icon energy

ANNUAL REPORT 2016

NOTICE OF ANNUAL GENERAL MEETING

2016 Annual General Meeting
Wednesday, 23 November 2016 at 11.00am

The Arts Centre Gold Coast,
Lakeside Terrace,
135 Bundall Road,
Surfers Paradise, Queensland 4217

COMPETENT PERSONS STATEMENT

The information on unconventional contingent and prospective resources in this Annual Report was reviewed by Mr Martin Berry who is a full time employee of Icon Energy Limited and has consented to the inclusion of this information in the form and context in which it appears. Mr Berry is a Fellow of the Geological Society of London and a Member of the American Association of Petroleum Geologists.

ABN 61 058 454 569

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CHAIRMAN'S REVIEW

DURING THE PAST YEAR, ICON CONTINUED ITS WORK IN PROGRESSING ITS EXISTING TENEMENTS, APPLIED FOR NEW ACREAGE AND FINISHED THE YEAR WITH A HEALTHY CASH BALANCE IN THE BANK AND NO BORROWINGS.

DEAR SHAREHOLDER

Icon is currently an explorer for oil and gas and aspires to reach the status of a producer. As a result of the plunging oil price over the last two years, Icon's share price has suffered along with the share prices of other companies in the oil and gas industry listed on the Australian ASX.

The second effect of the fall in oil prices has been a reduction in exploration expenditure. Oil and gas companies across the world have cut expenditure to the bone, particularly exploration expenditure. Over the last year, petroleum exploration expenditure has decreased by more than US$1 trillion per annum worldwide. In Queensland, only one exploration well was drilled in the first six months of 2016. Oil and Gas producers were all struggling to reduce expenditure by concentrating on production at the expense of exploration.

There has been some improvement in the situation in recent times. Demand for oil in the northern hemisphere has been strong with 96 million barrels per day consumed worldwide. The supply however is declining at almost 5% per year, resulting in a situation where supply and demand are close to balanced.

Oil prices have stabilised around the US$45-$50 level at the time of writing. Prices of oil are expected to reach US$50-$60 per barrel in the next couple of years. LNG gas prices linked to oil will improve but may become increasingly delinked from oil prices. The improvement in oil prices and reduction in volatility of price movements, along with the production decline have brought increasing confidence and investment monies are starting to flow back into exploration and production.

As an explorer, Icon is planning to commence seismic operations in this current year in ATP 594 in the Cooper Basin in Queensland. Icon holds a 100% interest in this tenement and is very optimistic about the oil potential on the eastern flank of the Cooper Basin. This area is home to the Kenmore and Bodalla South oilfields, south-east of ATP 594. The town of Eromanga lies approximately 40 kilometres south of the area and the IOR oil refinery has capacity to take crude oil from new discoveries.

Icon will acquire 3D seismic in the tenement as it is a proven tool which is used to identify structural prospects which are now being drilled in the Cooper Basin with high success rates.

In October 2015 Icon bid on new tenements offered by the Queensland Government on the eastern flank of the Cooper Basin with excellent hydrocarbon potential. New offerings are normally made within three months of the close of tenders, but as at the time of writing, the results of the 2015 tenders have not been announced.

In the Nappamerri Trough of the Cooper Basin, Icon and Beach have submitted a Later Work Program to the Department in relation to ATP 855. The six wells drilled in the tenement have discovered natural gas with a prospective recoverable gas resource estimate in excess of 28 trillion cubic feet (TCF). Icon has an interest of 35.1% in this resource. DeGolyer and MacNaughton reported a 2C contingent gas resource of 1.57 TCF to the Joint Venture surrounding the wells drilled to date. This resource requires further seismic acquisition and drilling in order to move to a proven commercial gas reserve.

A natural gas pipeline connects Moomba to the Wallumbilla hub in eastern Queensland, which would assist in potential gas sales if commercial reserves are confirmed. The eastern states gas markets are in short supply, given the startup of LNG production for export from Gladstone's Curtis Island and cancellation of gas drilling in New South Wales and Victoria.

The Government in Victoria has permanently banned unconventional gas exploration and production from all onshore areas in Victoria. The Moratorium on conventional gas exploration onshore has been extended until 2020. As a consequence, it is highly unlikely that Icon will ever be permitted to drill in PEP 170 or have PEP 172 and 173 granted. Icon is awaiting formal Government advice on our Victorian tenements and is continuing to maintain our position pending a future decision. Icon can only be patient and hope for a return to a balanced and better informed argument which is acceptable to the people of Victoria. Icon has widespread support for its planned activities which are strongly supported by scientific research and trusts that gas exploration will be allowed in Victoria where nearly all homes are connected to gas, along with industry. Some form of fossil fuel will be needed well into the next fifty years while the new "electric dream" gathers pace. It will be a very expensive and long transition. Ultimately, a balanced mix of all fuel sources will be needed. Gas has a good future, being the cleanest of all fossil fuels and will be needed to back up electric power generation.

Throughout the past year, Icon has reduced expenditure and preserved its strong cash position which as at 30 June 2016 stood at over AUD$17 million. The office building is debt free and staff numbers have been reduced to the bare minimum. No staff bonuses were paid for the year.

Icon has an experienced dedicated Board of Directors and staff who have managed the Companies' interests so that today, Icon is positioned very well for the future. Many opportunities and tender offers have been evaluated to seek the best opportunities for the benefit of all shareholders.

Icon's Corporate Governance, strategic and risk analyses are robust and observed in all aspects of our work. Safety is always regarded as priority number one in everything we do, not only in the field operations but our office environment as well. An extensive Safety Management Reporting System has been introduced over the past three years covering all our operations.

I would like to thank the staff for their dedication over the past year and hope that a return to new exploration activity and a firming oil price will see a positive improvement in Icon's share price.

S M Barry
Chairman

"Icon maintains its commitment to sound environmental management and continues to build strong relations with stakeholders in the communities in which we operate.

Mr Stephen Barry
Chairman and Non-executive Director
of Icon Energy Limited.

ICON ENERGY TENEMENTS

Basin/Area	Permit/Area	Tenement Area	Permit Interest	Operator	Prospect Type
Cooper-Eromanga Basin	ATP 594	1,230 km²	100%	Icon Energy	Icon Energy
Cooper Basin Nappamerri Trough	ATP 855	1,679 km²	35.1%	Beach Energy	Beach Energy
Cooper Basin Nappamerri Trough	PRLs 33 – 49*	1,601 km²	33.33%	Beach Energy	Beach Energy
Cooper-Eromanga Basin	ATP 549 West	449 km²	33.33%	Beach Energy	Beach Energy
Cooper-Eromanga Basin	ATP 794				
	- Regleigh Block	674 km²	60%	Icon Energy	Icon Energy
	- Springfield Block	1,505 km²	60%	Icon Energy	Icon Energy
Gippsland Basin	PEP 170	804 km²	100%	Icon Energy	Icon Energy
Gippsland Basin	PEP 172**	1,312 km²	100%	Icon Energy	Icon Energy
Gippsland Basin	PEP 173**	1,220 km²	100%	Icon Energy	Icon Energy
Surat Basin	ATP 626	757 km²	100%	Icon Energy	Icon Energy

* Formerly PEL 218 (Post Permian Section)

** Permit to be granted

REVIEW OF OPERATIONS

REVIEW OF OPERATIONS

ATP 594 COOPER-EROMANGA BASIN, QUEENSLAND

ATP 594 is located approximately 140 kilometres west of Quilpie in the Cooper-Eromanga Basin. The tenement covers three separate areas consisting of a total area of 1,230 km^2.

ATP 594 was renewed by the Department of Natural Resources and Mines ***(DNRM)*** on 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 would take the maximum term allowable for the ATP to 12 years.

ATP 594 is well positioned on the eastern flank of the Cooper Basin and is considered to be prospective for hydrocarbons following a recent technical evaluation. However, the permit is underexplored and has experienced a 17 year hiatus in exploration activity.

The areas immediately adjacent to ATP 594 are resource rich in oil and gas. Several wells have been drilled in the proximity of ATP 594, mainly targeting conventional oil and gas, many with hydrocarbon shows. There are several oil fields to the southeast of the tenement, including the Kenmore and Bodalla South oilfields.

The recent success on the western flank of the Cooper Basin can be attributed to a combination of an improved understanding of the geology and enhanced definition of the sub-surface structure which was achieved with the application of 3D seismic acquisition. This led to better well placement and therefore improved the chance of success. Icon is hoping to emulate that success in ATP 594.

Preparations are now being made for Icon to acquire the Harrier 3D Seismic Survey in the permit to enable accurate structural definition of the sub-surface. Survey acquisition parameters have now been finalised and planning is well advanced in all areas of the operation. An expected start date for the Harrier 3D Seismic Survey is December 2016.

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

Map showing the location of ATP 594, Cooper-Eromanga Basin, Queensland

ATP 855 COOPER-EROMANGA BASIN, QUEENSLAND

Icon Energy holds 35.1% equity in ATP 855 covering 414,000 acres and is located on the Queensland and South Australia border. The current interests in ATP 855 are Beach Energy Limited ***(Operator)*** 64.9% and Icon Energy 35.1%.

Map showing the location of ATP 855 and the current well locations in the Cooper-Eromanga Basin, Queensland

Icon Energy, in conjunction with Beach Energy Limited, achieved all the exploration and technical objectives that were set by the Joint Venture partners during the Stage 1 exploration program. This included flowing natural gas from five wells on test, achieving the highest flow rate of 4.5 MMscf/d from a shale gas well (Halifax-1) in the Cooper Basin, having six Petroleum Discoveries in ATP 855 and identifying a significant natural gas resource within the Permian Formations of the Nappamerri Trough.

During the year Icon received an Exploration Subsurface Review from the Operator which is an exhaustive summary of the technical results of the Stage 1 exploration program across the Nappamerri Trough. The Joint Venture reviewed these results from the Stage 1 program in order to prepare the strategy for the next phase of activity in the permit.

A Later Work Program for ATP 855 was lodged with the Department of Natural Resources and Mines on 30 August 2016 for the four-year period commencing 1 November 2016 in accordance with the requirements of the Act and Regulations, and DNRM's plans and program guidelines. The proposed work program will aim to address the observations and outcomes from the initial exploration program, which is hoped will build the foundation for future activity. Meanwhile the permit and wells are being managed as part of an ongoing maintenance program to ensure that ATP 855 is kept in good standing.

The Joint Venture is currently in the process of preparing Potential Commercial Area ***(PCA)*** documentation for submission to DNRM as part of its ongoing strategy for the permit. The large gas resource identified within ATP 855 will require considerable additional technical effort and time to progress towards commerciality. Security of tenure is critical during this phase of the project, hence the need for retention through PCA's.

REVIEW OF OPERATIONS

continued

The Gross Contingent Resource for ATP 855, initially reported by Icon on 27 March 2015 and outlined in detail in the Icon Energy Annual Report 2015, currently remains unchanged. DeGolyer and MacNaughton ***(D&M)***, a well-respected and qualified international petroleum reserve and resource evaluation company, were engaged by Beach Energy (Operator) to undertake an update and provide a report on the Contingent Resources estimated in ATP 855. This report was an update of the report on Contingent Resources estimated in the areas around the Halifax-1 well prepared by DeGolyer and MacNaughton in 2013, results of which were announced by Icon Energy on 26 August 2013.

The report prepared by the consultants estimated Contingent Resources as at 31 December 2014 to be as follows:

Gross Contingent Resources[1]

1C (Bcf)	2C (Bcf)	3C (Bcf)
343	1,572	5,841

Icon Energy's interest in the above mentioned Contingent Resources is 35.1%.

The Contingent Resource estimate was evaluated in accordance with the Petroleum Resources Management System ***(PRMS)*** (March 2007).

D&M evaluated the well results from Halifax-1, Etty-1, Hervey-1, Redland-1 and Geoffrey-1. D&M utilised core, log and flow test data from the target intervals in these wells to determine whether a significant quantity of potentially moveable hydrocarbons had been encountered. This is a key requirement for a discovery under PRMS. The results of this work showed that the flow rates from all of these wells passed the discovery test.

