

ICON ENERGY LIMITED and Controlled Entities

Icon Energy Limited

ABN 61 058 454 569

FULL YEAR ACCOUNTS

For the year ended
30 June 2019

Icon Energy Limited

ABN 61 058 454 569

Full Year Accounts

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DIRECTORS' REPORT

The Directors of Icon Energy Limited ("Icon Energy" or "the Company") present their report together with the consolidated financial statements of the Company and its controlled entities ("the Group" or "the Consolidated Entity") for the financial year ended 30 June 2019 and the auditor's report thereon. In order to comply with the provisions of the *Corporations Act 2001*, the Directors of Icon Energy report as follows:

PRINCIPAL ACTIVITIES

The principal activities of Icon Energy during the year included the exploration, appraisal and development of oil and gas properties. There were no significant changes in the nature of these activities during the year.

DIRECTORS

The Directors of the Company who held office during or since the end of the year are set out below:

Name	Position	First Appointed
Stephen Michael Barry	Non-executive Chairman	Director since 05/01/1993
Raymond Swinburn James	Managing Director	Director since 01/02/1993
Dr Kevin Jih	Executive Director, Chief Financial Officer & Company Secretary	Director since 30/11/2011 Company Secretary since 13/05/2015 Retired 31 st August 2019
Dr Keith Hilless AM	Non-executive Director	Director since 03/04/2009
Howard Lu	Non-executive Director	Director since 07/01/2011
Derek James Murtagh Murphy	Non-executive Director	Director since 20/03/2009 Retired 31 st August 2019

Details of the qualifications and experience, other directorships of listed entities and special responsibilities of Directors are set out in the Board of Directors' section of this Annual Report.

Refer to table 6 of the Remuneration Report for Directors' interests in shares and performance rights.

Subsequent to the conclusion of the financial year on 30th June 2019, Directors Dr. Kevin Jih and Derek Murphy retired from the Board after many years of service to the company. Icon would like to note and thank them for their valued contribution made to the company.

REVIEW OF OPERATIONS

A review of operations of the Consolidated Entity during the financial year is included in the Review of Operations section of this Annual Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Asset Impairments

Icon Energy presents its financial statements which have been prepared in accordance with the *Corporations Act 2001* which requires the company to comply with Australian Accounting Standards. Those standards require the Group to perform an impairment assessment on the carrying value of the "Exploration and evaluation expenditure" assets when indicators of impairment arise.

In summary:

- AASB 6 *Exploration for and Evaluation of Mineral Resources* lists a number of factors which might lead to an impairment. Specifically, the value of "exploration and evaluation expenditure" should be assessed for impairment where
 - "substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned" (emphasis added).
- Icon Energy requires funding for further work to take place on the tenements.
- That funding is not currently available despite the efforts of our staff.
- The carrying value of the "Exploration and evaluation expenditure" must therefore be assessed for impairment in order to comply with Australian Accounting Standards.
- The impairment can be reversed in the Group's financial statements at an appropriate time in the future if the fair value of the tenement increases.

The impairment has been conducted to comply with Australian Accounting Standards. The impairment does not affect the potential prospectivity of the tenements themselves and does not affect the existing resource certification. Icon Energy continues to seek funding and/or joint venturers to continue work on the tenements.

ATP 594 Cooper-Eromanga Basin Queensland

- On 21 March 2019 the Department of Natural Resources, Mines and Energy approved the Special Amendment for ATP 594, which extends the Authority to Prospect, the Later Work Program and the relinquishment condition by 2 years from 16 April 2019 to 16 April 2021. After this date, the tenement will have a further exploration period of 6 years to April 2027, the approval of which will be subject to fulfilling the requirements of the current work program.

- Following the Harrier 3D seismic survey in the northern block a structural prospect was identified at Hutton Sandstone level and a stratigraphic target identified in the mid-Birkhead Sandstone. There are additional leads, but these require further technical work.
- Despite the extension of the term of ATP 594 for a further two years during the year ended 30 June 2019, the Group decided not to budget for exploration of this tenement in 2020. As a result, this exploration asset has been fully impaired in order to comply with AASB 6 Exploration for and Evaluation of Mineral Resources.
- Icon continues to seek a potential joint venturer interested in farming into ATP 594 to continue the exploration of the permit.

ATP 855 Cooper-Eromanga Basin Queensland

- The permit, which is covered by eight (8) Potential Commercial Areas (PCAs), is currently two thirds of the way through Year 3 (Year 9 for the tenement) of a 4-year Later Work Program (LWP) and remains compliant. The remaining work under the current LWP includes a suite of G&G studies and 300 km² of new 3D seismic acquisition.
- To comply with AASB 6, exploration expenditure for ATP 855 was impaired to the value of \$5.9m. The value was prepared by an independent valuer on the basis of farm-in promotion factor taking into consideration that the Group is currently in the process of attempting to farm down ATP 855.
- Icon continues to seek a potential joint venturer interested in farming into ATP 855 to continue the exploration of the permit.
- Icon will immediately issue an announcement should any agreements be reached.
- Icon continues to monitor the 5 suspended discovery wells drilled within the permit, which currently remain in a stable condition.

PEP 170, 172 and 173 Gippsland Basin Victoria

- PEP 170 (granted), and PEP 172 and 173 (grants pending), remain subject to a moratorium on onshore exploration and a ban on unconventional drilling activity.
- The Victorian Government advised Icon that the Resources Legislation Amendment (*Fracking Ban*) Act 2017 came into effect on 16 March 2017. The Act bans hydraulic

fracturing under the *Petroleum Act (Vic) 1998* and imposes a moratorium on petroleum exploration and petroleum production in the onshore areas of Victoria until 30 June 2020.

- Icon has continued to extend the PEP 170 permit for the time being, paying all necessary fees, to keep the permit in good standing.
- The Earth Resources Regulation intends to vary the permit conditions of PEP 170 to reflect the approved suspension and extension and will consider Icon's proposed revised work program submitted in December 2017.
- In July the Victorian Government approved the drilling of an onshore well which is programmed to directionally drill offshore intersecting targets under the sea. This may indicate a potential change of thinking within Government foreshadowing the lifting of the moratorium on onshore exploration next year.

PRLs 35, 37, 38, 41, 43, 44, 45, 48 and 49 South Australia

- On 15 March 2019 Beach Energy informed Icon that it had made an application to renew 50% of the PRL 33 to 49 area. This means that the eight PRL's that do not contain wells were relinquished as of the anniversary date on 28 April 2019.
- Icon has a 33.33% interest in the post-Permian section of the remaining PRLs 35, 37, 38, 41, 43, 44, 45, 48 and 49 in South Australia, which cover a total area of 857 km².

Corporate

- Icon Energy held the Company's 2018 Annual General Meeting on 21 November 2018 with all resolutions adopted.
- On 12 October 2018, Justice Bond of the Supreme Court of Queensland delivered judgement in the matter of Baldwin versus Icon. The Plaintiffs' claims against Icon Energy were dismissed and the Plaintiffs were ordered to pay Icon's costs, which have been paid.

EVENTS AFTER THE BALANCE DATE

In the interval between 30 June 2019 and the date of this report, Icon has conducted a significant staff restructuring/redundancy program reflecting its current operational requirements. A number of staff and two directors namely Mr Derek Murphy and Doctor Kevin Jih have retired after long periods of service with the Company. Their efforts are fully appreciated by the board and we thank them for their service.

Following Doctor Jih's retirement, Natalia Fraser was appointed as Chief Financial Officer and Company Secretary. Otherwise there has not arisen any item, transaction or event of a material or unusual nature likely in the opinion of the Directors, to affect substantially the operations or state of affairs of the Consolidated Entity in subsequent financial years.

CORPORATE STRATEGIES AND FUTURE DEVELOPMENTS

Reference to corporate strategies and future development is to be included in the Chairman's Report in the Annual Report. The group will continue to pursue farm-out partners for the further development of its tenements.

FINANCIAL POSITION

The consolidated loss after tax for the Company and its controlled entities for the financial year ended 30 June 2019 was \$31,372,498 (2018: \$4,037,191 loss).

DIVIDENDS

The Directors recommend that no dividend be paid by the Company. No dividends have been declared or paid by the Company since the end of the previous financial year (30 June 2018: Nil).

REMUNERATION REPORT

The Remuneration Report for the financial period which forms part of the Director's Report can be found on page 31 of this Annual Report.

SHARES UNDER OPTION

No options have been granted since the end of the previous financial year (2018: Nil). At the date of this report there are no options over unissued ordinary shares.

COMPANY SECRETARY

During the year ended 30 June 2019, Dr Kevin Jih was the company secretary. His details of qualifications and experience are set out in the Board of Directors section of this Annual Report.

