



**Registered Office:**  
Level 4, 19 Arbour Court  
ROBINA TOWN CENTRE QLD 4230 AUSTRALIA  
(PO Box 3366)

**Ph:** (07) 5562 0077  
**Fax:** (07) 5562 0011  
**Web:** www.iconenergy.com  
**Email:** icon@iconenergy.com

---

31st January 2008

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

Dear Sir

**ICON ENERGY LIMITED MINING AND EXPLORATION QUARTERLYREPORT**

Icon Energy Limited drilled and completed three (3) exploration wells in ATP 626P in the Surat Basin in Queensland. These wells penetrated the Jundah and Taroom coal beds along with thick sections of carbonaceous shales. The drilling programme has proven the existence of coal seams that have indicated prospective recoverable reserves of methane gas in the range of 0.9 to 1.25 trillion cubic feet. (i.e. max 1,250,000,000,000 cu ft)

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.

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.

It will 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.

New markets are needed for the sale of the gas and preliminary discussions are 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.

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. The permit has not yet been

awarded and Icon has applied for an environmental licence over the area. 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.

In ATP 855P the Native Title advertising period of four months has not yet expired. If no claimants come forward within the advertising period then the permit will be awarded without a Native Title agreement. If registered claimants come forward then negotiations under the Right to Negotiate (RTN) process will commence.

In PEP 218 in South Australia, geological and geophysical work is proceeding and seismic acquisition is planned for the second half of the year.

Negotiations are continuing in ATP 794 (Regleigh and Springfiled Permits) to farmout Icon's interest of 60%.

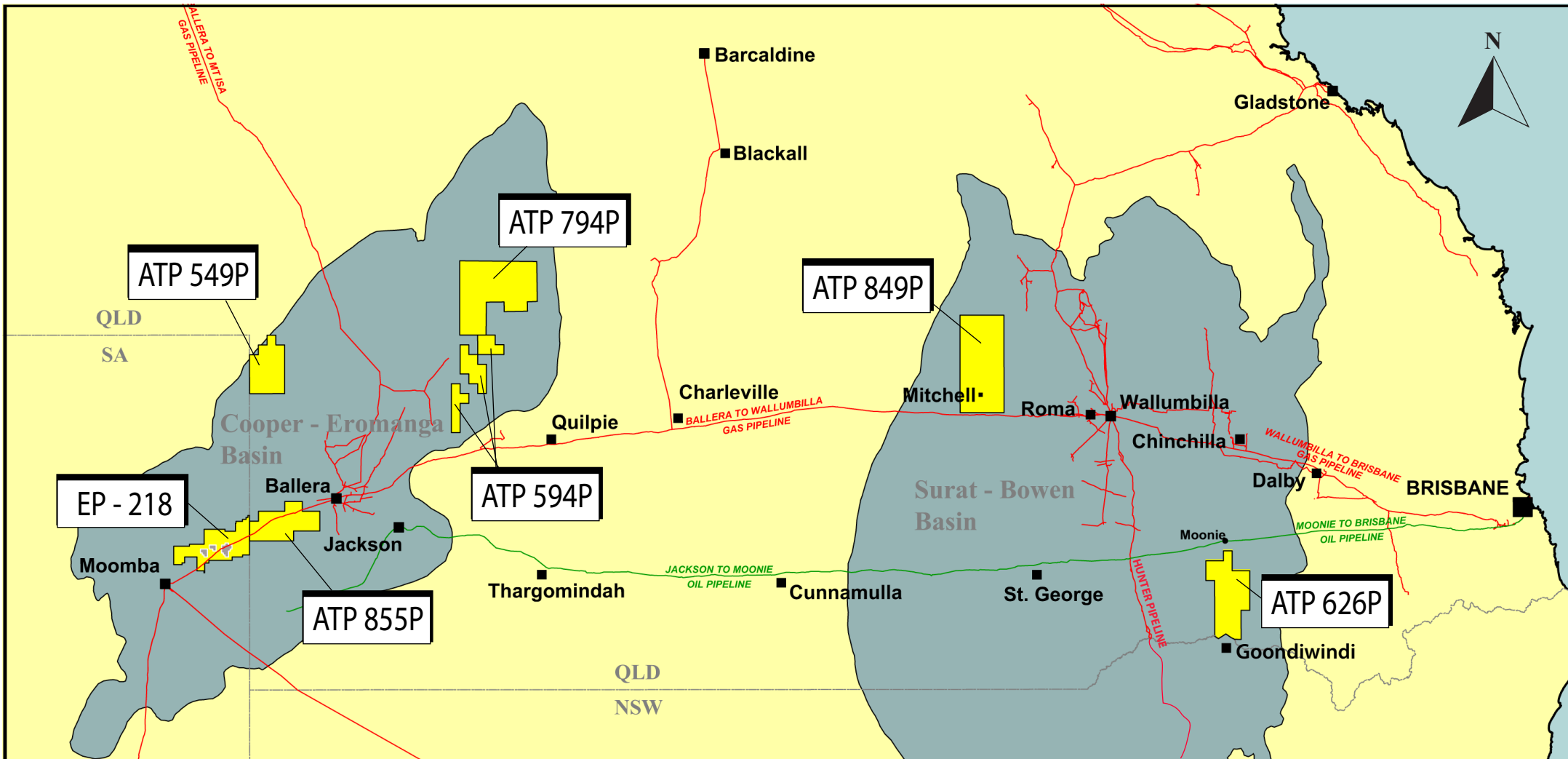
Icon is waiting on a final response from the Australian Investment and Securities Commission in regard to ATP 594 and the 50% interest previously held by Triple J Resources.