Gas In Place was estimated using the volumetric method and applying a statistical distribution to the parameters including recovery factor. These probabilistic estimates have been made for each target formation and these have been statistically aggregated. The key contingencies include the need for longer flow tests to confirm expected ultimate recovery with certainty, optimization of future well costs, Gas Sales Agreements and connection to production facilities.

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.

In an ASX release on 29 August 2016 Beach Energy indicated that they had reduced contingent resources associated with the Nappamerri Trough to nil reflecting their opinion that the project is unlikely to be developed commercially in the medium term.

Qualified Petroleum Resource Evaluator Requirements

The information in this ASX announcement relates to Contingent Resources and is based on information compiled by Mr Martin Berry, Exploration Manager and full time employee at Icon Energy Limited. The Contingent Resources referred to in this release are taken from an independent report by DeGolyer and MacNaughton, a qualified international petroleum reserve and resource evaluation company. Mr Berry is a Qualified Petroleum Reserves and Resources Evaluator, a Fellow of the Geological Society of London and a Member of the American Association of Petroleum Geologists. Mr Berry has over 35 years' experience in the Petroleum Industry including sufficient experience that is relevant to the company's Reserves and Resources to qualify as a Reserves and Resources Evaluator as defined in the ASX Listing Rules. Mr Berry consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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.

ATP 626 SURAT BASIN, QUEENSLAND

ATP 626 is located approximately 40 kilometres north of Goondiwindi and 350 kilometres west of Brisbane in the Surat Basin.

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

Remaining wells within ATP 626 are Eolus-1, Mindagabie-1 and Stitch-1, which have been suspended and monitored on a monthly basis for several years.

Icon Energy completed a thorough technical review of the remaining prospectivity within ATP 626 and concluded that both conventional and unconventional prospectivity within the permit was low. All potential plays were considered to be high risk and sub-economic.

At the time of writing, Icon was in the process of plugging and abandoning ***(P&A)*** and rehabilitating the three remaining wells. Existing completions (where present) have been removed from the wells and preparations are being made to run cement plugs prior to completing the P&A operations and rehabilitating the wellsites in accordance with Government regulation and Icon's Environmental Authority. It is anticipated that this work should be completed by the end of September 2016.

Once this work has been finished, Icon can 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.

Map showing the location of ATP 626, Surat Basin, Queensland

REVIEW OF OPERATIONS

continued

PEP 170 (PEP 172 AND 173 PENDING), GIPPSLAND BASIN, VICTORIA

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

The Victorian Government will also legislate to extend the current moratorium on the exploration and development of conventional onshore gas until 30 June 2020.

QUEENSLAND CALL FOR TENDERS FOR AUTHORITIES TO PROSPECT 2015

Icon applied for two additional tenures offered by the Queensland Government in the Cooper Basin as part of the 2015 Acreage Release. Tenure bids are normally assessed within 3 months of the closing date. The 2015 tenure process closed in October 2015 and, as of September 2016, no announcement has been made by DNRM.

OIL AND GAS PRICES

Oil Prices

Following the Global Financial Crisis, oil prices rose in late 2009 and consolidated over the following years in the range of US$80 to US$100 per barrel. Then the 2014 oil price collapse saw oil prices drop dramatically, reaching a low of US$26 per barrel in January 2016. Since then, oil prices have slowly increased and appear, for the time being, to have stabilised in the US$40 to US$50 per barrel range.

It is impossible to predict precisely what will happen over the next few years, but the general consensus is that prices are expected to slowly rise into the US$50 to US$60 per barrel range as the gap between supply and demand decreases.

Over the next few years, the combination of slowly declining production, which is almost 5% per year, slowly increasing demand and a reduction in new field discoveries in the last couple of years, should see prices stabilise and become less volatile. Such a price environment would provide the platform and level of confidence needed to encourage renewed investment in exploration.

Gas Prices

Natural gas is a major fuel source which is used widely across the Australian economy from power stations for electricity generation to industrial manufacturing as well as domestically for heating and cooking in homes. However, unlike electricity, there is not a national wholesale market for gas. The majority of gas is traded bilaterally via long term contracts. Gas producers sell to the big gas purchasers like energy retailers and large industrial users. The gas is transported by pipelines that connect the gas fields to the large gas consumers. Pipeline operators sell capacity in their gas pipelines which transmit the gas at high pressure over long distances. Gas distribution companies deliver gas locally through lower pressure systems.

There is currently great concern amongst gas customers about the available gas supply in the eastern states markets as LNG ramps up in Gladstone for the export market. As a result, there is a fear that supply is being squeezed, resulting in increasing domestic wholesale gas prices and calls for domestic gas reservation. There are numerous gas discoveries which have been located but cannot be developed because of poor political decisions in Victoria and NSW where bans on exploration have been extended. Icon is one such gas explorer that has been prevented from developing several promising areas to meet the gas supply demands of the future. Icon has the expertise to bring gas to market given the right conditions in the market place along with the political support for the industry.

Export LNG gas prices are mostly linked to the oil prices on long term contracts. There is pressure to de-link future gas contracts from an oil price based formula.

Icon's China contract will be subject to review once conditions precedent have been met. One of the conditions is that commercial gas must be certified with 2TCF of 2P proven reserves.

World liquid fuel production and consumption balance (Source: EIA Short term Energy Outlook, September 2016)

SUSTAINABILITY REPORT

AT ICON ENERGY, WE BELIEVE THAT SUSTAINABILITY IS ABOUT WORKING SAFELY, EFFECTIVELY AND HARMONIOUSLY WITH THE COMMUNITY AND THE ENVIRONMENT. WE ENSURE THAT WE WORK EFFICIENTLY TO MINIMISE OUR IMPACT ON THE ENVIRONMENT, WHILE ALSO LOOKING TO BENEFIT THE COMMUNITIES IN WHICH WE OPERATE.

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At Icon we are very proud of our record of zero Health, Safety and Environment incidents.

We take the time to plan, assess, monitor and rehabilitate our projects responsibly. We respect the environment and acknowledge that our care and planning will foster ecosystems, maintain species and honour the livelihood of the people we work with and in the wider community.

Wherever the opportunity arises, Icon Energy seeks to employ fellow stakeholders and the local community. In the Surat Basin, in ATP 626, landholder Jack Savill has completed most of Icon Energy's civil works and is now finalising the second rehabilitation project in the permit. Jack Savill's expertise and equipment was of enormous benefit to Icon.

Icon Energy's operational health and safety officers and operations staff complete all the necessary accreditation to ensure that all personnel are fully compliant with the oil and gas industry's stringent health safety and environmental policies and procedures.

WORKING TO BENEFIT ALL COMMUNITIES AND CULTURES

Icon Energy's community engagement is focused on maintaining long-term, collaborative and trusting relationships amongst the communities in which we operate. At Icon Energy we respect all cultures and people, seeking to foster their prosperity, quality of life and their relationship with the land and waters.

Icon Energy is committed to upholding its strong relationships built over a decade with our fellow landholders in the Surat and Cooper-Eromanga Basins. Where we operate, we ensure that all landholders and traditional owners are consulted and their needs considered prior to conducting any activities.

OPERATING SAFELY

Icon Energy is committed to the safety of its staff, contractors and joint venture partners. Our safety strategies and culture are focused on maintaining a safe and incident free work place. Icon works with its joint venture partners to raise safety awareness and promote positive safety behaviour in the field.

Icon Energy has a strong focus on contractor management, contractor pre-qualification process and training which has contributed to no safety incidents being recorded this year.

Icon Energy appreciates the efforts by its contractors, associates and employees, for their contribution in maintaining our excellent safety record.

ENVIRONMENTAL MANAGEMENT

Icon Energy is committed to ensuring that the impacts of Icon's operations on the environment are minimal. As part of our planning, operations and rehabilitation activities, we continually monitor our environmental performance to strict criteria.

Icon Energy is proud to report, that we have maintained our zero environmental incidents record.

During operations in the Cooper-Eromanga Basin in ATP 855, an independent environmental audit was conducted. During the field inspection a total of six well sites and two accommodation camps were audited followed by 11 interviews with operational staff. Overall, the audit observed a high level of compliance with the Environmental Authority conditions. The audit report highlighted a number of good environmental practises and these included:

- Attention to detail in the prevention of potential environmental impacts, for example, bunding of small generators
- Use of temporary water storages rather than construction of additional ponds
- Innovative sewage system at the mobile camp
- Clean and tidy sites
- Plastic lined flow back ponds
- Sites well contained, clean and free of rubbish

Environmental planning and research is conducted at the outset of each and every Icon Energy project. From pre-project to post-project, environmental management measures are employed, checked, maintained and recorded.

At Icon Energy we operate with care and respect under our Environmental Authorities to ensure the natural environments in which we work are preserved for the future.

CORPORATE GOVERNANCE STATEMENT

SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

This statement outlines Icon Energy's Corporate Governance practices that were in place during the financial year.

ROLE OF THE BOARD

The Board of Directors of Icon Energy is responsible for the overall corporate governance of the group and oversees the Company's business and management for the benefit of shareholders and sets out to achieve this objective by:

- Establishing corporate governance and ethical standards;
- Maximising shareholder value by setting objectives and goals;
- Appointing and where appropriate, removing the Managing Director and monitoring the Managing Director's performance;
- Appointing and where appropriate, removing the Company Secretary and monitoring and holding to account through the direct monitoring of the Company Secretary's performance;
- Reviewing and ratifying systems of risk management and internal control, codes of conduct and legal compliance;
- Reviewing and ensuring the appropriate composition of the Board;
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures; and
- Approving and monitoring financial and other reporting.

The Board has specifically reserved for its decision, the following matters:

- The appointment of the Managing Director;
- Approval of the structure of the direct reports to the Managing Director;
- Approval of the overall strategy;
- Approval of annual budgets of the business;
- Delegation of authority; and
- Formal determinations that are required by Icon Energy's constitutional documents, by statute or by other external regulation.

The Board maintains the right to make changes to the matters reserved for its decision, subject to the limitations imposed by the constitutional documents and the law.

In particular, the Board has given authority to the Managing Director to achieve the corporate objectives. The Managing Director has the right to make decisions and take actions which, in the Managing Director's judgment, are reasonable and are within the authority given by the Board. The Managing Director continues to be responsible to the Board for the delegated authority and for the performance of the business. The Board monitors the decisions and actions of the Managing Director to ensure that progress is being made towards the corporate objectives, within the authority it has delegated. The Board also oversees the performance of the Company through its Board Committees.

The Managing Director is required to report on progress being made by the Company to the Board and key stakeholders. The Board and its Committees determine the nature and form of information required from the Managing Director, employees or external parties, including the external auditor. Openness and trust are encouraged between individual members of the Board and the Managing Director and other employees. This allows Directors to achieve a better understanding of the business.

ROLE OF MANAGEMENT

Through the Managing Director, the Board has delegated the following key functions to Senior Executives:

- The recommendation of Icon Energy's business, operational and corporate strategy to the Board for approval and following their approval, implementation;
- The day to day responsibility for complying with all laws and regulations relevant to Icon Energy's operations and business activities;
- The achievement of the corporate objectives set by the Board;
- The development and implementation of the Company's policies and procedures (including risk management and internal control processes); and
- The engagement of suitable staff and contractors so as to effectively discharge the Company's obligations and various strategic, operational and business objectives.

BOARD COMPOSITION

The principles applied to the composition of the Board are:

- Due diligence conducted prior to the appointment of each Director has ensured that the Company's Board is comprised of Directors who have a broad cross-section of experience in the petroleum exploration/production industry both in Australia and overseas, have general management and business development experience or legal or financial experience;
- The expertise of the Board encompasses the establishment of management strategy and monitoring achievement of these strategies;
- The Chairman of the Board is a Non-executive Director. The Chairman has the casting vote in all Board decisions;

- The Board comprises of a majority of Non-executive Directors. Currently the Board comprises of four Non-executive Directors and two Executive Directors;
- If a Board vacancy exists or where the Board considers that an additional Director is required, that appointment would be made from persons who possess the appropriate expertise, skills and sufficient time as determined by the Board. The Remuneration, Nominations and Succession Committee reviews the composition of the Board on a regular basis and conducts a skills gap analysis as part of the exercise to ensure the Board has the right balance of requisite skills and experience;
- In accordance with ASX listing rules and individual Director Service Agreements with the Company, no Director, except the Managing Director, shall hold office for a period in excess of three years, or past the third Annual General Meeting following the Director's appointment, whichever is the longer, without submitting themselves for re-election. At every Annual General Meeting one third of the Directors, or if their number is not a multiple of three, then the number nearest to but not exceeding one third shall retire from office and be eligible for re-election. All relevant information in relation to the re-election of a Director to be determined at an Annual General Meeting is set out in the Notice of Meeting and Explanatory Statements for all shareholders;
- In accordance with the Constitution of the Company, the Board comprises of at least three Directors; and
- All Company Directors are members and participate in information sessions through the Australian Institute of Company Directors.

