

25 August 2015

ASX Company Announcements Office

**FULL YEAR ACCOUNTS 2015**

Please find attached Icon Energy Ltd Full year accounts and Reports for the financial year ended 30 June 2015.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Kevin Jih".

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**ICON ENERGY LIMITED and Controlled Entities**

# **Icon Energy Limited**

**ABN 61 058 454 569**

## **FULL YEAR ACCOUNTS**

For the year ended  
30 June 2015

# 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 **Company**) present their report together with the financial statements of the Company and its controlled entities ("the Group" or "the Consolidated Entity") for the financial year ended 30 June 2015. 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
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

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 8 of Remuneration Report for Directors' interests in shares and performance rights.

### REVIEW OF OPERATIONS AND RESULTS

A review of operations of the consolidated entity during the financial year and the results of those operations is included in the Review of Operations section of this Annual Report.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

#### ATP 594 Cooper-Eromanga Basin Queensland

- In September 2014, DNRM transferred the outstanding 50% interest in the tenement from former joint owner Triple J Resources to Icon Energy following the de-registration of Triple J Resources.

- ATP 594 is positioned on the eastern flank of the Cooper Basin and is of particular interest to Icon as the permit includes both structural and stratigraphic plays targeting conventional reservoir types so the wells are expected to be vertical conventional oil and gas wells.
- Icon Energy has conducted a preliminary technical evaluation and review of prospectivity of ATP 594. This was primarily designed to provide a basis for the first stage of exploration within the permit, which will be a seismic and drilling program.
- A Standard Conditions Environmental Authority granted by the Department of Environment and Heritage Protection on 25 March 2015 and A Right to Negotiate Agreement was successfully concluded with the Traditional Owners on 7 April 2015.
- ATP 594 was renewed by the Department of Natural Resources and Mines, with a renewal date of 17 April 2015. The current approved term of ATP 594 is for 4 years, with an opportunity to apply for a renewal at the end of the 4 year time period. There is a further opportunity to renew after 8 years, which if granted, would take the maximum term allowable for the ATP to 12 years.

Preparations are now being made to acquire a 3D seismic survey in the permit with an expected start date in the second half of 2015, which will be followed by a well in 2016.

#### **ATP 855 Cooper-Eromanga Basin Queensland**

- On 19 June 2014, DeGolyer and MacNaughton, a leading United States based independent consulting firm focused on the petroleum industry, reported their findings on the entire ATP 855 tenement to include a best estimate (P50) of 28Tcf of Gross Unconventional Prospective Raw Natural Gas Resources <sup>1</sup>
- All wells drilled within ATP 855 to date, Halifax-1, Hervey-1, Keppel-1, Redland-1 Etty-1 and Geoffrey-1, have confirmed the continuation of the Basin-Centred Gas play in the Nappamerri Trough, with ATP 855 containing the deepest sections of the Trough.

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<sup>1</sup> Unconventional Prospective Resources are defined as those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered unconventional accumulations by application of future development projects. Unconventional Prospective Resources may exist in petroleum accumulations that are pervasive throughout a large potential production area and would not be significantly affected by hydrodynamic influences (also called continuous-type deposits). The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. These Unconventional Prospective Resources are based on probabilistic estimates for each target formation and these have been statistically aggregated.

Notices of Petroleum Discovery were lodged with the Department of Natural Resources and Mines (**DNRM**) for all of the six wells drilled.

### **ATP 855 Joint Venture Stage 1**

The Stage 1 2014 multi-well stimulation campaign in ATP 855 commenced in September 2014. Key target reservoirs in Hervey-1, ETTY-1, Redland-1 and Geoffrey-1 were stimulated and flow tested.

- The program commenced at Hervey-1 on 15 September 2014 with the hydraulic stimulation of five zones: one in the Patchawarra Formation; one in the Daralingie Formation; and three in the Toolachee Formation. The well was opened to flow on 22 October 2014 at 0.4MMscf/d and 50psi wellhead pressure through a 22/64" choke. The extended flow test was completed on 28 November 2014 after the flow rate had reduced to 0.2MMscf/d through a 40/64" choke and wellhead pressure of 27psi.
- The fracture stimulation program at ETTY-1 commenced on 11 October 2014 with one zone in the Daralingie Formation and three zones in the Toolachee Formation. ETTY-1 was subsequently put on extended flow test for 77 days flowing between 900,000 and 700,000 cubic feet per day and has demonstrated strong flow characteristics with better than forecast decline rates. Total flow during this period was 57 million standard cubic feet of gas with an approximate methane content of 70% and CO<sub>2</sub> content of 30%. Test results confirmed that at least 93% of the gas flow was being produced from the single interval stimulation in the Daralingie Formation. This new play has earmarked ETTY-1 as a priority target for further appraisal.
- The fracture stimulation at Redland-1 commenced on 28 October 2014 with three zones targeted in the Toolachee Formation. However, a mechanical issue in the Redland-1 wellbore has prevented the Joint Venture from assessing the deliverability of these zones.
- The fracture stimulation program at Geoffrey-1 commenced on 12 November 2014, with four zones in the Patchawarra Formation and one zone in the Epsilon Formation. Extended flow testing began on 7 December 2014 with Geoffrey-1 reaching a peak flow rate of 1.1MMscf/d of gas via a 12/64" choke and a wellhead pressure of 3,058psi. Gas analysis indicates an approximate methane content of 75% and CO<sub>2</sub> content of 25%.

Stage 1 achieved all the exploration and technical objectives that were set by the Joint Venture partners. The Joint Venture is currently in the process of preparing a work program for the next phase of activity.

### **Update of Contingent Resource Estimate**

On 27 March 2015 Icon announced DeGolyer and MacNaughton, an independent consulting firm focused on the petroleum industry, had provided an updated report on the Contingent Resources (as at 31 December 2014) around the Halifax-1, Etty-1, Hervey-1, Redland-1 and Geoffrey-1 wells in ATP 855 of 1,572Bcf 2C (551.7Bcf Icon share)<sup>2</sup>. The Contingent Resources estimate was evaluated in accordance with the Petroleum Resources Management System (**PRMS**) (March 2007). The size of the area chosen for the assignment of Contingent Resources was based on guidance from PRMS, which indicates that a low estimate (1C) of area should consist of two to three well spacings surrounding the discovery well, a best estimate (2C) of area should be two to three well spacings beyond this, and a high estimate (3C) of area should be another two to three well spacings beyond this. Well spacings vary between 80 acres and 160 acres dependent on the well type applied to address the particular resource. As a result, the 2C resources were estimated over an area of between 6,500 acres and 13,000 acres around each of the five wells tested, depending on the particular formation. The total area of the ATP 855 permit is approximately 414,000 acres.

### **Realignment of Joint Venture interests**

On 27 March 2015 Icon Energy announced that Chevron Exploration Australia 1 Pty Ltd (“Chevron”) will not participate in Stage 2 in ATP 855 in Queensland. Chevron advised Icon that while extensive technical evaluation has confirmed a large gas resource and the potential for further appraisal and development, at this time the opportunity does not align strategically with Chevron’s global exploration and development portfolio.

The exploration expenditure will be modest over the remaining months of the 2015-2016 financial year.

### **ATP 626 Surat Basin Queensland**

- Following a strategic review of ATP 626, Icon relinquished 20 sub-blocks or two-thirds of ATP 626 in the southern portion of the tenement. In October 2014 Icon completed a rehabilitation program of old Joint Venture wells that would not be utilized in the future of the permit.
- The Later Work Program for the period 1 January 2014 to 31 August 2017 was lodged on 28 April 2014 and was subsequently approved by DNRM.

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<sup>2</sup> Contingent Resources are those quantities of wet gas (produced gas minus carbon dioxide) that are potentially recoverable from known accumulations but which are not considered to be commercially recoverable due to the need for additional delineation drilling, further validation of deliverability and original hydrocarbon in place (OHIP), and confirmation of prices and development costs. This is based on a statistical aggregation method using Monte Carlo simulation estimates for each formation.

- The remaining wells in the tenement are Eolus-1, Mindagabie-1 and Stitch-1, which are currently suspended.
- A technical review of the remaining prospectivity of the permit is currently nearing completion

### **PEP 170, 172 and 173 Gippsland Basin Victoria**

On 24 August 2012 the Victorian Government declared a moratorium on fracture stimulation of unconventional gas wells in Victoria. As at the end of the reporting period the Victorian Government had not lifted the moratorium. Icon has deferred its work program in Victoria until the suspension has been lifted.

### **Corporate**

- Icon Energy held the Company's 2014 Annual General Meeting on 24 November 2014 with all resolutions adopted on a show of hands.
- On 26 February 2015, the Company announced it intended to undertake an on-market share buy-back over the next 12 months of up to 10% of Icon Energy ordinary shares on issue, totalling up to 61.9 million shares. The buy-back provides Icon with an opportunity to strengthen the Company's capital position at a cyclical low point in the resources market and also demonstrates the Board's strong belief in the underlying value of the Company's assets. The timing and actual number of shares purchased under the buy-back will depend on the prevailing share price, market conditions and other considerations. The Company reserves the right to suspend or terminate the buy-back at any time and to buy-back less than the full amount of 61.9 million shares. All shares purchased will be cancelled.
- Icon and Shantou SinoEnergy Co Ltd, of the Peoples' Republic of China, have agreed to extend the completion date for conditions precedent in the GSA to 30 June 2018. The Shantou SinoEnergy Gas Sale Agreement is for a total of 40 million tonnes of LNG, (2Mtpa) for 20 years.

### **Research and Development Activity**

Icon Energy lodged a Research and Development (**R&D**) claim for the full year ended 30 June 2014. In November 2014, Icon Energy received a Research and Development (**R&D**) tax rebate of \$11.3 million.

