

ANNUAL REPORT 2012
ICON ENERGY LIMITED



ATP 855P: Drilling Halifax 1, Cooper Basin, Queensland



PROFILE >>>

Icon Energy Limited is a gas and petroleum exploration Company with a portfolio of prime acreage in the Surat, Cooper, Eromanga and Gippsland Basins in Australia. The Company's exploration strategy focuses on building significant and responsible operations with strategic partners to satisfy energy needs of Australian and overseas based consumers.

MISSION STATEMENT >>>

The mission of Icon Energy is to be a safe, world class gas and oil producer using techniques and processes that minimize greenhouse gas emissions, with a minimum of long-term environmental damage and with a share price that will continue to grow.

Our ongoing dedication to ethical business practices is reflected in our concern for the community and the environment in which we operate. We believe this is directly linked to the wealth and benefit of our stakeholders. We are passionate about supplying cleaner energy for a brighter future.

OBJECTIVES >>>

The Company continues to focus its operations in accordance with its mission and strategic objectives. The strategic objectives are:

- Having successful exploration and appraisal activities to provide a solid foundation for future growth;
- Undertaking pilot studies to move gas reserves from "Prospective" to the "3P" and "2P" categories as a priority;
- To obtain farm-in partners with the capital and capabilities to bring the company's reserves through to full-scale gas and oil production;
- Develop the business case for each tenement to bring proven reserves into commercial production;
- To undertake exploration and development activities that have the highest probability of success in both gas and oil plays;
- Ensure responsible development of tenements where the environment is returned to its original/natural setting post exploration and development; and
- To provide employees with a working environment and conditions that incentivises them and encourages innovation and initiative so that they are motivated to achieve the Company's objectives.

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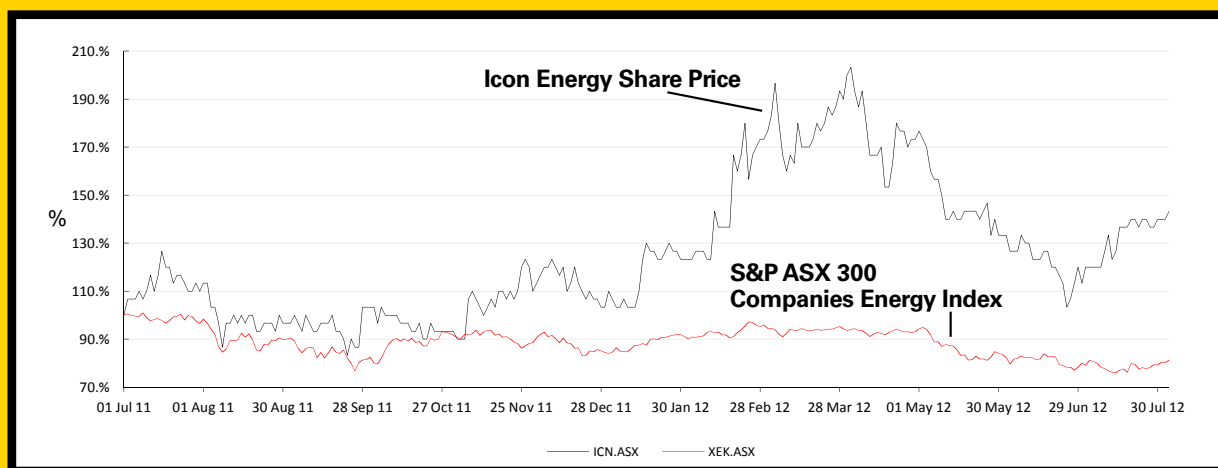
HIGHLIGHTS >>>

- **In the Cooper Basin**, Nappamerri Trough, the ATP 855P joint venture completed the Gallus Seismic Survey and by July 2012 had processed 50% of the data with the final processing to be completed by Q4 2012.
- The Drilling Program for Halifax 1, the extended vertical shale gas well in ATP 855P, was brought forward from September to August. Halifax 1 spudded on 4 August and will be drilled to a total depth of 4130 metres.
- **In the Surat Basin**, Icon Energy drilled two coal seam gas wells Eolus 1 and Windom 1 in conjunction with Goondi Energy (a wholly owned subsidiary of Stanwell Corporation). The Eolus 1 well revealed encouraging results and was cased and suspended.
- Icon Energy also drilled North Maroon DW1 well in ATP 626P to investigate oil and gas potential. The well was plugged and abandoned.
- **In Gippsland Victoria**, Icon Energy prepared and submitted Operations Plans and Environmental Management Plans to the Department of Primary Industries (**DPI**) Victoria for the drilling of two natural gas wells and the 400km 2D Murray Seismic Survey in PEP 170.
- In August 2011 DPI Victoria offered to grant tenement PEP 172 to Icon Energy subject to the completion of an Indigenous Land Access Agreement (**ILUA**). A similar offer was made in respect of PEP 173 in December 2011.
- The Company hosted a delegation from the Development and Reform Commission of Guangdong Province China in August 2011.
- **Health & Safety** - Zero reportable incidents.
- **Environment** - Zero environmental incidents.
- **Financial** - Reduction in operational expenses (including staffing costs) of \$870,000.
- For the last 12 months Icon Energy significantly outperformed the Standard and Poors ASX Top 300 Energy Companies Index (XEK).

OUTLOOK 2012-2013 >>>

- In conjunction with Beach Energy (as Operator) complete the drilling of Halifax 1 in ATP 855P in the Cooper Basin.
- Continue ongoing exploration activities to obtain certification of gas reserves.
- Achieve commercial gas flows in exploration tenements.
- Drill Tiger West 1 and Dragon 1 exploration wells in PEP 170 in the Gippsland Basin Victoria.
- Conduct the 400kms Murray 2D Seismic acquisition program in PEP 170.

RELATIVE PERFORMANCE (01 Jul 11 - 02 Aug 12) >>>



CHAIRMAN'S AND MANAGING DIRECTOR'S LETTER >>>

Stephen Barry and Ray James

Dear Shareholders,

We are pleased to report to you the progress of the Company over the past financial year and to restate the commitment of the Board and management to Icon Energy's future.



The 2011-2012 year was a difficult one. The Australian economy and the world's equities markets suffered as a result of overseas influences and a general lack of confidence in Europe's ability to manage debt.

ASX listed companies operating in the Cooper Basin have seen their share prices drop by up to 47.2% between January and June 2012. Icon's share price was not immune but held up better than most outperforming the Standard and Poors ASX 300 Energy Companies Index during the year. The Directors and management team are aware of volatility in the market but remain focused on growing shareholder value.

On 1 July 2012, the Australian Government's carbon tax commenced. The carbon tax is expected to cause a shift in energy markets towards lower carbon emitting fuels such as natural gas. If Australia is to meet its projected greenhouse emission targets into the future natural gas will play a leading role in achieving this outcome.

Gas accounted for 23 per cent of total primary energy consumption in Australia in 2009-10 and this is expected to rise to 35 per cent by 2034-35.

Australia's gas production is projected to reach 8274PJ (7.5tcf) in 2034-35 with production from both conventional gas and Coal Seam Gas expected to rise. Unconventional gas exploration is expected to contribute significant new resources to add to Australia's proven reserves.

As we continue to develop our assets in Queensland and Victoria, we believe Icon Energy can play a role in delivering natural gas to domestic, commercial and industrial customers into the future as well as meeting our Gas Sales Agreements with Shantou SinoEnergy

Co., Ltd (**Shantou SinoEnergy**) and Stanwell Corporation Limited.

Icon Energy welcomed a Chinese Delegation led by Mr Zhang Zulin Director of Energy Bureau, Development and Reform Commission 'Guangdong Province'. The delegation comprised of representatives from Shantou SinoEnergy, Guodian South Corporation (**Guodian**) and the City of Shantou. The purpose of the delegation was to discuss and further progress the LNG Sales Agreement reached with Shantou SinoEnergy on 29 March 2011.

Since signing the LNG Sales Agreement with Shantou SinoEnergy, the Company has continued to advance business and strategic initiatives to secure the necessary gas reserves required to meet that contract.

Surat Basin - Queensland

In conjunction with Goondi Energy we drilled two wells, Windom 1 and Eolus 1 in ATP 626P as part of the farmin agreement. Eolus 1 has been cased and suspended until further technical investigation can be completed. A third well North Maroon was drilled by the Company to investigate an oil play but the well was plugged and abandoned due to the lack of an effective trap.

Cooper Basin - Queensland

In 2011 the US Energy Information Administration's (**EIA**) Report on World Shale Gas Resources stated that the Cooper Basin contained some 342TCF of gas - 85TCF recoverable.

Approximately twelve months after this report was published Icon Energy and Beach Energy (**Beach**) spudded their first shale gas well Halifax 1 in ATP 855P in the Cooper Basin on 4 August 2012. Icon Energy

and Beach believe that success in the Halifax 1 well will enable them to replicate Beach's success in the adjoining PEL 218 tenement in the Nappamerri Trough where 300+TCF of gas in place has been estimated.

We are very excited by the immediate opportunities in ATP 855P and over the course of the next six months we will see the fracture stimulation of Halifax 1 and ultimately the flow testing of multiple zones.

Gippsland Basin - Victoria

During the year Icon Energy put in place the groundwork for the Murray Seismic Program consisting of 46 lines totalling approximately 400 km across PEP 170. Planning was also initiated on the drilling of the Tiger West 1 and Dragon 1 well prospects in Gippsland Victoria which have the potential to address more than 1 TCF of gas-in-place.

Conduct and Compensation Agreements have been executed with landowners for the Dragon 1 and Tiger West 1 wells and Icon Energy has submitted the Seismic and Drilling Operations and Environmental Management Plans for final approval by the Victorian Department of Primary Industry (**DPI**).

In August and December 2011, the DPI Victoria offered Icon Energy the tenements PEP 172 and 173 onshore in the Gippsland Basin. We are currently working on securing an Indigenous Land Use Agreement with the Gunaikurnai traditional owners in the region and once this is signed the tenements will be granted by the DPI.

On 24 August 2012, the Victorian Government announced a moratorium on the use of hydraulic fracturing in coal-seam and conventional gas exploration projects until a national framework has been agreed upon. The Company is currently evaluating the likely impact, if any, on its Victorian exploration projects.

Sustainability

The Board of Icon Energy believes that working with communities and providing accurate and transparent information to stakeholders is the only way the Company can build its *Social License to Operate*.

The Company has focussed on building its relationship with local stakeholders in Victoria in advance of initiating its drilling and seismic programs. Meetings have been held with stakeholders including the Deputy Premier of Victoria and Member for Gippsland South, the Hon Peter Ryan MLA, the Federal Member for Gippsland Mr Darren Chester MP, the Wellington Shire Council and community members.

Icon Energy is committed to conducting its business in a manner that prevents injury or detriment to employees, contractors, customers and the communities in which we operate. We aspire to best practice in occupational health and safety and environmental management throughout our operations. At Icon we have a safety first culture and believe that all workplace accidents are preventable. This year we recorded zero reportable safety incidents.

Refocusing the Business

2012 was a difficult year for the Company and despite the commitment and hardwork of management and employees we did not achieve all the objectives we set at the start of the year. With our exploration program being spread across a longer time frame due to the additional levels of Government approvals both in Queensland and Victoria and the need to continually focus attention on overheads, we made the difficult decision during the year to offer voluntary redundancies to a number of staff. The total savings from cost reduction initiatives was in excess of \$870,000.

As a consequence of the limited exploration success and the adverse impact of economic conditions on the Company, the Board determined that no bonuses would be paid to management and staff in respect of the current financial year and salaries would be restricted to CPI increase (for Brisbane) of 1.9%. Non-executive Directors also agreed to forgo any increase in fees which have not increased since 2009.

Despite the challenges encountered during the year, we are confident that the considerable planning and groundwork put into the exploration effort in Victoria and Queensland will deliver positive results in the near future when we hope to reward shareholders for their loyalty and patience.

Finally we would like to thank our fellow Directors, management and staff for their hard work over the past year. We all look forward to a successful year as we continue our efforts focussed on securing the gas reserves needed to fulfil our sales contracts and to deliver value to our shareholders.

Yours sincerely



Stephen Barry
Chairman



Ray James
Managing Director

REVIEW OF OPERATIONS >>>



ATP 626P: Drilling North Maroon DW1, Surat Basin, Queensland

In the 2011- 2012 financial year we focussed our exploration attention on ATP 626P, ATP 855P and our Victorian tenements PEP 170, 172 and 173.

All of these tenements are located adjacent to significant gas infrastructure, an important equation in the delivery of gas to market and more importantly a critical factor in obtaining a reserve certification.

ATP 626P Surat Basin, Queensland >>>

In December 2011, Icon Energy spudded the North Maroon DW1 well using the Atlas Rig 2 with the objective of testing the oil and gas potential of the Precipice and Evergreen Formations. 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 Energy's (a wholly owned subsidiary of Stanwell Corporation Ltd) decision to not participate in this oil play.