MEETINGS OF DIRECTORS

During the financial period, fourteen meetings of Directors (including committees) were held. Attendances at these meetings by each Director were as follows:

	Directors Meetings		Audit and Risk Management Committee Meetings		Remuneration Nominations and Succession Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
R S James	6	6	-	-	-	-
S M Barry	6	6	2	2	2	2
D Murphy	6	6	2	2	2	2
K Hilless	6	6	2	2	-	-
H Lu	6	5	-	-	-	-
K Jih	6	5	-	-	-	-

ENVIRONMENTAL REGULATION

The Consolidated Entity's operations are subject to various environmental regulations. The Company has a policy of full compliance, but in most cases exceeding environmental performance obligations. Further information on the Group's environmental performance can be found in the Sustainability section of the 2019 Annual Report.

The Directors are not aware of any environmental breaches nor has the Group been notified of any breaches by any Government Agency during the financial period.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

DIRECTORS AND AUDITORS INDEMNIFICATION

The Directors and Company Secretary are indemnified by the Company against any liability incurred in their capacity as an officer of the Company or a related body corporate to the maximum extent permitted by law. The Company has not paid any premiums in respect of any contract insuring the Directors of the Company against a liability for legal costs.

The Company has not paid any premiums in respect of any contract insuring the auditor against a liability incurred in the role as an auditor of the Company. In respect of non-audit services, Crowe Horwath, the Company's auditor, has the benefit of indemnity to the extent Crowe Horwath reasonably relies on information provided by the Company which is true, accurate and complete. No amount has been paid under this indemnity during the period ended 30 June 2019 or to the date of this Report.

Details of the nature of the liabilities covered in respect of Directors' and Officers' insurance policies are not disclosed as such disclosure is prohibited under the terms of the contracts. The total premium expense for the year was \$32,102 (30 June 2018: \$31,029).

NON-AUDIT SERVICES

The auditors did not perform any non-audit services during the year.

There are no officers of the Company who are former audit partners of Crowe Horwath.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 38 and forms part of the Directors' Report for the period ended 30 June 2019. Crowe Horwath continues in office in accordance with Section 327 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors of Icon Energy Limited.



S M Barry
Chairman
30 September 2019



R S James
Managing Director
30 September 2019

Key Points

- **No short-term incentives or long-term incentives were issued by Icon for the 2018-2019 financial year.**
- **There are no performance rights issued to executives or staff which might vest in the future.**
- **Executive salary increases for 2018-2019 were restricted to CPI increases.**
- **Mr James' base salary under his contract to reduce by 60% with effect from 1 September 2019, without affecting accrued entitlements to annual leave and long service leave.**

The Directors of Icon Energy Limited present this Remuneration Report for the Consolidated Entity for the year ended 30 June 2019. The information provided in this report has been audited as required by the *Corporations Act 2001 (Cth)* and forms part of the Directors' Report. This Remuneration Report sets out remuneration information for Icon Energy's Key Management Personnel (KMPs) including the following persons who were Non-Executive Directors and senior executives during the financial year:

Table 1: Icon Energy's Key Management Personnel

Name	Position Held
Non-Executive Directors	
Stephen Barry	Chairman
Dr Keith Hilless	Director
Howard Lu	Director
Derek Murphy	Director – Retired 31 August 2019
Executive Directors & Senior Managers	
Ray James	Managing Director
Dr Kevin Jih	Executive Director, Chief Financial Officer & Company Secretary – Retired 31 August 2019
Martin Berry	Exploration Manager

1. REMUNERATION FRAMEWORK

The Company's Remuneration framework is designed to ensure that:

- Executive and Senior Managers receive competitive and reasonable market-based levels of base remuneration;

- Bonuses and other incentives for Employees and Executives and Senior Managers who perform well in their duties are only payable if they are approved by the Board and in the case of proposed issues of shares or other securities to Directors, by shareholders as well.

2. ROLE OF THE REMUNERATION, NOMINATIONS AND SUCCESSION COMMITTEE

The Remuneration, Nominations and Succession Committee is responsible for making recommendations to the Board on remuneration policies. The Committee, where necessary, obtains independent advice on the remuneration packages offered to potential employees. The Company's broad remuneration policy ensures that each remuneration package is properly aligned to the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Remuneration, Nominations and Succession Committee Charter sets out the Board's policy for the nomination and appointment of directors and the process for the evaluation of the performance of senior executives. The performance of the Managing Director is evaluated by the Committee on an annual basis in accordance with the procedures set out in the Committee's Charter. The Corporate Governance Statement provides further information on the role of the Committee. The Committee also reviews and approves the outcomes for the Managing Director's direct reports on the recommendation of the Managing Director and reviews incentive programs and employment terms offered to the wider group.

3. METHODOLOGY USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

Non-Executive Directors

Fees paid to Non-Executive Directors reflect the demands made on, and responsibilities of, such directors. Non-Executive Directors' fees are reviewed by the Board on an annual basis. Since 2014, the Board has determined that Non-Executive Directors are paid a base fee of \$70,000 per annum together with the payment of additional fees to Directors serving on Board Committees to recognise their contribution to the Company together with superannuation. An additional \$7,500 per annum per Committee is paid to Committee members and \$8,500 per annum per Committee for the Chairmen of the Committees.

The Board decided to reduce these fees by 20% effective from 1 January 2018 having regard to the current low share price. This arrangement has been in place for the year ended 30 June 2019.

The maximum total amount available for payment of all Non-Executive Director fees is \$500,000 per annum which was approved by shareholders at the 2010 Annual General Meeting. The total amount of fees actually paid to Non-Executive Directors during the financial year was \$297,402.

Non-Executive Directors do not receive performance based remuneration.

Executive Managers and Senior Management

Executive and Senior Managers are remunerated through a combination of:

- Fixed Remuneration (FR);
- Bonus or other incentives for outstanding performance to be determined at the discretion of the Board.

In November 2017, the company's Performance Rights Plan ("Plan") expired. The Plan provided for the granting of appropriately structured short and long-term incentives to employees (including Executive Directors) in addition to their fixed remuneration.

Since 2017, the Board decided not to seek shareholder approval for any new plan.

There were no remuneration consultants used by the Company during the year ended 30 June 2019 or in the prior year.

4. FIXED REMUNERATION

Fixed remuneration consists of the base remuneration calculated on a total cost basis and includes FBT charges on employee benefits, if relevant, as well as contributions to superannuation funds. Remuneration levels are reviewed annually. Senior executives were restricted to CPI increases over the financial year.

5. SHORT-TERM INCENTIVES

The Company did not issue Short-term Incentives (STI) for the 2018-19 year.

6. LONG-TERM INCENTIVES

The Company did not issue Long-term Incentives (LTI) for the 2018-19 year.

7. SERVICE AGREEMENTS

The Company has a policy that service agreements with Executive and Senior Managers are limited in term and include termination clauses of between one and twelve months.

Service agreements were in place at 30 June 2019 for the Managing Director (Mr Raymond James), the Chief Financial Officer & Company Secretary (Dr Kevin Jih – retired 31 August 2019) (both "Executive Directors") and the Exploration Manager (Mr Martin Berry).

The service agreements with the Executive Directors run for a period of five years from the date of engagement or renewal and set out the duties and obligations of the respective parties with the exception of the Managing Director which will run for three years from 1 January 2017 until 31 December 2019. The contracts provide that the agreements may be terminated by either party providing up to twelve months' notice as shown in the table below. The Company may make a

payment in lieu of notice equal to the base amount prescribed in the service agreement for a specified period. In addition, accrued statutory benefits and superannuation benefits are payable.

For the Executive Directors, if the Board terminates an Executive Director's employment, the Executive Director will receive, in addition to any payment in lieu of notice:

- I. a termination payment of the greater of the amount calculated under subsection 3 and subsection 4 of Section 200G of the *Corporations Act 2001* or that determined by the Board and subject to shareholder approval at the time.

Table 2: Service Agreements with Executive Directors and Senior Managers

Name of Executive	Date of Contract	Termination by Icon (without cause)	Termination by employee	Termination Payments (where terminated by Company)	STI & LTI Entitlements not applicable
R James	1-Jan 17	12 months	6 months	Payment in lieu of notice based on FR	
K Jih	11-Aug-15	12 months	6 months	Payment in lieu of notice based on FR	Retired 31 August 2019
M Berry	1-Aug-13	2 months	2 months	Payment in lieu of notice based on FR	Retired 31 August 2019

8. REMUNERATION OF EACH MEMBER OF KEY MANAGEMENT PERSONNEL AND DIRECTORS FOR THE CONSOLIDATED ENTITY

Table 3: Directors and Key Management Personnel Remuneration for the year ended 30 June 2019

	Short Term		Post-employment		
	Salaries & Fees (i)	Other Benefits (ii)	Superannuation	Long-term Employee Benefits (iii)	Total
	\$	\$	\$	\$	\$
Non-executive Directors					
Stephen Barry	84,800	-	8,056	-	92,856
Keith Hilless	62,800	-	5,966	-	68,766
Derek Murphy	68,000	-	6,460	-	74,460
Howard Lu	56,000	-	5,320	-	61,320
Executive and Senior Managers					
Ray James (iv)	556,295	45,000	52,585	10,318	664,198
Kevin Jih	426,451	40,000	40,165	7,929	514,545
Martin Berry	327,942	-	30,989	3,071	362,000
Total	1,582,288	85,000	149,541	21,318	1,838,147

(i) Salaries & Fees include annual leave paid during the year.

