

**ICON ENERGY LIMITED and its Controlled Entities**

# **Icon Energy Limited**

**ABN 61 058 454 569**

## **FINANCIAL STATEMENTS**

For the half-year ended  
31 December 2011

## Icon Energy Limited

ABN 61 058 454 569

# FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

The directors present their report together with the consolidated financial statements of Icon Energy Limited ("Icon or the Company") and its controlled entities for the half-year ended 31 December 2011 and the Independent Review Report thereon.

### Directors

The names of directors who held office during or since the end of the half-year are:

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

### Principal Activities

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

### Dividends Paid or Recommended

The directors recommend that no dividend be paid by the Company. No dividends have been declared or paid by the Company since the end of the previous financial year. (30 June 2011 \$NIL)

### Review of Operations and Results

#### Australian Operations

Icon has continued to evaluate its exploration tenements during the half-year ended 31 December 2011 and continued its development of the ATP 626P coal seam gas ("CSG") tenement. Icon has a portfolio of twelve (12) exploration blocks as follows:

Gas and Oil	Basin	Interest	Interest
		31 December 2011	30 June 2011
		%	%
ATP 549P West	Cooper Eromanga	33.33%	33.33%
ATP 594P	Cooper Eromanga	50.00%	50.00%
ATP 794P Regleigh & Springfield	Cooper Eromanga	60.00%	60.00%
ATP 794P Brightspot	Cooper Eromanga	75.00%	75.00%
ATP 626P*	Surat	99.00%	99.00%
ATP 849P	Surat	80.00%	80.00%
ATP 855P**	Cooper Eromanga	40.00%	40.00%
PEL 218 Post Permian	Cooper Eromanga	33.33%	33.33%
ATP 560 Ueleven	Cooper Eromanga	50.50%	50.50%
EPG 49	Cooper Eromanga	100.00%	100.00%
EPG 51	Cooper Eromanga	100.00%	100.00%
PEP170	Gippsland	100.00%	100.00%
PEP172***	Gippsland	100.00%	-
PEP173***	Gippsland	100.00%	-

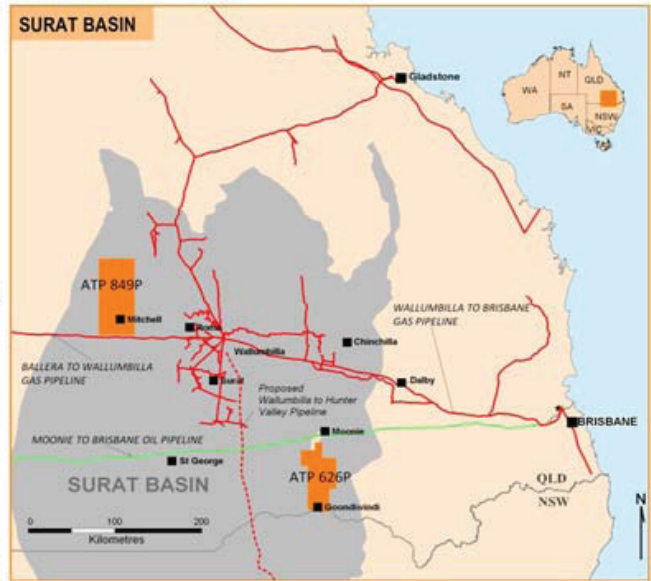
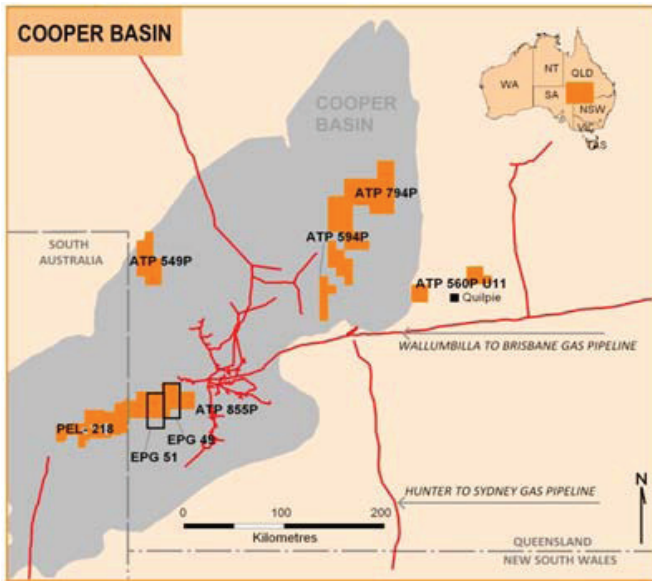
\* On 16 August 2010 Stanwell agreed to proceed to Stage 2 of the Farmin Agreement covering Icon Energy's key coal seam gas tenement ATP 626P, committing up to a further \$30 million to exploration activities. Stanwell has now been assigned a 50% working interest in the farmin area within ATP 626P, along with a 1% title interest in the whole of ATP 626P.