North Maroon DW1 was drilled to a deviated depth of 2100 metres over a 21 day period and indicated strong blue-white fluorescent cut shows which were encountered in the Lower Hutton to upper Precipice Formations. Gas shows were also encountered and eleven gas samples were taken for analysis. Seven main coal seams in the Bungil Formation and the Walloon Coal Measures (**WCM**) were also penetrated during drilling.

Directional drilling techniques were employed for the first time in ATP 626P. The Moonie Fault has several splinter zones which control the original deposition of the Precipice sandstones. Therefore this drilling technique was beneficial, allowing for greater flexibility in the drilling of the well.

Drill stem tests were conducted over the intervals of 1835 to 1860 metres in the Precipice Formation and 1568 to 1593 metres in the Evergreen Formation. Overall, North Maroon DW1 revealed strong oil shows which flowed formation water on test with gas cut water in the upper test, but the well was plugged and abandoned due to the lack of an effective trap.

Icon Energy and Goondi Energy drilled two exploration coal seam gas wells as part of the farmin agreement in which Goondi will earn a 50% farmin interest in the tenement by completing the stage 2 work program.

In early May 2012 Windom 1 was spudded and drilled to a total depth of 1,200 metres using Ensign Rig 960.

ATP 626P continued >>>

A total of 11.8 metres net coal was intersected in the WCM which was better than initial expectations. The four Drill Stem Tests that were conducted on the WCM indicated the well to be of low permeability. The well was plugged and abandoned.

In late May 2012 Eolus 1 was spudded and drilled to a total depth of 1,200 metres.

Wireline logging operations were conducted indicating 10.4 metres net coal in the Walloon Coal Measures. A total of 4 Drill Stem Tests were conducted over these coal seams. The individual coal seam thicknesses at this location were encouraging and the well was cased and suspended pending further investigation of the optimal well completion technique, which may include horizontal drilling or other completion techniques.

The results from the Eolus 1 and Windom 1 wells will be compiled with previous well results in a reservoir study and will be analysed by the Icon Energy/Goondi Energy joint venture partners prior to determining the best path forward for the future development of the tenement.



ATP 626P: Drilling Windom 1, Surat Basin, Queensland



ATP 626P: Drilling Windom 1, Surat Basin, Queensland

ATP 855P Cooper Basin, Queensland >>>

In early July 2012, Icon Energy in conjunction with joint venture partner Beach Energy (Operator) agreed to drill a vertical exploration well (Halifax 1) instead of the previously planned horizontal well. This decision bought forward the program by nearly three months.

Over the past twelve months, Beach Energy has delivered excellent results from its Cooper Basin Nappamerri Trough unconventional exploration program in the adjoining PEL 218 in north eastern South Australia.

These results have included:

- Flowing gas from two vertical delineation wells, Holdfast 1 and Encounter 1;
- Holdfast 1 gas rate of up to 2 MMscfd and Encounter 1 at a combined rate of over 2 MMscfd, with both wells only accessing the top 50 metres of the 500-600 metre Patchawarra Formation;
- Beach booking 2 trillion cubic feet of contingent gas resource for both wells; and
- Moonta 1 drilling to the base of the Patchawarra Formation identified over 1,000 metres of gas saturation through the whole of the Permian section.

The vertical exploration well Halifax 1 spudded on 4 August 2012 and has a planned total depth of 4,130 metres. At the time of reporting a DST had been conducted over a sandstone in the Callamurra Member immediately above the Toolachee Formation which had strong gas shows on penetration. The test flowed gas to surface at rates in excess of 0.2 MMscf/d (unstimulated). The well will continue to be drilled through the primary REM and Patchawarra Formation targets during September.

The Halifax 1 vertical exploration well will be:

- Located 12 kilometres to the east of Encounter 1;
- Extensively cored using conventional and side wall cores with evaluation of the whole Permian section down to the base of the Patchawarra Formation;
- Used to identify the best targets for a future horizontal well;
- Fracture stimulated and flow tested through multiple zones, with a material contingent resource expected to be booked; and
- Will be used for micro-seismic monitoring of a future horizontal well.

The financial terms of the farm-in will be the equivalent of those agreed previously with Beach to retain its 40% assignment (to give Beach 60% * of ATP 855P) after funding the first \$16 million relating to Halifax 1, or until the cost of completion, less a \$1.75 million contribution from Icon.

The collaborative approach taken by Beach and Icon will help to confirm what we strongly believe, that the unconventional shale and basin centred gas play, taking shape in the Permian section of PEL 218, continues on the Queensland side of the Nappamerri Trough in ATP 855P.

ATP 855P is a highly prospective area for shale gas and basin centred tight gas.

Interests in ATP 855P:

- Icon Energy 40%
- Beach Energy 60% * (*40% interest subject to the completion of the conditions set out in the Farmin agreement.)

The independent United States Energy Information Administration's (**EIA**) Report on World Shale Gas Resources published on 5 April 2011, significantly raised the potential Gas in Place in the ATP 855P tenement. The EIA Report's "Initial Assessment of 14 Regions outside the United States" 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.

ATP 855P continued >>>

To date there is no publicised information on any gas in place estimates for ATP 855P, however, should the Halifax 1 vertical well prove successful, there is little reason why the 300 TCF plus of Gas in Place estimated for PEL 218, cannot be replicated in ATP 855P. Using the EIAs assessment, Icon Energy's internal estimates conservatively place the potential recoverable amount from ATP 855P at some 20 TCF.

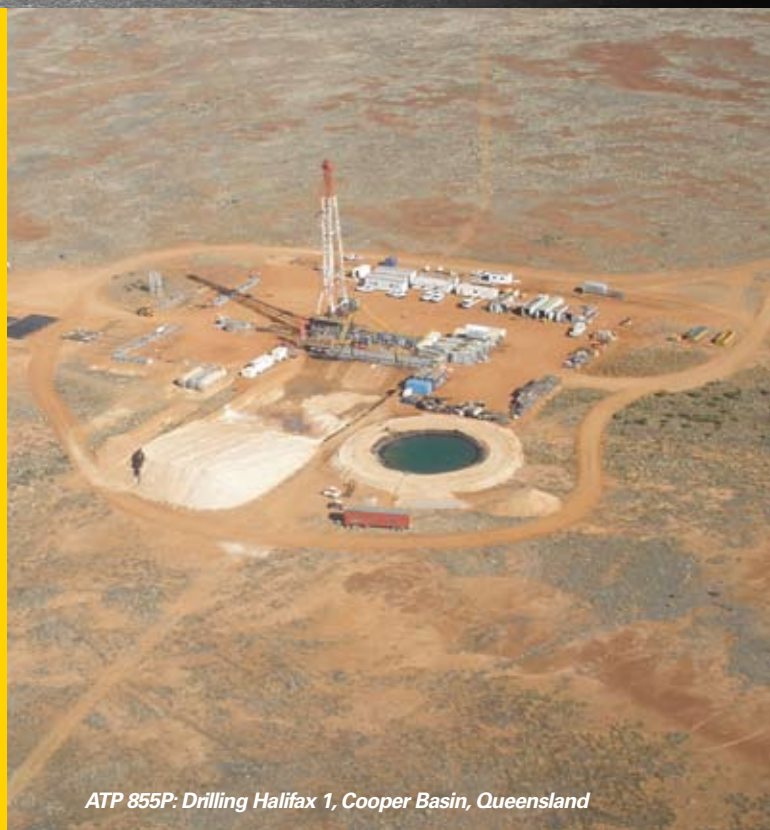


ATP 855P: Acquiring seismic data on the Gallus Seismic Survey, Cooper Basin, Queensland

GALLUS SEISMIC SURVEY ATP 855P >>>

In February 2012, Icon Energy and Beach Energy (Operator) commenced a 423 kilometre 2D seismic acquisition program within their Queensland permit ATP 855P in the Cooper Basin. The seismic acquisition program has now been completed and processing of the data is continuing. Final processing is expected to be completed in Q4 2012.

The seismic acquisition program is designed primarily to improve upon the minimal existing seismic coverage in the permit and will be instrumental in determining the location of future exploration shale gas wells within the Permian section.



ATP 855P: Drilling Halifax 1, Cooper Basin, Queensland

PEP 170 Gippsland Basin, Victoria >>>

The onshore Gippsland region is prospective for petroleum and gas in the reservoirs of the Top Latrobe Formations and the Strzelecki Group.

Demand for natural gas is expected to grow in the long-term because of its environmental benefits and lower greenhouse gas emissions when used as a fuel in power generation.

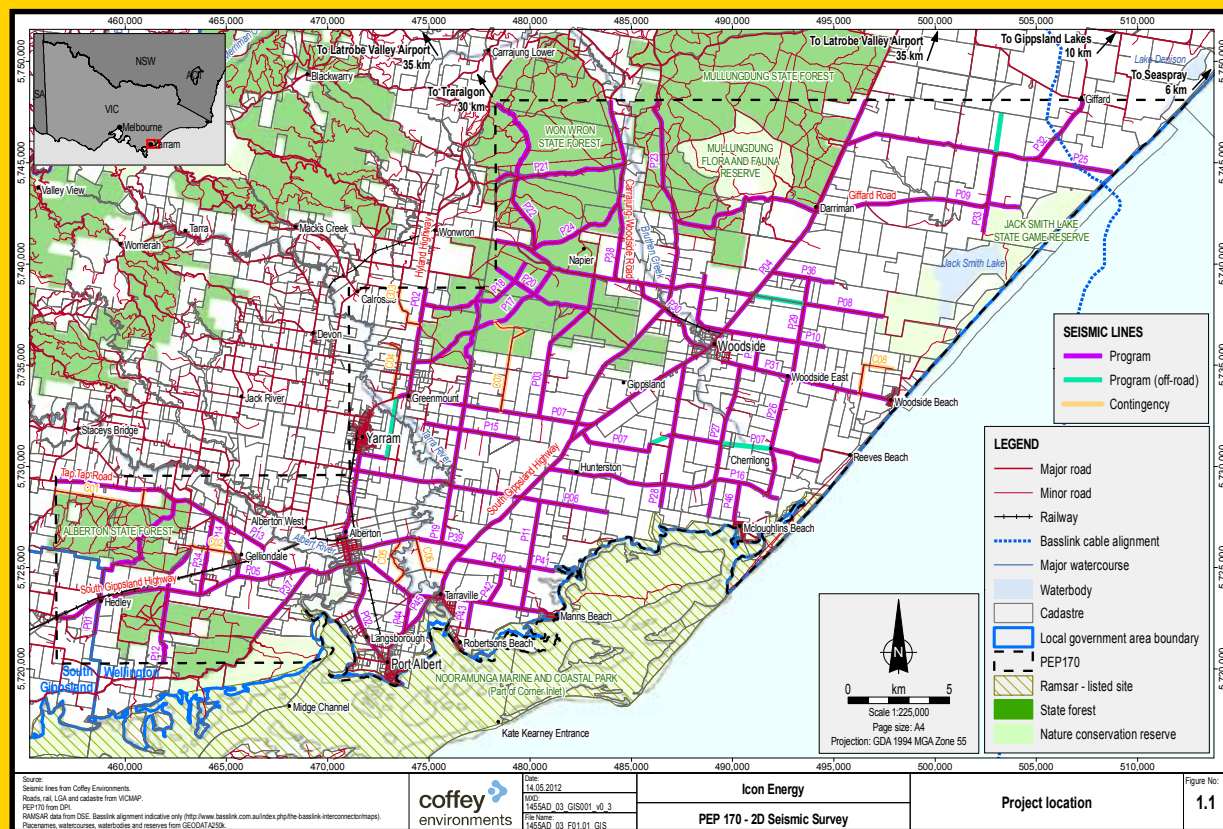
Icon Energy's proposed drilling of the Tiger West 1 and Dragon 1 well prospects in Gippsland Victoria have the potential to address more than 1 TCF of gas-in-place.

Conduct and Compensation Agreements with landowners have been executed for the Dragon 1 and Tiger West 1 wells and Icon Energy has submitted the Seismic and Drilling Operations and Environmental Management Plans for final approval by the DPI.

The Murray Seismic Program will consist of 46 lines totalling approximately 400 km across PEP 170. The seismic lines are predominantly on major roads, however, a minority of the lines, totalling approximately 15km will cross freehold land.

Conduct and Compensation Agreements have also been prepared and executed with a number of landholders covering the seismic program. When the exact timing for the conduct of the seismic program is available we will complete access arrangements with the landholders prior to commencing the survey.

PEP 170 covers 804.28 square km in the Gippsland Basin in Victoria.



PEP 170: The proposed 400km 2D Murray Seismic Survey, Gippsland Basin, Victoria



Health and Safety Committee inspection

PEP 172 Gippsland Basin, Victoria >>>

In August 2011, the Victorian DPI offered to grant Icon Energy PEP 172 subject to the negotiation of an Indigenous Land Use Agreement (**ILUA**) with the traditional owners, the Gunaikurnai People.

Subsequent to the end of the year, Icon Energy re-commenced engagement with the Gunaikurnai People to negotiate the completion of an ILUA covering the Company's three tenements in the Gippsland including PEP 170, PEP 172 and PEP 173.

On 30 May 2012, a Section 29 Notice was published in national papers regarding small parcels of land in PEP 172 and PEP 173. The notification period for the traditional custodians of these separate parcels closed at the end of August 2012.