A copy of the Company's Board Charter and the Role of Management can be found in the Corporate Governance Section of the Company's website.

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

The Board considers an Independent Director to be a Non-executive Director who meets the criteria for independence included in the Australian Securities Exchange's (***ASX***) Corporate Governance Council's Corporate Governance Principles and Recommendations (***ASX Principles***). The Board has determined that Messrs Stephen Barry, Derek Murphy, Howard Lu and Dr Keith Hilless meet the definition of an "Independent Director" as set out in the ASX Principles.

INDEPENDENT PROFESSIONAL ADVICE

The Directors are entitled to seek independent professional advice at the Company's expense if required in the performance of their duties.

The Directors are entitled to direct access to employees and Company advisers as may be required.

BOARD COMMITTEES

Two Committees of the Board have been formed to consider and make recommendations to the Board on important areas of decision making. These Committees are the Audit and Risk Management Committee and the Remuneration, Nominations and Succession Committee. Additional committees may be formed if the Board sees a need for them.

In August 2016, all Non-executive Directors were invited to stand for appointment or reappointment for each Committee. Members of the two standing Committees were re-appointed on 23 August 2016 as follows:

Audit and Risk Management Committee

Keith Hilless AM (Chairman) (Non-executive Director)

Stephen Barry (Non-executive Director)

Derek Murphy (Non-executive Director)

Remuneration, Nominations and Succession Committee

Stephen Barry (Chairman) (Non-executive Director)

Derek Murphy (Non-executive Director)

BOARD AND COMMITTEE MEMBERS AND MEETINGS

The current Icon Energy Board of Directors consists of four independent Directors and two Executive Directors, the Managing Director and the Chief Financial Officer. The Audit and Risk Management Committee comprises three independent Non-executive Directors with two members having experience and expertise in financial matters. The Chairman of the Audit and Risk Committee is Dr Keith Hilless, an independent Non-executive Director. The Remuneration, Nominations and Succession Committee consists of two independent Non-executive Directors, due to the small size of the Company. The Company Chairman is also the Chairman of the Remuneration, Nominations and Succession Committee.

Details of the number of Board and Committee meetings held during the reporting period and their attendees are set out in the Directors' Report. In addition, details of the qualifications and experience of each Board and Committee member are set out in the Directors' Report. The period of office held by each Director is also set out in the Directors' Report.

AUDIT AND RISK MANAGEMENT COMMITTEE

The purpose of the Committee is to assist the Board in its oversight of:

- The effectiveness of the systems of financial risk management, governance and internal control;
- The integrity of the Group's financial reporting;
- The integrity of the external audit process, including appointment, performance and independence of the external auditor; and
- Identification of potential risks and the review of the Company's risk management system.

CORPORATE GOVERNANCE STATEMENT

continued

The Committee's role is to report to the Board and provide appropriate advice and recommendations on matters relevant to its Charter in order to facilitate decision making by the Board.

The Audit and Risk Management Committee has in place a formal charter which defines the Committee's function, composition, mode of operation, authority and responsibilities. The Managing Director, Chief Financial Officer and External Auditor are invited to attend Committee meetings, at the discretion of the Committee.

An Annual review of the Risk Management Framework is scheduled to be conducted on 22 November 2016. The Charter of the Audit and Risk Management Committee can be found in the Corporate Governance section on the Company's website.

REMUNERATION, NOMINATIONS AND SUCCESSION COMMITTEE

While larger companies may allocate the responsibilities for remuneration, nominations and succession to separate committees, the Board has determined that a company of Icon Energy's size is better served by having one Committee with responsibility for all of these functions. The Committee meets at least two times in each reporting year.

The Remuneration, Nominations and Succession Committee reviews and makes recommendations to the Board on the following matters:

- The appointment and performance of the Managing Director;
- The remuneration structure for the Managing Director and other senior employees of the Company;
- The Company's recruitment, retention and termination policies and procedures for senior management;
- Staff and executive incentive schemes;
- Board performance assessment and skills analysis;
- Board and management succession planning; and
- Staff superannuation arrangements.

The charter of the Remuneration, Nomination and Succession Committee can be found in the Corporate Governance Section on the Company's website.

BOARD AND SENIOR EXECUTIVE REMUNERATION

Remuneration levels and terms of employment for Executive Directors and Senior Executives are formalised in individual Service Agreements.

Details of the structure of and amounts paid to Non-executive Directors, Executive Directors and other Senior Executives are contained in the Remuneration Report which forms part of the Directors' Report. The Remuneration Report also describes the nature of the relationship between the performance of Icon Energy and remuneration paid to Senior Executives.

The Remuneration, Nomination and Succession Committee reviews the Company's remuneration strategy and framework on an annual basis. At the 2010 AGM, the framework and rules for the Company's Performance Rights Plan were approved by shareholders. The Plan framework and rules was renewed and approved by shareholders at the 2014 AGM.

PERFORMANCE EVALUATION

A formal performance evaluation of the Board, each Committee of the Board, the Chairman and individual Directors was undertaken during the reporting period. As part of that review, the Board reviewed its composition, skills and application of those skills, as well as Board procedures and practices to ensure it has the necessary skills and mechanisms to pursue the Company's strategic objectives.

The Managing Director and Senior Executives participate in annual performance reviews. Performance is measured against key performance indicators relevant to the Company's strategic, operational and business objectives and to each of the Managing Director's and Senior Executive's specific roles.

A performance evaluation for the Managing Director and Senior Executives was undertaken for the current reporting period in accordance with the process set by the Remuneration, Nomination and Succession Committee and as approved by the Board.

A summary of the performance evaluation process can be viewed in the Corporate Governance section of the Company's website.

DIVERSITY

A key goal of the Board and Management is to contribute positively to the success of the Company by promoting a high performance culture that draws on the diverse and relevant experience, skills, expertise, perspectives and the unique personal attributes of its Board members and employees. As an employer, we are committed to managing diversity by reflecting our Company values of respect, integrity, honesty and personal commitment in maintaining and valuing the differences a diverse workforce brings.

The Company applies its Diversity Policy to all Icon Energy Limited's Directors and employees, including contractors and consultants acting on the Company's behalf. The Policy covers and includes the recruitment and selection process, terms and conditions of employment including pay, promotion, work assignment and training as well as any other aspect of employment.

Key principles of the Policy include:

- We treat all employees, prospective employees, partners, contractors, consultants and suppliers fairly and equally;
- We promote a corporate culture that values diversity and tolerates differences;
- We recruit employees and Directors impartially from a diverse field of suitably qualified candidates;
- Our recruitment process is designed to ensure that the best people are chosen for the right positions; and
- We provide learning and development strategies and opportunities to develop skills and experience of employees for career advancement.

Details of the Policy are set out under the Corporate Governance section on the Company's website.

Company – wide assessment	Board	Management	Employees
Born in Australia	67%	33%	44%
Born Overseas	33%	67%	56%
Male	100%	100%	33%
Female	–	–	67%
Aged 21 to 30 years	–	–	11%
Aged 31 to 40 years	–	–	33%
Aged 41 to 50 years	17%	–	22%
Aged over 50 years	83%	100%	33%

The Diversity Policy includes a commitment to promoting gender diversity each year. The 2015/16 objectives were measured as follows:

2014-2015 Diversity Objectives	Results
To support and promote the Company's Diversity Policy	In place
To ensure that candidate lists for permanent employee positions are recognisably diverse by age, sex or ethnicity	In place
To consider diversity when reviewing Board succession plans with the aim to improve gender representation and diversity	In place
To increase the representation of women in senior management roles by ensuring that any interview process includes male and female candidates to be interviewed for a senior executive position	To be achieved. No new senior management positions were available in the 2015-16 year
To ensure the voluntary turnover in female employees is no greater than organisation turnover levels	Achieved

2016 – 2017 Diversity Objectives
To support and promote the Company's Diversity Policy, including, the identification of additional suitably qualified external female candidates
To ensure that candidate lists for permanent employee positions are recognisably diverse by age, sex or ethnicity
To consider diversity when reviewing Board succession plans with the aim to improve gender representation and diversity
To increase the representation of women in senior management roles by ensuring that any interview process includes male and female candidates to be interviewed for a senior executive position
To ensure the voluntary turnover in female employees is no greater than organisation turnover levels

ETHICAL STANDARDS

The aim of the Company is to ensure that all Directors, managers and employees act with integrity and promote ethical and responsible behaviour which will enhance the reputation and performance of the Group.

The Company has an approved Code of Conduct and Ethics and a Share Trading Policy.

A copy of these Policies and all Corporate Governance information, can be found in the Corporate Governance Section on the Company's website.

CORPORATE GOVERNANCE STATEMENT

continued

CODE OF CONDUCT AND ETHICS

The standard of behaviour required of Icon Energy's Directors and employees, as well as of contractors engaged to perform work on behalf of the Company requires:

- Them to act in the best interest of the Company and create value for the Company's shareholders and stakeholders;
- Them to act honestly and with integrity and fairness in all dealings with each other and third parties;
- Compliance with all laws and regulations which govern the group and its operations; and
- Avoidance or management of conflicts of interest.

The Company has a process in place for Directors, employees and third parties to report potential breaches of the Code of Conduct and Ethics.

PRINCIPLES OF CONDUCT

Further general principles of conduct under the Company's Code of Conduct and Ethics, include:

- Ethical and responsible business practices;
- Sustainable development considerations and principles integrated into Company decision making;
- Fostering economic growth and business development, generating government revenue, providing commercial returns to the industry and contributing to the wealth generated by Australia's natural resource base;
- Health, safety, environmental and community risk management strategies that are based on sound science, transparency and effective communication;
- Continuously seeking opportunities to improve health, safety and environmental performance in addressing risks posed by our operations to employees, contractors, the public and the environment;
- Contributing to the conservation of biodiversity and protection of the environment through responsible management of our operations and their impacts;
- Fostering economic and social development of the communities in which we operate;
- Respecting and protecting human rights and dignity at our operations and deal fairly with employees and others;
- Openly and effectively engaging and reporting with our communities; and
- Directors and Executives of the Company shall notify the Chairman or Managing Director before trading in the Company's shares and shall not trade in the shares other than in accordance with the Company's Share Trading Policy.

TRADING IN THE COMPANY'S SECURITIES BY DIRECTORS AND EMPLOYEES

The Board has a formal policy regarding trading in the securities of the Company by Directors and employees. The Company's Share Trading Policy provides for specified periods (known as "Trading Windows") in which share trading is permitted and blackout periods when trading is not permitted.

All Icon Energy personnel not in possession of unpublished price-sensitive information may buy, sell or otherwise deal in Icon Energy's securities during Trading Windows. A Trading Window is opened for a three week period commencing after:

- The announcement of a Quarterly Report;
- The announcement of the half yearly financial results;
- The announcement of the annual financial results;
- The holding of Icon Energy's Annual General Meeting;
- The Company issues a prospectus or a cleansing statement; or
- As the Board otherwise determines.

Under the Policy, Directors and Employees who wish to trade in the Company's securities must seek prior clearance in writing from the Chairman (in the case of Directors) and the Managing Director (for the Chairman, Secretary or employees). The provisions of the *Corporations Act 2001* and the Listing Rules of the ASX require advice to the ASX of any transactions by the Directors in the securities of the Company.

IDENTIFICATION OF SIGNIFICANT BUSINESS RISK

The Board receives comprehensive monthly management reports which enables Directors to identify emerging risk factors and monitor management's response to these risks.

MANAGEMENT OF ENTERPRISE AND OPERATIONAL RISK

The Board has the responsibility for setting the Company's Risk Management Policy.