Icon Energy is currently in the process of preparing another R&D claim for the full year ended 30 June 2015. This claim will cover activities carried out in one project area; ATP 855 in the Nappamerri Trough, Cooper Basin in south west Queensland. The overall technical objective of



this project is to develop new methods and techniques that enable gas to be extracted efficiently from the deep Nappamerri Trough. Deloitte's will be assisting Icon in the preparation and lodgement of this claim.

## **EVENTS AFTER THE BALANCE DATE**

Other than the above transactions there has not arisen in the interval between 30 June 2015 and the date of this report, 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 unless otherwise noted in the Annual Report.

## **CORPORATE STRATEGIES AND FUTURE DEVELOPMENTS**

Reference to corporate strategies and future development is included in the Chairman's and Managing Director's Report. Other than matters included in this Report or elsewhere in the Annual Report, likely developments in the operations of the consolidated entity and expected results of those operations have not been disclosed as the Directors believe that the inclusion would most likely result in unreasonable prejudice to the Company (in accordance with Section 299A(3) of the *Corporations Act 2001*).

## **FINANCIAL POSITION**

The net loss after tax for the Company and its controlled entities for the financial year ended 30 June 2015 was \$5,863,547 (30 June 2014: \$1,017,551). Further information on the company's financial position is included in the Chairman's and Managing Director's Report.

## **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 2014: Nil).

## **REMUNERATION REPORT**

The Remuneration Report for the financial period which forms part of the Director's Report can be found on page 38 of this Annual Report.

## **COMPANY SECRETARY**

Dr Kevin Jih was appointed as Company Secretary on 13 May 2015. Details of Dr Jih's qualifications and experience are set out in the Board of Directors section of this Annual Report.

## **MEETINGS OF DIRECTORS**

During the financial period, sixteen 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	7	7	-	-	-	-
S M Barry	7	7	3	3	6	6
D Murphy	7	7	3	3	6	6
K Hilless	7	7	3	3	-	-
H Lu	7	7	-	-	-	-
K Jih	7	7	-	-	-	-

## ENVIRONMENTAL REGULATION

The consolidated entity's operations are subject to various environmental regulations. The Company has a policy of at least complying, but in most cases exceeding environmental performance obligations. Further information on the Company's environmental performance can be found in the Sustainability section of this Annual Report.

The Directors are not aware of any environmental breaches nor has the Company 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 2015 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 \$28,772.88 (30 June 2014: \$24,479.61).

#### **NON-AUDIT SERVICES**

The auditors did not perform any non-audit services during the year (2014: none)

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

#### **Assurance of Section 295A Declaration**

The Board of Directors has received assurance from the Managing Director and the Chief Financial Officer that the declaration provided in accordance with Section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

**Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001***

The lead auditor's independence declaration is set out on page 46 and forms part of the Directors' Report for the period ended 30 June 2015. 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  
25 August 2015



R S James  
Managing Director  
25 August 2015

# REMUNERATION REPORT – AUDITED

## Key Points

- \* No short-term incentives or long-term incentives were issued by Icon for the 2014-2015 financial year.
- \* Remuneration framework structured to reward executives for achievement of goals that add shareholder value
- \* Short and long term incentives only vest on achievement of corporate and individual performance goals
- \* Long term incentives will not vest unless the share price at least doubles and share price growth performs well when benchmarked against other energy companies
- \* Executive and employee salary increases for 2014-2015 restricted to CPI increases plus 1% to compensate for loss of insurance benefits

The Directors of Icon Energy Limited present this Remuneration Report for the consolidated entity for the year ended 30 June 2015. 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
<b>Non-Executive Directors</b>	
Stephen Barry	Chairman
Dr Keith Hilless	Director
Howard Lu	Director
Derek Murphy	Director
<b>Executive &amp; Senior Managers</b>	
Ray James	Managing Director
Dr Kevin Jih (i)	Executive Director, Chief Financial Officer & Company Secretary
Ross Mallett (ii)	Company Secretary & Legal Counsel
Martin Berry	Exploration Manager
Richard Holliday (iii)	Commercial Manager

(i) Appointed as Company Secretary on 13 May 2015

(ii) Terminated (Redundant) 13 May 2015

(iii) Terminated (Retired) 1 May 2015

## 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;
- Employees and Executive and Senior Managers who perform well have the opportunity to be rewarded through an annual short term incentive plan;
- Long term incentives are aligned to the achievement of strategic objectives and creation of value for shareholders.

## 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 Company has structured an executive remuneration framework that is competitive and complementary to the reward strategy of the organisation.

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 July 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. 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 \$371,752. During the year the Board approved the payment of additional fees to Directors serving on Board Committees to recognise their contribution to the Company. 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. 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);
- Short-term Incentive (STI) – an annual cash and/or equity based incentive awarded at the discretion of the Board on achievement of specified company and individual performance goals;
- Long-term Incentive (LTI) – equity grants which may be granted on an annual basis, at the discretion of the Board, and have the potential to vest following achievement of specified company objectives measured over a 3 year period

STI and LTI represent the 'at-risk' portions of remuneration.

Consistent with market practice, the proportion of remuneration attributable to each component of the Icon Energy Remuneration Policy is dependent on the level of seniority of the employee. The Managing Director has the highest level of 'at-risk' remuneration reflecting the greater level of responsibility of this role. Table 2 sets out the relative proportion of at-risk remuneration for senior executives and managers.

Generally, the LTI will only be available to the executive directors and senior executives; whereas STI may be made available to employees throughout the Company.

**Table 2: Relative Proportions of Remuneration Packages**

Position	Fixed	At Risk	
	FR%	STI%	LTI%
Managing Director	50	25	25
Executive Managers	56	22	22
Senior Managers	67	20	13
Other Employees	91	9	-

The Icon Energy Limited Performance Rights Plan ("Plan") was presented and approved by shareholders at the Annual General Meeting held on 22 April 2010, under which the Company is able to grant appropriately structured short and long-term incentives to employees (including Executive Directors) in addition to their fixed remuneration. The structure of the STI and LTI plans and achievement of predefined STI and LTI targets is reviewed by the Board, and modified where appropriate, on an annual basis. In accordance with ASX listing rule 7.2 Exception 9 the Plan was resubmitted to shareholders for approval and was approved at the 2014 AGM.

#### 4. FIXED REMUNERATION

Fixed remuneration consists of the base remuneration calculated on a total cost basis and including FBT charges on employee benefits, 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 Incentive (STI) for the 2014-15.

#### 6. LONG-TERM INCENTIVES

The Company did not issue Long-term Incentives (LTI) for the 2014-15. The only LTI plan awards in operation during the year were the 2012-13 LTIs and 2013-14 LTIs.

**Table 3: Details of LTI Performance Rights on Issue**

Name	Date of Grant	Rights on issue at 30 June 2014 (number)	Issued during the year (number)	Fair Value at Grant Date \$ (i)	Exercise Price \$	Exercise d during the year (number )	Vested during the year (numb er)	Lapsed during the year (numb er)	Rights on issue at 30 June 2015 (number)	Date Rights First Vest & Can Be Exercised
Ray James	4-Mar-14	1,800,310	-	147,625	-	-	-	-	1,800,310	30-Jun-16
	14-Dec-12	1,192,658	-	226,605	-	-	-	-	1,192,658	30-Jun-15
Kevin Jih	4-Mar-14	1,041,175	-	85,376	-	-	-	-	1,041,175	30-Jun-16
	14-Dec-12	689,751	-	131,053	-	-	-	-	689,751	30-Jun-15
Martin Berry	4-Mar-14	410,604	-	33,670	-	-	-	-	410,604	30-Jun-16
<b>Total</b>		<b>5,134,498</b>	<b>-</b>	<b>624,329</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,134,498</b>	

#### NOTES ON 2014 LTI Performance Rights:

- (i) At 30 June 2014, the total fair value of the LTI rights granted during the year was \$368,552 of which \$122,851 was expensed in the 2013/14 and 2014/15 financial year, with the remainder to be expensed in 2015/16.

## 7. RELATIONSHIP BETWEEN REMUNERATION POLICY AND PERFORMANCE

Icon Energy's remuneration policy seeks to encourage an alignment between the performance of the Company and remuneration of its executive KMPs. It does this by including short-term and long-term 'at risk' incentives that only vest when executives achieve pre-determined key corporate performance objectives. The long-term incentive plan in particular links vesting of LTI plan rights to achievement of long-term company objectives such as growth in share price and market capitalisation and exploration performance which contributes to long-term shareholder value.

The following table shows the Company's Profit/Loss (after tax) for the last four years as well as the share price and market capitalisation over those years. The graph below the table shows the relative performance of the Company's share price against the S&P ASX 200 Energy Index during the financial year.

**Table 4: Company's Profit/Loss (after tax)**

	30-Jun-12	30-Jun-13	30-Jun-14	30-Jun-15
Closing Share Price	0.18	0.145	0.14	0.05
Number of Shares	469,301,394	533,391,210	615,774,351	607,026,150
Market Cap	\$84,474,251	\$77,341,725	\$86,208,409	\$30,351,307
Profit (Loss) after tax	(\$4,618,666)	\$3,720,392	(\$1,017,551)	(\$5,863,547)



### Short Term & Long Term Incentive

The Icon Energy Limited Performance Rights Plan allows the Icon Board to make offers of performance rights to eligible employees in the Board's absolute and unfettered discretion. The Board set corporate key performance indicators at its October 2014 Meeting in anticipation of offers being made under the Plan later in FY15 (Corporate KPIs). However, due to the Company's changed circumstances, as discussed at the February 2015 Board Meeting and as resolved at the April 2015 Meeting, the Board agreed not to make any offers under the Plan in respect of either the FY15 STI or FY15 LTI.

