



ICON ENERGY LIMITED

ABN 61 058 454 569

energy for the future - the future of energy

Registered Office:

Level 4, 19 Arbour Court
PO Box 3366
ROBINA TC QLD 4230 AUSTRALIA

Ph: 61+ 07 5562 0077
Fax: 61+ 07 5562 0011
Email: info@iconenergy.com
Web: www.iconenergy.com

12 June 2008.

The Manager
Companies Announcements Office
ASX Limited

Dear Sir,

Re: M O U for the Sale of CSM Gas from ATP 626P.

Icon Energy Ltd (Icon) advises that it has agreed to enter into a non-binding Memorandum of Understanding (MOU) with Babcock & Brown (ASX:BNB) for the sale of coal seam methane gas from Icon's ATP 626P to Babcock & Brown from commencement of production expected to be in the first half of 2012.

The Memorandum of Understanding foresees the supply of minimum of 10 PJ of gas to Babcock & Brown, per year, from 2012 for a period of fifteen years, with an option for Babcock & Brown to purchase additional volume of gas as produced.

It is intended to construct a 100 km of pipeline to transport the gas from ATP 626P to a suitable connection as part of the MOU. The price of the gas that is anticipated in the proposed Gas Supply Agreement is escalating in nature with both volume and time, and adequately recompenses both parties for their contribution and support associated with the successful delivery of gas under the Gas Supply Agreement.

"This proposed agreement will underpin Icon's strategy to develop its gas prospect in ATP626 into a commercial gas field." said Mr Ray James Managing Director of Icon Energy Limited. He stated that he believes that this agreement will accelerate the timetable for Icon Energy Ltd achieving its long-term strategic objectives for its shareholders.

Icon holds a working interest in ATP 626 of 100% and is in the process of evaluating the potential of its reserves. Independent expert evaluation of ATP626 prospective reserve indicates gas reserves in the range of 0.9 to 1.25 trillion cubic feet of gas. The company expects that establishing the initial 2P reserves will take up to twelve months and then establishing the production field a further minimum of two years.

Yours faithfully
Icon Energy Limited

Ray James
Managing Director

Ray McNamara
Company Secretary/Executive Director