\*\* On 24 March 2011 Beach Energy Limited ("Beach Energy") filed a claim in the Federal Court of Australia, against Icon Energy for an earlier proposed farmin to the tenement. The claim did not proceed to trial, and was settled by Icon Energy and Beach Energy on 15 July 2011. Under the terms of a Farmin Agreement executed on the same day, Icon Energy has now transferred a 40% interest in ATP855P to Beach Energy (subject to Ministerial approval). This agreement has been back dated to, and is therefore effective from 5 October 2010.

\*\*\* Subject to the completion of an Indigenous Land Use Agreement with the Gunaikurnai People.

These Cooper Eromanga, Surat and Gippsland permits are shown on the following diagrams

DIRECTORS' REPORT (continued)



## **DIRECTORS' REPORT (continued)**

### **ATP 626P**

Stanwell Corporation Ltd ("Stanwell") and Icon Energy Limited ("Icon Energy" or "Company") via their subsidiaries have agreed to drill two coal seam gas wells (Windom-1 and Eolus-1) in the northern portion of the ATP 626P permit. Subject to securing a suitable drilling rig, the wells are scheduled for early 2012.

On 1 December 2011, Icon Energy spudded North Maroon DW-1 (North Maroon) with the objective to test the oil and gas potential of the Precipice Sandstone and the Evergreen Formation. The Precipice Sandstone is the producing reservoir in the Moonie Oilfield, which is located 35 kms to the north of North Maroon. Icon Energy held 100% interest in the well following Goondi Pty Ltd's (a wholly owned subsidiary of Stanwell Corporation Ltd) decision to not participate in this oil play. Overall, North Maroon revealed strong oil shows which flowed formation water on test with gas cut water in the upper test, which confirmed a presence of good reservoir. The well was plugged and abandoned. The results of North Maroon are nevertheless under full assessment to determine other prospective locations.

### **ATP 594P**

Icon Energy has a 50% working interest in ATP 594P. The Australian Securities and Investments Commission ("ASIC") holds the other 50% interest. The tenement covers three separate areas consisting of a total area of 1,538 km<sup>2</sup>. The area immediately adjacent to ATP 594P is resource rich in oil and gas. The Bunya Thylungra, Sheoak and Vernon gas fields are located to the west of the tenement. There are several oil fields located to the south-east of the tenement, including the Kenmore and Tarbat oil fields. No operational activity has been undertaken in relation to this tenement until ASIC addresses the default by the joint venture partner.

### **ATP849P**

The ATP 849P joint venture consisting of Icon Energy and Adelaide Energy, approved the seismic programme in ATP 849P in August 2011. The 200 kilometre seismic programme has engaged twenty-one separate landholders and Icon Energy is currently in the process of reaching agreements with each landholder.

Environmental assessments and State Government approvals have been granted in relation to the seismic area. A Cultural Heritage Agreement is in place and the traditional owners will conduct cultural heritage clearances prior to the start of the programme.

The Seismic Programme will not commence until all landholder agreements have been reached. Meanwhile Icon Energy is working with Terrex Seismic to re-schedule the commencement of the programme.

### **ATP855P**

ATP 855P is situated in the highly prospective Nappamerri Trough in the Cooper Basin. The Independent United States Energy Information Administration's World Shale Gas Resources Report (EIA Report) has placed the shale gas resource potential in the Cooper Basin as a whole at 342 TCF of gas, with the recoverable equivalent at some 85 TCF.

In the previous period Icon Energy announced that Beach Energy Limited ("Beach"), would be the agreed operator for ATP 855P. Icon Energy sought to utilise Beach's shale gas drilling expertise, following the successful drilling of Encounter-1 and Holdfast-1 by Beach in the adjacent PEL218 tenement, so as to proceed with shale gas exploration operations in ATP855P at the first available opportunity.

