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The Manager
Company Announcements Office
Australian Stock Exchange Limited
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Dear Sir

ICON ENERGY LIMITED TO DEVELOP COAL SEAM GAS IN SURAT BASIN

Icon Energy Limited has drilled and completed three (3) exploration wells in ATP 626P in the Surat Basin in Queensland. These wells penetrated several coal seams within the Jundah and Taroom coal beds along with thick sections of carbonaceous shales. The best coal intersection was found in Lydia No 1 with 13 metres of coal with a density of up to 1.8 gms/cc.

This well has been completed for production and is located on a seismically defined four (4) way closed structure. The rig used to drill the well did not have a gas detector or mud logging unit and gas saturation is unknown at this point. Further drilling including coring is required after the well is tested and dewatered for a period of time.

Stitch No 1 was drilled to test two (2) targets. The upper target was gas in the Walloon Coal Measures where up to 78 units of gas were indicated in the Jundah and Taroom Coal sections. These high gas readings are indicative of gas saturation in the well. A flow is anticipated from the well when dewatering commences.

The deeper target, the Precipice Sandstone, was not penetrated at this location and a further test to the west is needed. A class G cement plug has been set across the Hutton Sandstone/Walloon Coal Measures boundary which will permit sidetracking the well at a future date. The Stitch structure which closes against the Moonie Fault therefore remains untested with the same potential for oil as previously interpreted.

Natasha No 1 is located on a structurally high trend and intersected coal and carbonaceous material. It only drilled the Jundah coals and did not fully penetrate the lower coal section. The well has been bubbling gas along with a small water flow. The gas has been measured at 89% methane with ethane, propane, butane, isobutane and pentane present in small quantities. Carbon dioxide content was small. A full laboratory analysis of the gas content and water is currently being made at ACS laboratories in Brisbane. The preliminary water analysis made using a field testing instrument shows water quality with a reading of 520 ppm total dissolved solids (TDS). The TDS content is undergoing a full irrigation water analysis, as at this stage, the water is potable and suitable for release into the nearby Yarrill Creek. However, the water obtained from this and subsequent wells will be disposed of in a dam 800 metres from the well site.

It may take several months to determine the commerciality of the gas flows from all three (3) wells. Testing equipment has been ordered for the wells but it will take 6-8 weeks for this equipment to be delivered from Houston, Texas. With strong demand for CBM equipment in Australia, there is a shortage of stock availability.

Mr James, Icon's Managing Director, said the recent drilling programme had been very successful in that coal of good quality and thickness has been found and the potential for commercial coal seam gas looks promising. He also pointed out that the recoverable commercial potential for gas prospective reserves is estimated to be 0.9-1.25 TCF. The area underlain by Walloon Coal Measures covered an area exceeding 250,000 acres. Mr James also emphasized that the commercial potential has not yet been proven and extended testing was required which included the drilling of new wells to move prospective reserves to commercial proven status using the Society of Petroleum Engineers (SPE) reserve classification. Mr James said that new markets were needed for the sale of the gas and preliminary discussions were being held with interested parties subject to proving commercial gas reserves.

Icon has expanded it's staff to cope with the new gas operations, as the Company is now focused on coal seam gas production, he said.

