



ICON ENERGY LIMITED

*energy for the future -
the future of energy*

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

Dear Sir

Re: Icon Energy signs \$36 million deal with Stanwell Corporation

Attached is a press release on Icon Energy Limited's \$36 million deal with Stanwell Corporation.

Yours Sincerely

Ray McNamara
Executive Director/Company Secretary
Icon Energy Limited



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ASX PRESS RELEASE

Icon Energy signs \$36 million deal with Stanwell Corporation

Icon Energy has signed a deal with the Queensland Government's Stanwell Corporation that could see it become a commercial gas producer within four years. Icon managing-director Ray James says the 'blue-chip' farm-in deal is intended to provide gas to fire a new power station to be built in South-Eastern Queensland. The farm-in agreement is conditional upon appropriate joint operating and gas supply agreements being negotiated and executed on or before January 30, 2009. When the joint operating and gas supply agreements are executed, 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, the four blocks that comprise the joint venture gas project.

Subject to results, Stanwell may elect to commit to spending a further \$30 million to secure a minimum 2P reserve of 340 petajoules of gas.

At the completion of this second stage, Stanwell will earn a 50% interest in the four blocks of ATP 626P.

Stanwell, subject to reserves of at least 340PJ being confirmed, will buy up to 225 petajoules of gas over a 15-year period under a joint operating agreement.

The two parties will jointly build a 110km pipeline which will connect the Lydia section of ATP 626P with the Roma-Brisbane pipeline.

Each joint venture partner will be able to sell their share of any surplus gas. At this stage, a joint marketing company is envisaged.

Mr James says the Stanwell joint-venture agreement is a milestone for Icon that will provide a steady cashflow to the company.

"The plan enables Icon to have a base revenue stream which will help it capitalise on the ATP 626P lease.

"ATP 626P has an estimated prospective resource of up to 5400 petajoules of gas, so the Stanwell joint venture will absorb approximately 18 per cent of that.

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

"We have already been offered LNG contracts but they are dependent on a pipeline being built."

The Stanwell deal caps a hectic few weeks for Icon, which is based on the Gold Coast.

Icon announced earlier this month that it had signed a drilling contract with Ancon for a four-well pilot program.

That program, in the Lydia section, is due to start in early February. Stanwell Corporation, formed in 1997 following the restructure of the state-owned Queensland Generation Corporation, owns and operates a portfolio of power stations using coal-fired and hydro-electric power.

Earlier this year Stanwell took its first step towards securing coal-seam gas supplies by buying a 19.6 per cent take in explorer Blue Energy, establishing an alliance that will see Blue Energy supply it with 8.5 petajoules of gas a year.

Mr James says the significance of Icon's Stanwell joint venture cannot be understated.

"It is quite an achievement in these times of economic gloom to secure an agreement with an entity as 'safe' as a government-owned corporation.

"Our agreement is similar, but on better terms, to one that the Queensland Government's CS Energy did with Queensland Gas.

"That deal jump-started Queensland Gas, which has now been absorbed by British Gas."

Mr James says the government recognises that gas is the cleanest and greenest way of generating electricity at present.

He says it is envisaged to move the Stanwell-Icon resource to 2P status within two years.

"Stanwell will commit \$6 million to an initial pilot program.

"It can then commit to spending another \$30 million to secure a minimum 2P reserve of 340 petajoules."

Mr James says there are many steps along the way, but the future of Icon Energy's gas production at ATP 626P looks bright indeed.

"All going to plan, we could be selling gas by 2012," says Mr James.

The Stanwell agreement comes on the heels of Icon appointing a new chairman, Stephen Barry, following the resignation of chairman Martin Pyecroft due to health reasons.

Mr Barry has been a director of Icon since 1993 and a key player in the strategic direction of the company.

He is a practising solicitor with extensive experience in joint venture and farm-in contracts, combined with a wealth of knowledge on commercial law and corporate litigation.

For more information contact Managing Director Ray James on 07 5562 0077.