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

Dear Sir

Icon Announces Farm-In Agreement with Stanwell

- **Farm-in Agreement and Work Program**
- **Negotiations into**
 - **Joint Operating Agreement**
 - **Gas Supply Agreement**
 - **Pipeline Development Agreement**

Icon Energy Ltd. ('Icon') has signed a conditional Farm-in Agreement with Stanwell Corporation Limited ('Stanwell'). The Farm-in Agreement is conditional upon appropriate Joint Operating and Gas Supply Agreements being negotiated and executed on or before 30 January 2009.

When the Joint Operating and Gas Supply Agreements are executed, then Stanwell will commit \$6 million to an initial pilot program covering four of the 30 blocks in Icon's ATP 626P in the Surat Basin comprising the Lydia Gas Project.

Subject to results, Stanwell may elect to commit to spending a further \$30 million to secure a minimum 2P reserve of 340 PJ. At the completion of this second stage, Stanwell will earn a 50% interest in the four blocks.

The parties are working towards completion of conditions early in the new year, in order for the work program associated with the Farm-in to progress as intended.

In addition, Stanwell and Icon have agreed key commercial terms for Stanwell to buy 225PJ from ATP 626P under a Gas Sale Agreement (GSA) over a 15-year period. This purchase is subject to conditions, including Stanwell completing the second stage of the Farm-in.

Each joint venture partner will be able to sell their share of any surplus gas from the joint venture area.

The two parties propose to jointly develop a 110km pipeline which will connect the Lydia Gas Project with the existing Queensland gas market.

ATP 626P has an estimated prospective gas resource of up to 5400 petajoules of gas. The four blocks comprising the Stanwell Farm-in have an estimate 18.5% of total prospective resource in the ATP.

Ultimately, the development of ATP 626P with the pipeline will secure access to the other gas markets such as the LNG market.

Icon recently announced that it has signed a drilling contract with Ancon for a four-well pilot program centered around Lydia #1. The Lydia pilot program is due to start in early February 2009. In this period of financial uncertainty, the Farm-in agreement provides Icon with the opportunity to use its current capital to further prove up reserves in the remainder of ATP 626.

About Stanwell

Stanwell is a Queensland Government Owned Corporation formed in 1997 following the restructure of the state-owned Queensland Generation Corporation. Stanwell owns and operates a portfolio of coal and hydro power stations throughout Queensland and trades more than 30% of Queensland's electricity requirements.

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