



ICON ENERGY LIMITED

ABN 61 058 454 569

energy for the future - the future of energy

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30th July 2008

The Manager
Companies Announcements Office
Australian Stock Exchange
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Re: Review of Operations for the period 1st March to 30th June 2008

ATP 626P Surat Basin – Coal Bed Methane Development Programme

Icon continues to move forward with the development of its coal bed methane operations in ATP 626P. The appraisal drilling programme of up to 24 wells is expected to commence in the next two months as soon as a suitable rig can be obtained. This programme will include the testing of the wells drilled in late 2007. A comprehensive programme is now under review now that staff has been engaged to plan and conduct this extensive programme. The previously reported commencement date for dewatering of the three wells has been placed on hold, waiting on final arrival of equipment from the USA and Canada and the engagement of the personnel required to conduct the larger programme.

Icon's capital requirements for the gas development programme are being addressed.

On 5th June 2008, Icon placed 16,000,000 shares in the Company to raise \$2.8 million. Funding of the 24 well appraisal drilling programme is planned to be completed by early to mid October 2008. Negotiations to raise this capital are still subject to several options, which include equity and farmin opportunities. It is not intended to seek funds by way of an issue to shareholders in the current market. The capital raising negotiations will finally be determined in the best interests of shareholders.

A key factor in the development of Icon's coal seam gas in ATP 626P was a market for the gas to yield the best return to Icon and provide surety to the commercial development.

In May 2008, a Memorandum of Understanding (MOU) was negotiated with Babcock & Brown to supply gas for electric power generation. This MOU was signed when Babcock & Brown were reportedly experiencing difficulties surrounding its share price and supporting credit providers. Whatever the outcome of these events, Icon has obtained a significant right under this MOU.

1. Icon has a market for its gas;
2. Icon has been given time to prove the commercial status of the gas reserves;

3. Icon will be supporting local Australian power generators and will not seek to export these reserves now allocated under the MOU;
4. A Gas Contract is in draft form for the supply of gas to Babcock & Brown;
5. Under proposed Gas Contract terms, Icon has negotiated significant economic assistance in regard to pipeline transport and compression with upside potential and downside protection on the gas price.

ATP 549P - Surat Basin

Icon is finalising an Environmental Authority with the Environmental Protection Agency prior to grant. Gas in place estimates are in preparation.

Geothermal Permit Award

On 29th May 2008, Icon was named as the preferred tenderer for two application areas in Southwest Queensland. These permits known as EPG 51 and 49 are located mostly within ATP 855P where Icon and its partners have normal gas and oil exploration rights. Hot rocks at depths below 4,000 metres underlie the geothermal projects. While geothermal exploration is not Icon's core business, it makes sense to hold these rights when drilling petroleum wells.

In the surrounding areas, high geothermally favourable temperatures above 250°C have been encountered while drilling for gas. The attached diagram indicates the drilling concept behind the application.

Before the geothermal permits are awarded to Icon, it will be necessary to conduct a Right to Negotiate process that is expected to take up to twelve months.