## 8. 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 are in place for the Managing Director (Mr Raymond James), the Chief Financial Officer & Company Secretary (Dr Kevin Jih) and the Exploration Manager (Mr Martin Berry).

The service agreements with the Company run for a period of five years, from the date of engagement or renewal and set out the duties and obligations of the respective senior executives.



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 Executives, if the Board terminates Executive's employment, the Executive 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 Sec of Section 200G of the Corporations Act 2001 or that determined by the Board and subject to shareholder approval at the time.
- i. a pro-rata payment in respect of the Executives' participation in the Performance Rights Plan for the year in which the Executive's termination occurs in accordance with the Plan Rules as varied from time to time. As the employment relationship has ceased, the Executive will not be eligible to any further share or option grants in that year. The Executive will receive the equivalent value of this benefit in cash based on achievement of the Plan's performance targets for the part year that the Executive serves with the Company running from the date of the yearly grant to Executive's Termination Date.
- ii. Any shares or bonuses that would be paid are payable and all "rights" granted but have not vested will vest as at the termination date;

**Table 5: Service Agreements with Executive 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
R James	1-Jan 12	12 months	6 months	Payment in lieu of notice based on FR  Discretion of Board to pay portion of STI & LTI	STI: May earn up to 50% of FR  LTI: May earn up to 50% of FR
K Jih	11-Aug-10	12 months	6 months	Payment in lieu of notice based on FR  Discretion of Board to pay portion of STI & LTI	STI: May earn up to 40% of FR  LTI: May earn up to 40% of FR
M Berry	1-Aug-13	2 months	2 months	Payment in lieu of notice based on FR  Discretion of Board to pay portion of STI & LTI	STI: May earn up to 30% of FR  LTI: May earn up to 20% of FR

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

**Table 6: Directors and Key Management Personnel Remuneration for the year ended 30 June 2015**

	Short Term				Post-employment			Share-based Payment		Portion of Remuneration Based on Performance
	Salaries & Fees (i)	Cash Bonus	Non-monetary Benefits	Other Benefits (ii)	Superannuation	Long-term Employee Benefits (iii)	Termination benefits	Shares and Units	Total	
	\$	\$		\$	\$	\$	\$	\$	\$	%
<b>Non-executive Directors</b>										
Stephen Barry	106,000	-	-	-	10,070	-	-	-	116,070	-
Keith Hillless	47,300	-	-	-	38,657	-	-	-	85,957	-
Derek Murphy	85,000	-	-	-	8,075	-	-	-	93,075	-
Howard Lu	70,000	-	-	-	6,650	-	-	-	76,650	-
<b>Executive and Senior Managers</b>										
Ray James	513,846	-	-	45,000	54,414	14,619	-	124,743	752,622	17%
Kevin Jih (iv)	419,534	-	-	40,000	41,178	7,535	-	72,143	580,390	12%
Ross Mallett (iv)	274,756	-	-	-	43,345	-	388,619	-	706,720	-
Martin Berry	307,573	-	-	-	30,568	881	-	11,223	350,209	3%
Richard Holliday	237,765	-	-	-	30,670	-	99,227	-	367,662	-
<b>Total</b>	<b>2,061,738</b>	<b>-</b>	<b>-</b>	<b>85,000</b>	<b>263,627</b>	<b>23,035</b>	<b>487,846</b>	<b>208,109</b>	<b>3,129,355</b>	

- (i) Salaries & Fees include annual leave paid during the year. Dr Jih received a payout of accrued annual leave amounting to \$53,392.
- (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) Dr Jih was appointed as company secretary effective 13 May 2015. R Mallett was made redundant effective 13 May 2015.
- (v) R Holliday retired effective 1 May 2015.

**Table 7: Directors and Key Management Personnel Remuneration for the year ended 30 June 2014**

	Short Term				Post-employment			Share-based Payment		Portion of Remuneration Based on Performance
	Salaries & Fees (i)	Cash Bonus	Non-monetary Benefits	Other Benefits (ii)	Superannuation	Long-term Employee Benefits (iii)	Termination benefits	Shares and Units	Total	
	\$	\$		\$	\$	\$	\$	\$	\$	%
<b>Non-executive Directors</b>										
Stephen Barry	99,333	-	-	-	9,188	-	-	-	108,521	-
Keith Hilless	33,358	-			48,534	-	-	-	81,892	-
Derek Murphy	78,750	-	-	-	7,284	-	-	-	86,034	-
Howard Lu	70,000	-	-	-	6,475	-	-	-	76,475	-
<b>Executive and Senior Managers</b>										
Ray James	491,264	182,016	-	45,000	63,537	14,057	-	261,477	1,057,351	25%
Kevin Jih	356,097	161,651	28,715	23,333	48,184	6,227	-	151,220	775,427	20%
Ross Mallett	293,973	27,032	-	-	29,820	1,943	-	119,787	472,539	25%
Martin Berry (iv)	254,413	18,827	-	-	23,254	405	-	52,724	349,620	15%
Richard Holliday	267,269	18,579	-	-	26,509	770	-	68,394	381,521	18%
<b>Total</b>	<b>1,944,457</b>	<b>408,105</b>	<b>28,715</b>	<b>68,333</b>	<b>262,785</b>	<b>23,402</b>	<b>-</b>	<b>653,599</b>	<b>3,389,396</b>	

- (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.
- (iii) Long-term employee benefits represent only the long service leave accrued during the year.
- (iv) M Berry was appointed effective 1 August 2013.

## 10. DIRECTORS' AND SENIOR MANAGERMENTS' INTERESTS

As at 30 June 2015, the interests of the directors and senior management or entities associated with them in shares and options of Icon Energy Limited are:

**Table 8: 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:

<b>2015</b>	Balance 1.07.2014	Employee Performance Rights Plan	Purchases	Options Exercised	Sold/Other**	Balance 30.06.2015
	No	No	No	No	No	No
<b>Directors</b>						
Stephen Barry*	1,623,593	-	30,000	-	-	1,653,593
Derek Murphy*	288,181	-	12,000	-	-	300,181
Keith Hilless	46,727	-	46,500	-	-	93,227
Howard Lu	16,068,181	-	-	-	-	16,068,181
Raymond James*	22,376,492	1,010,023	-	-	-	23,386,515
Kevin Jih*	788,337	564,838	-	-	-	1,353,175
<b>Senior Management</b>						
Ross Mallett*	928,614	433,175	-	-	1,361,789	-
Richard Holliday*	1,350,150	296,051	153,799	-	1,800,000	-
Martin Berry	-	296,416	-	-	-	296,416
	<b>43,470,275</b>	<b>2,600,503</b>	<b>220,299</b>	<b>-</b>	<b>3,161,789</b>	<b>43,151,288</b>

<b>2014</b>	Balance 1.07.2013	Employee Performance Rights Plan	Purchases	Options Exercised	Sold/Other**	Balance 30.06.2014
	No	No	No	No	No	No
<b>Directors</b>						
Stephen Barry*	1,623,593	-	-	-	-	1,623,593
Derek Murphy*	288,181	-	-	-	-	288,181
Keith Hilless	46,727	-	-	-	-	46,727
Howard Lu	16,068,181	-	-	-	-	16,068,181
Raymond James*	21,345,517	780,975	250,000	-	-	22,376,492
Kevin Jih*	201,766	436,571	150,000	-	-	788,337
<b>Senior Management</b>						
Ross Mallett*	593,872	334,742	-	-	-	928,614
Richard Holliday*	907,517	228,777	213,856	-	-	1,350,150
Martin Berry	-	-	-	-	-	-
	<b>41,075,354</b>	<b>1,781,065</b>	<b>613,856</b>	<b>-</b>	<b>-</b>	<b>43,470,275</b>

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

\*\*Sold/Other shares include shares removed as a result of no longer being a KMP.

## 11. 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

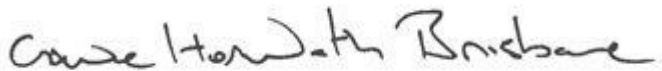
There were no options outstanding at 30 June 2015 or as at 30 June 2014.

## Auditor's Independence Declaration

As auditor of Icon Energy Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, 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.

This declaration is in respect of Icon Energy Limited and the entities it controlled during the year.



## **CROWE HORWATH BRISBANE**



## **BRENDAN WORRALL**

Partner

Signed at Brisbane, 25 August 2015

## Independent Auditor's Report

To the members of Icon Energy Limited

### Report on the Financial Statements

We have audited the accompanying financial report of Icon Energy Limited, which comprises the consolidated statements of financial position as at 30 June 2015, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' Responsibility for the Financial Report

The directors of the company 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 Note 1, the directors also state, in accordance with the Accounting Standard AASB101 *Presentation of Financial Statements* that the financial statements comply with International Financial Reporting Standards.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

## Opinion

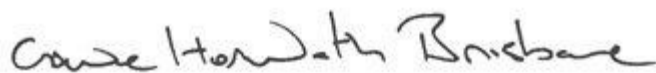
- a) In our opinion the financial report of Icon Energy Limited is in accordance with the *Corporations Act 2001*, including:
- i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b) The consolidated financial statements and notes also comply with the International Financial Reporting Standards as disclosed in Note 1.

## Report on Remuneration Report

We have audited the Remuneration Report included in pages 38 to 45 of the directors' report for the year ended 30 June 2015. 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 responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### Opinion

In our opinion, the Remuneration Report of Icon Energy Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.