The Managing Director, in conjunction with senior executives, is responsible for the development, implementation and management of Icon Energy's risk management and internal control framework. The Managing Director reports to the Board on the management of these functions, including as to the manner in which the Group's material operational and business risks are being effectively managed.

All Company policies and procedures were reviewed and updated where appropriate during the financial year.

Under its charter, the Audit and Risk Management Committee is responsible for:

- Monitoring the establishment and implementation by management of the Company's risk management system;
- Monitoring the effectiveness of the systems of financial risk management, governance and internal control;
- Endorsing a Risk Management Policy which describes the manner in which both risk and the opportunity are identified, assessed, monitored and managed, including how:
  - Significant decisions affecting and changes to the business are subject to risk assessment;
  - Any operational incidents are to be analysed in order to learn from them and successes reviewed in order to repeat them;
  - All acquisitions and divestments of assets are subject to assessment and management;
  - Risks and associated control systems are regularly reviewed; and
  - Performance against risk management plans is monitored and reported upon to the Board.

The Managing Director regularly reports to the Board on the effectiveness of the Company's management of material operational and business risks.

The Board has also received assurance from the Managing Director, Chief Financial Officer and Company Secretary that:

- The declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control; and
- The system is operating effectively in all material aspects in relation to financial reporting risks.

The Company's Enterprise-wide Risk Management Policy and Crisis Management Policy which encapsulates the Company's management of material business risks, including economic, environmental, social sustainability and operational risks, can be found in the Corporate Governance section of the Company's website.

CONTINUOUS DISCLOSURE

The Board has in place a Disclosure and Communications Policy that is available under the Corporate Governance section on the Company's website. The Disclosure and Communications Policy defines the legal and regulatory obligations, materiality guidelines and reporting process, and is designed to ensure compliance with the continuous and periodic disclosure obligations under the *Corporations Act 2001* and ASX Listing Rules. Responsibility for meeting ASX disclosure requirements and accountability for compliance rests primarily with the Company Secretary.

The Company conducts regular briefings with all staff to ensure they understand the Company's continuous disclosure obligations, and their role in fulfilling them. The Board reviews continuous disclosure matters, if any, at each Board meeting. Copies of Icon Energy Limited's releases to the ASX, investor presentations and Annual Reports are available on the Company's website.

SHAREHOLDER COMMUNICATION

The Disclosure and Communications Policy sets out the manner in which Icon Energy promotes communication with shareholders and other key stakeholders. The Board of Directors ensures that shareholders are fully informed as to any significant Group developments which are generally communicated through:

- Continuous disclosure to the ASX;
- Email broadcast of all ASX announcements to all email alert subscribers from the Company's website;
- Company's website information updates on all activities;
- Annual reports to shareholders;
- Half-yearly financial reports lodged with the ASX;
- Quarterly reports; and
- Notices of shareholder meetings and explanatory notes.

Copies of the above documents are published on the Company's website: www.iconenergy.com

Shareholders are encouraged to contact the Company's office if they have any questions on the Company's affairs and participate in the Annual General Meeting by attending and asking questions of the Company's Directors. The Company's external auditors attend the Annual General Meeting each year and any security holder questions are invited by the Chair to be asked at the meeting or after the meeting.

A copy of the Disclosure and Communications Policy can be found in the Corporate Governance Section of the Company's website.

ASX CORPORATE GOVERNANCE COUNCIL PRINCIPLES AND RECOMMENDATIONS

The ASX Corporate Governance Council has recognised that its Corporate Governance Principles and Recommendations do not represent a "one size fits all" solution. Icon Energy has considered and, where appropriate, applied the ASX Corporate Governance Recommendations. The following table shows that Icon Energy has adopted all of the ASX Corporate Governance Recommendations with one item to be completed and subject to two exceptions. In relation to Recommendation 7.2, an annual review of the Risk Management Framework, this is scheduled to be conducted on 22 November 2016. Recommendation 2.1 and 8.1 which recommends that the Nominations and Remuneration Committees each comprise of at least three members. The Board of Directors has formed the view that it is more practical for a Company the size of Icon Energy to have one Committee of at least two independent Directors, rather than three Directors.

CORPORATE GOVERNANCE STATEMENT

continued

2016 CORPORATE GOVERNANCE CHECKLIST

Icon Energy's corporate governance policies conform to the Principles (being those under ASX's 3rd edition of Corporate Governance Principles and Recommendations dated March 2014). A summary of our disclosure against the Principles are set out below:

Corporate Governance Council Recommendation	Does ICON follow the recommendation?
Principle 1 - Lay solid foundations for management and oversight	
1.1 Disclose roles and responsibilities of board and management	☑
1.2 Undertake appropriate checks before appointing or electing a person as Director	☑
1.3 Written agreement with each Director and Senior Executive	☑
1.4 Company Secretary accountable directly to Board	☑
1.5 Diversity Policy disclosures reported	☑
1.6 Board performance evaluation undertaken	☑
1.7 Senior Executive performance evaluation undertaken	☑
Principle 2 – Structure the board to add value	
2.1 Nomination committee requirements met	☒
2.2 Board skills matrix disclosed	☑
2.3 Director Independence and tenure disclosed	☑
2.4 Majority of the Board are independent Directors	☑
2.5 Chair of the Board is an independent Director and not the same person as the CEO	☑
2.6 Director induction and ongoing training program	☑
Principle 3 – Act ethically and responsibly	
3.1 Code of conduct available on website	☑
Principle 4 – Safeguard integrity in corporate reporting	
4.1 Audit committee requirements met	☑
4.2 CEO and CFO financial statements declarations received	☑
4.3 External auditors attend AGM and available to answer questions from securityholders	☑
Principle 5 – Make timely and balanced disclosure	
5.1 Continuous Disclosure Policy available on website	☑

Corporate Governance Council Recommendation	Does ICON follow the recommendation?
Principle 6 – Respect the rights of securityholders	
6.1 Corporate and governance information available on website	☑
6.2 Investor relations program	☑
6.3 Processes to facilitate and encourage participation at securityholders meetings	☑
6.4 Electronic securityholder communication functionality	☑
Principle 7 – Recognise and manage risk	
7.1 Risk committee requirements met	☑
7.2 Annual review of risk management framework	☒
7.3 No internal audit function but internal control processes in place	☑
7.4 Disclosure of material exposure to, and management of, economic, environmental and social sustainability risk	☑
Principle 8	
8.1 Remuneration committee requirements	☒
8.2 Remuneration practices disclosed	☑
8.3 Remuneration Policy disclosures regarding equity based remuneration	☑

BOARD OF DIRECTORS

MR STEPHEN BARRY
Chairman, Non-executive Director

Qualifications:
LLB University of Sydney, FAICD

Experience:
Mr Stephen Barry has been a Director of Icon Energy Limited since 1993 and was appointed as the Chairman of the Board on 18 December 2008. He is a member and Chairman of the Board's Remuneration Nominations and Succession Committee and a member of the Audit and Risk Management Committee.

Stephen has been a key player in the development of the strategic direction of the Company. As a practicing solicitor he has extensive experience in joint venture and farmin agreements together with a wealth of knowledge on commercial law and corporate litigation.

Stephen has held no other Australian listed company directorships during the past three financial years. He is a fellow member of the Australian Institute of Company Directors.

Director since 05/01/1993

MR RAYMOND JAMES
Managing Director

Qualifications:
BSc Physics (Geology, Maths) University of NSW, T.C. University of Sydney, FAIM, FAICD

Experience:
Mr Ray James has been the Managing Director of Icon Energy Limited and its subsidiaries since 1993. Ray has over 40 years experience in the petroleum industry in Australia, USA, Indonesia, South East Asia, Middle East and Russia. He worked with Chevron in Perth and Houston from 1969-74 and with Gulf Oil from 1974-80. He was the Managing Director of Australian Hydrocarbons from 1980-81 and the Managing Director of Omega Oil from 1987-91.

Ray was a Director of Australian Petroleum Production & Exploration Association Ltd (APPEA) from 1999-2007 and Vice Chairman of APPEA from 2003-2005.

Ray is a Fellow member of the Australian Institute of Management. He is a Fellow member of the Australian Institute of Company Directors and Vice Chairman of the Gold Coast Committee. Ray is a member of the Advisory Council of the Griffiths School of Business.

Director since 01/02/1993

MR DEREK MURPHY
Non-executive Director

Qualifications:
BA, LLB (UQ), LLM (Lond), FAIM, FAICD, FHKIoD, SF Fin

Experience:
Mr Derek Murphy was appointed to the Board on 20 March 2009 as a Non-executive Director of Icon Energy Limited and is a member of the Board's Remuneration, Nominations and Succession Committee and a member of its Audit and Risk Management Committee.

He is a Fellow member of the Australian Institute of Management, a Fellow of the Australian Institute of Company Directors, a Fellow of the Hong Kong Institute of Directors and a Senior Fellow of the Financial Services Institute of Australasia.

He was admitted as a Barrister of the Supreme Court of Queensland and the Federal and High Courts of Australia. Before practicing as a Barrister in Brisbane for some years, he was the Queensland partner of ABS White and Company, a Sydney based stock broking firm. During a career spanning 20 years in Hong Kong, he was a Crown Counsel, Deputy Commissioner for Securities and Commodities Trading, Managing Director of what is now HSBC Asset Management, and Group Vice President, Corporate Communications, of First Pacific Company Limited, a publicly listed conglomerate.

Derek is a Non-executive Director of Hayco Manufacturing Limited, a large manufacturing Company in Hong Kong and China. He is Chairman of the Clem Jones Research Centre for Regenerative Medicine at Bond University, and a Member of the Gold Coast Advisory Council at Griffith University. He is Deputy Chairman of Queensland International Institute, a vocational education provider headquartered in Brisbane and with a branch in Myanmar. He retired as Chairman of the School Council of The Southport School (TSS) at the end of 2009 after 12 years on Council.

Director Since: 20/03/2009

DR KEVIN JIH

Chief Financial Officer, Company Secretary and Executive Director

Qualifications:
BA, MBA, MAcc, PhD(Bond), CPA, FAIM, FAICD

Experience:
Dr Kevin Jih joined Icon Energy as Deputy Chief Financial Officer in November 2008 and was promoted as Chief Financial Officer in July 2010. Kevin was elected as Executive Director in December 2011 and appointed Company Secretary in May 2015 following an internal restructure of the Company.

Kevin graduated with a Master of Business Administration in 1994 and a Master of Accounting both from Bond University. In 2008 he was awarded a Doctor of Philosophy in Accounting from Bond University. He is a Certified Practising Accountant and has wide experience in the private and public sectors specialising in management accounting, financial accounting, human resource management and corporate governance.

Kevin has held numerous key positions as the Finance and HR Manager, Faculty of Humanities and Social Sciences, Bond University, Australia; Vice President of Tai-Chern Enterprise Co Ltd, Vice President of Hong Yang Lease Finance Co Ltd, Taipei, Managing Consultant of MYC Group Co Ltd, Hong Kong and Business Consultant of Hualien Commercial Bank, Taipei.

Kevin has held no other Australian listed company directorships during the past three financial years. He is a Fellow member of the Australian Institute of Management and the Australian Institute of Company Directors, as well as a member of CPA Australia.

Director since 30/11/2011

DR KEITH HILLESS AM

Non-executive Director

Qualifications:
AM, BE (Elec) Qld, DUniv QUT, FIE Aust, FAIM, FAICD

Experience:
Dr Keith Hilless was appointed to the Board on 3 April 2009 as a Non-executive Director of Icon Energy Limited.

Keith is the Chairman of the Board's Audit and Risk Management Committee. Keith was Electricity Commissioner of the Queensland Electricity Commission (QEC) for a time, CEO of the Queensland Transmission and Supply Corporation (QTSC), responsible for high voltage supply throughout Queensland and for forecasting changes in electricity demand and expanding Queensland's electricity network.

In addition to his corporate experience, Keith is a Doctor of the University QUT. He was also Deputy Chancellor of Queensland University of Technology for a time, is a Member in the General Division - Order of Australia, and is a Fellow member of the Institution of Engineers Australia, The Australian Institute of Management and the Australian Institute of Company Directors.