In accordance with the joint venture, DEEDI approved the transfer from Icon Energy to Beach on 21 November 2011. ATP 855P will be held as follows: Icon Energy 40%; Beach 40%; Dekka Resources 10% and Well Traced 10%. Dekka Resources and Well Traced are both wholly owned subsidiaries of Adelaide Energy, which itself is now controlled by Beach.

Beach as the operator of ATP 855P, has secured the Ensign #65 drilling rig to drill a horizontal pilot unconventional production well in ATP 855P. Beach has stated that the Ensign #65 rig, a new 1,500 horsepower rig, will arrive in Australia from North America in April 2012 and will be ready to commence drilling in ATP 855P by no later than June 2012.

In December 2011 the joint venture partners began reviewing the proposed Gallus 2D Seismic Survey in ATP 855P which is expected to proceed in 2012.

### **PEL 218**

Icon Energy holds an interest in the shallow, Post-Permian, portion of PEL218 and not in the deep Permian levels of PEL218.

In early 2010, Beach Energy completed drilling two deep shale wells - Encounter-1 and Holdfast-1 in PEL 218. A successful flow test was performed by Beach Energy at Holdfast-1 in PEL218. Beach Energy has a gas resource of 2 TCF booked for Holdfast-1 and Encounter-1 in PEL218. No further activity has been undertaken in relation to the Post -Permian in this period. However, the operations being undertaken by Beach and its joint ventures in the deeper sections of the tenement are being monitored by the Company with interest, given their relevance to prospective operations in ATP 855P.

## **DIRECTORS' REPORT (continued)**

### **EPG 49 and EPG 51**

Icon Energy has 100% interest in EPG 49 and EPG 51. These geothermal permits lie beneath ATP 855P and adjacent to PEL218. No further activity has been undertaken in relation to these tenements during this period.

### **ATP794P**

Icon Energy has a 75% beneficial interest in Brightspot, and a 60% interest in Regleigh and Springfield. The tenement covers an area of 14,957 square kilometres and is located in the south-west Queensland portion of the Cooper/Eromanga Basin. Icon Energy is not engaged in a programme for this block at present. However, a seismic acquisition and drilling programme is proposed for future farmout development.

### **PEP170**

Icon Energy continues to address the further information required in order to gain approval by the Department of Primary Industries (DPI) for the PEP170 Operations Plan, as is required by the *Petroleum Act 1998 (Vic)*.

Icon Energy has expanded the exploration programme in the Gippsland Basin and additional landholders have been contacted in relation to the proposed drilling of Tiger-1 and Dragon-1.

The Dragon and Tiger well prospects have the potential of addressing more than 1 TCF of in-place gas volume. Meanwhile a 200km 2D seismic programme and 3D seismic programme are being investigated for commencement in late 2012.

Icon Energy will require approval of the Operations Plan from the DPI before it can commence operations in PEP170.

### **ATP549P W**

ATP 549P (West) is located in the Cooper Basin in Queensland and lies to the north of the Cook Oil Field. Icon Energy holds a 33.33% working interest in the West block of the tenement. Australian Gasfields Ltd (AGS) holds the title to the whole of the ATP 549P tenement.

Great Artesian Oil and Gas Pty Ltd (GOAG), a wholly owned subsidiary of Drillsearch Energy Ltd (Drillsearch) holds a 66.66% interest in the permit and has assumed Operatorship of ATP549P (West). GOAG [and Drillsearch] is in the process of formulating an operations plan to conduct 300 kms of 3D seismic and to drill one exploration well, subject to joint venture approval and agreement with AGS who holds the permit title in trust for the ATP549P W joint venture.

### **PEP 172 & PEP 173**

On 10 August 2011, the DPI offered to grant Icon Energy PEP 172, subject to the Company completing an Indigenous Land Use Agreement with the traditional owners, the Gunaikurnai People. PEP 172 is located to the north of PEP 170 in the Gippsland Basin in Victoria.

On 12 December 2011, the DPI offered to grant Icon Energy PEP 173 in the Gippsland Basin in Victoria. The grant of this permit is also subject to the negotiation of an Indigenous Land Use Agreement with the Gunaikurnai People.

Representatives from Icon Energy are to meet with the Gunaikurnai Board and Aboriginal Affairs Victoria to negotiate an Indigenous Land Use Agreement.