PEP 172 covers 1312 square km in the Gippsland Basin in Victoria.

PEP 173 Gippsland Basin, Victoria >>>

In December 2011, the DPI offered to grant Icon Energy PEP 173 in the Gippsland Basin in Victoria also subject to the Company completing an ILUA with the traditional owners, the Gunaikurnai People.

As with PEP 172, Icon Energy re-commenced engagement with the Gunaikurnai People following the end of the financial year with a view to negotiating an ILUA covering the Company's three tenements in the Gippsland including PEP 170, PEP 172 and PEP 173.

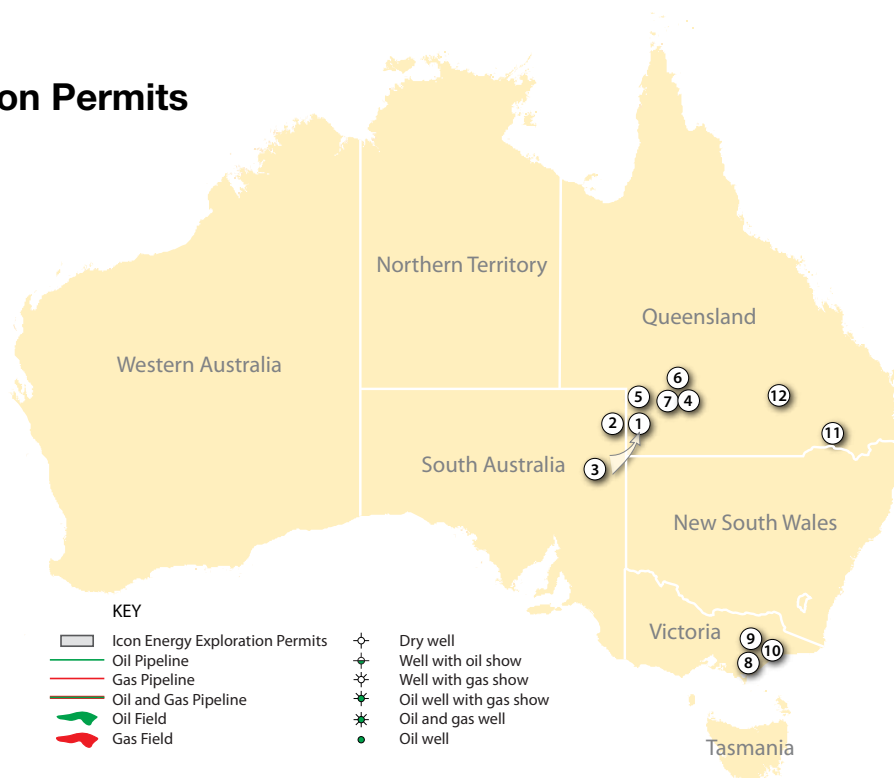
A Section 29 Notice was published on 30 May 2012 regarding small parcels of land in PEP 172 and PEP 173 and the notification period closed at the end of August 2012.

PEP 173 covers 1220 square km in the Gippsland Basin in Victoria.

Government Moratorium on Hydraulic Fracturing in Victoria >>>

On 24 August 2012, The Victorian Government announced a moratorium on the use of hydraulic fracturing in coal-seam and conventional gas exploration projects in Victoria until a national framework has been agreed upon. The Company is currently evaluating the likely impact, if any, on its Victorian exploration projects.

Exploration Permits

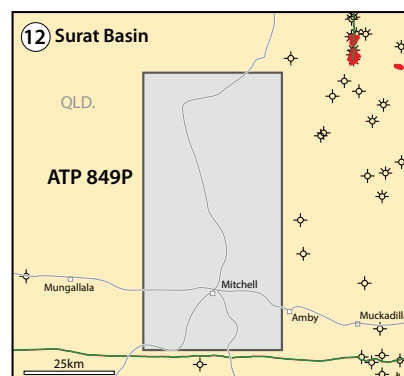
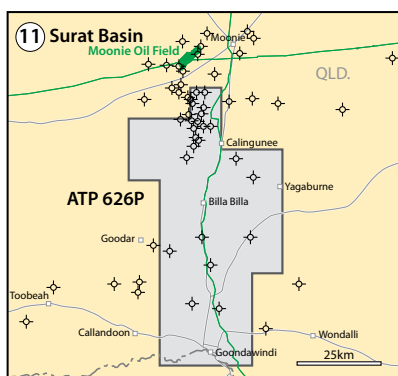
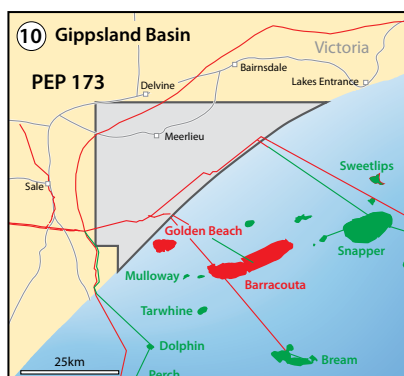
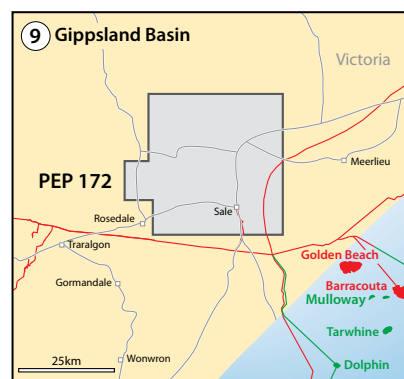
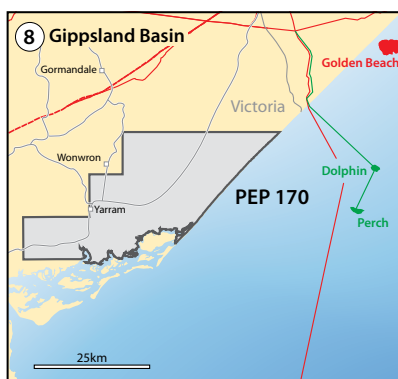
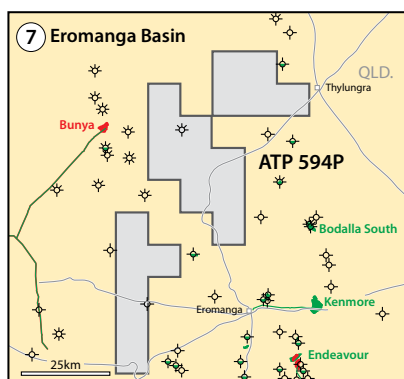
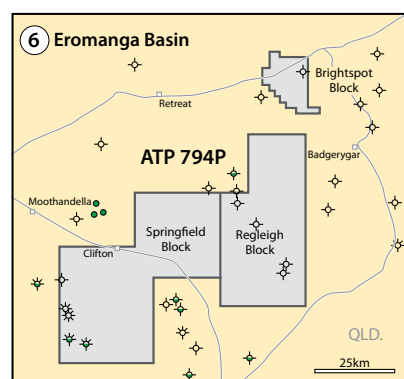
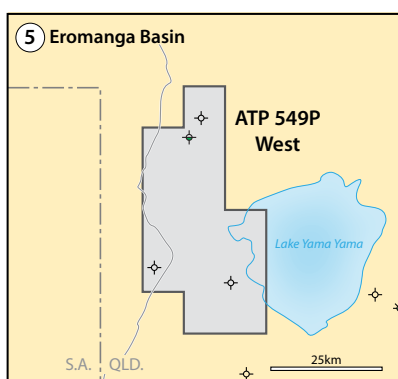
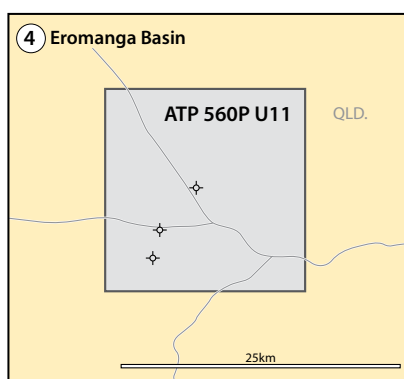
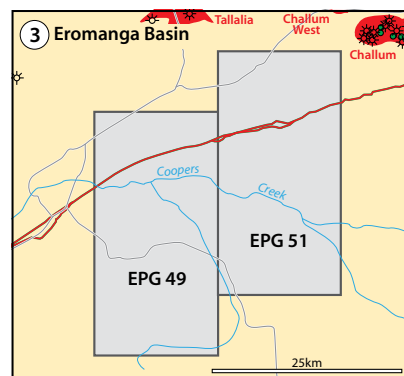
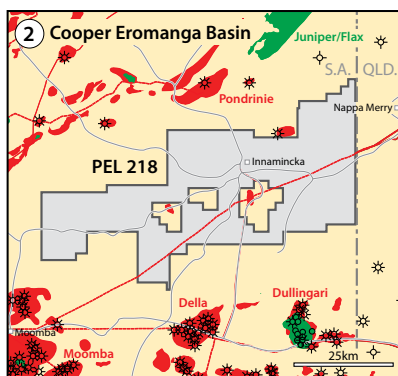
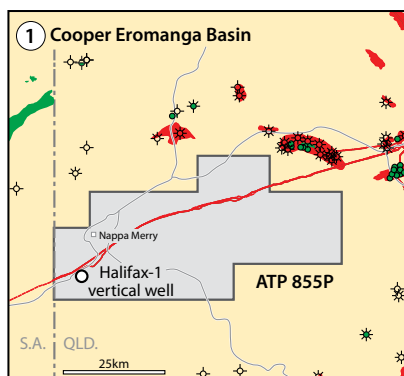


Icon Energy Limited Acreage Portfolio

Ref	Basin / Area	Permit / Area	Tenement Area	Permit Interest	Operator	Prospect Type
1	Cooper Basin, Nappamerri Trough	ATP 855P	1,674 sqkm	40% *	Beach Energy	Shale Gas Coal Seam Gas Oil
2	Cooper Basin Nappamerri Trough	PEL 218	1,602sqkm	33.33% Post-permian section only	Beach Energy	Coal Seam Gas
3	Cooper Basin Nappamerri Trough	EPG 49	200 sqkm	100%	Icon Energy	Geothermal
3	Cooper Basin Nappamerri Trough	EPG 51	200 sqkm	100%	Icon Energy	Geothermal
4	Cooper Basin	ATP 560 UEleven	307 sqkm	50.5%	Icon Energy	Oil Gas
5	Eromanga Basin	ATP 549 West	3,681 sqkm	33.33%	Drillsearch	Natural Gas Oil
6	Eromanga Basin	ATP 794 Brightspot Block Regleigh Block Springfied Block	5,315 sqkm	75% 60% 60%	Icon Energy Icon Energy Icon Energy	Coal Seam Gas Shale gas Oil
7	Eromanga Basin	ATP 594P	1,538 sqkm	50%	Icon Energy	Natural Gas Coal Seam Gas Oil
8	Gippsland Basin	PEP 170	808 sqkm	100%	Icon Energy	Natural Gas Oil
9	Gippsland Basin	PEP 172	1,312 sqkm **	100%	Icon Energy	Natural Gas
10	Gippsland Basin	PEP 173	1,220 sqkm **	100%	Icon Energy	Natural Gas
11	Surat Basin	ATP 626P	2,224 sqkm	50%	Icon Energy	Coal Seam Gas Shale Gas Oil
12	Surat Basin	ATP 849P	3,854 sqkm	80%	Icon Energy	Coal Seam Gas

*Subject to the completion of farmin arrangements by Beach Energy.

** Subject to an Indigenous Land Use Agreement (ILUA).



SUSTAINABILITY REPORT >>>



ATP 626P: Rig safety inspection

Icon Energy's sustainability strategy is clear, its relationships with stakeholders being founded on a platform of care, integrity and mutual respect.

At Icon Energy our fundamental principle is to conduct our business through respectful and responsible partnerships. From our joint venture partnerships to our relationships with our employees, contractors, government bodies and the community we engage with, trust and respect are paramount to our success.

Icon Energy cares about the health, safety and wellbeing of its employees and the environment in which it operates. The Company's ethos is that it will not operate unless it can operate safely.

This group commitment to sustainability has led to business alliances that facilitate conduct of sustainable operations. Icon Energy's partnership with Beach Energy in tenement ATP 855P allows Icon to take advantage of Beach's deep shale drilling experience and exploration success in the Cooper Basin.

In China, Icon Energy continues to build business relationships based on trust, confidence and mutual respect with Shantou SinoEnergy. Icon continues to explore practicable exploration opportunities with potential joint venture partners.

Icon Energy continues to keep sustainable operations at the forefront of the Company's business strategy.

HEALTH AND SAFETY >>>

The health and safety of our people and contractors is very important to Icon Energy and is one of our top priorities.

This year, we have joined the APPEA Health, Safety and Environment quarterly incident reporting program. Icon Energy's Total Recordable Incident Frequency Rate (TRIFR) is currently 0.0. We can't relax our focus on Health and Safety. At Icon Energy we continue to challenge ourselves to improve and sustain our good safety record.