(ii) Other Benefits represent car allowance received during the year for Ray James of \$45,000 and for Dr Jih of \$40,000.

(iii) Long-term employee benefits represent only the long service leave accrued during the year.

(iv) Mr James and Icon have agreed to vary his base salary by a 60% reduction down to \$222,249 per annum plus superannuation from 1 September 2019 to the contract termination date 31 December 2019.

Table 4: Directors and Key Management Personnel Remuneration for the year ended 30 June 2018

	Short Term		Post-employment		
	Salaries & Fees (i)	Other Benefits (ii)	Superannuation	Long-term Employee Benefits (iii)	Total
	\$	\$	\$	\$	\$
Non-executive Directors					
Stephen Barry	95,400	-	9,063	-	104,463
Keith Hilless	70,650	-	6,712	-	77,362
Derek Murphy	76,500	-	7,268	-	83,768
Howard Lu	63,000	-	5,985	-	68,985
Executive Directors and Senior Managers					
Ray James	542,755	45,000	51,016	10,251	649,022
Kevin Jih	413,744	40,000	39,201	7,138	500,083
Martin Berry	323,963	-	30,695	2,489	357,147
Total	1,586,012	85,000	149,940	19,878	1,840,830

(i) Salaries & Fees include annual leave paid during the year.

- (ii) Other Benefits represent car allowance received during the year for Ray James of \$45,000 and for Dr Jih of \$40,000.
(iii) Long-term employee benefits represent only the long service leave accrued during the year.

9. DIRECTORS' AND SENIOR MANAGERMENTS' INTERESTS

As at 30 June 2019, the interests of the Directors and senior management or entities associated with them in shares and options of Icon Energy Limited are:

Table 5: Directors' and Executive and Senior Manager' Interests

Shareholdings

The movement during the year in the number of ordinary shares in Icon Energy Limited held directly, indirectly or beneficially, by each Key Management Personnel, including their related parties, is as follows:

2019	Balance 1.07.2018	Employee Performance Rights Plan	Purchases	Options Exercised	Sold	Balance 30.06.2019
	Number	Number	Number	Number	Number	Number
Directors						
Stephen Barry*	1,653,593	-	-	-	-	1,653,593
Derek Murphy*	650,181	-	-	-	-	650,181
Keith Hilless	93,227	-	-	-	-	93,227
Howard Lu	16,068,181	-	-	-	-	16,068,181
Raymond James*	25,231,329	-	-	-	-	25,231,329
Kevin Jih*	1,353,175	-	-	-	-	1,353,175
Senior Management						
Martin Berry	296,416	-	-	-	-	296,416
	45,346,102	-	-	-	-	45,346,102

2018	Balance 1.07.2017	Employee Performance Rights Plan	Purchases	Options Exercised	Sold	Balance 30.06.2018
	Number	Number	Number	Number	Number	Number
Directors						
Stephen Barry*	1,653,593	-	-	-	-	1,653,593
Derek Murphy*	550,181	-	100,000	-	-	650,181
Keith Hilless	93,227	-	-	-	-	93,227
Howard Lu	16,068,181	-	-	-	-	16,068,181
Raymond James*	24,196,515	-	1,034,814	-	-	25,231,329
Kevin Jih*	1,353,175	-	-	-	-	1,353,175
Senior Management						
Martin Berry	296,416	-	-	-	-	296,416
	44,211,288	-	1,134,814	-	-	45,346,102

*These KMP's shareholdings include indirect shareholdings held by their spouse and/or related corporations.

Transactions with Directors and Director Related Entities

As at 30 June 2019, legal fees paid in the ordinary course of business to CKB Associates Lawyers, a firm with which Mr. S Barry has a controlling interest were \$30,795 (30 June 2018: \$1,800).

10. SHARE OPTIONS

Options Granted to Directors and Key Management Personnel of the Company

No options were issued or granted to, or exercised by, Directors and Key Management Personnel of the Company during the year.

Options Held by Key Management Personnel

There were no options outstanding at 30 June 2019 or as at 30 June 2018.

The following table shows the Company's Profit/Loss (after tax) for the current year as well as previous last four years.

Table 6: Company's Profit/Loss (after tax)

	30-Jun-15	30-Jun-16	30-Jun-17	30-Jun-18	30-Jun-19
Closing Share Price	0.05	0.03	0.025	0.018	0.014
Dividends paid	-	-	-	-	-
Profit (Loss) after tax	(\$5,863,547)	(\$5,602,229)	(\$5,670,094)	(\$4,037,191)	(\$31,372,498)

End of Remuneration Report (audited)

Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* to the Directors of Icon Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2019, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.


Crowe Brisbane


Logan Meehan
Partner

Date: 30/09/2019
Brisbane

The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately-owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Audit Australia, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation. Liability limited other than for acts or omissions of financial services licensees.

Independent Auditor's Report

To the Members of Icon Energy Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Icon Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended.
- (b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss after tax of \$31,372,498 and had net cash used in operating activities of \$2,996,160 for the year ended 30 June 2019, and as of that date. As stated in Note 1 these conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately-owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss Verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Brisbane, an affiliate of Findex (Aust) Pty Ltd. Liability limited by a scheme approved under Professional Standards Legislation. Liability limited other than for acts or omissions of financial services licensees.

Key Audit Matter
How we addressed the Key Audit Matter
Impairment of Exploration and Evaluation Expenditure - Note 8

Exploration and evaluation (E&E) activity has a high level of inherent risk and there is the risk that projects may fail, requiring the impairment or write-off of the related capitalised costs when the relevant recognition criteria in AASB 6 *Exploration for and Evaluation of Mineral Resources* and Icon's accounting policy are not met.

There is a risk that certain capitalised E&E costs are either not impaired or written off promptly at the appropriate time, in line with information from, and decisions about E&E activities, and the impairment requirements of AASB 6.

Through our detailed risk assessment, which is based on our analysis of the portfolio of E&E assets held by the Group, making reference to the Group's own analysis of the same assets, we identified a significant risk in relation to tenements ATP 594 and ATP 855.

In accordance with AASB 6, the carrying value of tenements ATP 594 and ATP 855 were required to be assessed for impairment in accordance with AASB 136 *Impairment of Assets*, to determine whether the carrying value of the asset exceeds the recoverable amount.

As a result, the carrying value of tenement ATP 594 was impaired to \$nil, and ATP 855 was impaired to \$5,900,000, resulting in an impairment expense of \$25,909,794.

This matter is considered a key audit matter due to:

- The significance of the impairment expense to the financial statements of the Group;
- The specialised nature of the E&E assets which requires judgement by us to assess the appropriateness of the valuation methodologies and inputs when applying the requirements of AASB 136. The Group has appointed an external valuer to assist in this process; and
- The low volume of comparable market transactions for similar E&E assets to corroborate valuation inputs and assumptions.

- Our procedures included, but were not limited to:
- conducting discussions with management regarding the criteria used in their impairment assessment and ensuring that this was in line with AASB 6 *Exploration for and Evaluation of Mineral Resources*;
- utilising our valuation expert to assist us in assessing the competence, capabilities and objectivity of the expert engaged by management to perform this assessment
- utilising our valuation expert to assist us in evaluating the appropriateness of the valuation methodology selected by the valuer to determine the value of the tenement ATP 855 E&E assets to accepted market practices, our industry experience and the requirements of AASB 136 *Impairment of Assets*
- reviewing the appropriateness of the related disclosures within the financial statements; and
- obtaining evidence that the Group continue to have valid rights to explore in the area by performing an independent search and corroborating to government registry. We also considered the Group's compliance with the contractual obligations under the agreements.

