



ICON ENERGY LIMITED
*energy for the future -
the future of energy*

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25th August 2008

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

Dear Sir

Icon Energy Limited's Update on Coal Seam Gas in the Surat Basin

Attached is an announcement on Icon Energy Limited's gas in place estimates for ATP 626P together with our planned work program to final production in 2011.

Icon holds a working interest in ATP 626P of 100% and a net revenue interest of 90% after deduction of Government royalties of 10%. The calculation of the royalty allows for operating and transportation expenses to be deducted in the calculation.

Ray James
Managing Director
Icon Energy Limited

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ICON ENERGY ANNOUNCES A FIVE FOLD UPGRADE OF INDICATED GAS RESOURCES IN ATP 626P

- **An independent expert audit now confirms that the estimated indicated gas resources in place for Icon Energy's ATP 626P to be 5.44 TCF Gas in Place.**
- **Details of Work Program for 2008 and 2009 for ATP 626P**
- **Attached Audit Report for Petroleum (Gas) in Place**

Icon Energy Limited's core business is now focused on the coal bed methane gas reserves in permit ATP 626P in the Surat Basin in Queensland.

Icon Energy has completed a detailed analysis of the potential of its ATP 626P based assets and has revised its indicated resources to an expected resource of 5.44 TCF (Trillion standard cubic feet). The analysis is based on SPE reserves guidelines giving ATP 626P a five-fold increase on the previously announced potential of this area.

This estimate is based on a review of 53 wells within and surrounding ATP 626P, gas content based on drill cuttings, and gas recovered from Natasha No.1 drilled in 2007.

Icon Energy's has had its estimate of gas in place audited by an independent expert whose report attests to the 5.44 TCF calculations (see Appendix C).

The analytical results have led Icon Energy Limited's decision to develop this resource in four stages.

A Work Proposal plan has now been developed by Icon Energy.

Stage 1

The first stage involves dewatering of the Stitch No.1 well drilled in November 2007 with an analysis of the effects on Lydia No.1 (drilled November 2007) and Natasha No.1 (drilled November 2007) as monitor wells. This first stage has been scheduled to commence during late September 2008.

Stage 2

Scheduled to be commenced in late October 2008 this program requires three pilot-test wells to be drilled around Lydia No.1. The purpose of this stage is to prove the commerciality of the reserves to 1P and 2P status. Based on our in-house assessments, we have, according to SPE rules, 2TCF of gas in place in area around Lydia No.1. The three wells proposed have Lydia No.1 as a monitor. These 3 test wells will be drilled, cored or partially cored, completed and put on production test by December 2008. This configuration will allow Icon Energy to identify reserves at the 1P and 2P levels and will justify the construction of the pipeline to deliver our gas to market.