During our drilling operations in June 2012, Icon Energy contracted eight service companies. Contractors total hours worked equated to 8,723 and Icon Energy permanent staff worked 7,523 hours.

The high number of hours worked by contractors and the nature of their work creates a greater potential for risk of an incident occurring than in the office environment. Icon Energy is pleased that its strong focus on Contractor Management from a Health and Safety perspective has paid dividends in terms of no recordable safety incidents.

We would like to thank all the people and businesses associated with Icon Energy including our contractors and partners and employees for their contribution to our excellent safety record.



Field Operations Officer with contractor on site



Surat Basin: Working with the environment

WORKING WITH OUR COMMUNITY >>>

Icon Energy's community engagement is focused on building relationships amongst the communities in which we operate.

At all stages of each project, we at Icon Energy promote clear, accessible and transparent lines of communication.

From the commencement to the completion of each project, Icon Energy proactively engages with local landholders, traditional owners, local and state government, neighbouring properties and the wider community.

As part of the preparation for our drilling and seismic program in Victoria, we briefed the entire Wellington Shire Council on our exploration program and held a community meeting with the Victorian Farmers Federation, Giffard branch to discuss the project. We held over 200 meetings with stakeholders and conducted radio and press interviews to inform the broader Gippsland Community.

ENVIRONMENTAL MANAGEMENT >>>

Icon Energy is committed to ensuring that the impact of its operations on the environment is minimal. As part of our planning, operational activity and rehabilitation process, we continually monitor and respond to the impact of our activities on the environment.

At Icon we are proud to report that we have maintained our zero environmental incidents record.

Responsibility for Icon's environmental practices and performance is clearly defined and measured. All Icon Energy employees, contractors and joint venturers engaged in activities under Icon Energy operational control are briefed on their environmental obligations.

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.

Whether as operator in the Surat Basin in ATP 626P, or as joint venture partner in the Cooper Basin, our environmental commitment is clear. At Icon, we adopt a proactive and transparent reporting approach to the Company's environmental performance.

Icon Energy operates in accordance with best industry practice. As a member of the Resource sector, with operations in Queensland, Victoria and South Australia, we are regulated by various agencies including Environment Protection Agencies, the Department of Natural Resources in Queensland and the DPI in Victoria. We are also subject to national and state legislation.

In Gippsland, Icon Energy engaged local environmental specialists, Coffey Environments to complete two Environment Management Plans (**EMP**) for Icon Energy's drilling program and a separate EMP for the 2D 400km Murray Seismic Survey. The DPI has conducted comprehensive reviews of these EMPs and operational activity will commence after DPI and ministerial approval have been provided.

During the year, Icon Energy produced a Baseline Assessment Plan for the monitoring of all water bores located in a priority area in tenement ATP 626P in the Surat Basin. Timely monitoring and transparent reporting of key environmental issues enables the Company to continually review and improve its environmental performance.

At Icon Energy we are committed to minimizing the likelihood of pollution and the cumulative environmental impact of our activities at a local, regional and national level both today and for generations to come.

CORPORATE GOVERNANCE STATEMENT



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

The aim of Icon Energy Limited (**Icon Energy** or **Company**) is to be a safe, world class gas and oil explorer and producer using techniques and processes that minimise green house gas emissions, with a minimum of long-term environmental damage and with a share price that will continue to grow. In pursuing the Company's mission, the Board is committed to the highest standards of governance as it strives to foster a culture that values and rewards commendable ethical standards, personal integrity and initiative and a respect for all stakeholders.

The Directors' Report sets out the names of the Directors of the Company in office at the date of this statement, their experience and special duties.

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;
- appointing and where appropriate, removing the Chief Executive Officer and monitoring his performance;
- maximising shareholder value by setting objectives and goals;



CORPORATE GOVERNANCE STATEMENT >>>

- reviewing and ratifying systems of risk management and internal compliance and 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 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 oversees 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 implementation following approval by the Board;
- 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 set out below.

The Board should comprise Directors who have a broad cross section of experience in the petroleum exploration/production industry both in Australia and overseas or should have financial and general management and/or business development experience. Their expertise should encompass the establishment of management strategy and monitoring achievement of these strategies.

Wherever possible, the Chairman of the Board should be a non-executive Director. The Chairman has the casting vote in all Board decisions.

The Board should comprise a majority of non-executive Directors. Currently the Board comprises four non-executive Directors and two executive Directors. It is expected that as the Company's activities expand with the development of its coal seam gas, shale gas and other interests, then the number of non-executive Directors will increase.

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 and skills determined by the Board. The Remuneration, Nominations and Succession Committee reviews

CORPORATE GOVERNANCE STATEMENT >>>

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.

No Director, except the Managing Director, shall hold office for a period in excess of three years, or until 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.

In accordance with the Constitution of the Company the Board should comprise of at least three Directors.

A copy of the Company's Board Charter and the Role of Management can be found in the Corporate Governance Section on 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 in important areas of decision making. Additional Committees may be formed if the Board finds a need for them. These Committees are the Audit and Risk Management Committee and the Remuneration,

Nominations and Succession Committee, the membership of which is comprised as follows:

Audit and Risk Management Committee

Keith Hilless (Chairman)
(non-exec Director)

Stephen Barry
(non-exec Director)

Derek Murphy
(non-exec Director)

Remuneration, Nominations and Succession Committee

Stephen Barry (Chairman)
(non-exec Director)

Derek Murphy
(non-exec Director)

BOARD AND COMMITTEE MEMBERS AND MEETINGS

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 on pages 24 and 25 of this Annual Report. The period of office held by each Director is also set out in the Directors' Report.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee's responsibilities are to:

- oversee the effectiveness of the systems of financial risk management, governance and controls;
- oversee the existence and maintenance of internal controls and accounting systems;
- oversee the financial reporting processes;
- nominate external auditors; and
- review the existing audit arrangements.

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.

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 twice per year and met five times during the current financial 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; and
- Board and management succession planning;

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 at least one member having experience and expertise in financial matters. The Chairman of the Audit and Risk Committee is Dr Keith Hillless 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's Board. The Company Chairman is also the Chairman of the Remuneration, Nominations and Succession Committee.

The charter of the Remuneration, Nominations 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 Director Service Agreements. Details of the structure of and amount of remuneration 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 Policy.

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 and findings were discussed at the July 2012 Board meeting and Remuneration, Nominations and Succession Committee meeting. As part of that review, the Board reviewed its composition and skills set to ensure it has the necessary skills 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, Nominations 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

In 2012, Icon Energy Limited formalised its commitment to diversity in the workplace by approving its Diversity Policy. This policy applies to all Icon Energy Limited Directors, employees, contractors and consultants acting on the Company's behalf, 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. The Managing Director manages diversity issues

CORPORATE GOVERNANCE STATEMENT >>>

affecting employees and the Board is responsible for diversity issues relating to the Board of Directors. The Board is responsible for the appointment of potential Board members upon the recommendation of the Remuneration, Nominations and Succession Committee. The Board has delegated to the Managing Director overall responsibility for the application of the Diversity Policy across the organisation. Details of the policy are set out under the Policies section in the Corporate Governance section of the Company's website.

The Diversity Policy includes a commitment to establishing measurable objectives for gender diversity. The objectives for 2012/13 are:

2012/13 OBJECTIVES

RESULT

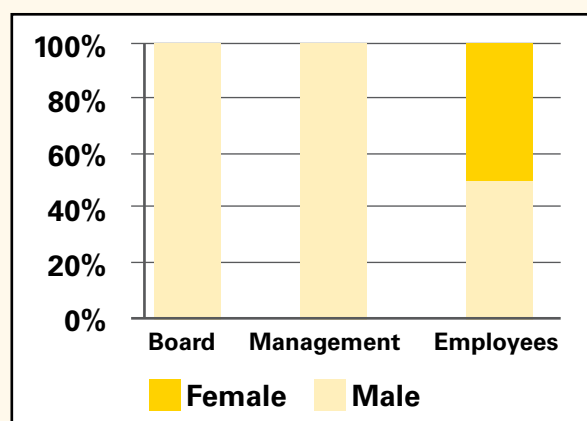
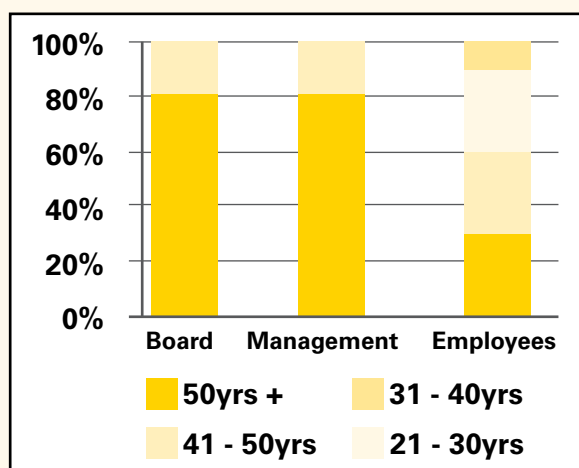
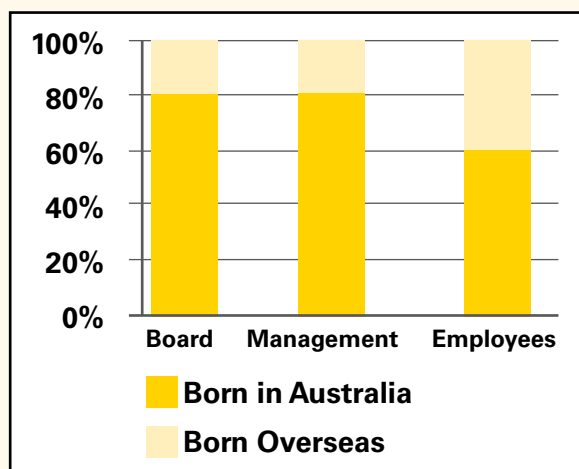
To include in the Remuneration, Nominations and Succession Committee Charter responsibility for diversity, including an annual review and report on the relative proportion of women and men in the workforce at all levels of the Company

To support and promote the Company's Diversity Policy, including, where reasonably practicable, 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 ensure that in the interview process for each executive position there is, where reasonably practicable, at least one appropriately qualified female candidate

To consider diversity when reviewing board succession plans with the aim to improve gender representation and diversity



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 can be found in the Corporate Governance Section on the Company's website.

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:

- compliance with all laws and regulations which govern the group and its operations;

- avoidance and/or management of conflicts of interest;
- them to act in the best interest of the Company and create value for the Company's shareholders and stakeholders; and
- them to act honestly and with integrity and fairness in all dealings with each other and third parties.

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

Trading in the Company's Securities by Directors and Employees

Icon Energy 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 which occur in the three week period commencing after:

- 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 give prior written notice of intention to trade to the Chairman (in the case of Directors), the Managing Director (for the Chairman or Secretary) or the Secretary (for other 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.

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/principles integrated into Company decision making;
- 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;
- Respecting and protecting human rights and dignity at our operations and deal fairly with employees and others; and
- Open and effective engagement and reporting with our communities.

IDENTIFICATION OF SIGNIFICANT BUSINESS RISK

The Board meets at least every three months and receives comprehensive monthly management reports which enables the Board to identify emerging risk factors and monitor management's response to these risks.

MANAGEMENT OF ENTERPRISE AND OPERATIONAL RISK

The Board has the overall responsibility for overseeing the Company's risk management framework and maintaining the Company's risks, including material business risks.

The Managing Director, in conjunction with senior executives, is required to develop, implement and manage 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 whether the Group's material operational and business risks are being effectively managed. Under its charter, the Audit and Risk Management Committee is responsible for:

- Overseeing the establishment and implementation by management of the Company's risk management system.

CORPORATE GOVERNANCE STATEMENT >>>

- Overseeing 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;
 - 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 and the Chief Financial Officer that:

- The declaration provided in accordance with section 259A 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.

A summary of the Company's policies on risk oversight and management of material business risks can be found in the Corporate Governance section of the Company's website.

DISCLOSURE AND COMMUNICATIONS

Icon Energy has in place a Disclosure and Communications Policy that 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 and to ensure accountability at a senior executive level for that compliance. Responsibility for meeting ASX disclosure requirements 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.

Shareholders Communication

The Disclosure and Communications Policy sets out the manner in which Icon Energy promotes communication with shareholders and other key stakeholders. Icon Energy ensures that news of significant Group developments is communicated to shareholders through:

- annual reports to shareholders;
- half-yearly accounts lodged with the ASX;
- quarterly reports;
- continuous disclosure to the ASX;
- notices of shareholder meetings and explanatory notes; and
- shareholders are encouraged to contact the Company's officers and participate in the Annual General Meeting by asking questions as to the performance of the Company.

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 the exception of Recommendation 8.2 which recommends that Remuneration Committees comprise 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 a Committee of at least two independent Directors than three Directors.