## **Projects**

### **China LNG Project**

Since signing the LNG Sales Agreement with Shantou Sino Energy on 29 March 2011, the Company has been continuing to advance various programmes and commercial initiatives in the Company's key assets so as to secure the necessary reserves required to meet the LNG Sales Agreement.

In early August 2011, a Chinese delegation consisting of representatives from Shantou Sino Energy, China Guodian Corporation and the Chinese Government visited Icon Energy's offices to discuss and further progress the LNG Sales Agreement.

**DIRECTORS' REPORT (continued)**

**Financial position**

The cash balance as at 31 December 2011 is approximately \$14.05m.

**Significant Changes in State of Affairs**

There were no significant changes in the state of affairs of the consolidated entity during the half-year ended 31 December 2011.

**Auditor's Declaration**

The lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* is set out on page 8 for the half-year ended 31 December 2011.

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



Director .....

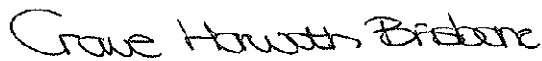
Ray James  
Managing Director

Dated this 22nd day of February 2012  
Broadbeach, Queensland

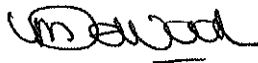
**Auditor's Independence Declaration  
Under Section 307C of the Corporations Act 2001  
To the Directors of Icon Energy Limited**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2011, there have been:

- (1) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (2) no contraventions of any applicable code of professional conduct in relation to the review.



**Crowe Horwath Brisbane**



**Vanessa De Waal**

**Partner**

**Signed in Brisbane , 22 February 2012**



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the half-year ended 31 December 2011

	NOTE	Half-year ended	
		31 December 2011	31 December 2010
		\$	\$
Revenue		-	-
Less: Cost of sales		-	-
Gross Profit/(Loss)		-	-
Other income	2	576,174	923,902
Administration expenses		(1,721,320)	(2,312,340)
Depreciation and amortisation expenses		(152,883)	(173,763)
Employee benefits and expenses		(1,829,535)	(2,068,904)
Occupancy expenses		(19,772)	(91,191)
Profit/(Loss) on sale of non-current assets		(70,775)	(11,780)
Finance costs		(18,727)	(16,105)
<b>Profit/(Loss) before income tax</b>		<b>(3,236,838)</b>	<b>(3,750,181)</b>
Income tax benefit		716,095	-
<b>Profit/(Loss) for the period</b>		<b>(2,520,743)</b>	<b>(3,750,181)</b>
<b>Other comprehensive income</b>			
Exchange differences arising on translation of foreign operations, net of income tax		701	(5,242)
Other comprehensive income for the period		701	(5,242)
<b>Total comprehensive income/(loss) for the period</b>		<b>(2,520,042)</b>	<b>(3,755,423)</b>
Profit/(Loss) attributable to:			
Owners of the parent entity		(2,520,743)	(3,750,181)
Non-Controlling interests		-	-
<b>Profit/(Loss) for the period</b>		<b>(2,520,743)</b>	<b>(3,750,181)</b>
Total comprehensive income/(loss) attributable to:			
Owners of the parent entity		(2,520,042)	(3,755,423)
Non-controlling interests		-	-
<b>Total comprehensive income/(loss) for the period</b>		<b>(2,520,042)</b>	<b>(3,755,423)</b>
<b>Earnings/(Loss) per share</b>			
Basic earnings/(Loss) per share (cents per share)		(0.54)	(0.85)
Diluted earnings/(Loss) per share (cents per share)		(0.54)	(0.85)

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2011

	31 December 2011	30 June 2011
	\$	\$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	14,049,147	16,378,909
Trade and other receivables	225,353	210,886
Other financial assets	-	2,000,000
<b>TOTAL CURRENT ASSETS</b>	<b>14,274,500</b>	<b>18,589,795</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant, and equipment	5,863,155	6,028,366
Financial Assets	572,500	572,500
Other non-current assets	15,945,489	15,251,019
<b>TOTAL NON-CURRENT ASSETS</b>	<b>22,381,144</b>	<b>21,851,885</b>
<b>TOTAL ASSETS</b>	<b>36,655,644</b>	<b>40,441,680</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	951,215	1,997,734
Short-term borrowings	3,491,065	151,373
Short-term provisions	598,432	636,175
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,040,712</b>	<b>2,785,282</b>
<b>NON-CURRENT LIABILITIES</b>		
Long-term borrowings	66,689	3,513,273
Long-term provisions	207,120	281,960
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>273,809</b>	<b>3,795,233</b>
<b>TOTAL LIABILITIES</b>	<b>5,314,521</b>	<b>6,580,515</b>
<b>NET ASSETS</b>	<b>31,341,123</b>	<b>33,861,165</b>
<b>EQUITY</b>		
Issued capital	70,463,292	70,463,292
Reserves	(2,242,331)	(2,243,032)
Accumulated losses	(36,879,838)	(34,359,094)
<b>TOTAL EQUITY</b>	<b>31,341,123</b>	<b>33,861,165</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2011

