

ICON ENERGY LIMITED and its Controlled Entities

Icon Energy Limited

ABN 61 058 454 569

INTERIM FINANCIAL REPORT

For the half-year ended
31 December 2016

Icon Energy Limited

ABN 61 058 454 569

INTERIM FINANCIAL REPORT

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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 half-year ended 31 December 2016 and the Independent Auditor's Review Report thereon.

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 half year.

Directors

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

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

Dividends Paid or Recommended

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 2016: \$NIL).

Review of Operations and Results

Icon has continued to evaluate its exploration tenements during the half-year ended 31 December 2016 with particular focus on ATP 594 and ATP 855.

Queensland – Cooper/Eromanga Basin - Petroleum Exploration – ATP 594

ATP 594 is located on the eastern flank of the Cooper Basin approximately 140 kilometres west of Quilpie and covers three separate areas consisting of a total area of 1,230 km².

ATP 594 is considered to be prospective for hydrocarbons following an independent technical evaluation by Energeo consultants. However, the permit is underexplored with limited seismic data and only three exploration wells.

The 293km² Harrier 3D seismic survey activity began in the northern block on 15 November 2016 including the Cultural Heritage clearance which was completed by the Boonthamurra Traditional Owners on 4 December. Line clearing by the advance party began on 8 December and by the end of December 2016 a total of 603km had been cleared and 558km surveyed, representing 60% of total line preparation.

The Harrier 3D seismic acquisition commenced on 14 February 2017 and will take approximately 20 days to complete.

Icon is the Operator of ATP 594 and has a 100% working interest in the tenement.

Queensland – Petroleum Exploration – Cooper Basin – ATP 855

The Stage 1 program in ATP 855 achieved all the exploration and technical objectives that were set by the Joint Venture partners. This included flowing natural gas from five wells, achieving the highest flow rate of 4.5 MMscf/d from a shale gas well (Halifax-1) in the Cooper Basin.

The ATP 855 Joint Venture has reviewed the results of the Stage 1 program in order to prepare for the next phase of activity in the permit. This next phase of activity will be designed to further define the resource potential.

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 and identified a significant natural gas resource within the Permian Formations of the Nappamerri Trough. Notices of Petroleum Discovery have been lodged with the Department of Natural Resources and Mines (**DNRM**) for all of the six wells drilled.

The Joint Venture is currently in the process of preparing for the next phase of activity in the permit following the Stage 1 exploration program.

Icon has a 35.1% interest in ATP 855.

Well	Halifax-1	Keppel-1	Hervey-1	Etty-1	Redland-1	Geoffrey-1
TD	4,267m	3,898m	4,269m	3,807m	3,804m	4,125m
Gas Shows	Yes	Yes	Yes	Yes	Yes	Yes
Stimulation stages	14	0	5	4	3	5
Max. flow rate	4.5MMscf/d	Flowed gas to surface unstimulated	Flow rate of 0.6MMscf/d	Flow rate of >0.9MMscf/d primarily from a single stage	Flow rate of 0.1MMscf/d	1.1MMscf/d
2C Contingent resources ¹ (gross)	Halifax-1, Hervey-1, Etty-1, Redland-1 and Geoffrey-1 1,572 Bcf (2C) ²					
Comments	Highest gas flow rate from unconventional shale gas and tight sands well in Cooper Basin	Flowed gas to surface unstimulated	Initial flow rate from 5 stages	Initial flow rate shows 93% of gas primarily from the Daralingie Formation	Mechanical issues prevented ongoing extended flow test	Flow rate heavily choked back at 12/64" with well head pressure of 3,058psi

Map showing the location and discovery wells in ATP 855.

Queensland – Surat Basin - Petroleum Exploration – ATP 626

ATP 626 is currently in the final term with a Later Work Program covering the period from January 2014 to 31 August 2017.

¹ 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.

² Icon Energy announced on 27 March 2015, that DeGolyer and MacNaughton, a well-respected and qualified international petroleum reserve and resource evaluation company, had estimated that, the 2C Recoverable Gross Contingent Resource has increased by 943 Bcf, from 629 Bcf to 1,572 Bcf (as at 31 December 2014) .