ASX Corporate Governance Principles and Recommendations

Page
Reference Adopt

Principle 1: Lay solid foundations for management and oversight

- | | | | |
|-----|---|-----------|---|
| 1.1 | Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions. | p 16 - 17 | ✓ |
| 1.2 | Companies should disclose the process for evaluating the performance of senior executives. | p 19 | ✓ |
| 1.3 | Companies should provide the information indicated in the Guide to reporting on Principle 1. | p 16 - 18 | ✓ |

Principle 2: Structure the Board to add value

- | | | | |
|-----|---|-----------|---|
| 2.1 | A majority of the Board should be independent Directors. | p 18 | ✓ |
| 2.2 | The chair should be an independent Director. | p 18 | ✓ |
| 2.3 | The roles of chair and chief executive officer should not be exercised by the same individual. | p 17 | ✓ |
| 2.4 | The Board should establish a nomination committee. | p 18 - 19 | ✓ |
| 2.5 | Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors. | p 19 | ✓ |
| 2.6 | Companies should provide the information indicated in the Guide to reporting on Principle 2. | p 17 - 19 | ✓ |

Principle 3: Promote ethical and responsible decision-making

- | | | | |
|-------|---|-----------|---|
| 3.1 | Companies should establish a code of conduct and disclose the code or a summary of the code as to: | | |
| 3.1.1 | the practices necessary to maintain confidence in the Company's integrity. | p 20 - 21 | ✓ |
| 3.1.2 | the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders. | p 20 - 21 | ✓ |
| 3.1.3 | the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. | p 20 - 21 | ✓ |
| 3.2 | Companies should establish a policy concerning diversity and disclose the policy or summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them. | p 19 - 20 | ✓ |
| 3.3 | Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them. | p 20 | ✓ |
| 3.4 | Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board. | p 20 | ✓ |
| 3.5 | Companies should provide the information indicated in the Guide to reporting on Principle 3. | p 20 | ✓ |

Principle 4: Safeguard integrity in financial reporting

- | | | | |
|-----|---|------|---|
| 4.1 | The Board should establish an audit committee. | p 18 | ✓ |
| 4.2 | The audit committee should be structured so that it consists of:
- only non-executive Directors
- a majority of independent Directors
- an independent chair, who is not chair of the Board
- at least three members. | p 18 | ✓ |
| 4.3 | The audit committee should have a formal charter. | p 18 | ✓ |
| 4.4 | Companies should provide the information indicated in the Guide to reporting on Principle 4. | p 18 | ✓ |

Principle 5: Make timely and balanced disclosure

- | | | | |
|-----|--|------|---|
| 5.1 | Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies. | p 22 | ✓ |
| 5.2 | Companies should provide the information indicated in the Guide to reporting on Principle 5. | p 22 | ✓ |

Principle 6: Respect the rights of shareholders

- | | | | |
|-----|--|------|---|
| 6.1 | Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. | p 22 | ✓ |
| 6.2 | Companies should provide the information indicated in the Guide to reporting on Principle 6. | p 22 | ✓ |

Principle 7: Recognise and manage risk

- | | | | |
|-----|---|-----------|---|
| 7.1 | Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies. | p 21 - 22 | ✓ |
| 7.2 | The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks. | p 21 - 22 | ✓ |
| 7.3 | The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) 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 that the system is operating effectively in all material respects in relation to financial reporting risks. | p 22 | ✓ |
| 7.4 | Companies should provide the information indicated in the Guide to reporting on Principle 7. | p 21 - 22 | ✓ |

Principle 8: Remunerate fairly and responsibly

- | | | | |
|-----|--|------|------------------|
| 8.1 | The Board should establish a remuneration committee. | p 19 | ✓ |
| 8.2 | The remuneration committee should be structured so that it:
- consists of a majority of independent directors;
- is chaired by an independent director;
- has at least three members. | p 19 | ✓
✓
✓
X |
| 8.3 | Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. | p 19 | ✓ |
| 8.4 | Companies should provide the information indicated in the Guide to reporting on Principle 8. | p 19 | ✓ |

BOARD OF DIRECTORS >>>



MR HOWARD LU - NON-EXECUTIVE DIRECTOR

Experience:

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 approximately AUD 373,824,000.

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 third largest shareholder, holding 16,000,000 fully paid ordinary shares in the Company.

Director Since: 7 January 2011

DEREK MURPHY - NON-EXECUTIVE DIRECTOR

Qualifications:

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

Experience:

Derek Murphy was appointed to the Board on 20 March 2009 as a Non-Executive Director of Icon Energy Limited. Derek is member of the Board's Remuneration, Nominations and Succession Committee and a member of its Audit and Risk Management Committee. He is a Fellow 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 Stem Cell and Tissue Regenerative Therapies at Bond University, and a Member of the Gold Coast Advisory Council at Griffith University. 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 March 2009

STEPHEN BARRY - NON-EXECUTIVE CHAIRMAN

Qualifications:

LLB University of Sydney, FAICD

Experience:

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 also a member of the Board's Audit and Risk Management Committee. He is a member and Chairman of the Board's Remuneration Nominations and Successions 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.

Director Since: 5 January 1993



RAYMOND JAMES - MANAGING DIRECTOR

Qualifications:

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

Experience:

Ray James has been the Managing Director of Icon Energy Limited and its subsidiaries since 1993. He is also the President of Icon Oil US LLC a position held since 1999. Ray has 38 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 of the Australian Institute of Management. He is a Fellow of the Australian Institute of Company Directors and serves as a member of the Gold Coast Committee.

Director Since: 7 February 1993

KEITH GRAHAM HILLESS - NON-EXECUTIVE DIRECTOR

Qualifications:

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

Experience:

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 of the Institution of Engineers Australia, The Australian Institute of Management and the Australian Institute of Company Directors.

Director Since: 3 April 2009

KEVIN JIH - CHIEF FINANCIAL OFFICER AND EXECUTIVE DIRECTOR

Qualifications:

BA, MBA, MAcc, PhD (Bond), CPA

Experience:

Kevin Jih joined Icon Energy as Deputy Chief Financial Officer in November 2008, was promoted to Chief Financial Officer in July 2010 and elected a Director of Icon Energy and its subsidiaries in December 2011. Kevin is a Certified Practising Accountant and has wide experience in the private and public sectors specialising in management accounting, financial accounting and corporate governance.

Kevin has held numerous key positions as the Faculty Manager of Finance and HR, Faculty of Humanities and Social Sciences at Bond University, Australia; Vice President of Hong Yang Lease Finance Co Ltd in Taipei and Business Consultant of Hualien Business Bank in Taiwan.

Director Since: 30 November 2011

OPERATIONAL MANAGEMENT >>>



RICHARD HOLLIDAY - COMMERCIAL MANAGER

Experience:

Richard Holliday joined Icon Energy as Commercial Manager in 2011.

Richard has held Executive positions with the Queensland Government, Gold Coast City Council, Queensland Rail and was the Chief Executive Officer, Surfers Paradise Alliance.

Prior to joining Icon Energy as Commercial Manager, Richard was the Manager Media and Communications for Santos QLD where he was heavily involved in the early days of Coal Seam Gas (CSG) working on the Santos GLNG project. Richard was instrumental in developing Santos' strategic marketing and advertising campaign focusing on delivering a "social licence to operate" and the coexistence of agribusiness and the CSG industry.

Working with Ministers across state and federal boundaries and Government legislators and regulators to deliver workable policy outcomes is an area that Richard excels in, having been involved in many of the CSG policy outcomes that underpin the industry today.

Richard understands the impact of Government legislation and regulations and the commercial outcomes on the CSG/LNG industry.

RAYMOND JAMES - MANAGING DIRECTOR

Qualifications:

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

Experience:

Ray James has been the Managing Director of Icon Energy Limited and its subsidiaries since 1993. He is also the President of Icon Oil US LLC a position held since 1999. Ray has 38 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 of the Australian Institute of Management. He is a Fellow of the Australian Institute of Company Directors and serves as a member of the Gold Coast Committee.

KEVIN JIH - CHIEF FINANCIAL OFFICER AND EXECUTIVE DIRECTOR

Qualifications:

BA, MBA, MAcc, PhD (Bond), CPA

Experience:

Kevin Jih joined Icon Energy as Deputy Chief Financial Officer in November 2008, was promoted to Chief Financial Officer in July 2010 and elected a Director of Icon Energy and its subsidiaries in December 2011. Kevin is a Certified Practising Accountant and has wide experience in the private and public sectors specialising in management accounting, financial accounting and corporate governance.

Kevin has held numerous key positions as the Faculty Manager of Finance and HR, Faculty of Humanities and Social Sciences at Bond University, Australia; Vice President of Hong Yang Lease Finance Co Ltd in Taipei and Business Consultant of Hualien Business Bank in Taiwan.



**JIM CARR -
OPERATIONS MANAGER**

Qualifications:

BE (Honours in Mechanical Engineering) University of Adelaide, MIEAust

Experience:

Jim Carr joined Icon Energy as the Operations Manager in January 2012. He has over 30 years of professional experience in petroleum engineering and supervision and in the management and implementation of innovative upstream technologies, including Slimhole Drilling, Underbalanced Drilling (UBD) and Managed Pressure Drilling (MPD).

Jim has worked with Santos (Adelaide and Brisbane) from 1980 to 2001 in Production Engineering, Petroleum Engineering and Drilling Departments. He joined Blade Energy Partners (USA) in 2002 and project managed several UBD/MPD projects including for RasGas, offshore Qatar, PDO onshore Oman, Shell onshore Brunei and offshore Malaysia, Conoco Phillips in San Juan Basin, New Mexico, Santos, Lakes Oil and Geodynamics (geothermal) projects in Australia. He has also consulted to Exxon Mobil (Indonesia), Chevron (USA) and Kuwait Oil Company.

He is a member of SPE and a Chartered Engineer of the Institution of Engineers Australia.

**ROSS MALLET -
COMPANY SECRETARY AND LEGAL COUNSEL**

Qualifications:

JD, BBus, GDLP, FCIS, FCPA, MAICD

Experience:

Ross Mallett is the Legal Counsel and Company Secretary of Icon Energy Limited. Ross has acted as a Company Secretary and Governance Advisor for a number of large listed companies, mainly in the resources sector, for over 30 years.

Most recently Ross was Company Secretary for People's Choice Credit Union and Principal of Governance Solutions Pty Ltd, a corporate governance consultancy business. Prior to that Ross held the roles of Company Secretary of Elders Limited and Deputy Company Secretary of BHP Billiton Ltd, WMC Limited and CRA Limited (now called Rio Tinto Ltd).

Ross is a Fellow and former Director and National President of Chartered Secretaries Australia, a Fellow of CPA Australia and a member of the Australian Institute of Company Directors.

FINANCIAL STATEMENTS & REPORTS



ICON ENERGY LIMITED and Controlled Entities

Icon Energy Limited

ABN 61 058 454 569

Full Year Accounts

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DIRECTORS' REPORT >>>

The Directors of Icon Energy Limited ("Icon Energy" or "Company") present their report together with the financial statements of the Company and its controlled entities ("the Group" or "the Consolidated Entity") for the financial year ended 30 June 2012. In order to comply with the provisions of the Corporations Act 2001, the Directors 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
Derek James Murtagh Murphy	Non-executive Director	Director since 20/03/2009
Keith Hillees	Non-executive Director	Director since 03/04/2009
Howard Lu	Non-executive Director	Director since 07/01/2011
Raymond Swinburn James	Managing Director	Director since 01/02/1993
Kevin Jih	Chief Financial Officer & Executive Director	Director since 30/11/2011

Details of the qualifications and experience, other directorships of listed entities and special responsibilities of Directors are set out on page 24 and 25 of this Annual Report.

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 contained in this Annual Report.

Significant Changes in State of Affairs

Significant changes in the state of affairs of the Group during the financial year ended 30 June 2012 are set out below:

- Icon Energy and Beach Energy completed a 425 kilometre Gallus 2D seismic acquisition program within Queensland Permit ATP855P in the Cooper Basin in April 2012;
- As part of the Victorian exploration program Icon Energy lodged Operations Plans and Environmental Management Plans with the Department of Primary Industries (DPI) in Victoria covering the drilling of two wells, Tiger West 1 and Dragon 1 and the completion of a 400km seismic acquisition survey in Gippsland basin tenement PEP 170;
- Three exploratory wells were drilled in the ATP626P tenement as at 30 June 2012. The Eolus 1 well showed encouraging results and has been cased and suspended until further well studies are completed.

Events After the Balance Date

Icon Energy and Beach Energy executed a revised Farmin Agreement for ATP 855P on 13 July 2012 under which Beach Energy and Icon Energy agreed to drill a vertical well for Halifax 1 in early August 2012 in place of the planned horizontal well. On 4 August 2012 the Halifax 1 well was spudded in ATP855P.

Other than the above transactions there has not arisen in the interval between 30 June 2012 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.

Future Developments

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 Directors believe that the inclusion would most likely result in unreasonable prejudice to the Company.

Financial Position

The net loss after tax for the Company and its controlled entities for the financial year ended 30 June 2012 was \$4,618,666 (30 June 2011: \$6,000,512).

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).