**CROWE HORWATH BRISBANE**



**BRENDAN WORRALL**  
Partner

Signed at Brisbane, 25 August 2015

## DIRECTORS' DECLARATION

The Directors of the Company declare that:

- 1) The financial statements and notes, as set out on pages 50 to 75, are in accordance with the *Corporations Act 2001* and other mandatory professional reporting requirements and:
  - a) comply with Accounting Standards; and
  - b) give a true and fair view of the financial position as at 30 June 2015 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 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 notes for the financial period comply with the Accounting Standards; and
  - c) 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;
- 4) The attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements.

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



Stephen Barry  
Chairman  
25 August 2015



# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME** **FOR THE YEAR ENDED 30 JUNE 2015**

	NOTES	Restated	
		30 June 2015 \$	30 June 2014 \$
Continuing operations			
Income from research and development claim	24	-	4,897,215
Interest Income		599,743	1,045,484
Other income		7,957	28,609
Administration expenses		(3,555,899)	(3,541,466)
Depreciation expense		(308,409)	(305,232)
Employee benefits and expenses		(2,551,149)	(3,138,198)
Occupancy expenses		(39,309)	(40,005)
Profit/(Loss) on sale of property, plant and equipment		19,732	(33,753)
Impairment expense		(9,657)	(92,097)
Reversal of excess provision	10	-	217,778
Finance costs		(26,556)	(55,889)
<b>Profit/(Loss) before income tax</b>		<b>(5,863,547)</b>	<b>(1,017,551)</b>
Income tax expense	2	-	-
<b>Net Profit/(Loss) for the year from continuing operations</b>		<b>(5,863,547)</b>	<b>(1,017,551)</b>
<b>Other comprehensive income</b>			
<i>Items that will be reclassified to profit and loss</i>			
Exchange differences arising on translation of foreign operations		3,338	(257)
Other comprehensive income/(loss) for the year, net of tax		3,338	(257)
<b>Total comprehensive income/(loss) for the year</b>	24	<b>(5,860,209)</b>	<b>(1,017,809)</b>
Net Profit/(Loss) for the year attributable to:			
Owners of the parent entity		(5,863,547)	(1,017,551)
Non-controlling interests		-	-
<b>Net Profit/(Loss) for the year</b>		<b>(5,863,547)</b>	<b>(1,017,551)</b>
Total comprehensive income/(loss) for the year attributable to:			
Owners of the parent entity		(5,860,209)	(1,017,809)
Non-controlling interests		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>(5,860,209)</b>	<b>(1,017,809)</b>
<b>Earnings per share</b>			
From continuing operations			
Basic earnings/(loss) per share (cents per share)	14	(0.95)	(0.17)
Diluted earnings/(loss) per share (cents per share)	14	(0.95)	(0.17)

*The accompanying notes form part of these financial statements.*

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2015**

	NOTES	Restated	
		30 June 2015	30 June 2014
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	8,748,520	7,605,461
Trade and other receivables	5	111,360	9,080,045
Financial assets	6	5,000,000	12,000,000
<b>TOTAL CURRENT ASSETS</b>		<b>13,859,880</b>	<b>28,685,506</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant, and equipment	7	5,129,843	5,234,606
Exploration and evaluation expenditure	8	42,267,462	34,657,934
Performance guarantee bonds		199,950	198,877
<b>TOTAL NON-CURRENT ASSETS</b>		<b>47,597,255</b>	<b>40,091,418</b>
<b>TOTAL ASSETS</b>		<b>61,457,135</b>	<b>68,776,924</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	776,665	1,471,170
Employee benefits		487,330	533,387
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,263,995</b>	<b>2,004,557</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits		118,561	116,340
Provisions	10	1,499,699	1,570,110
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,618,260</b>	<b>1,686,450</b>
<b>TOTAL LIABILITIES</b>		<b>2,882,255</b>	<b>3,691,007</b>
<b>NET ASSETS</b>		<b>58,574,880</b>	<b>65,085,917</b>
<b>EQUITY</b>			
Issued capital	11	102,346,082	102,724,971
Reserves	13	(1,632,736)	(1,364,134)
Accumulated losses		(42,138,466)	(36,274,920)
<b>TOTAL EQUITY</b>		<b>58,574,880</b>	<b>65,085,917</b>

*The accompanying notes form part of these financial statements.*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 30 JUNE 2015

	Ordinary Share Capital (Note 11) \$	Share-Based Payments Reserve (Note 12, 13) \$	Foreign Exchange Reserve (Note 13) \$	Accumulated Losses \$	Total \$
<b>Balance 1 July 2013</b>	83,842,452	646,222	(2,241,465)	(35,257,369)	46,989,840
Total comprehensive income:					
Loss for the year	-	-	-	(1,017,551)	(1,017,551)
Other comprehensive income	-	-	(257)	-	(257)
<b>Total Comprehensive Income for the year</b>	-	-	(257)	(1,017,551)	(1,017,809)
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued	18,874,823	-	-	-	18,874,823
Reserve transfer for performance rights vested	474,892	(474,874)	-	-	18
Share issue costs	(467,196)	-	-	-	(467,196)
Increase in share based payments reserve	-	706,240	-	-	706,240
<b>Total transactions with owners</b>	18,882,519	231,366	-	-	19,113,885
<b>Balance at 30 June 2014 - attributable to owners of parent entity</b>	<b>102,724,971</b>	<b>877,588</b>	<b>(2,241,722)</b>	<b>(36,274,920)</b>	<b>65,085,917</b>
<b>Balance 1 July 2014</b>	102,724,971	877,588	(2,241,722)	(36,274,920)	65,085,917
Total comprehensive income:					
Loss for the year	-	-	-	(5,863,547)	(5,863,547)
Other comprehensive income	-	-	3,338	-	3,338
<b>Total Comprehensive Income for the year</b>	-	-	3,338	(5,863,547)	(5,860,209)
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued	-	-	-	-	-
Share buyback	(761,499)	-	-	-	(761,499)
Reserve transfer for performance rights vested	382,610	(412,041)	-	-	(29,432)
Share issue costs	-	-	-	-	-
Increase in share based payments reserve	-	140,102	-	-	140,102
<b>Total transactions with owners</b>	(378,889)	(271,938)	-	-	(650,829)
<b>Balance at 30 June 2015 - attributable to owners of parent entity</b>	<b>102,346,082</b>	<b>605,649</b>	<b>(2,238,385)</b>	<b>(42,138,467)</b>	<b>58,574,880</b>

*The accompanying notes form part of these financial statements.*

## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 30 JUNE 2015

	NOTES	30 June 2015	30 June 2014
		\$	\$
		Inflows (Outflows)	Inflows (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		7,957	29,881
Cash payments to suppliers and employees		(7,324,749)	(5,540,996)
Interest received		762,850	755,471
Finance costs		-	(26,337)
Income from research and development tax incentive		4,897,215	-
Net Cash used in operating activities		<b>(1,656,727)</b>	<b>(4,781,981)</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
Redemption/(Investment) in financial assets		7,000,000	(637,662)
Payments for property, plant & equipment		(111,785)	(17,673)
Payments for deferred exploration and evaluation expenditure		(18,543,012)	(23,040,100)
Prepayments for deferred exploration and evaluation expenditure		1,197,920	(1,197,920)
Research and development tax incentive		13,971,362	-
Proceeds from sale of property, plant and equipment		46,800	38,500
Proceeds from joint venture contributions		-	423,594
Net Cash from/(used in) investment activities		<b>3,561,286</b>	<b>(24,431,260)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		-	18,874,823
Capital raising costs		-	(467,196)
Payment for buy-back of shares		(761,499)	-
Repayment of borrowings		-	(3,429,500)
Net cash from/(used in) financing activities		<b>(761,499)</b>	<b>14,978,127</b>
Net increase/(decrease) in cash and cash equivalents held		<b>1,143,059</b>	<b>(14,235,113)</b>
Cash and cash equivalents at beginning of the financial year		<b>7,605,461</b>	<b>21,840,575</b>
Cash and cash equivalents at the end of the financial year	4	<b>8,748,520</b>	<b>7,605,461</b>

The accompanying notes form part of these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

The 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 and controlled entities as a consolidated entity. Icon Energy Limited is a listed public company, incorporated and domiciled in Australia.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial assets for which the fair value basis of accounting is applied. 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) in their entirety.

The financial report was authorised for issue by the Board of Directors on 25 August 2015.

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 new and revised accounting standards that are mandatory for the first time for the year ended 30 June 2015.

##### Standards and Interpretations affecting presentation and disclosure

- *AASB 2014-1 Amendments to Australian Accounting Standards' (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)*.

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards *Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle*.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

- The amendments to AASB 2 change the definitions of 'market condition' and 'vesting' and add the definition of 'performance condition' and 'service condition'.
- The amendments to AASB 3 clarify that contingent consideration, irrespective of whether the contingent consideration is a financial instrument within or not within the scope of AASB 9, should be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.
- The amendments to AASB 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and economic indicators assessed in determining whether the operating segments have similar economic characteristics; and (ii) provide reconciliations of the total of the reportable segments' assets to the entity's assets only if the segment assets are regularly provided to the chief operating decision-maker (Note 19).
- The amendments to AASB 13 clarify that that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.
- The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.
- The amendments to AASB 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Amounts incurred by the entity for the provision of key management personnel services that are provided by a separate management entity shall be disclosed as related party transactions. However, disclosure of the components of such compensation is not required.