CONSOLIDATED ENTITY	Ordinary Share Capital \$	Foreign Exchange Translation Reserve \$	Accumulated Losses \$	Total \$
<b>Balance 1 July 2010</b>	64,740,292	(2,236,670)	(28,358,583)	34,145,039
Total comprehensive income:				
Loss for the period	-	-	(3,750,181)	(3,750,181)
Other Comprehensive Income	-	(5,242)	-	(5,242)
<b>Total Comprehensive Income/(loss) for the period</b>	-	(5,242)	(3,750,181)	(3,755,423)
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued	5,900,000	-	-	5,900,000
Share issue costs	(177,000)	-	-	(177,000)
<b>Total transactions with owners</b>	5,723,000	-	-	5,723,000
<b>Balance at 31 December 2010 - attributable to owners of parent entity</b>	<b>70,463,292</b>	<b>(2,241,912)</b>	<b>(32,108,764)</b>	<b>36,112,616</b>
<b>Balance 1 July 2011</b>	70,463,292	(2,243,032)	(34,359,095)	33,861,165
Total comprehensive income:				
Loss for the period	-	-	(2,520,743)	(2,520,743)
Other Comprehensive Income	-	701	-	701
<b>Total Comprehensive Income/(loss) for the period</b>	-	701	(2,520,743)	(2,520,042)
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued	-	-	-	-
Share issue costs	-	-	-	-
<b>Total transactions with owners</b>	-	-	-	-
<b>Balance at 31 December 2011 - attributable to owners of parent entity</b>	<b>70,463,292</b>	<b>(2,242,331)</b>	<b>(36,879,838)</b>	<b>31,341,123</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2011

	Half-year ended	
	31 December 2011	31 December 2010
	\$	\$
	Inflows (Outflows)	Inflows (Outflows)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	229,501	-
Cash payments to suppliers and employees	(4,754,938)	(4,417,142)
Interest received	346,673	348,564
Finance costs	(18,727)	(16,105)
Net Cash used in operating activities	<b>(4,197,491)</b>	<b>(4,084,683)</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Investment in financial assets	2,000,000	(5,900,000)
Payments for property, plant & equipment	(19,616)	(139,109)
Payments for evaluation and exploration	(1,557,812)	(313,752)
Proceeds from sale of non current assets	22,045	75,000
Proceeds from JV Contributions	1,530,004	4,600,105
Net Cash from/(used in) investment activities	<b>1,974,621</b>	<b>(1,677,756)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	-	5,900,000
Share Issue Costs	-	(177,000)
Proceeds from borrowings	-	-
Repayment of borrowings	(106,892)	(129,798)
Net cash from finance activities	<b>(106,892)</b>	<b>5,593,202</b>
Net increase/(decrease) in cash and cash equivalents held	(2,329,762)	(169,237)
Cash and cash equivalents at beginning of the financial period	16,378,909	14,042,420
<b>Cash and cash equivalents at the end of the financial period</b>	<b>14,049,147</b>	<b>13,873,183</b>

The accompanying notes form part of these financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for the half-year ended 31 December 2011

**NOTE 1 - STATEMENT OF ACCOUNTING POLICIES**

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

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

It is recommended that these financial statements be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by Icon Energy Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The financial statements were authorised for issue by the directors on the 22 February 2012.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the 30 June 2011 financial statements. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

*Basis of preparation*

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

**NOTE 2 - REVENUE**

	31 December 2011	31 December 2010
	\$	\$
<b>OTHER INCOME</b>		
Administration fees	229,501	566,748
Interest received		
- Financial Institutions	346,673	348,564
Other Income	-	8,590
	<b>576,174</b>	<b>923,902</b>
<b>TOTAL REVENUE</b>	<b>576,174</b>	<b>923,902</b>

**NOTE 3 - DIVIDENDS**

No dividends have been declared or paid since the end of the reporting period (2010 \$NIL).