The plug and abandonment (P&A) of the three remaining wells in the permit, Eolus-1, Mindagabie-1 and Stitch-1, has now been completed and all three well sites have been rehabilitated in line with Government regulations and Icon's Environmental Authority.

Icon will then complete its reporting obligations to the Department of Natural Resources and Mines, submit all required reports and documentation and relinquish the permit. It is expected that this will occur sometime during the first half of 2017.

Icon has a 100% interest in ATP 626.

Victoria – Petroleum Exploration – PEP 170

Following its review of the Parliamentary Inquiry into Unconventional Gas in Victoria, the Victorian Government announced on 30 August 2016 an intended permanent ban on the exploration and development of all onshore unconventional gas in Victoria, including hydraulic fracturing and coal seam gas.

The Victorian Government plans to legislate to extend the current moratorium on the exploration and development of conventional onshore gas until 30 June 2020. This legislation is not expected to be enacted before May 2017. The Directors will reassess the status of PEP170 at year end by which time the legislation is intended to have been passed.

Icon Energy has 100% interest in PEP 170.

Table showing all Icon Energy's tenements

Basin / Area	Permit / Area	Tenement Area	Permit Interest	Operator	Prospect Type
Cooper Basin, Nappamerri Trough	ATP 855	1,679 km ²	35.1%	Beach Energy	Shale Gas, Basin Centred Gas
Cooper Basin Nappamerri Trough	PRLs 33- 49*	1,601 km ²	33.33%	Beach Energy	Oil
Cooper - Eromanga Basin	ATP 594	1,230 km ²	100%	Icon Energy	Oil, Natural Gas
Cooper - Eromanga Basin	ATP 549 West	445 km ²	33.33%	Drillsearch	Natural Gas, Oil
Cooper - Eromanga Basin	ATP 794				
	- Regleigh Block	674 km ²	60%	Icon Energy	Oil
	- Springfield Block	1,505 km ²	60%	Icon Energy	Oil
Gippsland Basin	PEP 170	808 km ²	100%	Icon Energy	Natural Gas, Oil
Gippsland Basin	PEP 172**	1,312 km ² **	100%	Icon Energy	Natural Gas
Gippsland Basin	PEP 173**	1,220 km ² **	100%	Icon Energy	Natural Gas
Surat Basin	ATP 626P	741 km ²	100%	Icon Energy	Shale Gas, Oil

* Formerly PEL 218 (Post Permian Section) ** Permit to be granted

Financial position

The cash balance as at 31 December 2016 was \$ 5.1 million plus term deposit of \$ 9.5 million.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the half-year ended 31 December 2016.

Auditor's Declaration

The lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* is set out on page 9 for the half-year ended 31 December 2016.

This report is signed in accordance with a resolution of the Board of Directors.

Director



Ray James
Managing Director

Dated this 21st day of February 2017
Broadbeach Waters, Queensland

Auditor's Independence Declaration

As auditor for the review of Icon Energy Limited for the half year ended 31 December 2016, 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 review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

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



Crowe Horwath Brisbane



Cameron Henry
Partner

Signed at Brisbane, 21 February 2017

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
 AND OTHER COMPREHENSIVE INCOME**
 for the half-year ended 31 December 2016

	NOTE	Half-year ended	
		31 December 2016	31 December 2015
		\$	\$
Continuing operations			
Income from research and development claim		-	524,140
Interest received and other income		188,617	218,118
Administration expenses		(1,096,516)	(1,821,171)
Depreciation and amortisation expenses		(139,536)	(157,429)
Employee benefits and expenses		(688,573)	(697,932)
Occupancy expenses		(22,495)	(20,277)
Impairment of exploration expenditure		-	-
Gain on disposal of non-current assets		1,339	-
Finance costs		(10,846)	(10,702)
Loss before income tax		(1,768,010)	(1,965,253)
Income tax benefit		-	-
Profit/(Loss) for the period		(1,768,010)	(1,965,253)
Other comprehensive income			
Items that may be reclassified to profit and loss:			
Exchange differences arising on translation of foreign operations, net of income tax		338	706
Other comprehensive income for the period		338	706
Total comprehensive income/(loss) for the period		(1,767,672)	(1,964,547)
Profit/(Loss) attributable to:			
Owners of the parent entity		(1,768,010)	(1,965,253)
Non-controlling interests		-	-
Profit/(Loss) for the period		(1,768,010)	(1,965,253)
Total comprehensive income/(loss) attributable to:			
Owners of the parent entity		(1,767,672)	(1,964,547)
Non-controlling interests		-	-
Total comprehensive income/(loss) for the period		(1,767,672)	(1,964,547)
Earnings/(Loss) per share			
Basic earnings/(loss) per share (cents per share)		(0.30)	(0.33)
Diluted earnings/(loss) per share (cents per share)		(0.30)	(0.33)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 as at 31 December 2016