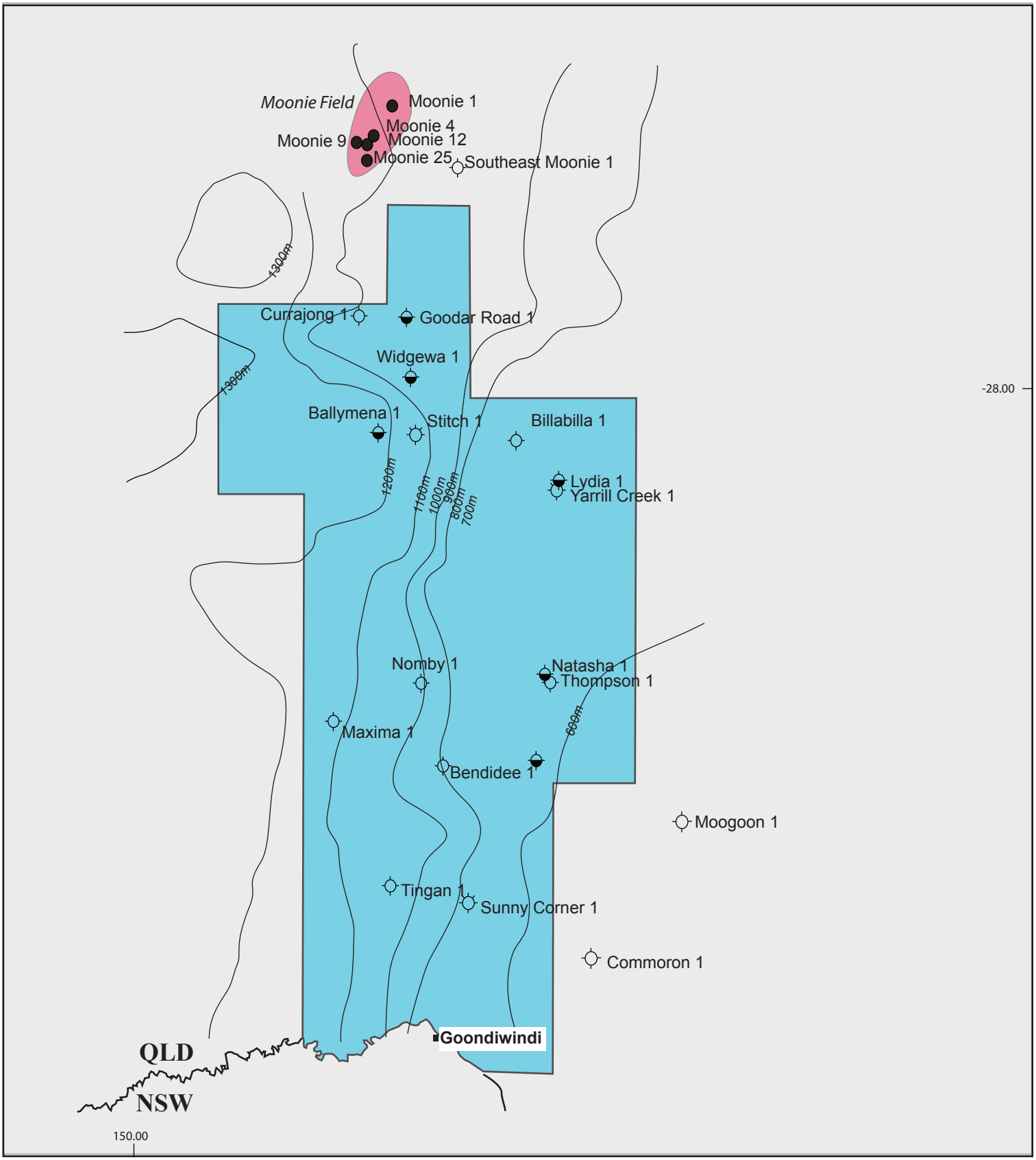
In addition to the coals found in ATP 626P, Icon was the successful tenderer for ATP 849P which is located west of Roma township and centred on the town of Mitchell in central Queensland. This area covers 3,854 sq kms (950,000 acres) and is underlain by the Walloon Coal Measures at shallow depths. Recent gas flows from the Walloons have been announced from adjoining acreage to the east of the permit.

Icon holds a working interest of 80% in ATP 849P and 100% in ATP 626P. Icon operates both of these permits and is negotiating the funding of a CBM drilling rig for this work. The rig will be a modern hydraulic rig with fully automated pipe handling facilities. It will be environmentally friendly with a very small footprint on the landscape.

Mr James said that Icon was in a unique position with its CBM operations and is in a position to control it's programme at a time when equipment availability has been squeezed to an extent unknown in the petroleum industry. Australia and particularly Queensland was a great place for small companies to operate and the CBM industry has given a new lease of life to the small operators.

Mr James added that gas prices for CBM gas in Queensland (approximately $3.00 per gigajoule) remained well below gas prices in the United States ($A9.50 per gigajoule). The abundance of gas in the Walloon Coal Measures cover much of the Surat Basin in Queensland and this cheap and readily available resource will drive the development of new projects throughout the area.

Ray McNamara
Executive Director/Company Secretary
Icon Energy Limited



LEGEND

- Dry Hole
- Gas Show
- Gas Discovery
- Oil Show
- Oil Discovery

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ATP 626P SURAT BASIN QLD

Time Structure Map on Top Walloon Coal Measures

0 10 20

Kilometres

Drawn by : M Soich

Date: January 2008