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

UPDATE ON DRILLING STATUS LYDIA PILOT LP-3 AND LP-4

Lydia Pilot LP-3 has reached target depth of 819 metres. Casing is being run and cementing is expected to be completed by late today.

Coal development is slightly superior to LP-3 with the coal seams correlating with LP-4. Over the Walloon Coal Measures, gas readings ranged from 35 units to 101 units against a background gas reading of up to 10 units. This is again a good indication that the coals are saturated with gas.

The rig will mobilize to LP-2 as soon as the casing is run and completed. After setting the production casing in LP-3 and LP-2 a completion rig will be brought in to drill out the casing shoe and run the 2 7/8 inch tubing and PCP pump. It is preferable to undertake this operation with a specialist completion rig and we have been fortunate that one has become available immediately.

The drilling of LP-2 includes the coring of the Walloon Coals for desorption and absorption testing in the laboratory. Because of the coring operations, the time for completion of LP-2 will be slightly longer. Completion of LP-2 will be followed by the placement of transducers in LP-1 for its completion as a monitor well. The slow dewatering of the three wells will then commence.

As previously advised, the reserves in the permit have not been determined at this point. However, establishing the existence of gas saturation in the coals of LP-3 and LP-4 means Icon is on target for completing those activities necessary to move some of the 5.4 TCF (5400PJ) Gas Initially In Place (GIIP) to 1P, 2P and 3P reserves status.

Yours sincerely



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Company Secretary/Director
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