Key Audit Matter	How we addressed the Key Audit Matter
<p><i>Valuation of Restoration Provision – Note 9</i></p> <p>As at 30 June 2019, the Group had a provision of \$5,557,429 relating to the estimated cost of decommissioning, restoration and rehabilitation of areas disturbed during exploration activities.</p> <p>This was a key audit matter because the calculations of the provision were complex and based on the estimates of future costs of the required work, including volume and unit rates, the area of disturbance, the timing of future cash flows and the discount rate.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Evaluating and challenging the reasonableness of key assumptions used in the calculations of the provision; • Checking the mathematical accuracy of the calculations; • Assessing the competency and objectivity of the expert used by management and evaluating the appropriateness and adequacy of the restoration cost estimates; • Considering provision movements during the year to ensure they were consistent with our understanding of the Group's activities during the year; • Assessing the adequacy of the Group's disclosure in the financial statements in respect of the restoration provision.
<p><i>Valuation of Inventory – Note 6</i></p> <p>Inventory is measured at the lower of cost or net realisable value. Inventory held by the Group relates to drilling consumables in respect to ATP 594 and ATP 855.</p> <p>This was a key audit matter because, the high level of inherent risk relating to exploration and evaluation (E&E) activity may cause significant changes in the carrying value of those E & E assets. Consequently, the book value of related inventory consumables may be lower than its net realisable value.</p> <p>The conditions and assessment undertaken in relation to inventory write down are disclosed in the Group's accounting policy Note 24(q) and Note 6 in the financial report</p> <p>As a result of the carrying value of ATP 594 being impaired to \$nil and ATP 855 being impaired to \$5,900,000, related inventory consumables were written down by \$2,305,425 to their recoverable amount of \$516,820.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • reviewing the consistency of the Groups accounting policy; • verifying the Group's calculation of net realisable value; • assessing the adequacy of support for net realisable value amounts used; and • Assessing the adequacy of the Group's disclosure in the financial statements in respect of the inventory write down.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report

- to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group or business activities within the entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

In our opinion, the Remuneration Report of Icon Energy Limited, for the year ended 30 June 2019, complies with *Section 300A of the Corporations Act 2001*.

Directors' Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our Responsibilities

We have audited the Remuneration Report included in pages 31 to 37 of the directors' report for the year ended 30 June 2019.

Our responsibility is to express an opinion on the Remuneration Report, based on our Audit conducted in accordance with Australian Auditing Standards.


Crowe Brisbane


Logan Meehan
Partner

Date: 30/09/19
Brisbane

DIRECTORS' DECLARATION

The Directors of the Company declare that:

- 1) The financial statements and notes, as set out on pages 45 to 67, are in accordance with the *Corporations Act 2001* and other mandatory professional reporting requirements and:
 - a) comply with Accounting Standards, with International Financial Reporting Standards, as stated in note 1 to the financial statements and *Corporations Regulations 2001*; and
 - b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the consolidated entity;
- 2) The Managing Director and Chief Financial Officer have each declared in accordance with the Section 295A of the *Corporations Act 2001*, that:
 - a) the financial records of the Company for the financial period have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b) the financial statements and the accompanying notes referred to in Section 295(3)(b) of the *Corporations Act 2001*, for the financial year comply with the accounting standards;
 - c) the financial statements and notes for the financial period comply with the Accounting Standards; and
 - d) the financial statements and notes for the financial period give a true and fair view.
- 3) In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they come due and payable;

Signed in accordance with a resolution of the Board of Directors.



Stephen Barry
Chairman
30 September 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME **FOR THE YEAR ENDED 30 JUNE 2019**

	NOTES	30 June 2019 \$	30 June 2018 \$
<i>Continuing operations</i>			
Interest received and other income	2a	732,295	212,789
Administration expenses		(1,962,698)	(2,513,228)
Depreciation and amortisation expense		(26,003)	(97,981)
Employee benefits and expenses		(1,067,716)	(1,116,137)
Occupancy expenses		(642,246)	(277,286)
Loss on sale of current assets	2b	(114,296)	(954,065)
Profit on sale of property, plant & equipment	2c	-	2,225,791
Impairment expense	2d	(25,909,794)	(685,870)
Write down of inventories	6	(2,305,425)	(760,747)
Finance costs		(76,615)	(70,457)
Loss before income tax		(31,372,498)	(4,037,191)
Income tax expense	3	-	-
Loss for the year from continuing operations		(31,372,498)	(4,037,191)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations		(307)	(120)
Total other comprehensive loss for the year, net of tax		(307)	(120)
Total comprehensive loss for the year		(31,372,805)	(4,037,311)
Earnings per share			
<i>From continuing operations</i>			
Basic and diluted loss per share (cents per share)	13	(5.25)	(0.68)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION **AS AT 30 JUNE 2019**

	NOTES	30 June 2019 \$	30 June 2018 \$
CURRENT ASSETS			
Cash and cash equivalents	5	8,834,705	12,266,962
Trade and other receivables		16,855	42,068
Inventories	6	516,820	2,969,365
TOTAL CURRENT ASSETS		9,368,380	15,278,395
NON-CURRENT ASSETS			
Property, plant and equipment	7	72,334	89,874
Exploration and evaluation expenditure	8	7,561,157	32,861,255
Performance guarantee bonds		904,129	904,129
TOTAL NON-CURRENT ASSETS		8,537,620	33,855,258
TOTAL ASSETS		17,906,000	49,133,653
CURRENT LIABILITIES			
Trade and other payables		140,791	151,510
Employee benefits		527,952	591,969
Provisions	9	5,557,429	-
TOTAL CURRENT LIABILITIES		6,226,172	743,479
NON-CURRENT LIABILITIES			
Employee benefits		35,420	77,572
Provisions	9	-	5,308,867
TOTAL NON-CURRENT LIABILITIES		35,420	5,386,439
TOTAL LIABILITIES		6,261,592	6,129,918
NET ASSETS		11,644,408	43,003,735
EQUITY			
Issued capital	10	101,984,750	101,984,750
Reserves	12	-	307
Accumulated losses		(90,340,342)	(58,981,322)
TOTAL EQUITY		11,644,408	43,003,735

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Ordinary Share Capital (Note 10) \$	Foreign Currency Translation (Note 12) \$	Accumulated Losses \$	Total \$
Balance 1 July 2017	101,984,750	427	(54,944,131)	47,041,046
Total comprehensive income:				
Loss for the year	-	-	(4,037,191)	(4,037,191)
Other comprehensive loss	-	(120)	-	(120)
Total comprehensive loss for the year	-	-	(4,037,191)	(4,037,311)
Transactions with owners in their capacity as owners:				
Reserve transfer for performance rights vested	-	-	-	-
Total transactions with owners	-	-	-	-
Balance at 30 June 2018 - attributable to owners of parent entity	101,984,750	307	(58,981,322)	43,003,735
Balance 1 July 2018	101,984,750	307	(58,967,844)	43,017,213
Total comprehensive income:				
Loss for the year	-	-	(31,372,498)	(31,372,498)
Other comprehensive loss	-	(307)	-	(307)
Total comprehensive loss for the year	-	(307)	(31,372,498)	(31,372,805)
Transactions with owners in their capacity as owners:				
Reserve transfer for performance rights vested	-	-	-	-
Total transactions with owners	-	-	-	-
Balance at 30 June 2019 - attributable to owners of parent entity	101,984,750	-	(90,340,342)	11,644,408

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

		NOTES	
		30 June 2019	30 June 2018
		\$	\$
		Inflows (Outflows)	Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		569,998	949,795
Cash payments to suppliers and employees		(3,794,603)	(5,213,466)
Interest received		228,445	203,027
Net cash used in operating activities	14	(2,996,160)	(4,060,644)
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Payments for property, plant & equipment		(8,462)	(26,075)
Payments for deferred exploration and evaluation expenditure		(427,328)	(434,917)
Proceeds from sale of property, plant and equipment	2(b)	-	7,129,321
Net cash provided used from investment activities		(435,790)	6,668,329
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for buy-back of shares		-	-
Net cash used in financing activities		-	-
Net increase in cash and cash equivalents held		(3,431,950)	2,607,685
Cash and cash equivalents at beginning of the financial year		12,266,962	9,659,397
Effect of movements in exchange rates on cash held		(307)	(120)
Cash and cash equivalents at the end of the financial year	5	8,834,705	12,266,962

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1 - BASIS OF ACCOUNTING

The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial statements cover Icon Energy Limited (the "Company") and its controlled entities as a Consolidated Entity (together referred to as the "Consolidated Entity" or the "Group"). Icon Energy Limited is a listed public company, incorporated and domiciled in Australia.

The Group is a for-profit entity, primarily engaged in the acquisition, exploration and development of oil and gas assets in Australia. The financial statements have been prepared on the historical cost basis. All amounts are presented in Australian dollars, unless otherwise noted. This is also the functional currency of the parent.

The financial statements of Icon Energy Limited and its controlled entities comply with all International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

The consolidated financial statements have been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group was required by the Accounting Standards to impair the value of its Exploration and Evaluation Expenditure and associated inventory by \$28,215,219.00 in this financial year. That impairment is the major contributor to the Group's loss of \$31,372,498 for the year ended 30 June 2019 and a significant contributor to the accumulated losses of \$90,340,342 as at 30 June 2019. The Group has cash of \$8,834,705 at 30 June 2019 and used \$3,431,950 of cash in operations, including payments for exploration and evaluation, for the year ended 30 June 2019. The Group also has a restoration commitment, currently provided for at \$5,557,429. The Group intends to complete the restoration work within the next 12 months. As at 30 June 2019 the Group has not secured a joint venturer for any of its tenements.

