

ICON ENERGY LIMITED

CHAIRMAN'S ADDRESS

ANNUAL GENERAL MEETING

Southport Yacht Club (Board Room), Macarthur Parade, Main Beach, Gold Coast on Monday, 28th May 2007 at 11.00 am

LADIES AND GENTLEMEN,

IT IS WITH PLEASURE THAT I WELCOME YOU TO THE ELEVENTH ANNUAL GENERAL MEETING OF ICON ENERGY LTD.

I AM PLEASED TO BE ABLE TO PRESENT AN OVERVIEW OF THE COMPANY'S PERFORMANCE AND OPERATIONS.

FOR THE PAST FIVE YEARS, THE COMPANY FOCUSED EXCLUSIVELY ON THE ACQUISITION OF HIGH POTENTIAL EXPLORATION BLOCKS TO PROVIDE A PORTFOLIO OF PERMITS THAT WOULD ENABLE ICON ENERGY TO MOVE INTO THE NEXT PHASE OF DEVELOPMENT – THAT OF A DEVELOPER.

AFTER LAST YEAR'S AGM, THE BOARD REVIEWED THE STRATEGIC FOCUS OF THE COMPANY AND ON THE ADVICE OF THE MANAGING DIRECTOR, RAY JAMES, THE COMPANY DECIDED TO DEVELOP ITS HIGHEST PROBABILITY PERMIT, ATP 626

TO UNDERTAKE THIS DEVELOPMENT, ICON SOLD TWO EXPLORATION TENNEMENTS TO SANTOS LIMITED THUS ACQUIRING THE CAPITAL NEEDED TO CONFIRM OUR EXPECTATIONS WITH RESPECT TO ATP 626

RAY JAMES' ADVICE TO THE BOARD WAS THAT THE FOCUS OF THE COMPANY SHOULD SHIFT FROM OIL EXPLORATION TO GAS EXPLORATION AND DEVELOPMENT. THIS ADVICE WAS BASED ON THREE IMPORTANT FACTORS:

- 1. THE GROWING AWARENESS OF GREENHOUSE GAS EMISSIONS FROM EXISTING FOSSIL FUELS AND THE FACT THAT METHANE GAS PROVIDES LOWEST CARBON EMISSIONS PER CALORIFIC OUTPUT**
- 2. THE LIKELY EXISTENCE OF THICK COAL SEAM STRUCTURES ON 626 AND THE FAVOURABLE STRUCTURES THAT SHOULD PROVE PROFITABLE**

3. THE GROWING WORLD MARKET FOR LIQUIFIED GAS FUELS THAT SHOULD RESULT IN HIGHER PRICES NOW AND IN THE FUTURE

THIS ADVICE WAS NOT ONLY CORRECT, BUT TIMELY.

THE DRILLING OF THREE WELLS IN NOVEMBER/DECEMBER 2007 CONFIRMED THE EXISTENCE OF THE COAL STRUCTURES AND LED TO AN INDEPENDENT ASSESSMENT OF THE INDICATED RESOURCE OF BETWEEN .9 AND 1.25 TRILLION CUBIC FEET OF GAS.

OUR SUBSEQUENT ANALYSIS OF THE COAL SUGGESTS THAT THIS ESTIMATE IS SIGNIFICANTLY UNDER THE ACTUAL RESOURCES. WE ARE WAITING ON THE AVAILABILITY OF A SUITABLE INDEPENDENT EXPERT TO VERIFY OUR ESTIMATES.