	NOTE	31 December 2016 \$	30 June 2016 \$
CURRENT ASSETS			
Cash and cash equivalents		5,102,161	2,451,446
Trade and other receivables		143,196	79,411
Term deposits		9,500,000	14,500,000
TOTAL CURRENT ASSETS		14,745,357	17,030,857
NON-CURRENT ASSETS			
Property, plant, and equipment		5,005,946	5,037,981
Exploration and evaluation expenditure	5	33,174,001	32,708,365
Performance guarantee bonds		201,682	201,112
TOTAL NON-CURRENT ASSETS		38,381,629	37,947,458
TOTAL ASSETS		53,126,986	54,978,315
CURRENT LIABILITIES			
Trade and other payables	6	246,185	113,508
Employee benefits		502,912	465,123
TOTAL CURRENT LIABILITIES		749,097	578,631
NON-CURRENT LIABILITIES			
Employee benefits		185,205	167,170
Provisions		1,249,016	1,521,175
TOTAL NON-CURRENT LIABILITIES		1,434,221	1,688,344
TOTAL LIABILITIES		2,183,318	2,266,976
NET ASSETS		50,943,668	52,711,340
EQUITY			
Issued capital	7	101,984,750	101,984,750
Reserves	8	965	299,188
Accumulated losses		(51,042,047)	(49,572,598)
TOTAL EQUITY		50,943,668	52,711,340

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 for the half-year ended 31 December 2016

CONSOLIDATED ENTITY	Ordinary	Share-Based	Foreign	Accumulated	Total
	Share Capital	Payments Reserve (Note 8)	Exchange Reserve (Note 8)	Losses	
	\$	\$	\$	\$	\$
Balance 1 July 2015	102,346,082	605,649	(2,238,385)	(42,138,466)	58,574,880
Total comprehensive income:					
Profit for the period	-	-		(1,965,253)	(1,965,253)
Other Comprehensive Income	-		706	-	706
Total Comprehensive Income/(loss) for the period	-	-	706	(1,965,253)	(1,964,548)
Transactions with owners in their capacity as owners:					
Shares issued	-	-	-	-	-
Share buyback	(216,403)				(216,403)
Reserve transfer for performance rights vestec	-	-	-	-	-
Share issue costs	-	-	-	-	-
Performance rights granted	-	49,760			49,760
Total transactions with owners	(216,403)	49,760	-	-	(166,643)
Balance at 31 December 2015 - attributable to owners of parent entity	102,129,679	655,409	(2,237,679)	(44,103,719)	56,443,690
Balance 1 July 2016	101,984,750	298,561	627	(49,572,598)	52,711,340
Total comprehensive income:					
Profit for the period	-	-		(1,768,010)	(1,768,010)
Other Comprehensive Income	-		338	-	338
Total Comprehensive Income/(loss) for the period	-	-	338	(1,768,010)	(1,767,672)
Transactions with owners in their capacity as owners:					
Shares issued	-	-	-	-	-
Share buyback	-	-	-	-	-
Reserve transfer for performance rights vestec	-	-	-	-	-
Share issue costs	-	-	-	-	-
Reversal of expired performance rights	-	(298,561)		298,561	-
Total transactions with owners	-	(298,561)	-	298,561	-
Balance at 31 December 2016 - attributable to owners of parent entity	101,984,750	-	965	(51,042,047)	50,943,668

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the half-year ended 31 December 2016