Part A of AASB 2014-1 is applicable to annual reporting periods beginning on or after 1 July 2014. The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2015

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#### NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (Continued)

##### Standards and Interpretations issued but not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods. They are available for early adoption at 30 June 2014, 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:

- *AASB 9 Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace *AASB 139 Financial Instruments: Recognition and Measurement*. AASB 9 is applicable to annual reporting periods beginning on or after 1 January 2017. The entity has not yet determined the potential effect of the standard.
- *AASB 15 Revenue from Contracts with Customers* establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. AASB 15 will supersede the current revenue recognition guidance including *AASB 118 Revenue*, *AASB 111 Construction Contracts* and the related Interpretations when it becomes effective. Effective for annual reporting periods beginning on or after 1 January 2017.
- *AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations*. The amendments to AASB 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in *AASB 3 Business Combinations*. The amendments to AASB 11 apply prospectively for annual periods beginning on or after 1 January 2016.
- *AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation*. The amendments to AASB 116 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments apply prospectively for annual periods beginning on or after 1 January 2016.
- *AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*. Effective for annual reporting periods beginning on or after 1 January 2016.
- *AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*. Effective for annual reporting periods beginning on or after 1 January 2016.
- *AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101*. Effective for annual reporting periods beginning on or after 1 January 2016.

#### (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 18 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) Income Tax

The income tax expense/(benefit) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense/(benefit) charged or credited to the profit or loss is the tax payable/(receivable) on taxable income 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2015

#### NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (Continued)

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.

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.

#### (d) 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 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.

#### (e) Property, Plant, and Equipment

Property, plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation or amortisation. 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 assets 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 2015

### NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (Continued)

**(f) 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 reasonable assessment of the existence of economically recoverable reserves and active and significant.

Accumulated costs in relation to an abandoned area are written off in full against profit/(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. Any costs of site restoration are provided for during the relevant production stages and included in the costs of that stage. The capitalised costs relating to site restoration are amortised over the life of the petroleum asset.

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.

Any changes in the estimates for the costs are accounted on a prospective basis. 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.

**(g) Research and Development Tax Incentive**

The Research and Development Tax Incentive (RDTI) is a 45% Refundable tax offset that is calculated as 45% of the eligible research and development expenditure that has been incurred by the company. The Directors consider any payment arising from the RDTI to be a form of government assistance and are of the view that it is appropriate to develop an accounting policy that is analogous to AASB120 *Accounting for Government Grants and Disclosure of Government Assistance*.

As such, RDTI refund are recognised when there is sufficient degree of certainty that the company will comply with the conditions attaching to RDTI and that the payment will be received. Such refund are recognised in the Statement of Profit or loss and Other Comprehensive Income on a systematic basis over the periods in which the company recognises as expenses the related costs for which the assistance is intended to compensate. The proportion of the refund that relates to capitalised exploration expenditure is deducted against the carrying amount of the related non-current assets. Any remaining proportion that cannot be recognised on either of the preceding basis is recognised in the Statement of Profit or loss and Other Comprehensive Income as "income from research and development claim".

**(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 consolidated statement of comprehensive income.

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 company 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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2015

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#### NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (Continued)

**(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 interest expense.

*Restoration provision*

The entity 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 the profit and loss. The capitalised costs are amortised over the life of the petroleum asset. The periodic unwinding of the discount is recognised in the consolidated statement of profit or loss and other comprehensive income 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 the consolidated statement of profit or loss and other comprehensive income.

**(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.

**(m) Comparative Figures**

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year. Refer to note 24 for more information on correction of prior period error.

**(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.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. Loans and receivables are classified as current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. The entity classifies cash and cash equivalents, trade and other receivables and performance guarantees as loans and receivables.

**Held-to-maturity investments**

These investments have fixed or determinable payments and fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process. These assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets. The entity classifies term deposits as held-to-maturity investments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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### NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (Continued)

#### **Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation. The entity classifies trade and other payables and borrowings as financial liabilities.

#### **Amortised cost**

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

#### **Impairment**

At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired.

#### **(o) Impairment of Assets**

At each reporting date, the directors review the carrying values of its 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.

##### **Group**

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 the consolidated statement of financial position and are recognised as other comprehensive income.

#### **(q) 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.

##### **Impairment**

The directors assess impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets including exploration and evaluation expenditure. Where an impairment trigger exists, the recoverable amount of the asset is determined. Any excess of asset's carrying value over recoverable amount is expensed and included in profit and loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (Continued)

#### *Share based payments*

Fair value of each share option granted in the Short Term Incentive Plan and Long Term Incentive plan was calculated by applying the Black Scholes model. The model requires inputs where estimation is required for expected volatility in line with the company's share trading history. Refer to note 12 for key assumptions.

#### *Exploration and evaluation expenditure*

The application of entity's policy for exploration and evaluation discussed in Note 1(f) 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 through the consolidated statement of profit and loss and other comprehensive income.

#### *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 10 for key assumptions.

#### *Useful life of property, plant and equipment*

In preparation of the financial statements, estimates and assumptions have been made by the management regarding the estimated useful lives of property, plant and equipment. The management estimates that the useful life of these assets, being the period of time during which the assets can be utilised without any significant modifications, repairs or replacements, is noted in 1e. However, the actual useful life may be shorter or longer.

#### (r) **Share buy-back**

The buy-back provides Icon with an opportunity to strengthen the Company's capital position at a cyclical low point in the resources market and also demonstrates the Board's strong belief in the underlying value of the Company's assets. From March 2015, on-market share buy-back will be undertaken from market over the 12 months of up to 10% of Icon ordinary shares on issue.

In accordance with ASX listing rules, the price paid for shares purchased under the buy-back is no more than 5% above the volume weighted average share price of Icon shares over the 5 days of trading before the share purchase is made.

The timing and actual number of shares purchased under the buy-back will depend on the prevailing share price, market conditions and other considerations. The Company reserves the right to suspend or terminate the buy-back at any time and to buy-back less than 10% shares. All shares purchased are cancelled.

There are two conditions set by Icon Board:

1. Our cash position is sufficient to meet our near term exploration and administrative commitments and we retain the ability to pursue valuable growth opportunities that may arise in the near future."
2. The fund for Share buy-back should come from our income such as interest.

#### (t) **Share based payments**

Share based payment benefits are provided to employees through the Icon's Employee Performance Rights Plan. Information relating to this scheme is set out in Note 12. The fair value of performance rights granted under the Icon's Employee Performance Rights Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of rights that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2015

#### NOTE 2 - INCOME TAX EXPENSE

	Restated	
	CONSOLIDATED ENTITY	
	30 June 2015	30 June 2014
	\$	\$
Profit/(Loss) before tax expense	(5,863,547)	(1,017,551)
Prima facie tax payable on profit/(loss) before income tax at 30% (2014: 30%)	(1,759,064)	(305,265)
Increase/(decrease) in income tax expense due to:		
Non deductible expenses	116,392	214,031
Non-assessable income	-	(1,469,165)
Under/(over) provision in prior year	7,942,180	291,876
Deferred tax benefits not brought to account	(6,299,508)	1,268,523
Income Tax Attributable to Profit/(loss) before tax	-	-

Deferred Tax Assets not brought to account, the benefits of which will only be realised if the conditions for deductibility of tax losses set out in Note 1 occur based on corporate tax rate of 30% (2014: 30%) for Australian companies.

	CONSOLIDATED ENTITY	
	30 June 2015	30 June 2014
	\$	\$
<b>Tax losses</b>	<b>60,212,977</b>	<b>35,185,064</b>
Potential tax benefit	18,063,893	10,555,519
<b>Temporary differences</b>		
Other	644,579	947,397
Provisions	2,105,592	2,219,838
Potential tax benefit	825,051	950,171
Total deferred tax benefits not brought to account	<b>18,888,944</b>	<b>11,505,690</b>
<b>Deferred Tax Liabilities</b>		
Mining and exploration costs	42,267,462	34,657,934
Total deferred tax liabilities not brought to account	12,680,239	10,397,380
Total deferred tax assets not brought to account - net	<b>6,208,706</b>	<b>1,108,310</b>

#### NOTE 3 - KEY MANAGEMENT PERSONNEL REMUNERATION

	CONSOLIDATED ENTITY	
	30 June 2015	30 June 2014
	\$	\$
(a) Key management personnel compensation		
• Short term employee benefits	2,146,738	2,449,610
• Long term benefits	23,035	23,402
• Post employment benefits	263,627	262,785
• Termination payments	487,846	-
• Share-based payments	208,109	653,599
	<b>3,129,355</b>	<b>3,389,396</b>

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 2014 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 2015.

#### (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 numbers 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 Icon 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 2015 (30 June 2014: Nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2015

#### NOTE 3 - KEY MANAGEMENT PERSONNEL REMUNERATION (Continued)

##### (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 is associated.

All services provided by the director-related entities were at normal commercial terms and conditions.

CONSOLIDATED ENTITY	
30 June 2015	30 June 2014
\$	\$
4,230	-

#### NOTE 4 - CASH AND CASH EQUIVALENTS

Cash on hand  
Cash at Bank

CONSOLIDATED ENTITY	
30 June 2015	30 June 2014
\$	\$
488	128
8,748,031	7,605,332
<b>8,748,520</b>	<b>7,605,461</b>

#### NOTE 5 - TRADE AND OTHER RECEIVABLES - CURRENT

Prepayments for deferred exploration and evaluation expenditure  
Research and development offset refund  
Other receivables

-	1,197,920
-	7,492,356
111,360	389,768
<b>111,360</b>	<b>9,080,045</b>

Trade and other receivables are not past due and are not impaired at 30 June 2015. All amounts are expected to be received in less than 12 months.