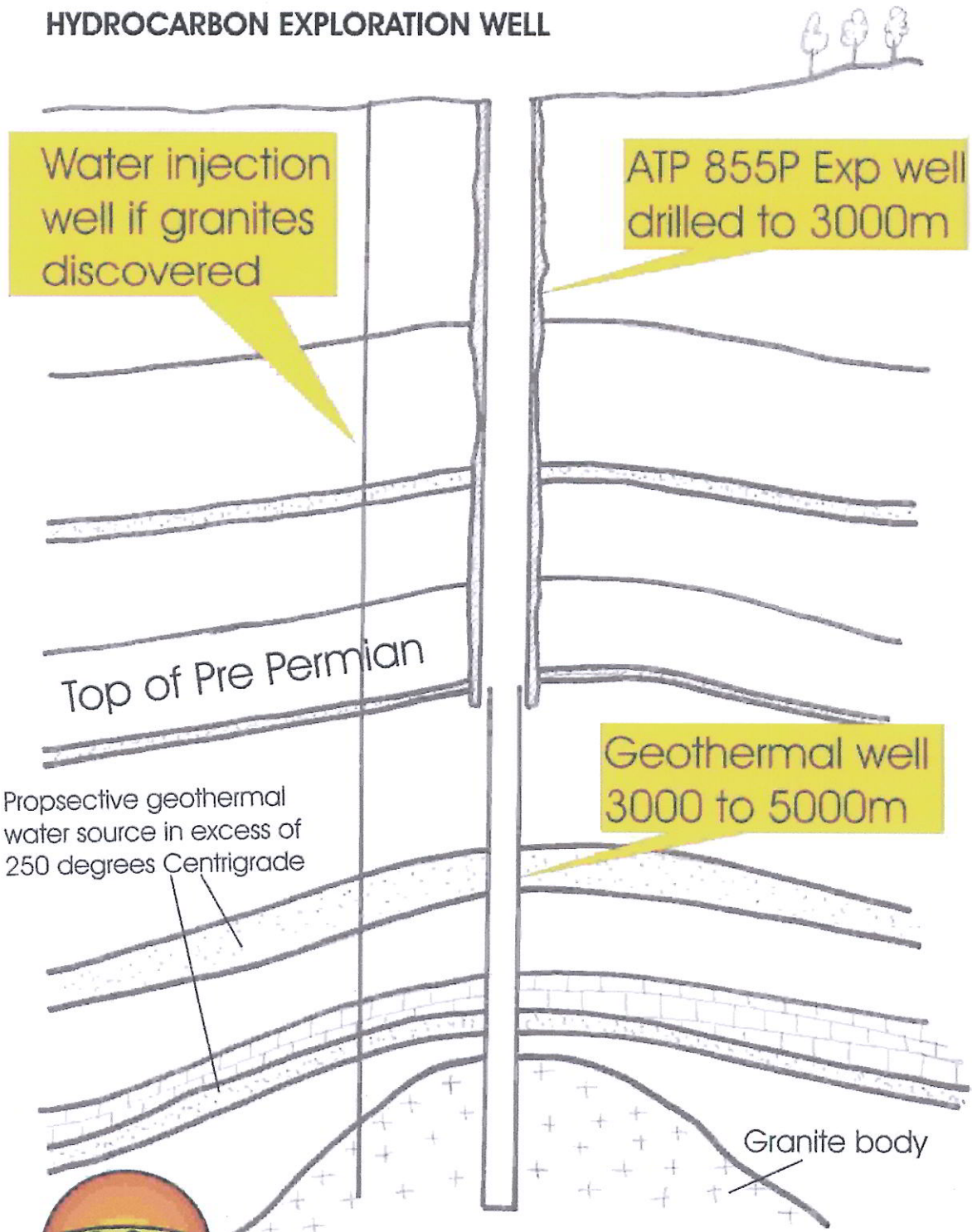
If Icon discovers a significant hot rock resource, there are considerable advantages to shareholder value and Australia's attempt to utilise non-polluting renewable energy resources.

Icon's working interest in EPG 49 and 51 is 100%.