	NOTE	Half-year ended	
		31 December 2016	31 December 2015
		\$	\$
		Inflows (Outflows)	Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		1,800	57,489
Cash payments to suppliers and employees		(1,402,484)	(2,707,115)
Interest received		160,524	211,103
Income from research and development tax incentive	2	-	524,140
Net Cash used in operating activities		(1,240,160)	(1,914,383)
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Investment in financial assets		5,000,000	2,000,000
Payments for property, plant & equipment		(47,369)	(29,887)
Payments for evaluation and exploration expenditure		(1,068,996)	(615,700)
Prepayments for deferred exploration and evaluation expenditure		1,740	-
Proceeds from sale of property, plant and equipment		5,500	-
Research and development tax incentive		-	7,714,444
Net Cash from/(used in) investment activities		3,890,875	9,068,856
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for buy-back of shares		-	(216,403)
Net cash from finance activities		-	(216,403)
Net increase/(decrease) in cash and cash equivalents held		2,650,715	6,938,070
Cash and cash equivalents at beginning of the financial period		2,451,446	8,748,520
Cash and cash equivalents at the end of the financial period		5,102,161	15,686,590

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the half-year ended 31 December 2016

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

The half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: *Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year financial statements do not include full disclosures of the type normally included in annual financial statements.

It is recommended that these financial statements be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Icon Energy Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The financial statements were authorised for issue by the directors on the 21 February 2017.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

The half-year financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. All amounts are presented in Australian dollars, unless otherwise noted.

NOTE 2 - SIGNIFICANT TRANSACTIONS

	31 December	31 December
	2016	2015
	\$	\$
Research and development claim allocated to income	-	524,140
Research and development claim applied against exploration expenditure	-	7,714,444
	-	8,238,584

NOTE 3 - DIVIDENDS

No dividends have been declared or paid since the end of the reporting period (2015: \$NIL).

NOTE 4 - FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The entity also has a number of financial instruments which are not measured at fair value in the statement of financial position. For these instruments, the fair values are not materially different to their carrying amounts.

Due to their short-term nature, the carrying amounts of the current receivables and current payables is assumed to approximate their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the half-year ended 31 December 2016

NOTE 5 - EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2016	30 June 2016
	\$	\$
Exploration and Evaluation Expenditure at cost	32,708,365	42,267,462
Additions	465,636	58,970
Less: Impairment	-	(1,903,623)
Less: RDTI applied	-	(7,714,444)
	33,174,001	32,708,365

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 of the area or where the activities in the area of interest have not reached a stage which permits a reasonable assessment of economically recoverable reserves and 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 6 - TRADE AND OTHER PAYABLES

	31 December 2016	30 June 2016
	\$	\$
CURRENT		
Payables and accruals to a joint operations partner	-	233
Trade and sundry payables	246,185	113,275
	246,185	113,508

NOTE 7 - ISSUED CAPITAL

Share Capital

Issued shares of 597,556,938 fully paid, no par value ordinary shares, amounted to \$101,984,750 (30 June 2016: 597,556,938, amounted to \$101,984,750).

All shares are ordinary shares and have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of members.

NOTE 8 - RESERVES

	31 December 2016	30 June 2016
	\$	\$
Share-based payments reserve *	-	298,561
Foreign currency translation reserve **	965	627
Total reserves	965	299,188

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

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

NOTE 9 - JOINT VENTURES

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

Oil and Gas	Basin	Interest %	
		31 December 2016	30 June 2016
ATP 549P West	Cooper Eromanga	33.33%	33.33%
ATP 594P	Cooper Eromanga	100.00%	100.00%
ATP 794P Regleigh & Springfield	Cooper Eromanga	60.00%	60.00%
ATP 626P	Surat	100.00%	100.00%
ATP 855P	Cooper	35.10%	35.10%
PRLs33-49*	Cooper	33.33%	33.33%
PEP170	Gippsland	100.00%	100.00%
PEP172**	Gippsland	100.00%	100.00%
PEP173**	Gippsland	100.00%	100.00%

* Formerly PEL 218 (Post Permian Section).

