well Piping for Pilot Program

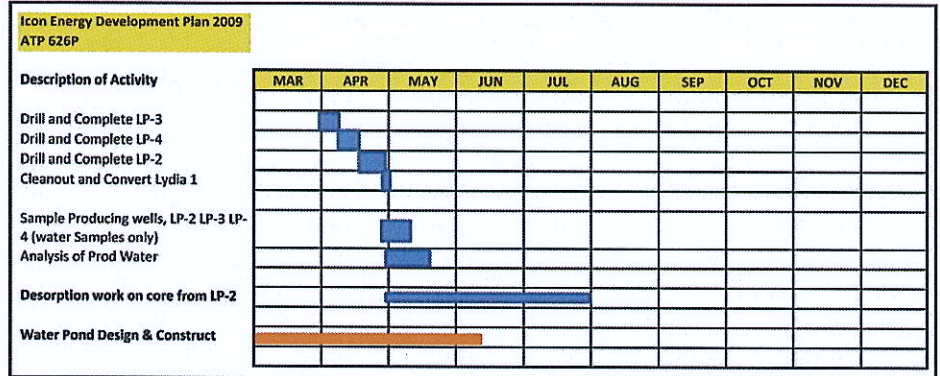
## Lydia Drilling Program

The initial Stanwell farmin drilling program in the Lydia block consists of three wells and the completion of Lydia No.1 as a pressure monitoring well. Icon has now received notice from Ancon that mobilisation of the rig to the site will commence on 23rd March 2009 subject to weather and any unexpected delays. The drilling timetable is shown on the right.

Lydia No.2 will be drilled last as it will be fully cored to enable extensive laboratory testing of the coals. A large containment dam is in the design phase now and will be constructed in two stages with stage two dependent on the volume of water produced from the wells.

The well locations have been placed to enable the maximum water drawdown rates. The water pressure must be reduced before any gas is released from the coals. The production of gas can take time and until tests begin we cannot predict ahead of time the flow rates of gas.

Weekly progress reports will be made to the ASX and these announcements will be posted on Icon's website. Shareholders may register an email address to receive notice when reports are placed on the website by following the instructions on the Home page of the website.



## FAQ - ATP626P Lydia Pilot Program

### Evaluation of the full scale development funding for ATP 626P - share placements or a suitable Farm-in Deal?

The cost of funding the \$36 million Stanwell Farmin needs to be measured at the price of the shares on the day the Farmin Agreement was announced. Raising \$36m would have diluted the existing shareholders' interest to approximately 58%. The first \$6million investment by Stanwell has no dilutionary effect on Icon's shareholders or assets. In considering the most effective method of funding the appraisal and development of the Lydia prospect, the Stanwell deal represents a better alternative to equity raising, and that the Stanwell farm-in arrangement is in the interests of Icon Energy shareholders generally.

### How was the valuation of the gas determined in the Icon / Stanwell Deal?

ACIL Tasman reviewed 14 CSG transactions completed between July 2003 and September 2008. All 14 transactions involved prospects with both 2P and 3P independently certified reserves. For the nine non-LNG-tied transactions the average implied valuation for 3P reserves was \$0.27/GJ. Icon will undertake substantial work at considerable cost to achieve such certification. Under the joint venture arrangement Stanwell will contribute up to \$36 million of at-risk capital for precisely this purpose. ACIL Tasman review confirmed the deal between Stanwell and Icon to be in line with market signals and the current status of the tenement.

### Does the Icon / Stanwell deal reflect the market price for gas?

ACIL Tasman, our gas and electricity consultants, have advised that the GSA price and escalation is fair and reasonable. The gas price reflects the risk taken by Stanwell in investing \$36 million in an unproven gas province. Stanwell also provides a gas market and assistance for pipeline access to gas markets. Gas in Australia is sold under contract and remains confidential between the parties. There is no pricing established for a spot market in Australia.

### How will the LNG market impact on the market price for gas in the long term?

ACIL Tasman is of the opinion that the LNG market developers are unlikely to pay full netback price for third-party gas. The main proponents of coal seam gas LNG developments all have access to their own gas resources: if they decide to purchase additional third-party gas to bolster their feedstock supplies they will look to retain as much of the available margin as possible for themselves.

### How will Icon capture the possible price escalation in the coal seam gas market in the long term under the Stanwell / Icon Deal?

Icon has insured against the possibility of a rerating of gas prices to reflect the sort of oil prices experienced last year by including an upside sharing provision in the Gas Sales Agreement with Stanwell. This means that if domestic gas prices do rise strongly in response to LNG developments, Icon stands to receive additional payments that will boost the effective sales gas price.

### How will the Roma - Brisbane Pipeline be utilised to get ATP 626P coal seam gas to market?

The Roma-Brisbane Pipeline (RBP) has been "fully booked" many times over its 40-plus year history. New customers have been accommodated by expanding capacity (through compression and/or "looping" of the pipeline which involves duplicating sections). The RBP has been compressed and progressively looped over virtually its entire length. There is no reason why the current owner (APA Group) could not further expand capacity provided there is a customer such as Stanwell willing to commit to use and pay for that incremental capacity. To date the current capacity of the RBP is around 178 TJ/d. According to APA's website the pipeline owner "is currently investigating expansion of the RBP through additional compression, which would result in a capacity in excess of 300 TJ/d", a 69% increase on the current capacity of the pipeline.



**ICON ENERGY LIMITED**

ACN 058 454 569

*energy for the future -  
the future of energy*

19 Arbour Court, Robina Town Centre  
Gold Coast, Queensland, Australia 4230

Tel: +61 7 5562 0077

Fax: +61 7 5562 0011

Email: [info@iconenergy.com](mailto:info@iconenergy.com)

Web: [www.iconenergy.com](http://www.iconenergy.com)