**NOTE 4 - OTHER NON-CURRENT ASSETS**

	31 December 2011	30 June 2011
	\$	\$
Exploration and Evaluation Expenditure at cost	30,672,871	28,445,671
Less: Impairment	-	-
Less: JV Contribution Applied	(14,945,393)	(13,415,389)
	15,727,478	15,030,282
Performance guarantee bonds	218,011	220,737
	<b>15,945,489</b>	<b>15,251,019</b>

Exploration and evaluation expenditure incurred is carried forward for each area of interest. This expenditure is only carried forward if it is expected to be recovered through the successful development of the area or where the activities in the area of interest have not reached a stage which permits a reasonable assessment of economically recoverable reserves and operations in the area of interest are continuing. In assessing the recoverability of exploration and evaluation expenditure in the financial statements, 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for the half-year ended 31 December 2011

**NOTE 5 - BORROWINGS**

	<b>31 December 2011</b>	<b>30 June 2011</b>
	<b>\$</b>	<b>\$</b>
<b>Secured</b>		
<b>Current</b>		
Hire purchase liabilities	91,065	151,373
Bank loan liabilities	3,400,000	-
	<b>3,491,065</b>	<b>151,373</b>
<b>Non Current</b>		
Hire purchase liability	66,689	113,273
Bank loan liabilities	-	3,400,000
	<b>66,689</b>	<b>3,513,273</b>
	<b>3,557,754</b>	<b>3,664,646</b>

The bank loan facility expires in December 2012 and the liability has therefore been classified as a current liability.

**NOTE 6 - ISSUED CAPITAL**

*Share Capital*

Issued shares of 469,301,394, amounted to \$70,463,292 (30 June 2011: 469,301,394, amounted to \$70,463,292) fully paid, no par value ordinary shares. There were no movements in the issued capital of the company in the current period. During the year ended 30 June 2010, 29,500,000 shares were issued for \$5,723,000 (net of issue costs).

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

**NOTE 7 - JOINT VENTURES**

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

<b>Oil and Gas</b>	<b>Basin</b>	<b>Interest %</b>	
		<b>31 December 2011</b>	<b>30 June 2011</b>
ATP 549P West	Cooper Eromanga	33.33%	33.33%
ATP 594P	Cooper Eromanga	50.00%	50.00%
ATP 794P Regleigh & Springfield	Cooper Eromanga	60.00%	60.00%
ATP 794P Brightspot	Cooper Eromanga	75.00%	75.00%
ATP 626P*	Surat	99.00%	99.00%
ATP 849P	Surat	80.00%	80.00%
ATP 855P**	Cooper Eromanga	40.00%	80.00%
PEL 218 Post	Cooper Eromanga	33.33%	33.33%
ATP 560 Ueleven	Cooper Eromanga	50.50%	50.50%
EPG 49	Cooper Eromanga	100.00%	100.00%
EPG 51	Cooper Eromanga	100.00%	100.00%
PEP170	Gippsland	100.00%	100.00%
PEP172***	Gippsland	100.00%	-
PEP173***	Gippsland	100.00%	-

\* On 16 August 2010 Stanwell agreed to proceed to Stage 2 of the Farmin Agreement covering Icon Energy's key coal seam gas tenement ATP 626P, committing up to a further \$30 million to exploration activities. Stanwell has now been assigned a 50% working interest in the farmin area within ATP 626P, along with a 1% title interest in the whole of ATP 626P.

\*\* On 24 March 2011 Beach Energy Limited ("Beach Energy") filed a claim in the Federal Court of Australia, against Icon Energy for an earlier proposed farmin to the tenement. The claim did not proceed to trial, and was settled by Icon Energy and Beach Energy on 15 July 2011. Under the terms of a Farmin Agreement executed on the same day, Icon Energy has now transferred a 40% interest in ATP855P to Beach Energy (subject to Ministerial approval). This agreement has been back dated to, and is therefore effective from 5 October 2010.