Director since 03/04/2009

MR HOWARD LU

Non-executive Director

Experience:
Mr Howard Lu was appointed to the Board on 7 January 2011 as a Non-executive Director of Icon Energy Limited.

Howard is currently the Executive Chairman of a number of Chinese based companies, including Shin Zu Shing Precision Electronic (Suzhou) Co., Ltd, Ningbo Chang Shing Precision Electronic Co. Ltd and Zhi Qun Precision Electronic (Suzhou) Co. Ltd and the Vice Chairman of Qingyuan China Datang Real Estate Development Co., Ltd. He has previously also been the Senior Executive of Shin Zu Shing Co., Ltd.

As Senior Executive of Shin Zu Shing Co.,Ltd (SZS) manufacturer of precision wire and planar springs for medical apparatus, mechanical equipment and electronic products, Howard expanded SZS's business in China and has established four factories in Suzhou, Shenzhen and Ningbo. He has managed all SZS business operations in China since 2002 and now SZS has a market capital of AUD 786,956,521 as of 24 June 2015.

Howard has extensive business interests in China and elsewhere overseas. He is extremely well connected with Chinese energy and resources companies, including LNG importers. He also maintains a residence in Brisbane, Queensland, and is an Australian citizen. Howard Lu is Icon Energy's fourth largest shareholder as of 24 June 2015, holding 16,068,181 fully paid ordinary shares in the Company.

Director since 07/01/2011

MANAGEMENT TEAM

MR RAYMOND JAMES
Managing Director

Qualifications:
BSc Physics (Geology, Maths) University of NSW, T.C. University of Sydney, FAIM, FAICD

Experience:
Mr Ray James has been the Managing Director of Icon Energy Limited and its subsidiaries since 1993. Ray has over 40 years experience in the petroleum industry in Australia, USA, Indonesia, South East Asia, Middle East and Russia. He worked with Chevron in Perth and Houston from 1969-74 and with Gulf Oil from 1974-80. He was the Managing Director of Australian Hydrocarbons from 1980-81 and the Managing Director of Omega Oil from 1987-91.

Ray was a Director of Australian Petroleum Production & Exploration Association Ltd (APPEA) from 1999-2007 and Vice Chairman of APPEA from 2003-2005.

Ray is a Fellow member of the Australian Institute of Management. He is a Fellow member of the Australian Institute of Company Directors and Vice Chairman of the Gold Coast Committee. Ray is a member of the Advisory Council of the Griffiths School of Business.

DR KEVIN JIH
Chief Financial Officer, Company Secretary and Executive Director

Qualifications:
BA, MBA, MAcc, PhD(Bond), CPA, FAIM, FAICD

Experience:
Dr Kevin Jih joined Icon Energy as Deputy Chief Financial Officer in November 2008 and was promoted as Chief Financial Officer in July 2010. Kevin was elected as Executive Director in December 2011 and appointed Company Secretary in May 2015 following an internal restructure of the Company.

Kevin graduated with a Master of Business Administration in 1994 and a Master of Accounting both from Bond University. In 2008 he was awarded a Doctor of Philosophy in Accounting from Bond University. He is a Certified Practising Accountant and has wide experience in the private and public sectors specialising in management accounting, financial accounting, human resource management and corporate governance.

Kevin has held numerous key positions as the Finance and HR Manager, Faculty of Humanities and Social Sciences, Bond University, Australia; Vice President of Tai-Chern Enterprise Co Ltd, Vice President of Hong Yang Lease Finance Co Ltd, Taipei, Managing Consultant of MYC Group Co Ltd, Hong Kong and Business Consultant of Hualien Commercial Bank, Taipei.

Kevin has held no other Australian listed company directorships during the past three financial years. He is a Fellow member of the Australian Institute of Management and the Australian Institute of Company Directors, as well as a member of CPA Australia.

MR MARTIN BERRY
Exploration Manager

Qualifications:
BSc Hons (Geology) University of London, FGS, AAPG

Experience:
Mr Martin Berry joined Icon Energy Limited as Exploration Manager in August 2013. Martin has over 35 years' experience in the Petroleum Industry in Australia, North America, Europe and the Middle East. Martin graduated from the University of London in 1975 and began working in the British and Norwegian sectors of the North Sea. In 1983, Martin moved to Australia and worked as a Senior Geologist for Magellan Petroleum on both Australian and international projects, and as a Consultant Geologist for numerous active exploration companies within Australia and in the UK. Most recently, Martin was employed as Chief Geologist for Celtique Energie Holdings Limited, in London, working on exploration projects in the United Kingdom, France, Switzerland, Germany, Poland, Italy and Romania.

Martin has a broad range of technical experience, having worked on exploration and development projects in a variety of sedimentary basins around the world, gaining extensive experience in the evaluation and exploitation of clastic and carbonate reservoirs, CSG, fractured reservoirs and unconventional resource plays. He also has considerable experience in field operations and drilling, including under-balanced drilling technology.

Martin is a Fellow of the Geological Society of London, a member of the American Association of Petroleum Geologists and a member of PESA.

FINANCIAL REPORT

DIRECTORS' REPORT

for the year ended 30 June 2016

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 2016. 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

- 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.
- ATP 594 is currently in the first half of Year 2 of the first 4-year period following its renewal in April 2015.
- A preliminary technical evaluation has indicated a high degree of prospectivity within the permit, which has helped to focus future exploration activity.
- Landholder Conduct and Compensation Agreement's ***(CCA's)*** are currently being finalised through the landholders' legal representatives in preparation for access to their land to carry out field operations.
- Preparations continue towards acquiring a 3D seismic survey in the permit to enable accurate structural definition of the sub-surface.

Queensland Cooper Basin 2015 Acreage Release

- Icon has applied for additional Tenures offered by the Queensland Government in the Cooper Basin as part of the 2015 Acreage Release. The Tender process closed in October 2015, but the results of the tenders have not yet been announced by the Department of Natural Resources and Mines.

ATP 855 Cooper-Eromanga Basin Queensland

- 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, having six Petroleum Discoveries and identifying a significant natural gas resource within the Permian Formations of the Nappamerri Trough.
- The Joint Venture is currently reviewing the results of the Stage 1 program in order to prepare for the next phase of activity in the permit and ultimately progress the project towards commerciality.

ATP 626 Surat Basin Queensland

- ATP 626 is currently in the last term with the Later Work Program covering the period from 1 January 2014 to 31 August 2017.
- As part of the year end process, the Company decided to take a conservative approach and impair the exploration expenditure of the three suspended wells in the tenement, Eolus-1, Mindagabie-1 and Stitch-1, at the end of 2016 financial year.
- These three wells will be plugged and rehabilitated in the first quarter of 2017 financial year.

ATP 549 (West) Cooper Basin Queensland

- There has been no activity in ATP 549 (West) in the Cooper Basin throughout the year. Icon has a 33.33% interest in the permit, which is now operated by Beach Energy following its merger with Drillsearch Energy Limited which was completed at the beginning of March 2016.

ATP 794 Cooper Basin Queensland

- There has been no activity in the Springfield and Regleigh Blocks within ATP 794 located on the eastern flank of the Cooper Basin. The permit is operated by Senex Energy Limited and Icon has a 60% interest in both blocks.

PEP 170, 172 and 173 Gippsland Basin Victoria

- PEP 170, 172 and 173 remain subject to the General Moratorium covering all drilling in onshore Victoria. Icon has suspended all field work in PEP 170 and the granting of PEP 172 and PEP 173 has been deferred until the Moratorium issue is resolved.

PRLs 33 to 49 South Australia

- In PRLs 33 to 49 in South Australia, which was formerly PEL 218, there has been no activity throughout the year. Icon has a 33.33% interest in the Post-Permian section in these licenses, which are operated by Beach Energy.

Corporate

- Icon Energy held the Company's 2015 Annual General Meeting on 24 November 2015 with all resolutions adopted.
- 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.
- In February 2016, the buyback period was extended to 12 March 2017. As at 30 June 2016, 21,160,565 shares were purchased and cancelled.

Research and Development Activity

Icon Energy lodged a Research and Development ***(R&D)*** claim for the full year ended 30 June 2015. In November 2015, Icon Energy received a Research and Development ***(R&D)*** tax rebate of $8.2 million.

DIRECTORS' REPORT

for the year ended 30 June 2016

EVENTS AFTER THE BALANCE DATE

There has not arisen in the interval between 30 June 2016 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 2016 was $5,602,229 (30 June 2015: $5,863,547). 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 2015: Nil).

REMUNERATION REPORT

The Remuneration Report for the financial period which forms part of the Director's Report can be found on page 30 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	6	6	–	–	–	–
S M Barry	6	6	3	3	2	2
D Murphy	6	6	3	3	2	2
K Hilless	6	5	3	3	–	–
H Lu	6	6	–	–	–	–
K Jih	6	6	–	–	–	–

ENVIRONMENTAL REGULATION

The consolidated entity's operations are subject to various environmental regulations. The Company has a policy of full compliance, but in most cases exceeding environmental performance obligations. Further information on the 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 2016 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 $23,326.06 (30 June 2015: $28,772.88).

NON-AUDIT SERVICES

The auditors did not perform any non-audit services during the year (2015: 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 36 and forms part of the Directors' Report for the period ended 30 June 2016. 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

23 August 2016

R S James
Managing Director

23 August 2016

REMUNERATION REPORT – AUDITED

for the year ended 30 June 2016

KEY POINTS

- No short-term incentives or long-term incentives were issued by Icon for the 2015-2016 financial year.
- Remuneration framework is 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 achieves and maintains a price of 45 cents
- Executive and employee salary increases for 2015-2016 are restricted to CPI increases
- No increase in fees for Non-executive Directors

The Directors of Icon Energy Limited present this Remuneration Report for the consolidated entity for the year ended 30 June 2016. The information provided in this report has been audited as required by the *Corporations Act 2001* (Cth) and forms part of the Directors' Report. This Remuneration Report sets out remuneration information for Icon Energy's Key Management Personnel ***(KMPs)*** including the following persons who were Non-executive Directors and senior executives during the financial year:

Table 1: Icon Energy's Key Management Personnel

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

1. REMUNERATION FRAMEWORK

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

- Executive and Senior Managers receive competitive and reasonable market based levels of base remuneration;
- 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. Since 2014, the Board has determined that Non-executive Directors are paid a base fee of $70,000 per annum together with the payment of additional fees to Directors serving on Board Committees to recognise their contribution to the Company together with superannuation. An additional $7,500 per annum per Committee is paid to Committee members and $8,500 per annum per Committee for the Chairmen of the Committees.

The 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.

Non-executive Directors do not receive performance based remuneration. The Board has determined not to increase these fees in the current financial year.

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 Incentives (STI) for the 2015-16.

REMUNERATION REPORT – AUDITED

for the year ended 30 June 2016

6. LONG-TERM INCENTIVES

The Company did not issue Long-term Incentives (LTI) for the 2015-16. The only LTI plan award in operation during the year was 2013-14 LTIs.

Table 3: Details of LTI Performance Rights on Issue

Name	Date of Grant	Rights on issue at 30 June 2015 (number)	Issued during the year (number)	Fair Value at Grant Date $ [i]	Exercise Price $	Exercised during the year (number)	Vested during the year (number)	Lapsed during the year (number)	Rights on issue at 30 June 2016 (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
Total		5,134,498	–	624,329	–	–	–	1,882,409	3,252,089	

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.

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

	30-Jun-13	30-Jun-14	30-Jun-15	30-Jun-16
Closing Share Price	0.145	0.14	0.05	0.03
Number of Shares	533,391,210	615,774,351	607,026,150	601,443,520
Market Cap	$77,341,725	$86,208,409	$30,351,307	$18,043,306
Profit (Loss) after tax	$3,720,392	($1,017,551)	($5,863,547)	($5,602,229)

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 1st June 2015 meeting in anticipation of offers being made under the Plan later in 2016 financial year (Corporate KPIs).

The STI corporate key performance indicator for the 2016 financial year was that the Icon Energy share price must achieve and maintain a price of 23.5 cents per share for at least 20 consecutive days over the year commencing 1st July 2015.

The LTI key performance indicator for the 2016 financial year was that the Icon Energy share price must achieve and maintain a price of 45 cents per share for at least 30 consecutive days over the 3 years commencing 1 July 2015.