DIRECTORS' REPORT (continued) >>>

Company Secretary

The Company Secretary is Ross Mallett. He was appointed Legal Counsel and Company Secretary on 13 March 2012 following the resignation of Mr Wesley Glanville on 29 February 2012. Dr Kevin Jih was appointed interim Company Secretary on 1 March and resigned as Company Secretary on 13 March 2012. Details of Mr Mallett's qualifications and experience are set out on page 27 of this Annual Report.

MEETINGS OF DIRECTORS

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

	Directors Meetings		Audit and Risk Management Committee Meetings		Remuneration Nominations, and Succession Committee Meetings	
	A	B	A	B	A	B
R S James	10	10	-	-	-	-
S M Barry	10	10	2	2	5	5
D J Murphy	10	10	2	2	5	5
K Hilless	10	10	2	2	-	-
H Lu	9	10	-	-	-	-
K Jih	6	6	-	-	-	-

A- Number of meetings attended.

B- Reflects the number of meetings held during the time the Director held office during the year.

Environmental Regulation

The consolidated entity's operations are subject to various environmental regulations. The Company has a policy of at least complying, but in most cases exceeding environmental performance obligations. 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 false, misleading or incomplete. No amount has been paid under this indemnity during the period ended 30 June 2012 or to the date of this Report.

Details of the nature of the liabilities covered in respect of Directors' and Officers' insurance policies are not disclosed as such disclosure is prohibited under the terms of the contracts.

The total premium expense for the year was \$ 28,693 (30 June 2011:\$30,728).

Non-audit Services

Taxation services \$9,200

The Board of Directors has considered the position and, in accordance with advice received from the Audit and Risk Management Committee, is satisfied that the provision of non-audit services is compatible with the general standard on independence imposed for auditors by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditors, as set out above, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

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 37 and forms part of the Directors' Report for the period ended 30 June 2012. Crowe Horwath continues in office in accordance with Section 327 of the Corporations Act 2001.

DIRECTORS' REPORT (continued) >>>

REMUNERATION REPORT -AUDITED >>>

Key Points

- **No bonuses paid to executives and employees for performance for the 2012 financial year**
- **Executive and employee salary increases for year restricted to CPI increases (except CFO)**
- **Non-executive Directors have not had a fee increase since 2009**

The Directors of Icon Energy Limited present this Remuneration Report for the consolidated entity for the year ended 30 June 2012. 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:

Name	Position Held	
Non-executive Directors		
Stephen Barry	Chairman	
Keith Hilless	Director	
Howard Lu	Director	
Derek Murphy	Director	
Senior Executives		
Ray James	Managing Director	
Kevin Jih	Executive Director & Chief Financial Officer	(appointed Executive Director 30 November 2011)
Ross Mallett	Legal Counsel & Company Secretary	(appointed 13 March 2012)
James Carr	Operations Manager	(appointed 3 January 2012)
Former Senior Executives		
Larry Brown	Chief Operating Officer	(resigned 13 September 2011)
Robert King	Exploration Manager	(resigned 11 April 2012)

Remuneration Policy

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

- Directors and Senior Executives receive competitive and reasonable market based levels of base remuneration;
- Employees and Senior Executives who perform well have the opportunity to be well rewarded through an annual short term incentive plan;
- Executive long term incentives are aligned to the achievement of strategic objectives and creation of value for shareholders.

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 complimentary 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/August in accordance with the procedures set out in the Remuneration, Nominations and Succession Committee Charter. The Corporate Governance Statement provides further information on the role of the Committee. The Committee also reviews and approves the plans and outcomes for the Managing Director's direct reports on the recommendation of the CEO and reviews incentive programs and employment terms offered to the wider group.

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, the directors. Non-executive Directors' fees are reviewed by the Board on an annual basis. The maximum total amount available for payment of all non-executive Director fees is \$500,000 per annum which was approved by shareholders at the 2010 Annual General Meeting. The total amount of fees actually paid to Non-executive Directors during the financial year was \$327,000.

Non-executive Directors each received fees amounting to \$76,300 (including superannuation) for the year ended 30 June 2012. The Chairman received fees amounting to \$98,100 (including superannuation) in recognition of the additional workload required of that position. There has been no increase in Non-executive Director fees since 2009. The Directors do not receive additional fees for work on Board Committees. Non-executive Directors do not receive incentive based remuneration and there is no provision for retirement benefits other than statutory requirements.

DIRECTORS' REPORT (continued) >>>

Senior Executives

Senior Executives are remunerated through a combination of:

- Fixed Remuneration (FR);
- Short-term Incentive (STI);
- Long-term Incentive (LTI).

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

Position	Fixed FR%	At Risk	
		STI % of FR	LTI % of FR
Managing Director	100	50	50
Executive	100	40	40
Senior Management	100	30	20
Other Employees	100	10	-

In 2010 the Board established the Icon Energy Limited Performance Rights Plan ("Plan") 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 Plan was presented and approved by shareholders at the Annual General Meeting held on 22 April 2010.

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 last year. In July 2011 the CFO was awarded a \$20,000 increase in fixed remuneration plus CPI and a packaged motor vehicle to better align his remuneration with market rates.

Short-term Incentives

Short-term incentives are payable in a combination of cash (30%) and equity (70%) and reflect the achievement of a number of short term goals established on an annual basis between management and their direct reports, which includes the Group's financial performance and individual performance. No STI bonuses were paid to senior executives, employees or directors during the reporting period.

Long-term Incentives

Long-term incentives are delivered in equity award(s) which may vest upon the satisfaction of performance conditions/key performance drivers which underpin long term sustainable growth for the Company. No rights have been issued to date under the LTI Plan.

A set of Group and individual Key Performance Indicators (KPIs) was set for all employees in the reporting period to 30 June 2012. Group KPIs included a focus on the following areas:

- Exploration success;
- Health, Safety & Environment performance targets;
- Growth in the Company's market capitalisation;
- New project development.

Relationship Between Remuneration Policy and Performance

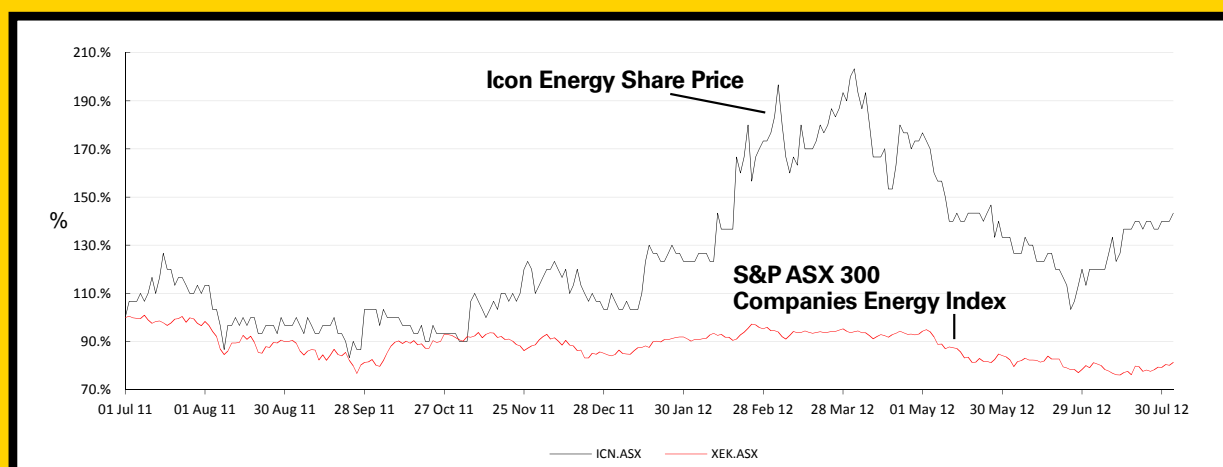
Icon Energy's remuneration policy seeks to encourage an alignment between the performance of the Company and remuneration of its executive KMPs. It does this by including short-term and long-term 'at risk' incentives that only vest when executives achieve pre-determined key corporate performance objectives.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

The following table shows the Company's Profit/Loss (after tax) for the last four years as well as the share price and market capitalisation over those years. The graph below the table shows the relative growth of the Company's share price against the S&P ASX 300 Energy Index during the financial year. Icon's share price outperformed the index during the financial year.

	31 December 2008	31 December 2009	30 June 2010 (6 months)	30 June 2011	30 June 2012
Closing Share Price	0.20	0.40	0.17	0.14	0.18
Number of Shares	332,796,906	438,845,003	439,801,394	469,301,394	469,301,394
Market Cap (\$)	66,559,381	175,538,001	74,766,237	65,702,195	84,474,251
Profit/(Loss) after tax (\$)	(6,138,016)	(4,213,430)	(3,588,341)	(6,000,512)	(4,618,666)

DIRECTORS' REPORT (continued) >>>

RELATIVE PERFORMANCE (01 Jul 11 - 02 Aug 12) >>>



During the year the Company achieved a number of positive milestones. These included:

- The Icon Energy share price significantly outperformed the S&P ASX300 Energy Index during the year;
- The Company maintained its excellent safety record with no Lost Time Injuries experienced during the year;
- Good progress was made in the development of exploration projects in both Victoria and Queensland.

Icon Energy did not pay any bonuses to Company executives and employees in respect of performance during the financial year ended 30 June 2012. Due to the limited exploration success and the adverse impact of economic conditions on the Company during the reporting period the Board determined that it was not appropriate for the Company to award Short-term (STI) or Long-term (LTI) incentives to executives and employees in respect of the 2011/12 financial year.

Service Agreements

The Company has a policy that service agreements with senior executives 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 (Dr Kevin Jih), the Legal Counsel & Company Secretary (Mr Ross Mallett) and the Operations Manager (Mr James Carr).

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

The contracts provide that the agreements may be terminated by either party providing up to twelve months notice as shown in the table below. The Company may make a payment in lieu of notice equal to the base amount prescribed in the service agreement for a specified period. In addition, accrued statutory benefits and superannuation benefits are payable. Should the Company be taken over and the contract terminated, an amount equal to one year base salary is payable.

None of the Senior Executives has an entitlement to termination payments in the event of removal for misconduct other than accrued statutory entitlements.

Name of Executive	Date of Contract	Termination by Icon (without cause)	Termination by Icon by Employee	Termination Payments (where termination by company)	STI & LTI Entitlements
R James	1-Jan-12	12 months	6 months	Payment in lieu of notice based on FR Discretion of Board to pay portion of STI & LTI	STI: May earn up to 50% of FR LTI: May earn up to 50% of FR
K Jih	11-Aug-10	12 months	6 months	Payment in lieu of notice based on FR Discretion of Board to pay portion of STI & LTI	STI: May earn up to 40% of FR LTI: May earn up to 40% of FR
R Mallett	13-Mar-12	6 months	6 months	Payment in lieu of notice based on FR Discretion of Board to pay portion of STI & LTI	STI: May earn up to 40% of FR LTI: May earn up to 40% of FR
J Carr	3-Jan-12	2 months	2 months	Payment in lieu of notice based on FR Discretion of Board to pay portion of STI & LTI	STI: May earn up to 30% of FR LTI: May earn up to 20% of FR

DIRECTORS' REPORT (continued) >>>

Directors and Key Management Personnel Remuneration

Year ended 30 June 2012	Short Term				Post employment Post		Termination Benefits	Share based Payment		Total	Portion of Remuneration Based on Performance
	Salaries & Director Fees (i)	Cash Bonus (ii)	Non- monetary Benefits	Other Benefits (iii)	Super- annuation	Long-term Employee Benefits (iv)		Shares and Units			
		\$		\$	\$	\$	\$	\$	\$	\$	%
Directors											
Stephen Barry	90,000	-	-	-	8,100	-	-	-	-	98,100	-
Keith Hillees	20,000	-	-	-	56,300	-	-	-	-	76,300	-
Derek Murphy	70,000	-	-	-	6,300	-	-	-	-	76,300	-
Howard Lu	70,000	-	-	-	6,300	-	-	-	-	76,300	-
Ray James	477,285	-	-	40,000	42,498	10,476	-	-	-	570,259	-
Kevin Jih (Appointed 30/11/2011)(i)	338,173	-	17,987	69,459	36,081	3,473	-	-	-	465,173	-
Senior Management											
Ross Mallett (Appointed 13/3/2012)	79,692	-	-	-	7,172	111	-	-	-	86,975	-
James Carr (Appointed 03/01/2012)	134,840	-	6,168	-	12,051	174	-	-	-	153,233	-
Larry Brown (Resigned 13/09/2011)	84,452	-	5,517	-	25,979	-	187,584	-	-	303,532	-
Robert King (Resigned 11/04/2012)	183,117	5,000	30,818	-	50,039	-	-	-	-	268,974	2%
	1,547,559	5,000	60,490	109,459	250,820	14,234	187,584	-	-	2,175,146	

(i) Salaries & Fees include annual leave paid during the year. The company's CFO, Dr Jih was appointed to the Board as an Executive Director on 30/11/2011. Dr Jih received a salary increase of \$20,000 plus CPI effective 1 July 2011.

(ii) The cash bonuses paid out in December 2011 were for the period 1 July 2010 to 30 June 2011. The employee is bonus-eligible if he/she scores higher than a pre-determined level, and the size of the bonus paid depends on the percentage achieved on set goals and target performance levels within both corporate and individual perspective areas. The performance appraisals are reviewed by the head of department or manager and approved by the Board.