#### NOTE 6 - FINANCIAL ASSETS

##### Current

Held to maturity financial assets:  
Term deposit - investment

CONSOLIDATED ENTITY	
30 June 2015	30 June 2014
\$	\$
5,000,000	12,000,000
<b>5,000,000</b>	<b>12,000,000</b>

#### NOTE 7 - PROPERTY, PLANT, AND EQUIPMENT

Plant and Equipment and motor vehicles - at cost  
less: accumulated depreciation

Building - at cost  
less: accumulated depreciation

Fixtures and Fittings - at cost  
less: accumulated depreciation

Land at cost

Plant and Equipment - under lease

less: accumulated amortisation

Total property, plant and equipment at written down value

CONSOLIDATED ENTITY	
30 June 2015	30 June 2014
\$	\$
916,445	1,014,626
(771,338)	(797,648)
145,107	216,978
2,172,934	2,172,934
(285,238)	(236,836)
1,887,696	1,936,098
1,086,103	1,004,328
(429,063)	(362,798)
657,040	641,530
2,440,000	2,440,000
<b>5,129,843</b>	<b>5,234,606</b>
154,571	154,571
(154,571)	(154,571)
<b>5,129,843</b>	<b>5,234,606</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2015

#### NOTE 7 - PROPERTY, PLANT, AND EQUIPMENT (Continued)

##### 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	Fixture and Fittings	Land	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2013</b>	361,832	1,985,742	703,191	2,440,000	5,490,765
Additions	14,207	-	3,466	-	17,673
Disposals	(72,253)	-	-	-	(72,253)
Depreciation	(86,808)	(49,644)	(65,127)	-	(201,579)
<b>Balance at 30 June 2014</b>	<b>216,978</b>	<b>1,936,098</b>	<b>641,530</b>	<b>2,440,000</b>	<b>5,234,606</b>
<b>Balance at 1 July 2014</b>	216,978	1,936,098	641,530	2,440,000	5,234,606
Additions	16,760	-	95,025	-	111,785
Disposals	(27,068)	-	(9,657)	-	(36,725)
Depreciation	(61,563)	(48,402)	(69,858)	-	(179,823)
<b>Balance at 30 June 2015</b>	<b>145,107</b>	<b>1,887,696</b>	<b>657,040</b>	<b>2,440,000</b>	<b>5,129,843</b>

#### NOTE 8 - EXPLORATION AND EVALUATION EXPENDITURE

CONSOLIDATED ENTITY	
30 June 2015	30 June 2014
\$	\$
<b>42,267,462</b>	<b>34,657,934</b>

Exploration and Evaluation Expenditure at cost

##### 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	Total
<b>Balance at 1 July 2013</b>	12,576,227
Additions	25,192,539
Less: Impairment	(92,097)
Less: Joint venture contributions applied	(423,594)
Less: RDTI applied	(2,595,141)
<b>Balance at 30 June 2014</b>	<b>34,657,934</b>
<b>Balance at 1 July 2014</b>	34,657,934
Additions	18,985,749
Less: RDTI applied	(11,376,221)
<b>Balance at 30 June 2015</b>	<b>42,267,462</b>

In 2014 financial year, the exploration and evaluation expenditure was \$34.6 million plus an additional \$18.9 million was incurred in the 2015 financial year which comes to a total of \$53.5 million. An RDTI amount of \$11.3 million was applied and the balance as at 30 June 2015 was \$42.2 million.

In 2015, exploration and evaluation expenditure immediately expensed in the consolidated statement of profit or loss and other comprehensive income amounted to \$155,142 (30 June 2014: \$225,302) and consisted of amortisation costs of restoration asset and unwinding of discounting on the restoration provision.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2015

#### NOTE 8 - EXPLORATION AND EVALUATION EXPENDITURE (Continued)

Liabilities arising from exploration and evaluation activities amounted to \$565,410 and formed part of trade and other payables (Note 9) (30 June 2014: \$52,063)

Exploration and evaluation expenditure incurred is carried forward for each area of interest. This expenditure is only carried forward if it is expected to be recovered through the successful development, commercial exploitation or alternatively sale of respective areas of interest or where the activities in the area of interest have not reached a stage which permits a reasonable assessment of economically recoverable reserves and active and significant operations in the area of interest are continuing. In assessing the recoverability of exploration and evaluation expenditure in the financial report, the directors have considered the impacts of relationships with joint venture operators, future funding arrangements and planned future expenditure in relation to mining leases held.

#### NOTE 9 - TRADE AND OTHER PAYABLES

##### Current

Payables and accruals to a joint operations partner  
Trade and sundry payables

CONSOLIDATED ENTITY	
30 June 2015	30 June 2014
\$	\$
565,410	46,151
211,255	1,425,019
<b>776,665</b>	<b>1,471,170</b>

Payables and accruals to a joint operations partner represent expenses are non-interest bearing.

#### NOTE 10 - 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 balance sheet by adjusting both the restoration and rehabilitation asset and provision. Such changes trigger a change in future depreciation and 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

**Balance at beginning of the year**  
Additional provision recognised  
Reduction due to change in estimate  
Reversal of provision  
Charged/(credited) to profit or loss:  
- unwinding of discount  
Amounts used during the year  
**Balance at end of the year**

CONSOLIDATED ENTITY	
30 June 2015	30 June 2014
\$	\$
<b>1,570,110</b>	<b>1,773,973</b>
-	613,720
-	(61,211)
-	(217,778)
26,556	29,552
(96,967)	(568,146)
<b>1,499,699</b>	<b>1,570,110</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### NOTE 11 - ISSUED CAPITAL

#### *Authorised and Issued Share Capital*

Issued share capital 607,026,150 (30 June 2014: 615,774,351) fully paid, no par value ordinary shares.

	30 JUNE 2015		30 JUNE 2014	
	Number of shares	\$	Number of shares	\$
<b>Fully Paid Shares</b>				
Balance at beginning of the year	615,774,351	102,724,971	533,391,210	83,842,452
Shares issued:				
• December 2013 - Shares issued for cash	-	-	80,318,393	18,874,823
• August 2013 - Shares issued under Employee Share Ownership Plan	-	-	2,064,748	474,892
• Capital Raising Costs	-	-	-	(467,196)
• November 2014 - Shares issued under Employee Share Ownership Plan	2,943,152	382,610	-	-
• April 2015 - Share buyback	(7,324,919)	(532,423)	-	-
• June 2015 - Share buyback	(4,366,434)	(229,076)	-	-
Balance at the end of the year	<b>607,026,150</b>	<b>102,346,082</b>	<b>615,774,351</b>	<b>102,724,971</b>

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.

### NOTE 12 - SHARE BASED PAYMENTS

Performance rights issued under STI and LTI performance plan (approved at the AGM) are recognised on the date the service are provided from each key management personnel.

Refer to Note 3 Key Management Personnel remuneration and the remuneration report.

Under the plan, participants are granted rights which only vest if certain performance standards are met. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The amount of rights that will vest depends on the extent the performance criteria are met and are granted under the plan for no consideration. Rights granted under the plan carry no dividend or voting rights. When exercisable, each right is convertible into one ordinary share.

The exercise price is nil.

*Set out below is a summary of performance rights granted under the plan:*

#### **2015**

There were no performance rights granted during the period ended 30 June 2015.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2015

#### NOTE 12 - SHARE BASED PAYMENTS (Continued)

2014

##### Short-term Incentives

Grant date	Expiry date	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year
		No	No	No	No	No	No
1 July 2012							
	30 June 2015	2,064,748	-	(2,064,748)	-	-	-
1 July 2013							
	30 June 2016	-	3,883,186	-	(940,034)	2,943,152	2,943,152
<b>Total:</b>		<b>2,064,748</b>	<b>3,883,186</b>	<b>(2,064,748)</b>	<b>(940,034)</b>	<b>2,943,152</b>	<b>2,943,152</b>

##### Long-term incentives

Grant date	Expiry date	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year
		No	No	No	No	No	No
29 November 2012							
	30 June 2017	2,705,497	-	-	-	2,705,497	-
25 November 2013							
	30 June 2018	-	4,494,537	-	-	4,494,537	-
<b>Total:</b>		<b>2,705,497</b>	<b>4,494,537</b>	<b>-</b>	<b>-</b>	<b>7,200,034</b>	<b>-</b>

##### Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	30 June 2015	30 June 2014
	\$	\$
Rights issued under Performance Rights Plan - STI	30,136	412,041
Rights issued under Performance Rights Plan - LTI	109,966	294,199
	<b>140,102</b>	<b>706,240</b>

##### Share Based Payments Reserve

	30 June 2015	30 June 2014
	\$	\$
Opening Balance	877,588	646,222
Reserve transfer for performance rights vested	(412,041)	(474,874)
Fair value of shares/rights granted	140,102	706,240
<b>Closing balance</b>	<b>605,649</b>	<b>877,588</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2015

#### NOTE 12 - SHARE BASED PAYMENTS (Continued)

##### Performance Rights on Issue

During the financial year ended 30 June 2015, there were no STI or LTI performance rights granted.

During the financial year ended 30 June 2014, the STI and LTI performance rights were granted at nil consideration in accordance with the approval of shareholders at the 2010 AGM. The fair value of these rights has been calculated using the Black-Scholes Option Pricing Model for STI and EOS5 Model for LTI. The assessed fair value at grant date of performance rights granted during the year ended 30 June 2014 was 14.9 cents per right for STI and 8.2 cents per right for LTI.

The model inputs for the year ended 30 June 2014 included:

	STI Granted 1 July 2013	LTI Granted 25 November 2013
Exercise price	Nil	Nil
Expiry date	30 June 2016	30 June 2018
Total fair value at grant date	\$ 543,646	\$ 368,552
Number of rights granted	3,883,186	4,494,537
Share price at grant date	\$0.140	\$0.082
The expected price volatility	50%	50%
Risk free interest rate	2.69%	2.69%
Dividend yield	0.00%	0.00%

The expected price volatility is based on the historic volatility (based on the remaining life of the rights), adjusted for any expected changes to future volatility due to publicly available information.

A summary of services and performance criteria to be met before beneficial interests vest to individuals is provided in the Remuneration Report.