No new drilling has occurred in Bayou Choctaw in Louisiana. Remedial work has been undertaken to maintain the production of approximately 50 barrels of oil per day. The Operator CLK Energy is negotiating new funding through a Canadian Group.

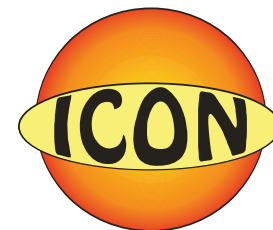
A map is attached showing Icon's Australian permits held at the time of this report.



**Ray McNamara**  
**Executive Director/Company Secretary**  
**Icon Energy Limited**



# ICON ENERGY LIMITED - EXPLORATION PORTFOLIO



# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 3. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Icon Energy Ltd

ABN

61 058 454 569

Quarter ended ("current quarter")

31 December 2007

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (.....months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation	-1688	-1848
	(b) development		
	(c) production	-407	-1590
	(d) administration		
1.3	Dividends received	44	-122
1.4	Interest and other items of a similar nature received		
1.5	Interest and other costs of finance paid	-1	-6
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	<b>Net Operating Cash Flows</b>	<b>-2052</b>	<b>-3322</b>
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects	0	-3
	(b)equity investments		
	(c) other fixed assets	-92	-93
1.9	Proceeds from sale of: (a)prospects	0	4050
	(b)equity investments		
	(c)other fixed assets	0	6
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)	-3	-11
	<b>Net investing cash flows</b>	<b>-95</b>	<b>3949</b>
1.13	<b>Total operating and investing cash flows (carried forward)</b>	<b>-2157</b>	<b>627</b>

+ See chapter 19 for defined terms.

Appendix 5B  
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	-2157	627
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	0	659
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	64	64
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	64	723
	Net increase (decrease) in cash held	-2083	1350
1.20	Cash at beginning of quarter/year to date	3548	115
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1465	1465

Payments to directors of the entity and associates of the directors  
Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	138
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

NA
----

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NA
----

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NA
----

Financing facilities available

Add notes as necessary for an understanding of the position.

+ See chapter 19 for defined terms.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	
4.2 Development	
<b>Total</b>	

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1465	1465
5.2 Deposits at call	Nil	Nil
5.3 Bank overdraft	Nil	Nil
5.4 Other (provide details)	Nil	Nil
<b>Total: cash at end of quarter (item 1.22)</b>		

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	NA		
6.2	Interests in mining tenements acquired or increased	NA		

+ See chapter 19 for defined terms.

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

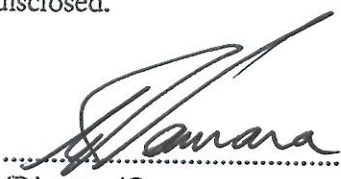
		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference *securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs, redemptions				
7.3	*Ordinary securities	282,496,906	282,496,906		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy- backs				
7.5	*Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes ( <i>totals only</i> )		
------	--	--	--

### Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does /does not\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:  Date: 30/1/08  
(Director/Company secretary)

Print name: RAYMOND P. McNAMARA

### Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 Issued and quoted securities The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

+ See chapter 19 for defined terms.