The directors have prepared cash flow projections that support the ability of the Group to continue as a going concern.

The on-going operation of the Group beyond the 2019-2020 financial year is dependent upon the Group securing a joint venture arrangement to continue the exploration of its current tenements, or further reducing expenditure in-line with available funding; and/or raising additional funding from shareholders or other parties.

In the event that the Group does not obtain additional funding or reduce expenditure in-line with available funding, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the consolidated financial statements.

The financial report was authorised for issue by the Board of Directors on 30 September 2019.

Details of Icon Energy Limited accounting policies are included in Note 24.

NOTE 2 - LOSS FROM OPERATING ACTIVITIES

Loss from operating activities before income tax includes the following items

a. Other income

Interest received
Legal costs recovered
Other income

b. Loss on sale of current assets

Proceeds on disposal of inventory
Written down value of inventory
Cost of sale

c. Gain on sale of property, plant and equipment (sale and leaseback)

Proceeds on disposal of property, plant and equipment
Written down value of property, plant and equipment
Costs of sale

CONSOLIDATED ENTITY	
30 June 2019	30 June 2018
\$	\$
228,445	203,027
500,000	-
3,850	9,762
732,295	212,789
33,400	205,971
(147,120)	(1,160,036)
(576)	-
(114,296)	(954,065)
-	7,129,321
-	(4,742,934)
-	(160,596)
-	2,225,791

During the prior year the Group sold its office building, fixtures and fittings and land under a sale and leaseback arrangement. The sale was deemed to be at fair value and the profit has been recognised immediately as a gain on sale in profit or loss. The lease was subsequently classified as an operating lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2 - LOSS FROM OPERATING ACTIVITIES (Continue)

d. Impairment expense

Impairment of exploration expenditure (ATP855 and ATP 594)
Impairment of property, plant & equipment

e. Other expenses

Superannuation
Audit and review of financial statements - Crowe

CONSOLIDATED ENTITY	
30 June 2019	30 June 2018
\$	\$
25,909,794	655,133
-	30,737
25,909,794	685,870
99,229	102,904
57,500	55,000

NOTE 3 - INCOME TAX EXPENSE

Loss before tax expense

Prima facie tax payable on loss before income tax at 30% (2018: 30%)

Increase/(decrease) in income tax expense due to:

Non deductible expenses

Deferred tax benefits not brought to account

Income Tax attributable to loss before tax

(31,372,498)	(4,037,191)
(9,411,749)	(1,211,157)
343	801
9,411,406	1,210,356
-	-

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the tax benefits.

Tax losses

Potential tax benefit

Temporary differences

Other

Provisions

Potential tax benefit

Total deferred tax benefits not brought to account

Deferred Tax Liabilities

Mining and exploration costs

Total deferred tax liabilities not brought to account

Total deferred tax assets not brought to account - net

56,783,201	52,962,543
17,034,960	15,888,763
2,615,551	295,762
6,120,801	5,978,408
2,620,906	1,882,251
19,655,866	17,771,014
5,022,194	30,110,710
1,506,658	9,033,213
18,149,207	8,737,801

NOTE 4 - KEY MANAGEMENT PERSONNEL REMUNERATION

(a) Key management personnel compensation included in employee benefits:

- Short term employee benefits
- Long term benefits
- Post employment benefits

1,667,288	1,671,012
21,318	19,878
149,541	149,940
1,838,147	1,840,830

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company or Consolidated Entity since 1 July 2018 and there were no material contracts involving Directors' interests existing at year end.

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the entity's key management personnel (KMP) for the year ended 30 June 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 4 - KEY MANAGEMENT PERSONNEL REMUNERATION (Continue)

(b) Performance rights provided as remuneration

Details of performance rights granted as remuneration, together with their terms and conditions, can be found in the remuneration report.

Performance rights holdings

The number of performance rights granted under the executive short-term and long-term incentive scheme that were held during the financial year by each director of the company and other key management personnel of the Group are set out in the remuneration report contained in the directors' report.

There were no options held by Key Management Personnel during the period ended 30 June 2019 (30 June 2018: Nil).

(c) Transactions with Directors and Director Related Entities

Legal fees paid in the ordinary course of business to
CKB Associates Lawyers, a firm with which Mr. S Barry
has a controlling interest.

CONSOLIDATED ENTITY	
30 June 2019	30 June 2018
\$	\$

30,795	1,800
--------	-------

There were no amounts outstanding for the year ending 30 June 2019 (30 June 2018: Nil)

NOTE 5 - CASH AND CASH EQUIVALENTS

Cash on hand
Cash at bank

619	106
8,834,086	12,266,856
8,834,705	12,266,962

NOTE 6 - INVENTORIES

Tenement consumables

516,820	2,969,365
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In the year ended 30 June 2019, inventories were reduced by \$2,305,425 (30 June 2018: \$760,746) as a result of reassessment and an impairment review of inventory which was triggered by the impairment of the ATP 855. This resulted in certain stock being written off. The write-down is recorded in profit or loss.

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

Plant, Equipment and Motor Vehicles - at cost
less: accumulated depreciation

514,121	505,659
(441,787)	(415,785)

Total Property, Plant and Equipment at written down value

72,334	89,874
--------	--------

Movements in carrying amounts

Movements in the carrying amounts for each class of Property, Plant and Equipment between the beginning and the end of the current financial year:

Consolidated Entity	Plant, Equipment and Motor Vehicles	Building	Fixtures and Fittings	Land	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2017	129,510	1,794,491	571,450	2,440,000	4,935,451
Additions	26,075	-	-	-	26,075
Disposals	(30,737)	(1,763,640)	(539,294)	(2,440,000)	(4,773,671)
Depreciation	(34,974)	(30,851)	(32,156)	-	(97,981)
Balance at 30 June 2018	89,874	-	-	-	89,874

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT (Continue)

	Plant, Equipment and Motor Vehicles	Building	Fixtures and Fittings	Land	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2018	89,874	-	-	-	89,875
Additions	8,462	-	-	-	8,462
Disposals	-	-	-	-	-
Depreciation	(26,002)	-	-	-	(26,002)
Balance at 30 June 2019	72,334	-	-	-	72,334

On 12 March 2018, the Consolidated Entity sold its corporate office and leased it back for 3 years. The rent is adjusted every year to reflect increases in CPI.

NOTE 8 - EXPLORATION AND EVALUATION EXPENDITURE

Exploration and Evaluation expenditure at cost

CONSOLIDATED ENTITY	
30 June 2019	30 June 2018
\$	\$
7,561,157	32,861,255

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated Entity

	NOTE	Total \$
Balance at 1 July 2017		33,056,664
Additions		459,724
Less: Impairment (PEP 170, PEP 172 and PEP 173)	2d	(655,133)
Balance at 30 June 2018		32,861,255
Balance at 1 July 2018		32,861,255
Additions		609,696
Less: Impairment (ATP 8554 and ATP 594)	2d	(25,909,794)
Balance at 30 June 2019		7,561,157

The ultimate recoupment of these costs is dependent on the successful development and exploitation, or alternatively farmout of the respective areas of interest.

Despite the extension of the term of ATP 594 for a further two years during the year ended 30 June 2019, the Group decided not to budget for exploration of this tenement in 2020. As a result, this exploration asset has been fully impaired in order to comply with AASB 6 *Exploration for and Evaluation of Mineral Resources*.

In addition, to comply with AASB 6, exploration expenditure for ATP 855 was impaired to the value of \$5.9m. The value was prepared by an independent valuer on the basis of farm-in promotion factor taking into consideration that the Group is currently in the process of attempting to farm down ATP 855.

The impairment does not affect the potential prospectivity of the tenements themselves and does not affect the existing resource certification. The Group continues to seek funding and/or joint venturers to continue work on the tenements.

During the year ended 30 June 2018 the Group fully impaired the carrying value of its exploration projects in the Gippsland Basin (\$655,133) due to the Victorian Government's ban on onshore petroleum activities and the Groups' decision not to budget for any exploration activities in this area in 2020. The Group has continued to maintain its license to explore in this area going forward and will assess its future exploration activity in this area upon any future change in legislation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 9 - PROVISIONS

Restoration provision

Restoration provision represents the present value of estimated costs for future restoration of land explored by the Consolidated Entity at the end of the exploration activity.

The restoration provision recognised for each tenement is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised in the Consolidated Statement of Financial Position by adjusting both the restoration and rehabilitation asset and provision. Such changes trigger a change in future financial charges.

Management bases its judgements, estimates and assumptions on historical and on other various factors including expectations of future events, management believes to be reasonable under the circumstances.