WE HAD ADVISED IN OUR QUARTERLEY ANNUAL REPORT THAT WE WOULD UPDATE ON THE DEVELOPMENTS WITH RESPECT TO ATP 626

WE ADVISE THAT WE ARE AT AN ADVANCED STAGE IN NEGOTIATIONS FOR THE SALE OF BETWEEN 10 PJ AND 50 PJ OF GAS AND EXPECT TO SIGN A MEMORANDUM OF UNDERSTANDING WITHIN THE NEXT THREE WEEKS. THAT MOU WILL PROVIDE FOR A FINAL GAS SALE AGREEMENT TO BE COMPLETED BY 30TH AUGUST AND NO LATER THAN 30TH OCTOBER 2008

THE NEGOTIATIONS COMMENCED SEVERAL WEEKS AGO AND HAVE BEEN PROGRESSING SATISFACTORILY. THEY ARE AT AN ADVANCED STAGE, WITH THE DELAY IN SIGNING THE MEMORANDUM OF UNDERSTANDING HAVING RESULTED FROM NEW DEVELOPMENTS IN THE GAS MARKET

THESE DEVELOPMENTS ARE:

- 1. QUEENSLAND GAS LTD PARTNERSHIP WITH BRITISH GAS TO DEVELOP A LIQUID GAS EXPORT FACILITY AT GLADSTONE**
- 2. BRITISH GAS ATTEMPTED TAKEOVER OF ORIGIN ENERGY. WHICH, IF THEY ARE SUCCESSFUL, WILL RESULT IN A LARGE PORTION OF FREE GAS RESERVES BEING QUARANTINED FROM THE AUSTRALIAN MARKET?**
- 3. OTHER GAS FIELD DEVELOPERS SUCH AS ARROW AND SANTOS COMMITTING TO THEIR OWN LNG EXPORT FACILITIES**

WE CAN STATE THAT THESE DEVELOPMENTS IN THE COAL SEAM GAS MARKETS OVER THE PAST TWO WEEKS HAVE STRENGTHENED ICON

ENERGY'S BARGAINING POSITION AND RESULTED IN SIGNIFICANT GAINS TO THE ICON SHAREHOLDERS.

WHILE CONFIDENTIALITY PROVISIONS DO NOT ALLOW US TO DISCLOSE THE FULL DETAILS OF THE NEGOTIATIONS, WE CAN STATE THE FOLLOWING PRINCIPLES HAVE BEEN AGREED

- **THE BUYER HAS THE RIGHT TO PURCHASE A MINIMUM OF 10 PETAJOULES PER YEAR AND A MAXIMUM OF 50PETAJOULES PER YEAR**
- **THE BUYER WILL PROVIDE FOR A GAS PIPELINE FROM 626 TO AN APPROPRIATE DISTRIBUTION POINT;**
- **ICON HAS THE RIGHT TO SELL ANY GAS ABOVE 50 PETAJOULES AT MARKET PRICES AND TO USE THE PIPELINE AT MARGINAL COSTS FOR EXCESS GAS PRODUCED;**
- **PIPELINE CONSTRUCTION COMMENCES WHEN ICON HAS INDEPENDENTLY CERTIFIED 300 PETAJOULES AT THE 2P LEVEL OF RESERVES.**

ICON'S FOCUS ON A GAS SALE AGREEMENT PROVIDES TWO BENEFITS:

1. **SUCH AN AGREEMENT PROVIDES LONG-TERM CASH FLOW TO ICON;**
2. **BECAUSE RESERVES REPORTING DEPENDS LARGELY ON THE COMMERCIALITY OF THE FIELD, THE GAS SALE CONTRACT PROVIDES FOR THAT COMMERCIALITY CRITERION.**

ICON ALSO HAS ADVANCED NEGOTIATIONS FOR THE FUNDING OF THE DEVELOPMENT OF THE FIELD. DEVELOPMENTAL FUNDING WILL COST APPROXIMATELY \$40 MILLION AND MAY INVOLVE A COMBINATION OF EQUITY AND PROJECT FUNDING. FINALISATION OF THESE NEGOTIATIONS SHOULD CONCLUDE WITHIN THREE MONTHS OF THE COMPLETION OF THE GAS SALE AGREEMENT. THE GENERAL PRINCIPLES ON WHICH THE FUNDING IS TO BE PROVIDED HAVE BEEN DETERMINED.