However, due to the impact of the oil price, the Oil and Gas industry have suffered significantly in terms of profit and share price. Icon Energy share price has suffered a 40% decrease in 2016 financial year, the Board agreed not to make any offers under the Plan in respect of either the 2016 financial year STI or 2016 financial year 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) (both "Executives") and the Exploration Manager (Mr Martin Berry).

The service agreements with the Executives run for a period of five years, from the date of engagement or renewal and set out the duties and obligations of the respective parties. 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 an 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 Section 200G of the *Corporations Act 2001* or that determined by the Board and subject to shareholder approval at the time.

ii. a pro-rata payment in respect of the Executive's 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 for 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.

iii. 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	STI: May earn up to 50% of FR
				Discretion of Board to pay portion of STI & LTI	LTI: May earn up to 50% of FR
K Jih	11-Aug-15	12 months	6 months	Payment in lieu of notice based on FR	STI: May earn up to 40% of FR
				Discretion of Board to pay portion of STI & LTI	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	STI: May earn up to 30% of FR
				Discretion of Board to pay portion of STI & LTI	LTI: May earn up to 20% of FR

REMUNERATION REPORT – AUDITED

for the year ended 30 June 2016

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 2016

	Short Term				Post-employment			Share-based Payment		
	Salaries & Fees [i] $	Cash Bonus $	Non-monetary Benefits	Other Benefits [ii] $	Super-annuation $	Long-term Employee Benefits [iii] $	Termination benefits $	Shares and Units $	Total $	Portion of Remuneration Based on Performance %
Non-executive Directors										
Stephen Barry	106,000	–	–	–	10,070	–	–	–	116,070	–
Keith Hilless	78,500	–	–	–	7,457	–	–	–	85,957	–
Derek Murphy	85,000	–	–	–	8,075	–	–	–	93,075	–
Howard Lu	70,000	–	–	–	6,650	–	–	–	76,650	–
Executive and Senior Managers										
Ray James	615,500	–	–	45,000	54,414	14,882	–	–	732,359	–
Kevin Jih	435,171	–	–	40,000	40,575	9,269	–	–	525,015	–
Martin Berry	312,321	–	–	–	29,315	1,801	–	–	343,437	–
Total	**1,702,492**	**–**	**–**	**85,000**	**159,119**	**25,952**	**–**	**–**	**1,972,563**	**–**

(i) Salaries & Fees include annual leave paid during the year. Ray James received a payout of accrued annual leave amounting to $93,983.
(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.

Table 7: Directors and Key Management Personnel Remuneration for the year ended 30 June 2015

	Short Term				Post-employment			Share-based Payment		
	Salaries & Fees [i] $	Cash Bonus $	Non-monetary Benefits	Other Benefits [ii] $	Super-annuation $	Long-term Employee Benefits [iii] $	Termination benefits $	Shares and Units $	Total $	Portion of Remuneration Based on Performance %
Non-executive Directors										
Stephen Barry	106,000	–	–	–	10,070	–	–	–	116,070	–
Keith Hilless	47,300	–	–	–	38,657	–	–	–	85,957	–
Derek Murphy	85,000	–	–	–	8,075	–	–	–	93,075	–
Howard Lu	70,000	–	–	–	6,650	–	–	–	76,650	–
Executive and Senior Managers										
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 [v]	237,765	–	–	–	30,670	–	99,227	–	367,662	–
Total	**2,061,738**	**–**	**–**	**85,000**	**263,627**	**23,035**	**487,846**	**208,109**	**3,129,355**	**–**

(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.

10. DIRECTORS' AND SENIOR MANAGEMENTS' INTERESTS

As at 30 June 2016, 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:

	Balance 1.07.2015	Employee Performance Rights Plan	Purchases	Options Exercised	Sold/Other**	Balance 30.06.2016
2016	**No**	**No**	**No**	**No**	**No**	**No**
Directors						
Stephen Barry*	1,653,593	–	–	–	–	1,653,593
Derek Murphy*	300,181	–	150,000	–	–	450,181
Keith Hilless	93,227	–	–	–	–	93,227
Howard Lu	16,068,181	–	–	–	–	16,068,181
Raymond James*	23,386,515	–	–	–	–	23,386,515
Kevin Jih*	1,353,175	–	–	–	–	1,353,175
Senior Management						
Martin Berry	296,416	–	–	–	–	296,416
	43,151,288	**–**	**150,000**	**–**	**–**	**43,301,288**

	Balance 1.07.2014	Employee Performance Rights Plan	Purchases	Options Exercised	Sold/Other**	Balance 30.06.2015
2015	**No**	**No**	**No**	**No**	**No**	**No**
Directors						
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
Senior Management						
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
	43,470,275	**2,600,503**	**220,299**	**–**	**3,161,789**	**43,151,288**

* 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 2016 or as at 30 June 2015.

AUDITOR'S INDEPENDENCE DECLARATION

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Auditor's Independence Declaration

As auditor of Icon Energy Limited for the year ended 30 June 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 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, 23 August 2016

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INDEPENDENT AUDITOR'S REPORT

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Member Crowe Horwath International

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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 2016, 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*.

Crowe Horwath Brisbane is a member of Crowe Horwath International, a Swiss verein. Each member of Crowe Horwath is a separate and independent legal entity. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

INDEPENDENT AUDITOR'S REPORT

continued

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 2016 and of it's 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 30 to 35 of the directors' report for the year ended 30 June 2016. 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 2016 complies with section 300A of the *Corporations Act 2001*.

Crowe Horwath Brisbane

Brendan Worrall
Partner

Signed at Brisbane, 23 August 2016

DIRECTORS' DECLARATION

for the year ended 30 June 2016

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1) The financial statements and notes, as set out on pages 40 to 66, 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 2016 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
23 August 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2016

	NOTES	30 June 2016 $	30 June 2015 $
Continuing operations			
Income from research and development claim		524,140	-
Interest received and other income		470,414	607,700
Administration expenses		(2,974,460)	(3,555,899)
Depreciation expense		(272,576)	(308,409)
Employee benefits and expenses		(1,384,239)	(2,551,149)
Occupancy expenses		(40,425)	(39,309)
Profit/(Loss) on sale of property, plant and equipment		15	19,732
Impairment expense	2	(1,903,623)	(9,657)
Finance costs		(21,475)	(26,556)
Profit/(Loss) before income tax		**(5,602,229)**	**(5,863,547)**
Income tax expense	3	-	-
Net Profit/(Loss) for the year from continuing operations		**(5,602,229)**	**(5,863,547)**
Other comprehensive income			
Items that will be reclassified to profit and loss			
Exchange differences arising on translation of foreign operations		501	3,338
Other comprehensive income for the year, net of tax		501	3,338
Total comprehensive income for the year		**(5,601,728)**	**(5,860,209)**
Net Profit/(Loss) for the year attributable to:			
Owners of the parent entity		(5,602,229)	(5,863,547)
Non-controlling interests		-	-
Net Profit/(Loss) for the year		**(5,602,229)**	**(5,863,547)**
Total comprehensive income for the year attributable to:			
Owners of the parent entity		(5,601,728)	(5,860,209)
Non-controlling interests		-	-
Total comprehensive income for the year		**(5,601,728)**	**(5,860,209)**
Earnings per share			
From continuing operations			
Basic earnings/(loss) per share (cents per share)	15	(0.93)	(0.95)
Diluted earnings/(loss) per share (cents per share)	15	(0.93)	(0.95)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

	NOTES	30 June 2016 $	Restated 30 June 2015 $
CURRENT ASSETS			
Cash and cash equivalents	**5**	2,451,446	8,748,520
Trade and other receivables	**6**	79,411	111,360
Financial assets	**7**	14,500,000	5,000,000
TOTAL CURRENT ASSETS		**17,030,857**	**13,859,880**
NON-CURRENT ASSETS			
Property, plant and equipment	**8**	5,037,981	5,129,843
Exploration and evaluation expenditure	**9**	32,708,365	42,267,462
Performance guarantee bonds		201,112	199,950
TOTAL NON-CURRENT ASSETS		**37,947,458**	**47,597,255**
TOTAL ASSETS		**54,978,315**	**61,457,135**
CURRENT LIABILITIES			
Trade and other payables	**10**	113,508	776,665
Employee benefits		465,123	487,330
TOTAL CURRENT LIABILITIES		**578,631**	**1,263,995**
NON-CURRENT LIABILITIES			
Employee benefits		167,170	118,561
Provisions	**11**	1,521,175	1,499,699
TOTAL NON-CURRENT LIABILITIES		**1,688,344**	**1,618,260**
TOTAL LIABILITIES		**2,266,976**	**2,882,255**
NET ASSETS		**52,711,340**	**58,574,880**
EQUITY			
Issued capital	**12**	101,984,750	102,346,082
Reserves	**14, 25**	299,188	605,775
Accumulated losses	**25**	(49,572,598)	(44,376,977)
TOTAL EQUITY		**52,711,340**	**58,574,880**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2016

	Ordinary Share Capital (Note 12) $	Share-Based Payments Reserve (Note 13, 14) $	Foreign Exchange Reserve (Note 14) $	Accumulated Losses $	Total $
Balance 1 July 2014	102,724,971	877,588	(2,241,722)	(36,274,920)	65,085,917
Adjustment on correction of error (Note 25)	-	-	2,238,510	(2,238,510)	-
Restated balance 1 July 2014	102,724,971	877,588	(3,212)	(38,513,430)	65,085,917
Total comprehensive income:					-
Loss for the year	-	-	-	(5,863,547)	(5,863,547)
Other comprehensive income	-		3,338	-	3,338
Total comprehensive income for the year	-	-	3,338	(5,863,547)	(5,860,209)
Transactions with owners in their capacity as owners:					
Share buyback	(761,499)	-	-	-	(761,499)
Reserve transfer for performance rights vested	382,610	(412,041)	-	-	(29,432)
Increase in share based payments reserve	-	140,102	-	-	140,102
Total transactions with owners	(378,889)	(271,939)	-	-	(650,829)
Balance at 30 June 2015 - attributable to owners of parent entity	**102,346,082**	**605,649**	**126**	**(44,376,977)**	**58,574,880**
Balance 1 July 2015	102,346,082	605,649	126	(44,376,977)	58,574,880
Total comprehensive income:					
Loss for the year	-	-	-	(5,602,229)	(5,602,229)
Other comprehensive income	-		501	-	501
Total comprehensive income for the year	-	-	501	(5,602,229)	(5,601,728)
Transactions with owners in their capacity as owners:					
Share buyback	(361,332)	-	-	-	(361,332)
Reserve of expired performance rights	-	(406,608)	-	406,608	-
Increase in share based payments reserve	-	99,520	-	-	99,520
Total transactions with owners	(361,332)	(307,088)	-	406,608	(261,811)
Balance at 30 June 2016 - attributable to owners of parent entity	**101,984,750**	**298,561**	**627**	**(49,572,598)**	**52,711,340**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2016

	NOTES	30 June 2016 $ Inflows (Outflows)	30 June 2015 $ Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		11,936	7,957
Cash payments to suppliers and employees		(4,876,785)	(7,324,749)
Interest received		458,508	762,850
Income from research and development tax incentive		524,140	4,897,215
Net cash used in operating activities	16	**(3,882,201)**	**(1,656,727)**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Redemption/(Investment) in financial assets		(9,500,000)	7,000,000
Payments for property, plant & equipment		(52,128)	(111,785)
Payments for deferred exploration and evaluation expenditure		(181,632)	(18,543,012)
Prepayments for deferred exploration and evaluation expenditure		(34,225)	1,197,920
Research and development tax incentive		7,714,444	13,971,362
Proceeds from sale of property, plant and equipment		-	46,800
Net cash used in investment activities		**(2,053,541)**	**3,561,286**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for buy-back of shares		(361,332)	(761,499)
Net cash used in financing activities		**(361,332)**	**(761,499)**
Net increase/(decrease) in cash and cash equivalents held		**(6,297,074)**	**1,143,059**
Cash and cash equivalents at beginning of the financial year		**8,748,520**	**7,605,461**
Cash and cash equivalents at the end of the financial year	5	**2,451,446**	**8,748,520**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 1 - BASIS OF ACCOUNTING

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and other authorative 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 23 August 2016.