Movements in carrying amounts

Movements in the carrying amounts for each class of provision between the beginning and the end of the current financial year:

Consolidated Entity

Current

Balance at beginning of the year
Charged to profit or loss:
- unwinding of discount
Increase in the restoration provision
Balance at end of the year

CONSOLIDATED ENTITY	
30 June 2019	30 June 2018
\$	\$
5,308,867	-
-	-
76,615	-
171,947	-
5,557,429	-

Non-current

Balance at beginning of the year
Charged to profit or loss:
- unwinding of discount
Increase in the restoration provision
Balance at end of the year

-	5,238,410
-	-
-	70,457
-	-
-	5,308,867

The restoration provision was reviewed at the end of 30 June 2019 and it was decided by the Board that the restoration works of the well sites be carried out in the next year (before 30 June 2020) whereas the initial plan was to perform this work in 20 years. This decision triggered the change of the disclosure of provision from non-current to current in the financial year ended 30 June 2019. This change also affected the estimate of the provision and an adjustment was recorded to increase it by \$171,947 (30 June 2018: Nil). This increase is significantly less than the increase in net current estimate had the restoration work not been brought forward. After the restoration work is completed, the restoration provision will not be required and will be reduced to nil.

NOTE 10 - ISSUED CAPITAL

Authorised and Issued Share Capital

Issued share capital 597,556,938 (30 June 2018: 597,556,938) fully paid, no par value ordinary shares.

Fully Paid Shares

Balance at beginning of the year
Shares issued
Balance at the end of the year

30 June 2019		30 June 2018	
Number of shares	\$	Number of shares	\$
597,556,938	101,984,750	597,556,938	101,984,750
-	-	-	-
597,556,938	101,984,750	597,556,938	101,984,750

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at shareholders' meetings. In the event of winding up the Company, all shareholders participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11 - SHARE BASED PAYMENTS

Performance rights issued under STI and LTI performance plan are recognised on the date the service are provided from each key management personnel. The Plan was renewed at the 2014 AGM and expired at the end of three year period, in November 2017. The Board decided not to institute any new Plans at this time.

NOTE 12 - RESERVES

Foreign currency translation reserve *

Total reserves

CONSOLIDATED ENTITY	
30 June 2019	30 June 2018
\$	\$
-	307
-	307

* The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

NOTE 13 - EARNINGS PER SHARE

(a)	Reconciliation of Earnings to Net Loss:		
	Net Loss for the year	(31,372,498)	(4,037,191)
	Earnings used in the calculation of basic EPS	(31,372,498)	(4,037,191)
	Earnings used in the calculation of diluted EPS	(31,372,498)	(4,037,191)
(b)	Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS.	597,556,938	597,556,938
	Adjustment for calculation of diluted earnings per share	-	-
	Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted EPS.	597,556,938	597,556,938
	Basic and diluted loss per share (cents per share)	(5.25)	(0.68)

NOTE 14 - CASH FLOW INFORMATION

Reconciliation of net cash used in operating activities to loss after income tax:		
Loss after income tax	(31,372,498)	(4,037,191)
Add/(less) non-cash items:		
Depreciation and amortisation	26,003	97,981
Closure of subsidiary	-	-
Gain on sale of property, plant and equipment assets	-	(2,225,791)
Impairment expense	25,909,794	1,446,617
Adjustment for changes in assets and liabilities		
Inventories	2,452,545	1,160,036
Performance guarantee bonds	-	(130,088)
Trade and other receivables	25,212	(6,365)
Trade and other payables*	(7,662)	(347,968)
Employee provisions	(106,169)	(88,332)
Restoration provision	76,615	70,457
Net cash used in operating activities	(2,996,160)	(4,060,644)

*Trade and other payables amount is exclusive of the movement in payables attributable to deferred exploration expenditure, which has been incorporated into Cash Flows from Investment Activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Balance at 1 July 2018

NOTE 15 - CAPITAL AND LEASING COMMITMENTS

Work Programme Commitments

The total commitments for work programmes for ATP594P and ATP855 are as follows:

Exploration expenditure commitments

- not later than 1 year
- later than one year but not later than five years

CONSOLIDATED ENTITY	
30 June 2019	30 June 2018
\$	\$
400,000	6,850,000
10,450,000	4,000,000
10,850,000	10,850,000

If any of the above expenditures are not met within the life of the tenement then the Department of Mines and Energy (QLD) / the Department of Primary Industries (VIC) will require the permit to be forfeited without liability.

In 2019, the Group has 100% interest in the above tenements (30 June 2018: 100%)

Operating Lease Commitments

Operating Lease

Minimum lease payments of non-cancellable operating leases contracted for but not capitalised in the financial statements:

- not later than 1 year
- later than one year but not later than three years

530,259	522,334
359,395	980,548
889,654	1,502,882

During the year an amount of \$518,000 was recognised in Profit or Loss in respect of operating leases (30 June 2018: \$172,667)

On 12 March 2018, the Consolidated Entity sold its corporate office and leased it back for a three year term. The rent is payable by monthly installments in advance and is adjusted every year to reflect increases in CPI. There is an option to renew the lease for a further three year term.

NOTE 16 - JOINT ARRANGEMENTS AND MINING TENEMENTS HELD

The following is a list of active mining tenements held by Icon Energy Ltd and its subsidiaries.

Oil and Gas	Basin	Interest %	Interest %
		30 June 2019	30 June 2018
ATP 594P	Cooper Eromanga	100.00%	100.00%
ATP 855P	Cooper Eromanga	100.00%	100.00%
PRL's 35, 37, 38, 41, 43, 44, 45, 48 and 49 *	Cooper Eromanga	33.33%	33.33%
PEP 170	Gippsland	100.00%	100.00%
PEP 172 **	Gippsland	100.00%	100.00%
PEP 173 **	Gippsland	100.00%	100.00%

* Formerly PEL 218 (Post Permian Section).

** Permit to be granted

Interests in joint operations are accounted for by including the Group's portion of assets, liabilities, revenue and expenses. Information relating to joint ventures that are material to the Consolidated Entity are set out below:

NON-CURRENT ASSETS

Exploration and evaluation expenditure at cost

Total non current assets

Share of total assets in joint arrangements

NOTE

8

CONSOLIDATED ENTITY	
30 June 2019	30 June 2018
\$	\$
1,647,937	1,647,937
1,647,937	1,647,937
1,647,937	1,647,937

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 17 - CONTROLLED ENTITIES

Parent entity:

Icon Energy Limited

Country of Incorporation	Date of Incorporation	% Owned	
		30 June 2019	30 June 2018

Australia

Subsidiaries of Icon Energy Limited:

Jakabar Pty Ltd

Australia

18 Dec 1992

100

100

Icon Drilling Pty Ltd

Australia

18 Nov 1994

100

100

Icon Gas Productions Pty Ltd

Australia

16 Dec 2008

100

100

During the year ended 30 June 2019, the Consolidated Entity deregistered its US subsidiary Icon Oil US (LLC).

NOTE 18 - SEGMENT INFORMATION

The Consolidated Entity operates in the oil exploration and petroleum sector, predominantly within Queensland. The majority of its exploration activities are conducted in the Cooper/Eromanga and Surat Basins in Australia. Icon's Board of Directors reviews internal management reports on at least a monthly basis.

INFORMATION ABOUT GEOGRAPHICAL AREAS

In presenting the information on the basis of geographical areas, the Australian geographical areas include a majority of corporate head office expenses on the basis that all resources within the corporate head office are applied to these exploration activities. Information by geographical areas are as follows:

	Australia		USA		Consolidated Entity	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$	\$	\$	\$	\$	\$
Revenue						
Total segment revenue	-	-	-	-	-	-
Segment loss before income tax	(31,372,498)	(4,035,297)	(1,894)	(1,894)	(31,372,498)	(4,037,191)
Interest income	228,445	203,027	-	-	228,445	203,027
Finance cost	(76,615)	(70,457)	-	-	(76,615)	(70,457)
Legal costs recovered	500,000	-	-	-	500,000	-
Other Income	3,850	9,762	-	-	3,850	9,762
Depreciation and amortisation of segment	(26,003)	(97,981)	-	-	(26,003)	(97,981)
Gain on sale of non-current assets	-	2,225,791	-	-	-	2,225,791
Impairment of Assets	(25,909,794)	1,446,617	-	-	(25,909,794)	1,446,617
Segment Assets	17,906,000	49,122,569	-	11,084	17,906,000	49,133,653
Segment Liabilities	6,261,592	6,128,016	-	1,902	6,261,592	6,129,918
Other segment information						
Acquisition of non-current segment assets	8,462	26,075	-	-	8,462	26,075

During the year ended 30 June 2019, the Consolidated Entity deregistered its US subsidiary Icon Oil US (LLC) leaving only one operating segment on the basis of geographic location.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 19 - FINANCIAL INSTRUMENTS

Financial instruments comprise of the following:

	NOTE	CONSOLIDATED ENTITY	
		30 June 2019	30 June 2018
		\$	\$
Financial Assets			
Cash and cash equivalents	5	8,834,705	12,266,962
Amortised cost			
- Trade and other receivables		16,855	42,068
Financial Liabilities			
Held at amortised cost			
- Trade and other payables		140,791	151,510

The carrying values of financial assets and financial liabilities held at amortised cost approximate their fair value.