\*\*\* Subject to the completion of an Indigenous Land Use Agreement with the Gunaikurnai People.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for the half-year ended 31 December 2011

**NOTE 8 - CONTROLLED ENTITIES**

Parent entity:	Country of incorporation	Date of incorporation	% Owned	
			31 December 2011	30 June 2011
Icon Energy Limited	Australia			
<b>Subsidiaries of Icon Energy Limited:</b>				
Jakabar Pty Ltd	Australia	18 December 1992	100	100
Icon Drilling Pty Ltd	Australia	18 November 1994	100	100
Icon Gas Productions Pty Ltd	Australia	16 December 2008	100	100
Icon Domestic LNG Pty Ltd	Australia	19 July 2010	100	100
Icon Geothermal Pty Ltd	Australia	19 July 2010	100	100
Icon LNG (China) Pty Ltd	Australia	19 July 2010	100	100
Icon Cooper Pty Ltd	Australia	19 July 2010	100	100
Icon Oil US (LLC)	USA	2 October 2000	100	100

**NOTE 9 - SEGMENT INFORMATION**

The consolidated entity operates in one operating segment being the oil exploration and petroleum sector, predominantly within Queensland. The majority of its exploration activities are conducted in the Cooper/Eromanga and Surat Basins in Australia. Icon's Board of Directors review internal management reports on at least a monthly basis. Information by geographical areas are as follows:

**INFORMATION ABOUT GEOGRAPHICAL AREAS**

In presenting the information on the basis of geographical areas, the Australian geographical area includes all corporate head office expenses on the basis that activities in Australia are still in an exploration phase and all resources within the corporate head office are applied to these exploration activities.

	Australia		USA		CONSOLIDATED	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>						
External - Sales	-	-	-	-	-	-
Total segment revenues	-	-	-	-	-	-
Interest Received	346,670	348,507	3	57	346,673	348,564
Other Income	229,501	575,338	-	-	229,501	575,338
Total revenue	576,171	923,845	3	57	576,174	923,902
<b>RESULTS</b>						
Segment net operating profit after tax	(2,520,196)	(3,739,399)	(547)	(10,782)	(2,520,743)	(3,750,181)
Interest expense	18,727	16,105	-	-	18,727	16,105
Impairment of Assets	-	-	-	-	-	-
Loss on sale of non-current assets	(70,775)	(11,780)	-	-	(70,775)	(11,780)
Segment Assets	36,638,379	40,424,570*	17,265	17,110*	36,655,644	40,441,680*
Segment Liabilities	5,314,521	6,580,515*	-	-	5,314,521	6,580,515*
<b>OTHER</b>						
Acquisition of non-current segment assets	19,616	112,372	-	-	19,616	112,372
Depreciation and amortisation of segment assets	152,883	173,763	-	-	152,883	173,763

\* as at 30 June 2011

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for the half-year ended 31 December 2011

**NOTE 10 - CONTINGENT LIABILITIES**

**LEGAL ACTION BROUGHT AGAINST ICON OIL U.S., LLC**

A claim has been filed in the District Court for the Parish of West Baton Rouge, Louisiana against a number of Companies who have operated or owned mineral interests in the VFL Lease at Baton Rouge since 1931. ICON OIL U.S.,LLC was not named in this filing. On 28th September 2010 a cross claim was filed, adding ICON OIL U.S.,LLC as a Cross-Defendant in the claim. This claim is for alleged damage done to the land by drilling and production operations for oil and gas since 1931.

ICON OIL U.S.,LLC denies the allegations and believes them to be without merit and likely to be disallowed by the Supreme Court of Louisiana. The company is not in a position to make any assessment as to the financial impact, if any, on the financial report of Icon Energy Limited, as a result of the legal action.

**NOTE 11 - EVENTS AFTER BALANCE SHEET DATE**

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



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## DIRECTORS' DECLARATION

The directors of the company declare that:

- 1 the financial statements and notes set out on pages 9 to 16 are in accordance with the *Corporations Act 2001*, including:
  - a. comply with Accounting Standard AASB 134 *Interim Financial Reporting*; and
  - b. give a true and fair view of the Consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date.
- 2 In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Raymond S James  
Managing Director

Signed at Broadbeach, 22 February 2012

# Independent Auditor's Review Report

To the members of Icon Energy Limited

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Icon Energy Limited and controlled entities ("the consolidated entity"), which comprises the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other selected explanatory information and the Directors' declaration.

## Directors' responsibility for the Half-Year Financial Report

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

## Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Icon Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

## Independence

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

**Conclusion**

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

- (a) giving a true and fair view of the consolidated entity's financial position as at the half year ended 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



**Crowe Horwath Brisbane**



**Vanessa De Waal**  
**Partner**

**Signed at Brisbane, 22 February 2012.**