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30th July 2009

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

Dear Sir

LYDIA PILOT UPDATE – ADDITIONAL EXPLORATION WELL AND SEISMIC

In consultation with Stanwell Corporation Limited, Icon will drill an additional exploration well as part of the Lydia Pilot Program. Target depth for this well is 922 metres which is 30 metres into the Hutton Sandstone Formation. Additional pressures monitors will be installed so that the well will also serve as an observation well for the Lydia Pilot. As the Lydia Pilot is on structure, extending the depth to the Hutton allows Icon to test for conventional oil and gas at minimal extra cost.

The additional outcomes from this well includes permeability information through the installation of further monitoring equipment. This adds to the capacity to estimate 2P and 3P reserves.

Major Drilling Pty Ltd is contracted to drill this well. Site preparation has been completed and the drilling rig has been mobilized to the site and is rigged up. The conductor has been set and drilling operations will commence this evening or tomorrow morning.

Icon has now completed work on the storage pond to hold initial water from the dewatering of Lydia No. 2, Lydia No. 3, and Lydia No. 4. Below is a photograph of the storage pond which has a capacity of 25,000 cubic metres of water.



De-watering and de-pressurising the coals allows for the coals to begin to release methane which is trapped within the coal matrix and also present in the cleat structures of the coals. The cleats or tiny fissures in the coals allow for permeability of the coals and fluid movement of both water and gas from the coal matrix into the well bore with gas separation as the water transfers to a holding pond.

Gas flow rates do not usually reach commercial rates for some time and the buildup of production gas will be reported on a regular basis. The initial drawdown test in the Lydia pilot supports our belief in the commerciality of the field.

Icon Energy has also signed a contract for a total of 300km of seismic due to commence on 10th August 2009. Approximately 130kms of the seismic is for the Lydia Pilot. This information will enable the fast tracking of

reserve certification. It also provides a planning tool for early location of production sites. Approximately 170 kilometres of seismic is external to the Lydia Pilot area.

In addition, Icon Energy Limited confirms that, in accordance with ASX Listing Rule 4.10.4, the substantial holders in the company as at 10 March 2009 were:

<u>Name</u>	<u>Ordinary shares Number held</u>	<u>Percentage of issued shares</u>
Mr. Raymond James	23,775,235	7.14%
Mrs Dianne Baldwin	22,198,958	6.67%

As advised in our notices of 10 July 2009 and 15 July 2009 Mr. James and Mrs. Baldwin are no longer substantial shareholders.

Yours sincerely,



Ray McNamara
Company Secretary/Director
Icon Energy Limited



For further information please contact:

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