Details of Icon Energy Limited accounting policies are included in Note 27.

NOTE 2 - IMPAIRMENT EXPENSE	**CONSOLIDATED ENTITY**	
	30 June 2016	**30 June 2015**
	$	**$**
Exploration impairment expense	1,903,623	-
Impairment property, plant & equipment	-	9,657
	1,903,623	**9,657**

NOTE 3 - INCOME TAX EXPENSE

Profit/(Loss) before tax expense	(5,602,229)	(5,863,547)
Prima facie tax payable on profit/(loss) before income tax at 30% (2015: 30%)	(1,680,669)	(1,759,064)
Increase/(decrease) in income tax expense due to:		
Non deductible expenses	30,224	116,392
Non-assessable income	(157,242)	-
Under/(over) provision in prior year	5,465,975	7,942,180
Deferred tax benefits not brought to account	(3,658,288)	(6,299,508)
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 27 occur based on corporate tax rate of 30% (2015: 30%) for Australian companies.

	CONSOLIDATED ENTITY	
	30 June 2016	**30 June 2015**
	$	**$**
Tax losses	**46,288,760**	**60,212,977**
Potential tax benefit	13,886,628	18,063,893
Temporary differences		
Other	440,463	644,579
Provisions	2,153,467	2,105,592
Potential tax benefit	778,179	825,051
Total deferred tax benefits not brought to account	**14,664,807**	**18,888,944**
Deferred Tax Liabilities		
Mining and exploration costs	32,668,741	42,267,462
Total deferred tax liabilities not brought to account	9,800,622	12,680,239
Total deferred tax assets not brought to account - net	**4,864,185**	**6,208,706**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 4 - KEY MANAGEMENT PERSONNEL REMUNERATION	CONSOLIDATED ENTITY 30 June 2016 $	30 June 2015 $
(a) Key management personnel compensation		
• Short term employee benefits	1,787,492	2,146,738
• Long term benefits	25,952	23,035
• Post employment benefits	159,119	263,627
• Termination payments	-	487,846
• Share-based payments	-	208,109
	1,972,563	**3,129,355**

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 2015 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 2016.

(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 2016 (30 June 2015: Nil).

(c) Transactions with Directors and Director Related Entities	CONSOLIDATED ENTITY 30 June 2016 $	30 June 2015 $
Legal fees paid in the ordinary course of business to CKB Associates Lawyers, a firm with which Mr. S Barry is associated.	**1,710**	**4,230**

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

NOTE 5 - CASH AND CASH EQUIVALENTS		
Cash on hand	440	488
Cash at Bank	2,451,005	8,748,031
	2,451,446	**8,748,520**

NOTE 6 - TRADE AND OTHER RECEIVABLES		
Current		
Prepayments for deferred exploration and evaluation expenditure	34,225	-
Other receivables	45,186	111,360
	79,411	**111,360**

Trade and other receivables are not past due and are not impaired at 30 June 2016. All amounts are expected to be received in less than 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 7 - FINANCIAL ASSETS

	CONSOLIDATED ENTITY	
	30 June 2016	30 June 2015
Current	$	$
Held to maturity financial assets:		
Term deposit - investment	14,500,000	5,000,000
	14,500,000	**5,000,000**

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

Plant, Equipment and Motor Vehicles - at cost	949,958	916,445
less: accumulated depreciation	(819,626)	(771,338)
	130,332	145,107
Building - at cost	2,172,934	2,172,934
less: accumulated depreciation	(332,431)	(285,238)
	1,840,503	1,887,696
Fixtures and Fittings - at cost	1,104,719	1,086,103
less: accumulated depreciation	(477,573)	(429,063)
	627,146	657,040
Land at cost	2,440,000	2,440,000
Total Property, Plant and Equipment at written down value	**5,037,981**	**5,129,843**

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 $
Balance at 1 July 2014	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)
Balance at 30 June 2015	**145,107**	**1,887,696**	**657,040**	**2,440,000**	**5,129,843**
Balance at 1 July 2015	145,107	1,887,696	657,040	2,440,000	5,129,843
Additions	33,513	-	18,616	-	52,128
Depreciation	(48,288)	(47,192)	(48,510)	-	(143,990)
Balance at 30 June 2016	**130,332**	**1,840,503**	**627,146**	**2,440,000**	**5,037,981**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 9 - EXPLORATION AND EVALUATION EXPENDITURE	CONSOLIDATED ENTITY 30 June 2016 $	30 June 2015 $
Exploration and Evaluation expenditure at cost	**32,708,365**	**42,267,462**

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 $
Balance at 1 July 2014	35,173,625
Additions	18,470,058
Less: RDTI applied	(11,376,221)
Balance at 30 June 2015	**42,267,462**
Balance at 1 July 2015	42,267,462
Additions	58,970
Less: Impairment	(1,903,623)
Less: RDTI applied	(7,714,444)
Balance at 30 June 2016	**32,708,365**

In 2016, Exploration and Evaluation expenditure immediately expensed in the consolidated statement of profit or loss and other comprehensive income amounted to $150,062 (30 June 2015: $155,142) and consisted of amortisation costs of restoration asset and unwinding of discounting on the restoration provision.

Liabilities arising from Exploration and Evaluation activities amounted to $233 and formed part of trade and other payables (Note 10) (30 June 2015: $565,410)

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 10 - TRADE AND OTHER PAYABLES	CONSOLIDATED ENTITY 30 June 2016 $	30 June 2015 $
Current		
Payables and accruals to a joint operations partner	233	565,410
Trade and sundry payables	113,275	211,255
	113,508	**776,665**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 11 - 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 statement of financial position 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 belives 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	**CONSOLIDATED ENTITY**	
	30 June 2016 $	**30 June 2015 $**
Balance at beginning of the year	**1,499,699**	**1,570,110**
Charged/(credited) to profit or loss:		
- unwinding of discount	21,476	26,556
Amounts used during the year	-	(96,967)
Balance at end of the year	**1,521,175**	**1,499,699**

NOTE 12 - ISSUED CAPITAL

Authorised and Issued Share Capital
Issued share capital 597,556,938 (30 June 2015: 607,026,150) fully paid, no par value ordinary shares.

	30 JUNE 2016		**30 JUNE 2015**	
Fully Paid Shares	**Number of shares**	**$**	**Number of shares**	**$**
Balance at beginning of the year	607,026,150	102,346,082	615,774,351	102,724,971
Shares issued:				
• 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)
• August 2015 - Share buyback	(4,515,946)	(210,222)	-	-
• November 2015 - Share buyback	(185,723)	(6,181)	-	-
• February 2016 - Share buyback	(234,380)	(7,197)	-	-
• March 2016 - Share buyback	(646,581)	(20,069)	-	-
• June 2016 - Share buyback*	(3,886,582)	(117,663)	-	-
Balance at the end of the year	**597,556,938**	**101,984,750**	**607,026,150**	**102,346,082**

* Shares bought through on-market buyback in June were cancelled on 4 July 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 12 - ISSUED CAPITAL (Continued)

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 13 - 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 4 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.

Performance Rights on Issue

Short-term incentives
The Company did not issue STIs for the 2015-16 (30 June 2015: Nil).

Long-term incentives
The Company did not issue LTIs for the 2015-16 (30 June 2015: Nil). The only LTI plan award in operation during the year was 2013-14 LTIs.

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
		Number	Number	Number	Number	Number	Number
29 November 2012	30 June 2017	2,140,044	-	-	(2,140,044)	-	-
25 November 2013	30 June 2018	3,252,089	-	-	-	3,252,089	-
Total:		**5,392,133**	**-**	**-**	**(2,140,044)**	**3,252,089**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 13 - SHARE BASED PAYMENTS (Continued)

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:

	NOTE	CONSOLIDATED ENTITY 30 June 2016 $	30 June 2015 $
Rights issued under Performance Rights Plan - STI		-	30,136
Rights issued under Performance Rights Plan - LTI		99,520	109,966
		99,520	**140,102**
Share Based Payments Reserve			
Opening Balance		605,649	877,588
Reserve transfer for performance rights vested		-	(412,041)
Performance rights expired		(406,608)	
Fair value of shares/rights granted		99,520	140,102
Closing balance		**298,561**	**605,649**

NOTE 14 - RESERVES

Share based payments reserve*	13	298,561	605,649
Foreign currency translation reserve **		627	126
Total reserves		**299,188**	**605,775**

* 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 15 - EARNINGS PER SHARE

		CONSOLIDATED ENTITY 30 June 2016 $	30 June 2015 $
(a)	Reconciliation of Earnings to Net Profit/(Loss):		
	Net Profit/(Loss) for the year	(5,602,229)	(5,863,547)
	Earnings used in the calculation of basic EPS	(5,602,229)	(5,863,547)
	Earnings used in the calculation of diluted EPS	(5,602,229)	(5,863,547)
(b)	Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS.	602,631,022	615,926,074
	Adjustment for calculation of diluted earnings per share	-	-
	Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted EPS.	602,631,022	615,926,074
	Basic earnings/(loss) per share (cents per share)	(0.93)	(0.95)
	Diluted earnings/(loss) per share (cents per share)	(0.93)	(0.95)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 16 - CASH FLOW INFORMATION

	CONSOLIDATED ENTITY 30 June 2016 $	30 June 2015 $
Reconciliation of net cash used in operating activities to Profit/(loss) after income tax:		
Profit/(loss) after income tax	(5,602,229)	(5,863,547)
Add/(less) non-cash items:		
Depreciation and amortisation	272,576	308,409
Loss/(Gain) on sale of property,plant and equipment assets	-	(19,732)
Impairment expense	1,903,623	9,657
Movement in foreign currency reserve	501	3,337
Movement in share based payments reserve	99,522	110,671
Adjustment for changes in assets and liabilities		
Performance guarantee bonds	(1,162)	(1,075)
Trade and other receivables	74,978	5,083,520
Trade and other payables*	(677,886)	(1,173,723)
Employee provisions	26,400	(43,835)
Restoration provision	21,475	(70,411)
Net cash used in operating activities	**(3,882,201)**	**(1,656,727)**

*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 17 - CAPITAL AND LEASING COMMITMENTS

Work Programme Commitments

The total commitments for work programmes for ATP549, ATP594P, ATP794P, ATP855P and PEP170 are as follows:	CONSOLIDATED ENTITY 30 June 2016 $	30 June 2015 $
Exploration expenditure commitments		
• not later than 1 year	22,897,488	4,332,998
• later than one year but not later than five years	14,925,000	37,822,488
	37,822,488	**42,155,486**

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 $10,105,485 (30 June 2015: $12,600,259).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 18 - 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 2016	Interest % 30 June 2015
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 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%

* 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:

		CONSOLIDATED ENTITY	
		30 June 2016	30 June 2015
CURRENT ASSETS	NOTE	$	$
Prepayments for deferred exploration and evaluation expenditure	6	34,225	-
Total current assets		**34,225**	**-**
NON-CURRENT ASSETS			
Exploration and evaluation expenditure at cost	9	30,594,354	38,274,984
Total non current assets		**30,594,354**	**38,274,984**
Share of total assets in joint arrangements		**30,628,579**	**38,274,984**
CURRENT LIABILITIES			
Joint arrangements liabilities	10	233	565,410
Total joint arrangements liabilities		**233**	**565,410**
NON-CURRENT LIABILITIES			
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		**1,197,068**	**1,762,245**
EXPENSES			
Exploration and evaluation related expenses		150,062	155,142
Share of total expenses related to joint arrangements*		**150,062**	**155,142**

* Expenses do not include impairment of exploration and evaluation joint arrangement assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 19 - CONTROLLED ENTITIES

Parent entity:	Country of Incorporation	Date of Incorporation	% Owned 30 June 2016	% Owned 30 June 2015
Icon Energy Limited	Australia			
Subsidiaries of Icon Energy Limited:				
Jakabar Pty Ltd	Australia	18 Dec 1992	100	100
Icon Drilling Pty Ltd	Australia	18 Nov 1994	100	100
Icon Gas Productions Pty Ltd	Australia	16 Dec 2008	100	100
Icon Oil US (LLC)	USA	5 Jan 1993	100	100

