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20th November 2008

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

Dear Sir

**Icon Energy Limited Announces a \$20M Financing Facility from a UK Based Fund for the
2009 Drilling Program**

- **A\$20 million, Unsecured Non-Interest Bearing Convertible Notes to finance Icon Energy's 2009 drilling program**
- **Favourable terms with zero coupon rate, no negative pledge, no security of the Company's assets, no restrictions on future equity raisings, no subordination of existing financing facilities**
- **Term Sheet is signed by both parties**
- **Funding is for a drilling program in ATP626P**
- **Subscription by UK-based Fund Manager represents a huge vote of confidence in Icon Energy's prospects**

Icon Energy Limited has signed a Term Sheet to secure a A\$20 million financing facility from a UK-based Fund Manager, Pacific Capital Value Limited ("Pacific Capital").

The facility is for Unsecured Non-Interest Bearing Convertible Notes (Convertible Notes). This is a financial instrument that gives the noteholder an option, but not the obligation to convert its debt into equity (shares).

Under the Convertible Notes Subscription Agreement, Icon Energy Limited may issue up to A\$20 million in zero-coupon convertible notes in 20 successive tranches valued at A\$1 million per tranche to Pacific Capital. Tranches 11 to 20 (the second \$10m) are exercisable at Icon's option.

The Convertible Notes will be convertible into ordinary shares in the capital of Icon Energy Limited at the option of Pacific Capital. The due date for any unconverted notes will be 2011.

The maturity date of the Notes is three years after the date of the first Convertible Note issue. After the issue of the initial tranche of A\$1 million, Icon Energy would have the option to request subsequent tranches within three years of the initial completion date of the first tranche.

The monies received by Icon Energy will be applied to fund Icon Energy's 2009 drilling program and in particular the development of Icon Energy's Coal Seam Gas resources in ATP 626P (currently estimated at 5.4 trillion cubic feet (TCF) of gas). Icon's core business is now focused on developing the resources to obtain classification of 1P, 2P and 3P reserves. The estimate of 5.4 TCF of gas initially in place was estimated in accordance with the Standards Pertaining to Estimating and Auditing of Oil and Gas Reserves prescribed by the Society of Petroleum Engineers as released to the ASX on 25th August 2008.

Based on our continuing analysis of ATP 626P and the operational flexibility resulting from the funding available under the Notes Subscription Agreement, Icon Energy has revised its four stage development program detailed in the announcement of 25th August 2008. That announcement specified that Stage 1 would involve dewatering Stitch No1 and using Lydia No1 as an observation (monitoring) well. Because of the additional funds now available to the Company, it will move directly into stages two and three when rigs are contracted and available (expected to be February 2009 for the Lydia Pilot). This is consistent with the modified work program advised in our Report on Third Quarter Activities announced to the ASX on 31st October 2008.

"Icon Energy Limited is in a position today to issue convertible notes on such favourable terms because of our strong business fundamentals and the significant potential in ATP626P. We are very gratified to have the assistance and the vote of confidence from Pacific Capital. This is a clear affirmation of their belief in Icon Energy Limited's future growth potential particularly given the difficulties in funding experienced by many companies due to the current global credit crisis." *Ray James, Managing Director*

This issue of Convertible Notes is subject to, among other conditions, the approval of Icon Energy Limited's shareholders at an upcoming Extraordinary General Meeting to be notified to shareholders in due course. A summary of the terms of the Convertible Note Subscription Agreement and terms of the Convertible Notes will be included in the notice of meeting.

Yours sincerely



Ray McNamara
Executive Director/Company Secretary
Icon Energy Limited



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