ICON ENERGY ALSO RECEIVED ON THURSDAY A COMPETING PROPOSAL FOR A FARM-IN AGREEMENT AND GAS SALE PROPOSAL ON SLIGHTLY DIFFERENT BUT COMMERCIALY ACCEPTABLE TERMS. THE EXECUTIVE AND THE BOARD WILL ANALYSE THIS PROPOSAL AND DECIDE WHICH OF OUR CURRENT OPTIONS BEST INCREASES BOTH SHORT-TERM AND LONG-TERM SHAREHOLDER WEALTH.

DRILLING PROGRAM

EARLIER IN THE YEAR WE ANNOUNCED THAT WE WOULD COMMENCE THE DEWATERING OF THE THREE WELLS DRILLED ON 626 IN 2007.

THE WORK ON THESE THREE WELLS WAS DELAYED BECAUSE THERE WERE DIFFICULTIES IN SOURCING EQUIPMENT FROM THE UNITED STATES. THE LAST OF THIS EQUIPMENT ARRIVED APPROXIMATELY TWO WEEKS AGO.

BECAUSE BOTH THE GAS SALE AGREEMENTS AND THE FARMIN ARRANGEMENTS WERE CLOSE TO CONCLUSION, WE DEEMED IT IMPRUDENT TO COMMENCE WORK. DOING SO WOULD HAVE BEEN AT A COST TO OUR SHAREHOLDERS WHEN SUCH COSTS MIGHT BE MORE APPROPRIATELY BORNE BY A FARMIN PART.

IF THE BOARD CHOOSE NOT TO PROCEED WITH THE FARMIN OPTION, THEN THE POSITIVE STEPS THAT HAVE BEEN MADE WITH A FINANCING PROPOSAL SHOULD LEAD TO SIGNIFICANT ECONOMIES IF THE DEWATERING PROGRAM CAN BE CO-ORDINATED WITH A FULL DRILLING PROGRAM

THE FUTURE

IN FEBRUARY THIS YEAR ICON PUBLISHED ITS STRATEGIC OBJECTIVES ON ITS WEB SITE WHICH STATED:

THE OVERALL STRATEGY OF INCON ENERGY LTD OVER THE NEXT THREE TO FIVE YEARS IS TO ATTAIN A MERKEY CAPITALISATION OF \$100,000 INCREASING TO \$300,000 OVER THE NEXT TEN YEARS

THE BOARD HAS REVISED THE TIMING ON THOSE OBJECTIVES BELIEVING THAT THE COMPANY TARGET MARKET CAPITALISATION IS

\$100,000,000 WITHIN THE NEXT THREE MONTHS, AND \$300,000,000 WITHIN THE NEXT EIGHTEEN MONTHS.

THE COMPANY IS ALSO PLEASED TO ANNOUNCE THAT IT IS THE PREFERRED TENDERER FOR TWO GEO THERMAL EXPLORATION PERMITS OPENED FOR TENDER EARLIER THIS YEAR

THIS BRINGS TO THE TOTAL EXPLORATION PERMITS TO 14.

ICON'S STAFF HAS EXPANDED TO MEET THE NEW DRILLING AND EXPLORATION WORK AND THE BOARD IS VERY PLEASED WITH THE QUALITY AND EXPERIENCE OF OUR NEW STAFF. IT IS LIKELY THAT FURTHER INCREASES IN STAFF NUMBERS WILL RESULT FROM OUR DEVELOPMENTAL ACTIVITIES.

**ON BEHALF OF THE SHAREHOLDERS AND THE BOARD I WOULD LIKE TO
THANK ALL OF THE EMPLOYEES FOR THE RESULTS ACHIEVED IN 2007
AND FOR THE VERY PROMISING FUTURE**

**ALL IN ALL, THE FUTURE LOOKS BRIGHT FOR THE ICON
SHAREHOLDERS AND SHAREHOLDERS SHOULD BE APPRECIATIVE OF
THE EXTENT TO WHICH WE HAVE OUT PERFORMED THE MARKET OVER
THE LAST SIX MONTHS.**

THANK YOU FOR YOUR KIND ATTENTION