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4<sup>th</sup> August 2009

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

Dear Sir

### **UPDATE ON OPERATIONS**

#### **Overview**

1. Australia's first carbon-neutral seismic survey operation commences on the 21<sup>st</sup> August 2009 in ATP 626P
2. Promising coal seam gas permit, ATP 849P (near Mitchell in Queensland), cleared for grant and Ministerial sign-off
3. Lydia No. 5 drilling continues
4. Lydia No. 2 scheduled for next week

#### **First carbon-neutral seismic in Australia**

Seismic operations continue in ATP 626P with land clearance expected to commence on 10<sup>th</sup> August 2009. Recording will commence around the 21<sup>st</sup> August 2009. Terrex has been chosen to record the Lydia and Tara-Rois Seismic Surveys in the permit. Icon is proud to be associated with this initiative, the launch of this first carbon neutral seismic operation in Australia.

#### **Approval for CSG permit**

ATP 849P has been cleared for the grant of the tenement with the signing of the Environmental Authority for this permit. Once the Minister signs off on the grant, Icon may commence work on this very promising permit located west of Roma and centred on the town of Mitchell in Queensland. The coal seam gas (CSG) prospects in ATP 849P lie west of Lacerta and Don Juan CSG fields and cover an area of nearly 4,000 square kilometres. While little geological information has been conducted, the area has one of the largest sub-crops of Walloon Coal Measures in any block and is relatively shallow at about 300 metres with little change in depth over the area. Icon is examining the prospect of drilling two CSG wells in this permit as an adjunct to the drilling program in ATP 626P. Icon is the Operator of ATP 849P and holds a working interest of 80%.

#### **Lydia No. 5 update**

Lydia No. 5 is drilling ahead at 653 metres and has now reached the Walloon Coal Measures. Casing has been cemented to the top of the Wallons with the target depth of 922 metres expected to be reached later this week. This well is being drilled to obtain the following information:

- Test the top of the Hutton Sandstone below the Walloon Coal Measures to ascertain it's suitability as a possible gas storage reservoir;

- Check the remaining coal section not penetrated above the Hutton;
- Set additional transducers over the Walloon Coal Measures.

The drilling rig will move to Tingen No. 2 and drilling on this well should commence towards the end of next week. As soon as the transducers are set, the de-watering will commence starting with one well at a time to observe the transient effects of the pressure changes in the initial stages of the full water and gas flow commencement.

### **Lydia No. 2 imminent**

The first well Lydia No.2 will be turned on next week.

All fluids produced from the well will be recorded with gas and water being measured separately in the data recorder. The results of the testing will be reported from time to time as appropriate. Commercial gas flow rates may take from weeks to months before reaching desired rates.



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