#### NOTE 13 - RESERVES

	Note	30 June 2015 \$	30 June 2014 \$
Share based payments reserve *	12	605,649	877,588
Foreign currency translation reserve **		(2,238,385)	(2,241,722)
<b>Total reserves</b>		<b>(1,632,736)</b>	<b>(1,364,134)</b>

\* Share based payments reserve is used to recognise the fair value of shares and rights issued to employees of the company.

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

#### NOTE 14 - EARNINGS PER SHARE

	CONSOLIDATED ENTITY	
	30 June 2015 \$	30 June 2014 \$
(a) Reconciliation of Earnings to Net Profit/(Loss)		
Net Profit/(Loss) for the year	(5,863,547)	(1,017,551)
Earnings used in the calculation of basic EPS	(5,863,547)	(1,017,551)
Earnings used in the calculation of diluted EPS	(5,863,547)	(1,017,551)
(b) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS.	615,926,074	581,541,523
Adjustment for calculation of diluted earnings per share	-	5,672,484
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted EPS.	615,926,074	587,214,008
Basic earnings/(loss) per share (cents per share)	(0.95)	(0.17)
Diluted earnings/(loss) per share (cents per share)	(0.95)	(0.17)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2015

#### NOTE 15 - CASH FLOW INFORMATION

	CONSOLIDATED ENTITY	
	30 June 2015	30 June 2014
	\$	\$
Reconciliation of net cash used in operating activities to Profit/(loss) after income tax:		
Profit/(loss) after income tax	(5,863,547)	(1,017,551)
<b>Add/(less) non-cash items:</b>		
Depreciation and amortisation	308,409	305,232
Loss/(Gain) on sale of property, plant and equipment assets	(10,075)	33,753
Impairment of property, plant and equipment assets	-	92,097
Movement in foreign currency reserve	3,337	(238)
Movement in share based payments reserve	110,671	706,240
<b>Adjustment for changes in assets and liabilities</b>		
Performance guarantee bonds*	(1,075)	19,135
Trade and other receivables	5,083,520	(5,185,957)
Trade and other payables**	(1,173,723)	293,702
Employee provisions	(43,835)	175,469
Lease provisions	-	-
Restoration provision	(70,411)	(203,863)
Net cash used in operating activities	<b>(1,656,727)</b>	<b>(4,781,981)</b>

\* Other non-current assets amount is exclusive of deferred exploration expenditure movement.

\*\* 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.

#### NOTE 16 - CAPITAL AND LEASING COMMITMENTS

##### Work Programme Commitments

The total commitments for work programmes for ATP549, ATP594P, ATP794P, ATP855P and PEP170 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 2015	30 June 2014
\$	\$
4,332,998	3,494,774
37,822,488	35,830,485
<b>42,155,486</b>	<b>39,325,259</b>

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

The entity's share of the above commitments that relate to its interests in joint operations are \$12,600,259 (30 June 2014: \$9,358,079).

#### NOTE 17 - JOINT ARRANGEMENTS AND MINING TENEMENTS HELD

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

Oil and Gas	Basin	Interest %	
		30 June 2015	30 June 2014
ATP 549P West	Cooper Eromanga	33.33%	33.33%
ATP 594P*	Cooper Eromanga	100.00%	50.00%
ATP 794P Regleigh & Springfield	Cooper Eromanga	60.00%	60.00%
ATP 626P	Surat	100.00%	100.00%
ATP 855P	Cooper Eromanga	35.10%	35.10%
PRLs33-49**	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%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2015

#### NOTE 17 - JOINT ARRANGEMENTS AND MINING TENEMENTS HELD (Continued)

\* In September 2014, the Department of Natural Resources and Mines transferred the outstanding 50% interest from former joint owner Triple J Resources to Icon Energy following the de-registration of Triple J Resources.

\*\* 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:

		<b>CONSOLIDATED ENTITY</b>	
		<b>30 June 2015</b>	<b>30 June 2014</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT ASSETS</b>	<b>NOTE</b>		
Prepayments for deferred exploration and evaluation	5	-	1,197,920
Total current assets		-	1,197,920
<b>NON CURRENT ASSETS</b>			
Exploration and evaluation expenditure at cost	8	39,575,300	30,801,476
Total non current assets		39,575,300	30,801,476
Share of total assets in joint arrangements		39,575,300	31,999,396
		<b>CONSOLIDATED ENTITY</b>	
		<b>30 June 2015</b>	<b>30 June 2014</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT LIABILITIES</b>	<b>NOTE</b>		
Joint arrangements liabilities	9	565,410	46,151
Total joint arrangements liabilities		565,410	46,151
<b>NON CURRENT LIABILITIES</b>			
Restoration provision		1,196,835	1,196,835
Total joint arrangements liabilities		1,196,835	1,196,835
Share of total liabilities in joint arrangements		1,762,245	1,242,986
		<b>CONSOLIDATED ENTITY</b>	
		<b>30 June 2015</b>	<b>30 June 2014</b>
		<b>\$</b>	<b>\$</b>
<b>EXPENSES</b>			
Exploration and evaluation related expenses		155,142	225,302
Share of total expenses related to joint arrangements*		155,142	225,302

Expenses do not include impairment of exploration and evaluation joint arrangement assets (30 June 2014: \$92,097).

#### NOTE 18 - CONTROLLED ENTITIES

	<b>Country of Incorporation</b>	<b>Date of Incorporation</b>	<b>% Owned</b>	
			<b>30 June 2015</b>	<b>30 June 2014</b>
<b>Parent entity:</b>				
Icon Energy Limited	Australia			
<b>Subsidiaries of Icon Energy Limited:</b>				
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
Icon Oil US (LLC)	USA	5 Jan 1993	100	100

During the year ended 30 June 2014, the consolidated entity deregistered four subsidiaries: Icon Domestic LNG Pty Ltd, Icon Geothermal Pty Ltd, Icon LNG (China) Pty Ltd and Icon Cooper Pty Ltd.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2015

#### NOTE 19 - 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 2015	30 June 2014	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>						
Income from research and development claim	-	4,897,215	-	-	-	4,897,215
Royalty income	7,957	25,643	-	-	7,957	25,643
Total segment revenues	7,957	4,922,858	-	-	7,957	4,922,858
Interest Revenue	599,743	1,045,484	-	-	599,743	1,045,484
Other Income	-	2,967	-	-	-	2,967
Total revenue	607,700	5,971,309	-	-	607,700	5,971,309
<b>RESULT</b>						
Segment net operating profit after tax	(5,858,563)	(1,016,774)	(4,983)	(777)	(5,863,547)	(1,017,551)
Finance cost	26,556	55,889	-	-	26,556	55,889
Impairment of Assets	9,657	92,097	-	-	9,657	92,097
Gain/(loss) on sale of non-current assets	19,732	(33,753)	-	-	19,732	(33,753)
Segment Assets	61,443,442	68,762,492	13,693	14,432	61,457,135	68,776,924
Segment Liabilities	2,882,255	3,691,007	-	-	2,882,255	3,691,007
<b>OTHER</b>						
Acquisition of non-current segment assets	111,785	17,673	-	-	111,785	17,673
Depreciation and amortisation of segment assets	308,409	305,232	-	-	308,409	305,232

Assumptions regarding the identification of reportable operating segments (refer note 1a):

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. The operating segments have been aggregated on the basis of geographic location.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2015

#### NOTE 20 - FINANCIAL INSTRUMENTS

Financial instruments comprise of the following:

NOTE

CONSOLIDATED ENTITY	
30 June 2015	30 June 2014
\$	\$

#### Financial Assets

Cash and cash equivalents

4 8,748,520 7,605,461

Loans and receivables:

- Trade and other receivables

5 111,360 9,080,045

Held to maturity financial assets:

- Term deposit

6 5,000,000 12,000,000

#### Financial Liabilities

Held at amortised cost

- Trade and other payables

9 (776,665) (1,471,170)

The carrying values of loans and receivables, held to maturity financial assets and held at amortised cost financial liabilities 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 operations.

The consolidated entity does not have any derivative instruments at 30 June 2015 (30 June 2014: 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 1 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 4 and 11 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 2014.

#### Financial Risk Management

The main risks the consolidated entity is exposed through its financial assets and liabilities are credit risk and liquidity 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.

#### Interest rate risk

The consolidated entity's interest rate risk arises mainly from the term deposits and cash and cash equivalents. The entity does not have any borrowing facilities. Therefore, it is not exposed to the interest rate risk.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2015

#### NOTE 20 - FINANCIAL RISK MANAGEMENT (CONTINUED)

The consolidated entity does not use long-term debt to finance its exploration activities. The company 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.

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 2015 NOTES							
<b>Financial assets</b>							
Cash and cash equivalents	4	2.51%	8,748,031	-	-	489	8,748,520
Term deposits	6	3.34%	5,000,000	-	-	-	5,000,000
Trade and other receivables	5		-	-	-	111,360	111,360
<b>Total Financial Assets</b>			<b>13,748,031</b>	<b>-</b>	<b>-</b>	<b>111,849</b>	<b>13,859,878</b>
<b>Financial liabilities</b>							
Trade and other payables	9		-	-	-	776,665	776,665
<b>Total Financial Liabilities</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>776,665</b>	<b>776,665</b>
30 June 2014 NOTES							
<b>Financial assets</b>							
Cash and cash equivalents	4	2.26%	7,605,332	-	-	129	7,605,461
Term deposits	6	3.77%	12,000,000	-	-	-	12,000,000
Trade and other receivables	5		-	-	-	9,080,045	9,080,045
<b>Total Financial Assets</b>			<b>19,605,332</b>	<b>-</b>	<b>-</b>	<b>9,080,173</b>	<b>28,685,505</b>
<b>Financial liabilities</b>							
Trade and other payables	9		-	-	-	1,471,170	1,471,170
<b>Total Financial Liabilities</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>1,471,170</b>	<b>1,471,170</b>

#### 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 2015

#### NOTE 20 - FINANCIAL RISK MANAGEMENT (CONTINUED)

At 30 June 2015, 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 \$64,420 higher/\$64,149 lower (30 June 2014: \$111,312 higher/\$112,113 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 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

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.