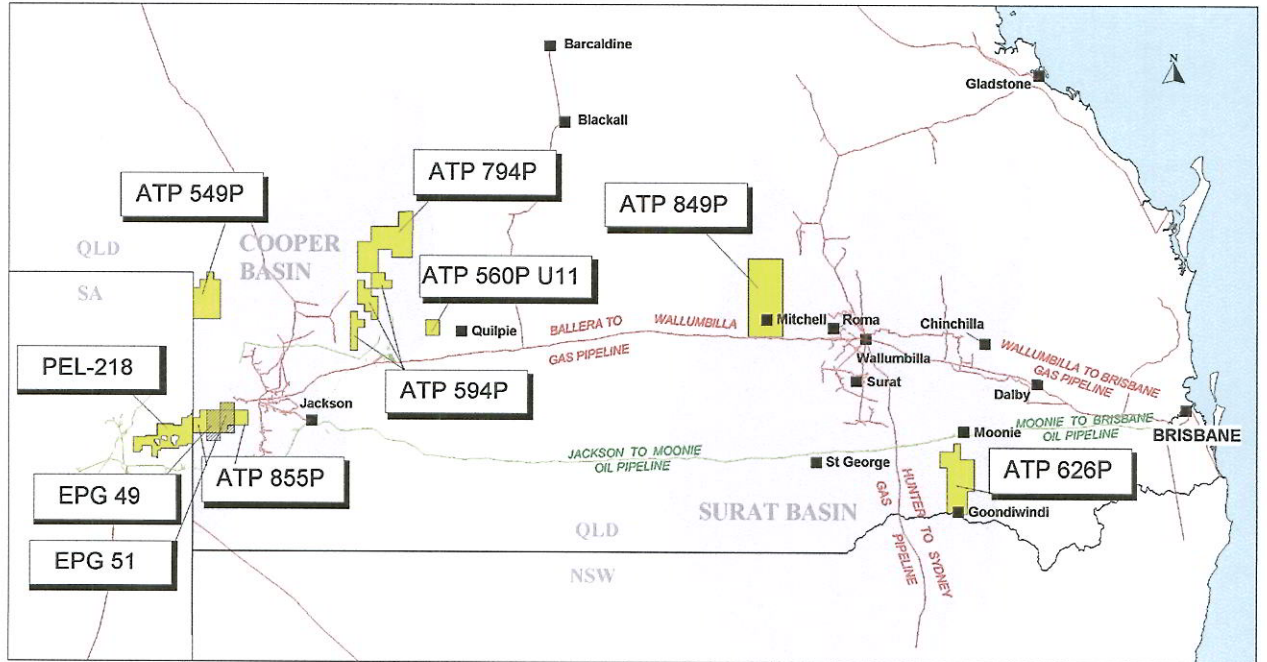


Ray McNamara
Icon Energy Limited
Company Secretary/Executive Director

**SCHEMATIC DIAGRAM OF GEOTHERMAL WELL
DRILLED IN CONJUNCTION WITH A NORMAL
HYDROCARBON EXPLORATION WELL**



ICON ENERGY LIMITED



Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Icon Energy Limited

ABN

61 058 454 569

Quarter ended ("current quarter")

30 June 2008

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	(40)	(1,097)
(b) development		
(c) production		
(d) administration	(697)	(936)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	31	42
1.5 Interest and other costs of finance paid	(4)	(9)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(710)	(2,000)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects		
(b)equity investments		
(c) other fixed assets	(95)	(104)
1.9 Proceeds from sale of: (a)prospects	0	475
(b)equity investments		
(c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	(95)	371
1.13 Total operating and investing cash flows (carried forward)	(806)	(1,629)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)		
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2,802	2,802
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings	(8)	(15)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	2,794	2,786
	Net increase (decrease) in cash held	1,988	1,157
1.20	Cash at beginning of quarter/year to date	634	1,465
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	2,622	2,622

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	164
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

N/A

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

N/A

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

N/A

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	300
4.2 Development	
Total	

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	2,622	634
5.2 Deposits at call	Nil	Nil
5.3 Bank overdraft	Nil	Nil
5.4 Other (provide details)	Nil	Nil
Total: cash at end of quarter (item 1.22)	2,622	634

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			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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	298,496,906	298,496,906		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	11,000,000 1,000,000 4,000,000	11,000,000 1,000,000 4,000,000	20.1 cents 29 cents 7.5 cents	2,211,000 290,000 300,000
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>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

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:


.....
(Director/Company secretary)

Date:


.....

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.

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