The Consolidated Entity's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable. No financial assets are pledged as collateral for liabilities.

The main purpose of non-derivative financial instruments is to raise finance for the Consolidated Entity's operations.

The Consolidated Entity does not have any derivative instruments at 30 June 2019 (30 June 2018: Nil).

Significant Accounting Policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 24 to the financial statements.

Capital Risk Management

The Consolidated Entity manages its capital to ensure that it will be able to continue as a going concern and provide optimal return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Consolidated Entity consists of cash and cash equivalents and equity comprising issued capital, net of reserves and accumulated losses as disclosed in notes 5 and 10 respectively.

The board of directors review the capital structure on a regular basis. As a part of the review the board considers the cost of capital and the risks associated with each class of capital.

The Consolidated Entity's overall strategy remains unchanged from 2018.

Financial Risk Management

The main risks the Consolidated Entity is exposed through its financial assets and liabilities are credit risk, liquidity risk and market risk.

Risk management is carried out by the board of directors, the audit and risk management committee, and key management personnel.

(a) Market Risk

The Consolidated Entity's risk management program focuses on the unpredictability of the financial markets and seeks to minimise the potential adverse effects of the financial performance of the Consolidated Entity, by way of various measures detailed below. The Group does not carry any significant currency or price risk.

Interest rate risk

The Consolidated Entity's interest rate risk arises mainly from the term deposits and cash and cash equivalents. The Consolidated Entity does not have any borrowing facilities.

The Consolidated Entity does not use long-term debt to finance its exploration activities. The Consolidated Entity has a policy that when production operations commence in Australia, the interest rate risk will be managed with a mixture of fixed and floating rate debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 19 - FINANCIAL INSTRUMENTS (CONTINUED)

The Consolidated Entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

Consolidated Entity		Weighted Average Interest Rate %	Floating Interest \$	Fixed Interest Rate Maturing		Non interest bearing \$	Total \$
				Within 1 year \$	1 to 5 years \$		
30 June 2019	NOTE						
<i>Financial assets</i>							
Cash and cash equivalents	5	1.89%	8,834,086	-	-	619	8,834,705
Trade and other receivables		-	-	-	-	16,855	16,855
Performance guarantee bonds		1.95%	716,698	-	-	187,431	904,129
Total Financial Assets			9,550,784	-	-	204,905	9,755,689
<i>Financial liabilities</i>							
Trade and other payables		-	-	-	-	140,791	140,791
Total Financial Liabilities			-	-	-	140,791	140,791
30 June 2018	NOTE						
<i>Financial assets</i>							
Cash and cash equivalents	5	2.14%	12,266,856	-	-	106	12,266,962
Trade and other receivables		-	-	-	-	42,068	42,068
Performance guarantee bonds		2.25%	716,698	-	-	187,431	904,129
Total Financial Assets			12,983,554	-	-	229,605	13,213,159
<i>Financial liabilities</i>							
Trade and other payables		-	-	-	-	151,510	151,510
Total Financial Liabilities			-	-	-	151,510	151,510

Cash flow sensitivity analysis for variable rate instruments

The sensitivity analyses have been determined based on the exposure of the Consolidated Entity to variable interest rates for non-derivative financial instruments at the reporting date at the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 0.5% increase or decrease is used when reporting interest rates internally to the board of directors and represents management's assessment of the possible change in interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 19 - FINANCIAL INSTRUMENTS (CONTINUED)

At 30 June 2019, if the interest rates had increased / decreased by 0.5% from the period-end rates with all other variables held constant, post-tax profit for the year for the Consolidated Entity would have been \$34,095 higher/\$34,456 lower (30 June 2018:\$29,196 higher/\$32,849 lower), mainly as a result of the Consolidated Entity's exposure to interest rates on its variable rate cash and cash equivalents.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity enters into legally binding contracts and management monitors the progress of these contracts in accordance with contract values, as a means of mitigating the risk from financial loss.

The Consolidated Entity does not have any significant credit risk exposure to any single counterparty of any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Consolidated Entity's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(c) Liquidity risk

Liquidity risk arises from the financial liabilities of the Consolidated Entity and its subsequent ability to meet its obligations to repay their financial liabilities as and when they fall due.

Ultimate responsibility for liquidity risk rests with the board of directors, who have an appropriate liquidity risk management framework for the management of the Consolidated Entity's short, medium and long-term funding and liquidity requirements.

The Consolidated Entity manages liquidity risk by monitoring forecast and actual cash flows, matching the maturity profiles of the financial assets and liabilities and entering into contracts in accordance with an approved Authority for Expenditure.

The following are contractual maturities of financial liabilities:

	Carrying Amount \$	Contractual Cashflows \$	<1Year \$	1-5 Years \$
30 June 2019				
Trade and other payables	140,791	140,791	140,791	-
	140,791	140,791	140,791	-
30 June 2018				
Trade and other payables	151,510	151,510	151,510	-
	151,510	151,510	151,510	-

The Consolidated Entity's liquidity risk relating to financial liabilities at 30 June 2019 is limited to the repayment of the trade payables. Trade payables are short-term in nature. The Consolidated Entity does not finance exploration activities through debt.

Fair value estimation

The carrying values less provision for impairment of financial assets and financial liabilities of the Consolidated Entity, as stated in the Consolidated Statement of Financial Position and accompanying explanatory notes at 30 June 2019, are a reasonable approximation of their fair values due to the short-term nature of the instruments.

No financial assets and financial liabilities are traded in active markets.

NOTE 20 - RELATED PARTY TRANSACTIONS

- Interests in subsidiaries are disclosed in note 17.
- Transactions with Directors and Director Related Entities are disclosed in note 4.
- There were no other related party transactions during the year ended 30 June 2019 or 30 June 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 21 - CONTINGENT LIABILITIES

On 12 October 2018, Justice Bond of the Supreme Court of Queensland delivered judgement in the matter of Baldwin versus Icon. The Plaintiffs' claims against Icon Energy were dismissed and the Plaintiffs were ordered to pay Icon's costs. Icon has recovered the costs.

NOTE 22 - EVENTS AFTER BALANCE DATE

Subsequent to the conclusion of the financial year on 30th June 2019, Directors Dr. Kevin Jih and Derek Murphy retired from the Board after many years of service to the company. Icon would like to note and thank them for their valued contribution made to the company.

Following Dr. Jih's retirement, Natalia Fraser was appointed as Chief Financial Officer and Company Secretary.

There are no other after balance sheet date events at the date of signing (30 June 2018: Nil).

NOTE 23 - PARENT ENTITY INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 24 for a summary of the significant accounting policies relating to the Consolidated Entity.

Financial position

	30 June 2019	30 June 2018
	\$	\$
Assets		
Current assets	9,250,930	15,220,544
Non-current assets	8,520,795	33,840,854
Total assets	17,771,725	49,061,398
Liabilities		
Current liabilities	652,469	731,843
Non-current liabilities	5,561,015	5,352,116
Total liabilities	6,213,484	6,083,959
Net Assets	11,558,241	42,977,439
Equity		
Issued capital	101,984,750	101,984,750
Reserves	-	-
Accumulated losses	(90,426,509)	(59,007,312)
Total equity	11,558,240	42,977,438
Financial performance		
Loss for the year	(31,439,128)	(10,631,773)
Other comprehensive income	-	-
Total comprehensive income	(31,439,128)	(10,631,773)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

Carrying amount included in current liabilities	-	-
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Contingent liabilities of the parent entity

There are no contingent assets at the date of this report that require disclosure. Contingent liabilities are disclosed in note 21.

The parent entity did not have any contractual commitments for the acquisition of property, plant or equipment as at 30 June 2019 or 30 June 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 24 - STATEMENT OF ACCOUNTING POLICIES

The following is a summary of the material accounting policies adopted by the Consolidated Entity in the preparation of the financial statements. The accounting policies have been consistently applied unless otherwise stated.

(a) Changes in Accounting Policies

Standards and Interpretations adopted

The Group has adopted AASB 9 *Financial Instruments* which came effective in the current year. The requirements of AASB 9 represent a significant change from AASB 139 *Financial Instruments: Recognition and Measurement*.

The nature and effects of the key changes to the Group's accounting policies resulting from its adoption of AASB 9 are summarised below. The change in accounting policy has not had a significant impact on the Group's financial results.