** Permit to be granted

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the half-year ended 31 December 2016

NOTE 10 - CONTROLLED ENTITIES

	Country of incorporation	Date of incorporation	% Owned	
			31 December 2016	30 June 2016
Parent entity:				
Icon Energy Limited	Australia			
Subsidiaries of Icon Energy Limited:				
Jakabar Pty Ltd	Australia	18 December 1992	100	100
Icon Drilling Pty Ltd	Australia	18 November 1994	100	100
Icon Gas Productions Pty Ltd	Australia	16 December 2008	100	100
Icon Oil US (LLC)	USA	2 October 2000	100	100

NOTE 11 - SEGMENT INFORMATION

The consolidated entity operates in one operating segment being 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 review 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 area includes all corporate head office expenses on the basis that activities in Australia are still in an exploration phase and all resources within the corporate head office are applied to these exploration activities.

	Australia		USA		CONSOLIDATED	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
	\$	\$	\$	\$	\$	\$
REVENUE						
Income from research and development claim	-	524,140	-	-	-	524,140
Royalty income	-	7,008	-	-	-	7,008
Total segment revenues	-	531,148	-	-	-	531,148
Interest Received	186,817	211,103	-	-	186,817	211,103
Other Income	1,800	7	-	-	1,800	7
Total revenue	188,617	742,259	-	-	188,617	742,259
RESULTS						
Segment net operating profit after tax	(1,766,431)	(1,963,906)	(1,578)	(1,347)	(1,768,010)	(1,965,253)
Interest expense	10,846	10,702	-	-	10,846	10,702
Impairment of Assets	-	-	-	-	-	-
Gain on disposal of non-current assets	1,339	-	-	-	1,339	-
Segment Assets	53,115,619	54,965,707*	11,366	12,608*	53,126,985	54,978,315*
Segment Liabilities	2,183,318	2,266,976*	-	-	2,183,318	2,266,976*
OTHER						
Acquisition of non-current segment assets	47,369	29,887	-	-	47,369	29,887
Depreciation and amortisation	139,536	157,429	-	-	139,536	157,429

* as at 30 June 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the half-year ended 31 December 2016

NOTE 12 - CONTINGENT LIABILITIES

On 12 May 2015, Southern Fairway Investments Pty Ltd (formerly Babcock & Brown Australia Infrastructure Pty Ltd) and Ronald Baldwin submitted a Further Amended Statement of Claim and on 17 July 2015 the plaintiff's counsel acknowledged that there were still deficiencies in that pleading. Directions were made to allow for the submission of a further amendment to the Second Further Amended Statement of Claim, which was filed. In August 2015, a costs order was made in favour of Icon Energy and Icon received a costs recovery of \$33,000 from the first strike out application.

On the 15 October 2015, Justice McMurdo ordered that the majority of the Second Further Amended Statement of Claim be struck out. Justice McMurdo allowed Mr Baldwin and Southern Fairway Investments the liberty to re-plead on two matters. On 18 February 2016, Justice McMurdo awarded Icon Energy 100% of its costs and on 17 October 2016 Icon received costs recovery of \$47,000 from the second strike out application.

Mr Baldwin and Southern Fairway Investments filed a Third Further Amended Statement of Claim on 1 March 2016. Icon filed its Notice of Intention to Defend on 7 June 2016. The next review will be heard by Justice Bond on 21 February 2017. It is not possible at this time to accurately quantify Icon's future legal fees for the litigation.

NOTE 13 - EVENTS AFTER BALANCE SHEET DATE

Since the end of the period, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report or the Financial Statements, that has significantly affected the operations of the Consolidated Entity.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

- 1) The financial statements and notes set out on pages 10 to 17 are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Accounting Standard *AASB 134 Interim Financial Reporting*; and
 - b) giving a true and fair view of the Consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.
- 2) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read "R. James", with a long horizontal flourish extending to the right.

Raymond S James
Managing Director

Signed at Broadbeach, 21 February 2017

Independent Auditor's Review Report

To the members of Icon Energy Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Icon Energy Limited and its controlled entities, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

Directors' responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Icon Energy Limited and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Icon Energy Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



Crowe Horwath Brisbane



Cameron Henry
Partner

Signed at Brisbane, 21 February 2017