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Company Announcements Office  
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## ASX/MEDIA STATEMENT

### HIGHLIGHTS:

- 1. LYDIA NO. 8 RECORDS GOOD PERMEABILITY AND WATER FLOW ESTIMATES**
- 2. ICON DRILLING TO FIND SWEET SPOTS**

#### **1. LYDIA NO. 8 RECORDS GOOD PERMEABILITY AND WATER FLOW ESTIMATES**

**Icon Energy (ICN) has recorded good permeability results at its Lydia No 8 well, located 5 kms east of the Lydia Pilot within ATP 626P**

In conjunction with our joint venture partner, Queensland State Government-owned Stanwell Corporation, Icon decided to drill four additional wells within the Lydia Pilot farmin area. With respect to the operations in the 100% Icon Energy owned area, Icon Managing Director, Mr Ray James today said that Lydia No 8 had been drilled to a total depth of 841 metres, penetrating a coal sequence of 13.0 metres, which is similar in thickness to the original Lydia Pilot.

“Logs were run in the well and drill stem test (DST) No. 1 over the interval of 781 to 807 was run. When the DST tool was opened, well head pressures of 225 psi were recorded and a water flow rate of 935 barrels of water per day were estimated. The over pressure encountered augers well for water and gas production as it indicates good permeability. We are now proceeding to further tests higher in the well.

“This flow rate from the Taroom coals indicates excellent permeability well within the commercial range”.

“These DST results will now require further detailed analysis to confirm the estimates, but there is no doubting their initial quality and the confirmation in DST No. 2 Lydia No. 8 appears to have discovered a sweet spot with good permeability” he said.

Following the drilling of the Lydia Pilot during 2009, Icon’s partner Stanwell Corporation required a progress report in order to proceed to Stage II approval under the farmin agreement.

“We took the decision to drill these four additional wells in the Lydia Farmin area before finalising that report and submitting it to Stanwell,” he said. “This is in addition to the other wells in the areas outside the farmin area. The results so far have borne out that the decision was the right move”. Mr James said that in order to convert Icon’s now established certified 6100 PJ of Gas Initially In Place (GIIP) and/or the certified resource estimates of 1115PJ of 2C and 1775PJ of 3C resource to proven reserves, it was necessary to determine flow rates of either water or gas from the coal section of the wells.

“The Lydia Pilot has been on production for four (4) months now and water flow rates average about 300 barrels of water per day,” Mr James said.

“This rate has been constant now for a couple of months and indicates the permeability will sustain production although on the low side of initial expectations”.

“The wells will eventually produce gas for a long time but at low rates. We will continue pumping the wells until we see the gas breakout that is required for sustained production of gas.” he said.

Samples from the new wells are being desorbed in the laboratory, a process which will take some months to reach a result.

“NSAI (reserve certifiers Netherland, Sewell & Associates, Inc.) estimate commercial gas or water production to be in the range of 200,000-250,000 cuft/day or 300-500 BWPD,” he said.

The coals are 100% saturated and the gas composition has been measured in the laboratory at 98% methane with a calorific value of 1 Gigajoule per 1,000 cubic feet.

## **2. ICON DRILLING TO FIND SWEET SPOTS**

### **Icon Energy is continuing to gather information for reserves certification within ATP 626P**

Netherland, Sewell & Associates, Inc. has previously confirmed total resource estimate of 6.1 TCF or 6100 PJ within the permit. Of this figure, contingent resource estimates of 1115PJ (2C) and 1775PJ (3C) have been calculated. To move these resource estimates to proven reserves of 2P and 3P Icon must demonstrate commercial flow rates of fluids. Therefore Icon must find the sweet spots within this coal basin.

“All Icon wells drilled in ATP 626P to date contain coal, and coal thickness distribution across permit area has been mapped using the drilling and seismic information collected, collated and analysed to date”.

“Once all information obtained has reached the critical point for reserve certification, our Certifiers will be asked to report,” he said.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Ray McNamara', written in a cursive style.

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**Icon Energy Limited is an Australian ASX listed petroleum and gas explorer. Its production and exploration assets are located in the Cooper/Eromanga Basins in South Australia and the Surat Basin in Queensland.**

# Attachment A – Icon Energy Limited Drilling Program 2009-2010