(iii) Other Benefits represent car allowance received during the year for Ray James of \$40,000. Dr Jih received a payout of accrued annual leave amounting to \$69,459 during the year.

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

DIRECTORS' REPORT (continued) >>>

Year ended 30 June 2011	Short Term				Post employment Post		Termination Benefits	Share based Payment		Total	Portion of Remuneration Based on Performance
	Salaries & Director Fees (i)	Cash Bonus (ii)	Non- monetary Benefits	Other Benefits (iii)	Super- annuation	Long-term Employee Benefits (iv)		Shares and Units			
		\$		\$	\$	\$	\$	\$	\$	\$	%
Directors											
Stephen Barry	89,675	-	-	-	8,071	-	-	-	-	97,746	-
Keith Hilless	32,500	-	-	-	43,800	-	-	-	-	76,300	-
Derek Murphy	70,000	-	-	-	6,300	-	-	-	-	76,300	-
Howard Lu (Appointed 7/01/2011)	33,654	-	-	-	3,029	-	-	-	-	36,683	-
Ray James	474,043	-	-	37,280	42,664	13,124	-	-	-	567,111	-
Senior Management											
Ray McNamara (Resigned 10/8/2010)	62,568	-	8,022	-	5,631	-	169,676	-	-	245,897	-
John Quayle (Resigned 23/12/2010)	155,480	21,651	-	10,000	48,595	-	135,688	-	-	371,414	6%
Kevin Jih (Appointed 11/08/2010)	298,440	20,000	10,859	-	28,054	507	-	-	-	357,860	6%
Larry Brown	270,732	21,250	26,369	-	25,979	616	-	-	-	344,946	6%
Robert King	207,450	15,343	30,818	-	47,812	271	-	-	-	301,694	5%
	1,694,542	78,244	76,068	47,280	259,935	14,518	305,364	-	-	2,475,951	

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

(ii) The cash bonuses paid out in December 2010 were for the period 1 July 2009 to 30 June 2010. The employee is bonus-eligible if he/she scores higher than a pre-determined level, and the size of the bonus paid depends on the percentage achieved on set goals and target performance levels within both corporate and individual perspective areas. The performance appraisals are reviewed by the head of department or manager and approved by the Board.

(iii) Other Benefits represent car allowance received during the year.

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

Directors' and Senior Managements' Interests

As at the date of this report, the interests of the directors and senior management or entities associated with them in shares and options of Icon Energy Limited are:

Directors	Ordinary shares No.	Options No.
SM Barry	1,600,866	-
RS James	21,143,925	-
DJM Murphy	100,000	-
K Hilless	24,000	-
Howard Lu	16,000,000	-
Kevin Jih	133,585	-
Senior Management		
Ross Mallett (Company Secretary)	-	-
James Carr (Operations Manager)	-	-

Movements in the Directors' shareholdings during the year are detailed in Note 5(c) to the accounts.

No options were exercised by Directors or Senior Management during the year.

Share Options

Options Granted to Directors and Key Management Personnel of the Company

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

DIRECTORS' REPORT (continued) >>>

Options Held by Key Management Personnel

There were no options outstanding at 30 June 2012 or as at 30 June 2011.

Questions Raised on the 2011 Remuneration Report at the 2011 AGM

As the Company received a 'no' vote of 25% or more on the resolution to adopt the 2011 Remuneration Report at its 2011 AGM it is required to include in its 2012 Remuneration Report an explanation of the action that the Board proposes to take in response to comments or questions raised at that meeting.

At the 2011 Annual General Meeting (AGM) only one question was raised in relation to the Company's 2011 Remuneration Report. A shareholder enquired why the total amount of remuneration paid to KMPs for the year ending 30 June 2011 was significantly higher than the amount shown for the 2010 financial period. The Chairman responded at the meeting that the figures quoted for 2010 were for a period of 6 months, due to the change in the financial year end, while the figures for 2011 were for a full financial year. The Chairman noted at the time that in real terms the total remuneration paid to KMPs for 2011 was significantly less than that paid for 2010.

The Board considers that no further action is required in response to the question raised at the meeting.

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



S Barry
Chairman
28 August 2012



R S James
Managing Director
28 August 2012



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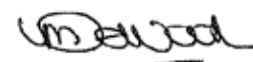
A WHK Group Firm

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 year ended 30 June 2012 there have been:

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


Crowe Horwath Brisbane



Vanessa de Waal
Partner

Signed at Brisbane, 28 August 2012

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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 statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement 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 consolidated entity comprising the company and the entities it controlled at the year end or from time to time during the financial year.

Directors' responsibility for the financial statements

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 a 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 Accounting Standard *AASB 101 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*.

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Opinion

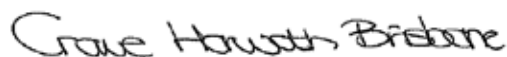
- a) In our opinion the financial report of Icon Energy Limited is in accordance with the *Corporations Act 2001*, including:
- i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) The consolidated financial statements and notes also comply with the *International Financial Reporting Standards* as disclosed in Note 1.

Report on Remuneration Report

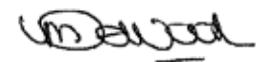
We have audited the Remuneration Report included in pages 31 to 36 of the Directors' Report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our 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 2012, complies with section 300A of the *Corporations Act 2001*.



Crowe Horwath Brisbane



Vanessa de Waal
Partner

Signed at Brisbane, 28 August 2012.

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DIRECTORS' DECLARATION

The Directors of the Company declare that:

- 1 The financial statements and notes, as set out on pages 37 to 58, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2012 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
28 August 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	NOTES	30 June 2012 \$	30 June 2011 \$
Revenue		-	-
Less: Cost of sales		-	-
Gross Profit/(Loss)		-	-
Other income	2	1,329,823	2,357,487
Administration expenses		(3,528,842)	(4,575,179)
Depreciation and amortisation expense		(314,988)	(344,416)
Employee benefits and expenses		(2,707,052)	(3,689,611)
Occupancy expenses		4,722	(416,670)
Profit/(Loss) on sale of non-current assets		(69,425)	(5,084)
Finance costs		(48,997)	(49,925)
Profit/(Loss) before income tax	3	(5,334,761)	(6,723,398)
Income tax benefit	4	716,095	722,886
Profit/(Loss) for the year		(4,618,666)	(6,000,512)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		687	(6,362)
Other comprehensive income/(loss) for the year		687	(6,362)
Total comprehensive income/(loss) for the year		(4,617,979)	(6,006,874)
Profit/(Loss) for the year attributable to:			
Owners of the parent entity		(4,618,666)	(6,000,512)
Non-controlling interests		-	-
Profit/(Loss) for the year		(4,618,666)	(6,000,512)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the parent entity		(4,617,979)	(6,006,874)
Non-controlling interests		-	-
Total comprehensive income/(loss) for the year		(4,617,979)	(6,006,874)
Earnings per share			
Basic earnings/(loss) per share (cents per share)	17	(0.98)	(1.32)
Diluted earnings/(loss) per share (cents per share)	17	(0.98)	(1.32)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	NOTES	30 June 2012 \$	30 June 2011 \$
CURRENT ASSETS			
Cash and cash equivalents	6	9,410,733	16,378,909
Trade and other receivables	7	280,104	210,886
Other financial assets	8	-	2,000,000
TOTAL CURRENT ASSETS		9,690,837	18,589,795
NON-CURRENT ASSETS			
Property, plant, and equipment	9	5,749,059	6,028,366
Financial assets	8	572,500	572,500
Exploration and Evaluation Expenditure	10	18,260,046	15,030,282
Other non-current assets	11	218,011	220,737
TOTAL NON-CURRENT ASSETS		24,799,616	21,851,885
TOTAL ASSETS		34,490,453	40,441,680
CURRENT LIABILITIES			
Trade and other payables	12	1,114,718	1,997,734
Short-term borrowings	13	83,773	151,373
Short-term provisions	14	405,636	636,175
TOTAL CURRENT LIABILITIES		1,604,126	2,785,282
NON-CURRENT LIABILITIES			
Long-term borrowings	13	3,429,501	3,513,273
Long-term provisions	14	213,639	281,960
TOTAL NON-CURRENT LIABILITIES		3,643,139	3,795,233
TOTAL LIABILITIES		5,247,265	6,580,515
NET ASSETS		29,243,186	33,861,165
EQUITY			
Issued capital	15	70,463,292	70,463,292
Reserves	16	(2,242,345)	(2,243,032)
Accumulated losses		(38,977,761)	(34,359,095)
TOTAL EQUITY		29,243,186	33,861,165

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY **FOR THE YEAR ENDED 30 JUNE 2012**

	Ordinary Share Capital \$	Foreign Exchange Reserve \$	Accumulated Losses \$	Total \$
Balance 1 July 2010	64,740,292	(2,236,670)	(28,358,583)	34,145,039
Total comprehensive income:				
Loss for the year	-	-	(6,000,512)	(6,000,512)
Other comprehensive income	-	(6,362)	-	(6,362)
Total Comprehensive Income for the year	-	(6,362)	(6,000,512)	(6,006,874)
Transactions with owners in their capacity as owners:				
Shares issued	5,900,000	-	-	5,900,000
Share issue costs	(177,000)	-	-	(177,000)
Total transactions with owners	5,723,000	-	-	5,723,000
Balance at 30 June 2011 - attributable to owners of parent entity	70,463,292	(2,243,032)	(34,359,095)	33,861,165
Balance 1 July 2011	70,463,292	(2,243,032)	(34,359,095)	33,861,165
Total comprehensive income:				
Loss for the year	-	-	(4,618,666)	(4,618,666)
Other comprehensive income	-	687	-	687
Total Comprehensive Income for the year	-	687	(4,618,666)	(4,617,979)
Transactions with owners in their capacity as owners:				
Shares issued	-	-	-	-
Share issue costs	-	-	-	-
Total transactions with owners	-	-	-	-
Balance at 30 June 2012 - attributable to owners of parent entity	70,463,292	(2,242,345)	(38,977,761)	29,243,186

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

		NOTES	
		30 June 2012	30 June 2011
		\$	\$
		Inflows (Outflows)	Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		1,468,706	1,534,640
Cash payments to suppliers and employees		(8,206,997)	(7,597,131)
Interest received		546,242	814,256
Finance costs		(48,997)	(49,925)
Net Cash used in operating activities	18	(6,241,045)	(5,298,160)
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Investment in financial assets		2,000,000	(2,000,000)
Payments for property, plant & equipment		(67,625)	(183,708)
Payments for deferred exploration and evaluation expenditure		(6,294,604)	(3,096,871)
Proceeds from sale of non-current assets		22,045	117,500
Proceeds from joint venture contributions		3,764,426	7,291,389
Net Cash from/(used in) investment activities		(575,758)	2,128,310
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	5,900,000
Capital raising costs		-	(177,000)
Proceeds from borrowings raised		-	79,776
Repayment of borrowings		(151,372)	(296,437)
Net cash from/(used in) financing activities		(151,372)	5,506,339
Net increase/(decrease) in cash and cash equivalents held		(6,968,176)	2,336,489
Cash and cash equivalents at beginning of the financial year		16,378,909	14,042,420
Cash and cash equivalents at the end of the financial year	6	9,410,733	16,378,909

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

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

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

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

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 28 August 2012.

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

(a) Changes in Accounting Policies

Standards and Interpretations adopted

The new and revised accounting standards that are mandatory for the first time for the year ended 30 June 2012 had no impact on the entity's reported position and performance in the current or prior period.

Following changes made to the *Corporations Act 2001* in June 2010, parent entity columns are no longer required in consolidated financial statements, instead financial information of the parent entity is disclosed by way of note in the annual financial statements. The key financial information of Icon Energy Limited as an individual parent entity is disclosed in the note 27.

Standards and Interpretations issued but not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. They are available for early adoption at 30 June 2012, 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 10 Consolidated Financial Statements* changes the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements. AASB 10 introduces a single definition of control that applies to all entities. This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The entity has not yet determined the potential effect of the standard.
- *AASB 11 Joint Arrangements* deals with the classification of joint arrangements with two or more parties having joint control. This standard also deals with the joint arrangements where parties do not share joint control. AASB 11 replaces AASB 131 *Interests in Joint Ventures*. Under AASB 11 joint ventures are accounted for using equity method. This standard is effective from 1 January 2013. The entity has not yet determined the potential effect of the standard.
- *AASB 12 Disclosure of Interest in Other Entities* is a disclosure standard and therefore will not affect any of the amounts recognised in the financial statements. This standard is applicable to the entities with interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities.
- *AASB 13 Fair Value Measurement* and *AASB 2001-8 Amendments to Australian Accounting Standards* arising from AASB 13. It is effective from 1 January 2013 and explains how to measure fair value and aims to enhance fair value disclosures. The entity has not yet determined the potential effect of the standard.
- *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 2013. The entity has not yet determined the potential effect of the standard.