Standards and Interpretations issued but not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods. Some of them are available for early adoption at 30 June 2019, but have not been applied in preparing this financial report. The Consolidated Entity's assessment of the impact of these new standards and interpretations is set out below:

Reference	Application date of standard	Impact on Group financial report	Application start date for the Group
AASB 16 - Leases	Annual periods beginning on or after 1 January 2019	<p>AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. There is a current operating lease in place that the Group is a party to as a result of its sale and leaseback arrangement. Based on the entity's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 30 June 2020 includes:</p> <ul style="list-style-type: none"> • lease assets and financial liabilities on the balance sheet will increase approximately by \$256,000 and \$342,000 respectively (based on the facts at the date of the assessment) • the nature of expenses related to this lease will change as AASB 16 replaces the straight-line operating lease expense with a depreciation charge for the right of use asset and interest expense on the lease liability • operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest can also be included within financing activities. 	1 July 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 24 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(b) Principles of Consolidation

A controlled entity is any entity controlled by Icon Energy Limited. Control exists where Icon Energy Limited is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A list of controlled entities is contained in Note 17 to the accounts. All controlled entities have a June financial year end.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the Consolidated Entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

(c) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

The resulting accounting estimates may not equal the related actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Exploration and evaluation expenditure

The application of the Group's policy for exploration and evaluation discussed in Note 24(g) requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, a judgement is made that the capitalised expenditure is unlikely to be recovered, the relevant capitalised amount will be impaired and the impairment loss is recognised in profit or loss.

Restoration provision

The Consolidated Entity assesses its future liabilities in relation to the restoration costs which include the removal of facilities, abandonment of wells and restoration of affected areas. The estimate of future restoration costs is done at the time of installation of the assets. In most instances, removal of assets occurs many years into the future. Therefore, management is required to make judgments regarding the removal date, future environmental legislation, the extent of restoration activities and future removal technologies. Refer to note 9 for key assumptions.

(d) Income Tax

Income tax comprises current and deferred tax.

Current tax is the expected tax payable/(receivable) on the taxable income or loss for the year, calculated using applicable income tax rates enacted, or substantively enacted, as at the reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense/(benefit) reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense/(benefit) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 24 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(d) Income Tax (Continued)

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

Icon Energy Limited ("Head entity") and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities/(assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Tax Office that it had formed an income tax consolidated group to apply from 1 July 2008.

(e) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred by a purchaser is not recoverable from the taxation authority. Under these circumstances, the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Property, Plant, and Equipment

Property, plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation and accumulated impairment losses. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the asset's employment and subsequent disposal.

The depreciable amount of all property, plant and equipment including capitalised leased assets, but excluding freehold land, are depreciated over their useful lives using the diminishing method commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Depreciation rates and methods are reviewed annually and, if necessary, adjustments are made.

The depreciation rates used for each class of depreciable asset are:

Class of Asset	Depreciation Rate
Plant and Equipment	20 – 40%
Buildings	2.50%
Fixtures and Fittings	3 - 20%

The gain or loss on disposal of all property, plant and equipment is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in operating profit before income tax in the year of disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 24 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(g) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of an area or sale of the respective area of interest or where activities in the area have not yet reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Accumulated costs in relation to an abandoned area are written off in full in profit or loss in the year in which the decision to abandon the area is made.

When commercial production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash-generating unit shall not be larger than the area of interest.

(h) Interests in Joint Arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification of joint arrangements is determined based on the contractual rights and obligations of parties to the joint arrangements rather than the legal structure of joint arrangement. The entity has only joint operations.

Joint Operations

The Consolidated Entity has interests in joint arrangements that are joint operations. As a joint operator, the Consolidated Entity recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These are included in the respective items of the Consolidated Statement of Financial Position and Profit and Loss.

The entity accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

(i) Trade Creditors

A liability is recorded for the goods and services received prior to balance date, whether invoiced to the Group or not that remain unpaid. Trade creditors are normally settled within 30 days.

(j) Cash and Cash Equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of 3 months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the Consolidated Statements of Cash Flows, cash and cash equivalents include cash and cash equivalents as above, net of outstanding bank overdrafts.

(k) Provisions

Other provisions for make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 24 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(k) Provisions (Continued)

Restoration provision

The Group recognises a restoration provision to meet all future obligations for the restoration of petroleum assets when the petroleum assets are abandoned. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. The liability for restoration is discounted to present value and capitalised as part of the exploration expenditure of an area of interest and revised at the end of each reporting period through profit or loss. The capitalised costs are amortised over the life of the petroleum asset. The periodic unwinding of the discount is recognised in profit or loss as part of finance costs.

Changes in the estimates of restoration costs are dealt with prospectively by recognising an adjustment to the restoration liability and a corresponding adjustment to the asset to which it relates. If any reduction in the restoration liability exceeds the carrying amount of that asset, any excess is recognised in profit or loss. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(l) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(m) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(n) Financial Instruments

Recognition

Financial instruments are initially measured at fair value at settlement date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets

AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL). The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. AASB 9 eliminates the previous AASB 139 categories of held to maturity, loans and receivables and available for sale.

The Group's loans and receivables are therefore now classified as amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 24 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(n) Financial Instruments (Continued)

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities

The adoption of AASB 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Impairment

Financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(o) Impairment of Non-Financial Assets

At each reporting date, the directors review the carrying values of its non-financial assets which include exploration, evaluation and development expenditures and property, plant and equipment, to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed and included in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(p) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the controlled entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Foreign Operations

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in equity and are recognised as other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 24 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(q) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes and an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable. Inventories consist of drilling consumables predominantly chemicals and proppant.

(r) Leases

Leases of plant and equipment, under which the Group assume substantially all the risks and benefits of ownership, but not the legal ownership, are classified as finance leases. Other leases are classified as operating leases.

Lease payments for operating leases, where substantially all risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the lease term.

A sale and leaseback transaction is one where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer.

For sale and finance leasebacks, any profit from the sale is deferred and amortised over the lease term. For sale and operating leasebacks, generally the assets are sold at fair value, and accordingly the profit or loss from the sale is recognised immediately in profit or loss.

ADDITIONAL SHAREHOLDER INFORMATION

On-market buy-back

There is no on-market buy back transactions during 2018-2019 financial year.

Distribution of Shareholdings

The distribution of ordinary shareholders ranked according to size at 31 August 2019 was as follows:

Range	Total Holders	Units	Capital
1 - 1,000	402	58,596	0.01
1,001 - 5,000	1,072	3,542,440	0.59
5,001 - 10,000	843	7,214,988	1.21
10,001 - 100,000	2,171	78,964,455	13.21
Over 100,001	603	507,776,459	84.98
Rounding			-
TOTAL	5,091	597,556,938	100.00

Unmarketable Parcels as at 31 August 2019	Minimum Parcel Size	Holders	Units
Minimum \$ 500.00 parcel at \$ 0.0160 per unit	31,250	3,565	35,623,479

Voting Rights

All ordinary shares carry one vote per share without restriction.

Twenty Largest Ordinary Shareholders

For the names of the twenty largest holders as at 27 September 2019:

Rank	Name	Shares Held	% of Issued Capital
1	HK PROSPEROUS TECHNOLOGY LIMITED	80,318,393	13.44
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	59,835,516	10.01
3	RAY JAMES	25,038,469	4.19
4	HOWARD LU	16,068,181	2.69
5	CITICORP NOMINEES PTY LIMITED	12,318,232	2.06
6	MR RONALD WILLIAM BALDWIN + MRS DIANNE BETH BALDWIN <WHISTLER SUPER FUND A/C>	9,509,600	1.59
7	TAIWAN FRUCTOSE CO LTD	9,000,000	1.51
8	MR EDDIE SABA <SABA SUPERANNUATION FUND A/C>	7,400,000	1.24
9	ICON HOLDINGS PTY LTD <THE K J PAGANIN FAMILY A/C>	6,000,000	1.00
10	MR EDDIE SABA	5,000,000	0.84
11	CABLEX INDUSTRIES PTY LTD	4,991,332	0.84
12	SAMBOR TRADING PTY LTD	4,522,256	0.76
13	MR CHIEN HUA LEE	4,500,000	0.75
14	ALPHA GEM PTY LTD	4,304,581	0.72
15	J P MORGAN NOMINEES AUSTRALIA LIMITED	3,771,130	0.63
16	MR IANAKI SEMERDZIEV	3,741,000	0.63
17	MOROH PTY LTD	3,620,058	0.61
18	BLADES AUSTRALIA PTY LTD	3,550,000	0.59
19	LINK ORANGE PTY LTD	3,393,181	0.57
20	IAN PETHERBRIDGE RETIREMENT FUND PTY LTD <IAN PETHERBRIDGE R/F>	3,250,000	0.54
Totals: Top 20 holders of FULLY PAID ORDINARY SHARES (TOTAL)		270,131,929	45.21
Total Remaining Holders Balance		327,425,009	54.79

Substantial Holders

Rank	Name	Shares Held	% of Issued Capital
1	HK PROSPEROUS TECHNOLOGY LIMITED	80,318,393	13.44
2	MR CHING-TANG LI (HOLDING THROUGH HSBC CUSTODY NOMINEES	39,347,341	6.58
Totals: Substantial holders of FULLY PAID ORDINARY SHARES		119,665,734	20.02