NOTE 20 - 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 20 - SEGMENT INFORMATION (Continued)

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 2016 $	30 June 2015 $	30 June 2016 $	30 June 2015 $	30 June 2016 $	30 June 2015 $
REVENUE						
Income from research and development claim	524,140	-	-	-	524,140	-
Royalty income	11,598	7,957	-	-	11,598	7,957
Total segment revenues	535,738	7,957	-	-	535,738	7,957
Interest Revenue	458,508	599,743	-	-	458,508	599,743
Other Income	307	-	-	-	307	-
Total revenue	994,554	607,700	-	-	994,554	607,700
RESULT						
Segment net operating profit after tax	(5,600,343)	(5,858,563)	(1,886)	(4,983)	(5,602,229)	(5,863,547)
Finance cost	21,475	26,556	-	-	21,475	26,556
Impairment of Assets	1,903,623	9,657	-	-	1,903,623	9,657
Gain/(loss) on sale of non-current assets	15	19,732	-	-	15	19,732
Segment Assets	54,965,707	61,443,442	12,608	13,693	54,978,315	61,457,135
Segment Liabilities	2,266,976	2,882,255	-	-	2,266,976	2,882,255
OTHER						
Acquisition of non-current segment assets	52,128	111,785	-	-	52,128	111,785
Depreciation and amortisation of segment assets	272,576	308,409	-	-	272,576	308,409

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 2016

NOTE 21 - FINANCIAL INSTRUMENTS

Financial instruments comprise of the following:	NOTE	CONSOLIDATED ENTITY 30 June 2016 $	30 June 2015 $
Financial Assets			
Cash and cash equivalents	5	2,451,446	8,748,520
Loans and receivables:			
- Trade and other receivables	6	79,411	111,360
Held to maturity financial assets:			
- Term deposit	7	14,500,000	5,000,000
Financial Liabilities			
Held at amortised cost			
- Trade and other payables	10	(113,508)	(776,665)

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 2016 (30 June 2015: 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 27 to the financial statements.

Capital Risk Management

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

The capital structure of the consolidated entity consists of cash and cash equivalents and equity comprising issued capital, net of reserves and accumulated losses as disclosed in notes 5 and 12 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 2015.

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 2016

NOTE 21 - 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 Within 1 year $	Fixed Interest Rate Maturing 1 to 5 years $	Non interest bearing $	Total $
30 June 2016	NOTE						
Financial assets							
Cash and cash equivalents	5	2.77%	2,451,005	-	-	441	2,451,446
Term deposits	7	2.80%	14,500,000	-	-	-	14,500,000
Trade and other receivables	6		-	-	-	79,411	79,411
Total Financial Assets			**16,951,005**	**-**	**-**	**79,852**	**17,030,857**
Financial liabilities							
Trade and other payables	10		-	-	-	113,508	113,508
Total Financial Liabilities			**-**	**-**	**-**	**113,508**	**113,508**
30 June 2015	NOTE						
Financial assets							
Cash and cash equivalents	5	2.51%	8,748,031	-	-	489	8,748,520
Term deposits	7	3.34%	5,000,000	-	-	-	5,000,000
Trade and other receivables	6		-	-	-	111,360	111,360
Total Financial Assets			**13,748,031**	**-**	**-**	**111,849**	**13,859,878**
Financial liabilities							
Trade and other payables	10		-	-	-	776,665	776,665
Total Financial Liabilities			**-**	**-**	**-**	**776,665**	**776,665**

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 2016

NOTE 21 - FINANCIAL RISK MANAGEMENT (CONTINUED)

At 30 June 2016, 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 $52,967 higher/$52,870 lower (30 June 2015: $64,420 higher/$64,149 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:

30 June 2016	NOTE	Carrying Amount $	Contractual Cashflows $	<1Year $	1-5 Years $
Trade and other payables	10	113,508	113,508	113,508	-
		113,508	**113,508**	**113,508**	**-**
30 June 2015					
Trade and other payables	10	776,665	776,665	776,665	-
		776,665	**776,665**	**776,665**	**-**

The consolidated entity's liquidity risk relating to financial liabilities at 30 June 2016 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 2016, 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 22 - RELATED PARTY TRANSACTIONS

- Interests in subsidiaries are disclosed in note 19.
- Transactions with Directors and Director Related Entities are disclosed in note 4.
- There were no other related party transactions during the year ended 30 June 2016 or 30 June 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 23 - 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. A costs order was made in favour of Icon Energy.

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 the plaintiffs the liberty to re-plead on two matters. On 18 February 2016, Justice McMurdo awarded Icon Energy 100% of its costs of the application determined on 15 October 2015 to be recovered from Southern Fairway Investments and Ronald Baldwin.

Icon received a costs recovery of $33,000 from the first strike out application in August 2015. Icon will pursue a cost recovery against Southern Fairway Investments and Ronald Baldwin for the costs payable by them pursuant to the costs orders made on 18 February 2016.

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 and the discovery process is expected to be completed by 14 October 2016. Icon gives no credence to the alleged estimate of loss given by Southern Fairway Investments Pty Ltd and Mr Baldwin. 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 future legal fees.

NOTE 24 - EVENTS AFTER BALANCE DATE

There are no after balance sheet date events at the date of signing (30 June 2015: Nil).

NOTE 25 - CORRECTION OF PRIOR PERIOD ERROR

During the year, the following prior period error was noted in the financial statements to the year ended 30 June 2016. An intercompany loan was written off in the 2013 financial year, however, the foreign currency reserve relating to this loan was not accounted for. The impact of this for the year ended 30 June 2015 was Nil (30 June 2014: reclassification of $2.24 million from foreign exchange reserve to accumulated losses).

The abovementioned misstatement in the previous year's consolidated financial statements represents a prior period accounting error which must be accounted for retrospectively. The error has been corrected by restating each of the affected financial statement line items for the period as follows:

	30 June 2014	Adjustment	Restated 1 July 2014
	$	$	$
Statement of financial position (extract)			
Equity			
Reserves	(1,364,134)	2,238,510	874,376
Accumulated losses	(36,274,920)	(2,238,510)	(38,513,430)
Total Equity	**(65,085,917)**	**-**	**(65,085,917)**

There is no impact on the Statement of Financial Position and Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2015.

A third column in the Statement of Financial Position for the opening balance of the comparative year (30 June 2015) has not been presented as the impact on net assets and total equity is Nil.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 26 - 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 27 for a summary of the significant accounting policies relating to the consolidated entity.

Financial position

	30 June 2016 $	30 June 2015 $
Assets		
Current assets	16,930,611	13,740,946
Non-current assets	42,258,237	49,388,999
Total assets	**59,188,848**	**63,129,945**
Liabilities		
Current liabilities	561,019	1,250,652
Non-current liabilities	146,763	106,699
Total liabilities	**707,783**	**1,357,352**
Net Assets	**58,481,066**	**61,772,594**
Equity		
Issued capital	101,984,750	102,346,081
Reserves	298,561	605,649
Accumulated losses	(43,802,245)	(41,179,135)
Total equity	**58,481,066**	**61,772,594**

Financial performance

	30 June 2016 $	30 June 2015 $
Profit/(Loss) for the year	(3,029,718)	(5,015,395)
Other comprehensive income	-	-
Total comprehensive income	**(3,029,718)**	**(5,015,395)**

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

	30 June 2016 $	30 June 2015 $
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 liabilties are disclosed in note 23.

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 2016 or 30 June 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 27 - STATEMENT OF ACCOUNTING POLICIES

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

(a) Changes in Accounting Policies

Standards and Interpretations adopted

The consolidated entity has adopted all the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Standards and Interpretations issued but not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods. Some of them are available for early adoption at 30 June 2016, 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 2018. 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 2018.

- *AASB 16 Leases* provides a comprehensive model to identify lease arrangements and mainly affects the accounting by lessees.The standard removes the distinction between operating and financing leases and requires lessees to recognise all leases on the statement of financial position, except for short-term leases and low value assets leases. A "right-of-use" asset and a financial liability to pay rentals will be recognised in the statement of financial position. Effective for annual reporting periods beginning on or after 1 January 2019.

- *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 2018.

- *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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 27 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(b) Principles of Consolidation

A controlled entity is any entity controlled by Icon Energy Limited. Control exists where Icon Energy Limited is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A list of controlled entities is contained in Note 19 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 27- STATEMENT OF ACCOUNTING POLICIES (Continued)

(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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 27 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(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 anagoulous to AASB120 *Accounting for Governement Grants and Disclosure of Government Assistance* .

As such, RTDI 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 27 - STATEMENT OF ACCOUNTING POLICIES (Continued)

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 25 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2016

NOTE 27 - STATEMENT OF ACCOUNTING POLICIES (Continued)

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 2016

NOTE 27 - 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 13 for key assumptions.

Exploration and evaluation expenditure
The application of entity's policy for exploration and evaluation discussed in Note 27(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 restoraion activities and future removal technologies. Refer to note 11 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 eequipment.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 27(e). 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.

(s) 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 13. 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.

ADDITIONAL SHAREHOLDER INFORMATION

On-market buy-back

At 27 September 2016, the company purchased and cancelled total of 21,160,565 shares on market.

Distribution of Shareholdings

The distribution of ordinary shareholders ranked according to size at 31 August 2016 was as follows:

Range	Total Holders	Units	% of Issued Capital
1 - 1,000	398	57,937	0.01
1,001 - 5,000	1,236	4,096,099	0.69
5,001 - 10,000	989	8,485,293	1.42
10,001 - 100,000	2,677	98,629,628	16.51
Over 100,001	680	486,287,981	81.38
Rounding			- 0.01
TOTAL	**5,980**	**597,556,938**	**100.00**

Unmarketable Parcels as at 31 August 2016	Minimum Parcel Size	Holders	Units
Minimum $ 500.00 parcel at $ 0.029 per unit	17,242	3,162	19,986,403

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 26 September 2016:

Rank	Name	Shares Held	% of Issued Capital
1	HK PROSPEROUS TECHNOLOGY LIMITED	80,318,393	13.44
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	54,049,318	9.05
3	RAY JAMES	24,003,655	4.02
4	HOWARD LU	16,068,181	2.69
5	MR RONALD WILLIAM BALDWIN + MRS DIANNE BETH BALDWIN <WHISTLER SUPER FUND A/C>	9,509,600	1.59
6	TAIWAN FRUCTOSE CO LTD	9,000,000	1.51
7	CITICORP NOMINEES PTY LIMITED	8,114,175	1.36
8	CABLEX INDUSTRIES PTY LTD	4,991,332	0.84
9	SAMBOR NOMINEES PTY LTD <SUSANNE & MONIAK SAMBOR A/C>	4,522,256	0.76
10	MR CHIEN HUA LEE	4,500,000	0.75
11	ALPHA GEM PTY LTD	4,304,581	0.72
12	J P MORGAN NOMINEES AUSTRALIA LIMITED	3,825,930	0.64
13	IAN PETHERBRIDGE RETIREMENT FUND PTY LTD <IAN PETHERBRIDGE R/F A/C>	3,640,775	0.61
14	MOROHI PTY LTD	3,620,058	0.61
15	MR CHRISTOPHER JOHN MARTIN	3,512,056	0.59
16	LINK ORANGE PTY LTD	3,393,181	0.57
17	JOHN E GILL TRADING PTY LTD	3,178,378	0.53
18	ZONEX CAPITAL PTY LTD	3,077,829	0.52
19	LARNA PTY LTD	3,005,000	0.50
20	MR IANAKI SEMERDZIEV	2,968,000	0.50
	Totals: Top 20 holders of FULLY PAID ORDINARY SHARES (TOTAL)	**249,602,698**	**41.77**
	Total Remaining Holders Balance	**347,954,240**	**58.23**

Substantial Holders

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

CORPORATE DIRECTORY

ICON ENERGY LIMITED

ABN 61 058 454 569
ASX Code: ICN

DIRECTORS

Stephen Barry	(Chairman)
Raymond James	(Managing Director) (Executive Director)
Kevin Jih	(Chief Financial Officer and Company Secretary) (Executive Director)
Derek Murphy	(Non-executive Director)
Keith Hilless	(Non-executive Director)
Howard Lu	(Non-executive Director)

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