ICON ENERGY LIMITED
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energy for the future - the future of energy

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22nd May 2009

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

Dear Sir

Icon Energy Limited Newsletter May 2009

Icon Energy Limited advises that the May 2009 Newsletter will be sent to specific shareholders and interested parties this evening to provide updated information to those parties including regarding the current drilling program near Goondiwindi.

Yours sincerely

Ray McNamara
Company Secretary/Director
Icon Energy Limited

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Rig at LP4 Well Site


LP4 Now Ready to De-water


24 Hour Operations - Drill Site at Dusk

ICON ENERGY LIMITED

e-NEWSLETTER MAY 2009

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Well Program Strikes Gas

Icon's current and ongoing drilling program has encountered saturated gas coals in the three well Lydia Pilot program near Goondiwindi. This is fantastic news which goes some way to indicate that we are on track for getting gas to surface and establishing certified reserves.

So what has the drilling program told us so far? The first pilot well, 'LP-4', was successfully drilled to its target depth of 819 metres into coal seam methane gas-rich coals. More to the point, how much gas is there? The technical answer is that in LP-4 we registered gas readings ranging from 40 to 75 units (8,000 to 15,000 parts per million); for those of us that are not so tech, the coal is well saturated with gas – exactly what we were hoping to find.

We then moved on to LP-3 and LP-2 which we have now finished drilling. The coal development in LP-3 was slightly superior to LP-4 with the coal seams correlating well. Over the 'Walloon Coal Measures' (an up to 15 metre thick layer of coals from the Triassic period), gas readings ranged from 35 units to 101 units against a background gas reading of up to 10 units. This is a good indication that the coals are saturated with gas. We found a total of 12 layers of coals which have correlated with the coals found in Lydia No.1. The natural gas has coincided strongly with the coal breaks in the well, again indicating that the coals contain abundant gas and are saturated. Coring samples from the three wells have now been sent to the laboratory in Brisbane for further gas content and desorbtion testing.

Currently the rig is demobilizing from LP-2, the third well of the program which was also successfully drilled to its target depth of 818 metres. After we set the production casing in LP-3 and LP-2, a specialised workover rig will be brought in from Easternwell for the completion process (ie to drill out the 'casing shoe' and run the 2 & 7/8 inch tubing and PCP pump).

The next stage is to prepare downhole tubing for de-watering the well. Once the water is removed from the well, gas naturally flows from the coal. The de-watering itself will be done after the completion part of the program. The storage pond to hold the test water is currently under construction and will be ready for the testing process (which will determine the use to which the water can be put) which will be conducted immediately when the wells are placed on production . Data analysis will be conducted to establish the flow rates necessary for reserve certification.

At present we have uncertified estimated gas initially in place (GIIP) amounting to 5.4 trillion cubic feet. Just to put that into some kind of perspective, that's more than was estimated to launch the entire North West shelf into production. It is in fact quite a staggering amount of gas, but is only an estimate. The purpose of the current program is to gain certification for our reserves – basically, it means confirmation for the market and our partners that what we think is there actually is there. No one will certify the full estimated gas in one go, it just doesn't work like that. But we expect to see some level of certification in coming months, which in itself, will be the fruition of the work of many years. These are exciting times indeed at Icon.

Ray James
Managing Director

Annual Report Released prior to AGM in May

Icon's Board has produced and now published our Annual Report ahead of our Annual General Meeting.

The Annual Report is available right now. Shareholders should receive their copies soon if they have not received them already. You may also access an online copy of the Annual Report at http://www.iconenergy.com/investor-information/annual-reports.html.

We look forward to seeing many of you again at the AGM at the Southport Yacht Club on 28 May 2009.

De-watering - in a Nutshell

Looking ahead, the next step in our CSG pilot program is to de-water our new wells. Icon's Chief Operating Officer Larry Brown explains.

Once we have completed drilling each well, de-watering and de-pressurising the coals allows for the release of the methane trapped within the coal matrix and coal cleat structures (tiny fissures in the coals). Cleats allow for permeability of the coals and movement of both water and gas from the coal matrix into the well bore. The water is pumped out into a holding pond and the gas will flow up the casing annulus to a gas line which will be connected to a flare for the pilot area and burned during the testing period. The pilot production wells will have continuous monitoring of pressures and water and gas production rates. Timing for de-watering can take a few months to a year depending on a number of variables. There's obviously more to it, but this is a handy overview which I hope helps our shareholders understand the process as we move onwards from here.