Stage 3

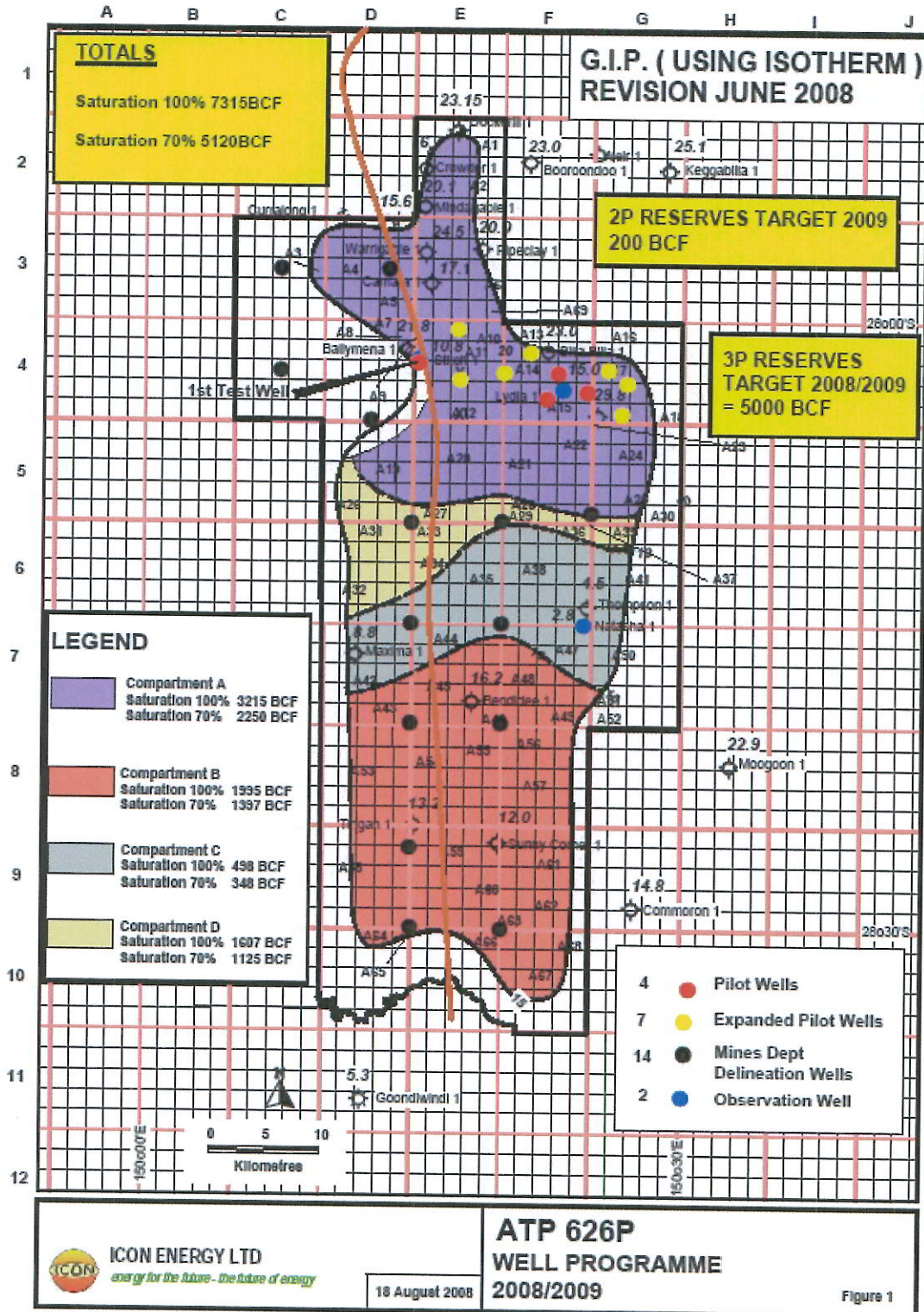
Developments are planned to include a further 21 well program to enable the company to move the status of its exploration rights to production licences as required by the Queensland Department of Mines and Energy (See Appendix A). Completion of the third stage is expected by the third quarter 2009.

Stage 4

This stage commences when the 21 well program is completed. Stage 4 is the commercial development program commencing in 2010 to provide the gas required for the Gas Sales Agreement currently being finalised with Babcock & Brown (See Appendix B). Our expectation is for a 149 well program.

- Appendix A contains the current schematic for well placements.
- Appendix B shows the full development program.
- Appendix C is the independent Petroleum Initially in Place audit certification.

Appendix A



Appendix B

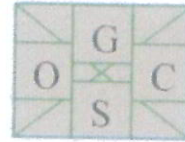
ATP 626 Work Programme

Item	2008		2009			2010			2011		
	3/4	4/4	1/4	2/4	3/4	4/4	1/4	2/4	3/4	4/4	
Work over Stich-1, Lydia-1											
Drill three wells -Pilot1											
Geo-seismic probabilistic fluid modeling (3 oil prospects)											
CBM reserves certification 4wells- expanded Pilot1											
QDME block retention 14-17evaluation holes											
Drill, complete and tie in 23 +production CBM wells											
Drill first oil prospect (CBM second target)											
Drill 2nd oil prospect (CBM 2nd target)											
Drill 3rd oil prospect (CBM 2nd target)											

Appendix C

Oil Gas CBM Services

ABN 83 120 742 761



Mr Ray James
Managing Director
Icon Energy
Level 4,
19 Arbour Court TC,
Robina QLD 4230

Don McMillan
Director
Oil Gas CBM Services Pty Ltd

Date: 23 August 2008

Dear Mr James

Icon Energy requested Oil Gas CBM Services (OGCBM) to audit petroleum initially in place pertaining to the Coal Seam Gas (CSG) within the Walloon Coal measures in ATP626P.

Petroleum initially in place (PIIP): 5.438 TCF.

This estimate is based on a review of 53 wells within and surrounding ATP626, gas content based on drill cuttings, and gas recovered from Natasha #1 drilled in 2007. CSG potential areas were depth and access limited.

Icon Energy's proposed 24 well drilling program is designed to confirm this estimate and progress this CSG asset to contingent resource and reserve status.

OGCBM are independent with respect to Icon Energy Limited as provided in the Standards Pertaining to Estimating and Auditing of Oil and Gas Reserves information promulgating by the Society of Petroleum Engineers. It should be understood that the above described audit does not constitute complete recoverable resource or reserve study of Icon Energy's ATP626P.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Don McMillan', followed by a small horizontal line.

Don McMillan
Director
Oil Gas CBM Services