Credit quality of financial assets neither past due or impaired.

##### 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 \$
<b>30 June 2015</b>	NOTES				
Trade and other payables	9	776,665	776,665	776,665	-
		<b>776,665</b>	<b>776,665</b>	<b>776,665</b>	-
<b>30 June 2014</b>					
Trade and other payables	9	1,471,170	1,471,170	1,471,170	-
		<b>1,471,170</b>	<b>1,471,170</b>	<b>1,471,170</b>	-

The consolidated entity's liquidity risk relating to financial liabilities at 30 June 2015 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 Statement of Financial Position and accompanying explanatory notes at 30 June 2015, 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 21 - RELATED PARTY TRANSACTIONS

- Interests in subsidiaries are disclosed in note 18.
- Transactions with Directors and Director Related Entities are disclosed in note 3.
- There were no other related party transactions during the year ended 30 June 2015 or 30 June 2014.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2015

#### NOTE 22 - CONTINGENT LIABILITIES

On 3 February 2015, Justice McMurdo handed down the judgement to strike out the majority of the dispute between Icon Energy Ltd and Jakabar Pty Ltd and Southern Fairway Investments Pty Ltd (formerly Babcock & Brown Australia Infrastructure Pty Ltd) ("B&B") and Ronald Baldwin where B&B and Mr Baldwin are claiming damages arising from an alleged breach of a memorandum of understanding entered into by the parties in June 2008 in the vicinity of \$221.75 million and an agency agreement entered into by Icon with Mr Baldwin in May 2008 in the vicinity of \$52.4 million. Subsequent to the 3 February judgement, Southern Fairway Investments Pty Ltd (formerly Babcock & Brown Australia Infrastructure Pty Ltd) ("B&B") and Ronald Baldwin submitted an Amended Statement of Claim for a significantly lesser amount (\$4 million).

Icon gives no credence to the alleged estimate of loss given by B&B and Mr Baldwin. Proceedings following the Further Amended Statement of Claim (FASOC) are adjourned and his Honour will review the FASOC filed by B&B and Mr Baldwin in August 2015 in the Queensland Supreme Court. It is estimated that the extent of the Company's exposure to this dispute will be limited to approximately \$200,000 to \$500,000 representing legal fees. Icon is undertaking a recovery of costs for the portion of the strike out judgement already handed down.

#### NOTE 23 - EVENTS AFTER BALANCE DATE

There are no after balance sheet date events at the date of signing.

#### NOTE 24 - CORRECTION OF PRIOR PERIOD ERROR

During the year, \$7.49 million was reclassified for the 2014 financial year from the income tax benefit: \$4.8 million to income from research and development claim and \$2.5 million as an offset to exploration and evaluation expenditure. The research and development claim was incorrectly included in tax benefit instead of being split between income from research and development claim and exploration and evaluation expenditure.

The abovementioned misstatements in the previous year's consolidated financial statements represents a prior period accounting error which must be accounted for retrospectively. Consequently, the Group shall adjust all comparative amounts presented in the current period's financial statements affected by the accounting errors as follows:

	Previously Reported 30 June 2014	Adjustment	Restated 30 June 2014
	\$	\$	\$
<b>Statement of profit or loss and other comprehensive income</b>			
Income from research and development claim	-	4,897,215	4,897,215
<b>Profit/(Loss) before income tax</b>	<b>(5,914,766)</b>	<b>4,897,215</b>	<b>(1,017,551)</b>
Income tax benefit	7,492,356	(7,492,356)	-
<b>Net Profit/(Loss) for the year from continuing operations</b>	<b>1,577,590</b>	<b>(2,595,141)</b>	<b>(1,017,551)</b>
<b>Earnings per share</b>			
From continuing operations			
Basic earnings/(loss) per share (cents per share)	0.27	(0.44)	(0.17)
Diluted earnings/(loss) per share (cents per share)	0.27	(0.44)	(0.17)
<b>Statement of financial position</b>			
<b>Non-current assets</b>			
Exploration and evaluation expenditure	37,253,075	(2,595,141)	34,657,934
<b>Total current assets</b>	<b>37,253,075</b>	<b>(2,595,141)</b>	<b>34,657,934</b>
<b>Total assets</b>	<b>71,372,065</b>	<b>(2,595,141)</b>	<b>68,776,924</b>
<b>Net assets</b>	<b>67,681,058</b>	<b>(2,595,141)</b>	<b>65,085,917</b>
<b>Equity</b>			
Accumulated losses	(33,679,779)	(2,595,141)	(36,274,920)
<b>Total equity</b>	<b>67,681,058</b>	<b>(2,595,141)</b>	<b>65,085,917</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2015

#### NOTE 25 - 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 1 for a summary of the significant accounting policies relating to the consolidated entity.

##### *Financial position*

	30 June 2015	30 June 2014
	\$	\$
<b>Assets</b>		
Current assets	13,740,946	28,435,146
Non-current assets	49,388,999	41,047,557
<b>Total assets</b>	<b>63,129,945</b>	<b>69,482,703</b>
<b>Liabilities</b>		
Current liabilities	1,250,652	1,949,875
Non-current liabilities	106,699	94,010
<b>Total liabilities</b>	<b>1,357,352</b>	<b>2,043,886</b>
<b>Net Assets</b>	<b>61,772,594</b>	<b>67,438,818</b>
<b>Equity</b>		
Issued capital	102,346,081	102,724,970
Reserves	605,649	877,588
Accumulated losses	(41,179,135)	(36,163,740)
<b>Total equity</b>	<b>61,772,594</b>	<b>67,438,818</b>

##### *Financial performance*

	30 June 2015	30 June 2014
	\$	\$
Profit/(Loss) for the year	(5,015,395)	(7,210,550)
Other comprehensive income	-	-
<b>Total comprehensive income/(loss)</b>	<b>(5,015,395)</b>	<b>(7,210,550)</b>

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

	30 June 2015	30 June 2014
	\$	\$
Carrying amount included in current liabilities	-	-

##### *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 22.

##### *Contractual commitments for the acquisition of property, plant and equipment by the parent entity*

The parent entity did not have any contractual commitments for the acquisition of property, plant or equipment as at 30 June 2015 or 30 June 2014.

## ADDITIONAL SHAREHOLDER INFORMATION

### On-market buy-back

At 10 August 2015, the company purchased and cancelled total of 14,717,716 shares on market.

### Distribution of Shareholdings

The distribution of ordinary shareholders ranked according to size at 31 July 2015 was as follows:

Range	Total Holders	Units	Capital
1 - 1,000	401	61,861	0.01
1,001 - 5,000	1,316	4,383,695	0.72
5,001 - 10,000	1,087	9,312,126	1.53
10,001 - 100,000	2,858	104,322,040	17.19
Over 100,001	728	488,946,428	80.55
<b>TOTAL</b>	<b>6,390</b>	<b>607,026,150</b>	<b>100.00</b>

### Unmarketable Parcels as at 31 July 2015

	Parcel Size	Holders	Units
Minimum \$ 500.00 parcel at \$ 0.047 per unit	10,639	2,842	14,152,452

### 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 10 August 2015:

Rank	Name	Units	% of Units
1	HK PROSPEROUS TECHNOLOGY LIMITED	80,318,393	13.30
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	48,682,254	8.06
3	RAY JAMES	23,193,655	3.84
4	HOWARD LU	16,068,181	2.66
5	CITICORP NOMINEES PTY LIMITED	9,666,528	1.60
6	TAIWAN FRUCTOSE CO LTD	9,000,000	1.49
7	MRS DIANNE BETH BALDWIN	8,509,600	1.41
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,753,083	1.28
9	J P MORGAN NOMINEES AUSTRALIA LIMITED	6,309,718	1.04
10	MR TIMOTHY ALLEN KENNEDY + MRS GLENDA KAY KENNEDY <TA & GK KENNEDY S/F NO2 A/C>	5,025,825	0.83
11	CABLEX INDUSTRIES PTY LTD	4,991,332	0.83
12	SAMBOR NOMINEES PTY LTD <SUSANNE & MONIAK SAMBOR A/C>	4,522,256	0.75
13	MR CHIEN HUA LEE	4,500,000	0.75
14	ALPHA GEM PTY LTD	4,304,581	0.71
15	MR CHRISTOPHER JOHN MARTIN	4,012,056	0.66
16	MOROHI PTY LTD	3,620,058	0.60
17	LINK ORANGE PTY LTD	3,393,181	0.56
18	JOHN E GILL TRADING PTY LTD	3,178,378	0.53
19	ZONEX CAPITAL PTY LTD	3,077,829	0.51
20	IAN PETHERBRIDGE RETIREMENT FUND PTY LTD <IAN PETHERBRIDGE R/F A/C>	2,800,678	0.46
<b>Totals: Top 20 holders of FULLY PAID ORDINARY SHARES (TOTAL)</b>		<b>252,927,586</b>	<b>41.87</b>
<b>Total Remaining Holders Balance</b>		<b>351,072,201</b>	<b>58.12</b>

### Substantial Holders

Rank	Name	Shares Held	Capital
1	HK PROSPEROUS TECHNOLOGY LIMITED	80,318,393	13.30
2	MR CHING-TANG LI (HOLDING THROUGH HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2)	39,347,341	6.51
<b>Totals: Substantial holders of FULLY PAID ORDINARY SHARES</b>		<b>119,665,734</b>	<b>19.81</b>