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

Dear Sir

UPDATE ON DRILLING STATUS LYDIA PILOT LP-2

The final drawdown test on LP-2 has been completed. As with the wells LP-3 and LP-4, the LP-2 well produce gas flows within 20 minutes of the commencing the pumping operation. All wells are currently shut in and awaiting completion of the water holding pond and installation of water flow lines to the holding pond. Information from the draw down and build up tests is currently being analysed to determine individual well permeability and potential gas deliverability.

The water storage pond is nearing completion. Although all wells produced gas upon testing, prolonged and continuous gas production will occur only after the wells have been fully de-watered. It is expected that gas rates will improve slowly after the water has been drained in the Walloon Coal Seams and pressure lowered.

Yours Sincerely



Ray McNamara
Company Secretary/Director
Icon Energy Limited



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