(b) Principles of Consolidation

A controlled entity is any entity controlled by Icon Energy Limited. Control exists where Icon Energy Limited has the power to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Icon Energy Limited to achieve the objectives of Icon Energy Limited. A list of controlled entities is contained in Note 21 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(c) Income Tax

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantively enacted, as at 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 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/(income) 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.

(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 that 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(e) Property, Plant, and Equipment

Property, plant and equipment are brought to account at cost or at independent valuation, 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 fixed assets 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 fixed assets, including re-valued assets, 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. Any realised revaluation increment relating to the disposed asset, which is included in the asset revaluation reserve, is transferred to retained earnings at the time of disposal.

(f) Leases

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

Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments is recorded at the inception of the lease. Contingent rentals are written off as an expense of the accounting period in which they are incurred. Capitalised leased assets are amortised on a straight line basis over the term of the relevant lease, or where it is likely the consolidated entity will obtain ownership of the asset, the life of the asset. Lease liabilities are reduced by repayments of principal. The interest component of the lease payments is charged to statement of comprehensive income.

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

(g) Exploration, Evaluation and Development Expenditure

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

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. 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. Such costs have been determined using estimates of future costs, current legal requirements and technology.

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.

(h) Interests in Joint Ventures

The consolidated entity has interests in joint ventures that are jointly controlled operations. The consolidated entity's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the respective items of the consolidated Statements of Financial Position and Statements of Comprehensive Income.

(i) Trade Creditors

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(j) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three 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 Statements of Cash Flows, cash and cash equivalents include cash and cash equivalents as above, net of outstanding bank overdrafts.

(k) Provisions

A provision is made for dividends payable when dividends are declared by the company.

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.

(l) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(m) Revenue

Revenue is recognised and measured at the fair value of consideration received or receivable.

Revenue from sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from rendering of a service is recognised upon the delivery of the service to the customers.

Royalty revenue is recognised as received.

All revenue is stated net of the amount of goods and services tax (GST).

(n) 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.

(o) Comparative Figures

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

(p) Financial Instruments

Recognition

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

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of comprehensive income in the period in which they arise.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (Continued)

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit and loss.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models. The net fair value of financial assets and liabilities approximates their carrying value.

Impairment

At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss.

(q) Impairment of Assets

At each reporting date, the directors review the carrying values of its tangible and intangible assets which include exploration, evaluation and development expenditures, 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.

(r) Foreign Currency Transactions and Balances

Functional and presentation

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.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in profit or loss.

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 Statement of Financial Position and are recognised in other comprehensive income.

(s) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (Continued)

Key estimates — 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.

Long service leave provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Mineral interest valuation

The mineral interest in West Baton Rouge Parish, Louisiana (refer to note 8) is carried at fair value. Estimates are used when determining fair value in relation to future production.

NOTE 2 - REVENUE

OTHER INCOME

	CONSOLIDATED ENTITY	
	30 June 2012	30 June 2011
	\$	\$
Administration fees	564,664	1,119,256
Recovery of drilling supervision costs	120,463	415,385
Interest received:		
- Financial Institutions	546,242	814,256
Royalties	76,510	-
Other Income	21,943	8,590
TOTAL REVENUE	1,329,823	2,357,487

NOTE 3 - PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(Loss) before income tax has been determined after:

Amounts received or due and receivable by the parent entity auditor:

- Audit or review of financial report
- Taxation and consultancy fees

Amounts set aside for provision for:

- Employee entitlements

Litigation settlement expense relating to the Beach Energy Limited dispute

Rental expense relating to operating leases

- Minimum lease payments

Foreign exchange (gains)/losses

Superannuation Expense

	CONSOLIDATED ENTITY	
	30 June 2012	30 June 2011
	\$	\$
	60,886	85,550
	9,200	59,118
	70,086	144,668

(65,076) 32,000

- 263,514

- 382,916

(22,677) (10,443)

225,878 270,877

NOTE 4 - INCOME TAX EXPENSE

Profit/(Loss) before tax expense

Prima facie tax payable on Profit/(Loss) before income tax at 30% (2011: 30%)

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

Non Deductible Expenses

Permanent differences loan impairment

R&D Offset refund

Deferred tax benefits not brought to account

Income Tax Attributable to Profit/(loss) before tax

	CONSOLIDATED ENTITY	
	30 June 2012	30 June 2011
	\$	\$
	(5,334,761)	(6,723,398)
	(1,600,428)	(2,017,019)
	4,004	85,425
	-	-
	716,095	722,886
	164,235	485,823
	(716,095)	(722,886)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 4 - INCOME TAX EXPENSE (Continued)

Deferred Tax Assets not brought to account, the benefits of which will only be realised if the conditions for deductibility of tax losses set out in Note 1 occur based on corporate tax rate of 30% (2011: 30%) for Australian companies and the effective tax rate of 6.47% for foreign controlled entities.

	CONSOLIDATED ENTITY	
	30 June 2012	30 June 2011
	\$	\$
Tax losses	46,290,436	44,161,170
Potential tax benefit	13,887,131	13,248,351
Temporary differences		
Other	747,148	1,107,615
Provisions	435,275	734,135
Potential tax benefit	354,727	552,525
Total deferred tax benefits not brought to account	14,241,858	13,800,876
Deferred Tax Liabilities		
Mining and exploration costs	18,076,046	14,794,686
Total deferred tax liabilities not brought to account	5,422,814	4,438,406
Total deferred tax assets not brought to account - net	8,819,044	9,362,470

NOTE 5 - KEY MANAGEMENT PERSONNEL REMUNERATION

(a)	Key management personnel compensation		
	• Short term employee benefits	1,722,508	1,896,134
	• Long term benefits	14,234	14,518
	• Post employment benefits	250,820	259,935
	• Termination benefits*	187,584	305,364
		2,175,146	2,475,951

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 2011 and there were no material contracts involving Directors' interests existing at year end.

*Termination benefits were reported only within the Remuneration report during the period ended 30 June 2012.

(b)	Options	
	There were no options held by Key Management Personnel during the period ended 30 June 2012 (30 June 2011: Nil).	

(c)	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:	

2012	Employee Share Ownership					Balance 30.06.2012 No
	Balance 1.07.2011 No	Plan No	Purchases No	Options Exercised No	Sold/Other* No	
Directors						
Stephen Barry	1,600,866	-	-	-	-	1,600,866
Derek Murphy	100,000	-	-	-	-	100,000
Keith Hilless	24,000	-	-	-	-	24,000
Howard Lu	16,000,000	-	-	-	-	16,000,000
Raymond James	21,143,925	-	-	-	-	21,143,925
Kevin Jih (Appointed 30/11/2011)	133,585					133,585
Senior Management						
Ross Mallett (Appointed 13/3/2012)	-	-	-	-	-	-
James Carr (Appointed 03/01/2012)	-					-
Lawrence Brown (Resigned 13/09/2011)	222,641	-	-	-	(222,641)	-
Robert King (Resigned 11/04/2012)	-	-	-	-	-	-
	39,225,017	-	-	-	(222,641)	39,002,376

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 5 - KEY MANAGEMENT PERSONNEL REMUNERATION (Continued)

2011	Balance 1.07.2010 No	Employee Share Ownership Plan No	Purchases No	Options Exercised No	Sold/Other* No	Balance 30.06.2011 No
Directors						
Stephen Barry	1,600,866	-	-	-	-	1,600,866
Derek Murphy	100,000	-	-	-	-	100,000
Keith Hilless	24,000	-	-	-	-	24,000
Howard Lu (Appointed 7/01/2011)	-	-	16,000,000	-	-	16,000,000
Raymond James	21,143,925	-	-	-	-	21,143,925
Senior Management						
Raymond McNamara (Resigned 09/08/2010)	264,000	-	-	-	(264,000)	-
Kevin Jih (Appointed 11/08/2010)	133,585	-	-	-	-	133,585
Lawrence Brown	222,641	-	-	-	-	222,641
Robert King	-	-	-	-	-	-
John Quayle (Resigned 23/12/2010)	1,217,169	-	-	-	(1,217,169)	-
	24,706,186	-	16,000,000	-	(1,481,169)	39,225,017

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

(d) Transactions with Directors and Director Related Entities

There were no transactions with Directors and Directors' Related Parties during the year.

NOTE 6 - CASH AND CASH EQUIVALENTS

	CONSOLIDATED ENTITY	
	30 June 2012	30 June 2011
	\$	\$
Cash on hand	706	666
Cash at Bank	9,410,026	16,378,243
	9,410,733	16,378,909
Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:		
Cash and cash equivalents	9,410,733	16,378,909
Balance as per Statement of Cash Flows	9,410,733	16,378,909

NOTE 7 - TRADE AND OTHER RECEIVABLES - CURRENT

Other receivables	280,104	210,886
	280,104	210,886

Other receivables are not past due and are not impaired at 30 June 2012. All amounts are expected to be received in less than 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 8 - FINANCIAL ASSETS

Current

Investment - Term Deposit

CONSOLIDATED ENTITY	
30 June 2012	30 June 2011
\$	\$
-	2,000,000
-	2,000,000

Non Current

Available for sale financial asset:

Mineral Interest in West Baton Rouge Parish, Louisiana, USA, at fair value

572,500	572,500
572,500	572,500

NOTE 9 - PROPERTY, PLANT, AND EQUIPMENT

Plant and Equipment - at cost

less: accumulated depreciation

Building - at cost

less: accumulated depreciation

Fixtures and Fittings - at cost

less: accumulated depreciation

Land at cost

Plant and Equipment - under lease

less: accumulated amortisation

Total property, plant and equipment at written down value

CONSOLIDATED ENTITY	
30 June 2012	30 June 2011
\$	\$
1,264,142	1,265,358
(765,981)	(620,407)
498,161	644,951
2,172,934	2,172,934
(136,276)	(84,054)
2,036,658	2,088,880
998,612	996,244
(224,372)	(141,709)
774,240	854,535
2,440,000	2,440,000
5,749,059	6,028,366
154,571	154,571
(154,571)	(154,571)
-	-
5,749,059	6,028,366

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 \$	Building \$	Fixture and Fittings \$	Land \$	Total \$
Balance at 1 July 2010	745,059	2,142,098	904,725	2,440,000	6,231,882
Additions	225,490	-	37,994	-	263,484
Disposals	(122,584)	-	-	-	(122,584)
Depreciation	(203,014)	(53,218)	(88,184)	-	(344,416)
Balance at 30 June 2011	644,951	2,088,880	854,535	2,440,000	6,028,366
Balance at 1 July 2011	644,951	2,088,880	854,535	2,440,000	6,028,366
Additions	65,257	-	2,368	-	67,625
Disposals	(31,944)	-	-	-	(31,944)
Depreciation	(180,103)	(52,222)	(82,663)	-	(314,988)
Balance at 30 June 2012	498,161	2,036,658	774,240	2,440,000	5,749,059

A charge exists over four items of plant and equipment as part of a hire purchase finance arrangements. The written down value of these assets was \$124,302 as at 30 June 2012 (30 June 2011: \$160,390). A commercial property comprising land and buildings is subject to a registered security over the bank loan referred to in Note 13. The book value of the property was \$4,476,658 as at 30 June 2012 (30 June 2011: \$4,528,880).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 10 - EXPLORATION AND EVALUATION EXPENDITURE

Exploration and Evaluation Expenditure at cost
Less: Impairment
Less: Joint Venture Contributions Applied

CONSOLIDATED ENTITY	
30 June 2012	30 June 2011
\$	\$
35,439,861	28,445,671
-	-
(17,179,815)	(13,415,389)
18,260,046	15,030,282

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

NOTE 11 - OTHER NON-CURRENT ASSETS

Performance guarantee bonds

CONSOLIDATED ENTITY	
30 June 2012	30 June 2011
\$	\$
218,011	220,737
218,011	220,737

NOTE 12 - TRADE AND OTHER PAYABLES

Current

Trade and sundry payables

CONSOLIDATED ENTITY	
30 June 2012	30 June 2011
\$	\$
1,114,718	1,997,734
1,114,718	1,997,734

NOTE 13 - BORROWINGS

Secured

Current

Hire purchase liabilities

CONSOLIDATED ENTITY	
30 June 2012	30 June 2011
\$	\$
83,773	151,373
83,773	151,373

Non Current

Hire purchase liabilities
Bank loan

29,501	113,273
3,400,000	3,400,000
3,429,501	3,513,273
3,513,274	3,664,646

The hire purchase liabilities are secured by motor vehicles with a written down value of \$124,302 as at 30 June 2012 (30 June 2011: \$160,390) and are subject to interest rates between 7.95% and 13.29% and are repayable in monthly instalments of \$5,817 including finance charges.

The bank loan is secured by commercial property with a written down value of \$4,476,658 as at 30 June 2012 (30 June 2011: \$4,528,880) and is subject to interest rate of 5.96%. The existing loan term was extended to 2015.

NOTE 14 - PROVISIONS

Current

Employee entitlements
Onerous lease*

CONSOLIDATED ENTITY	
30 June 2012	30 June 2011
\$	\$
405,636	481,231
-	154,944
405,636	636,175

Non Current

Employee entitlements
Onerous lease*
Restoration provision

29,639	19,120
-	78,840
184,000	184,000
213,639	281,960
619,275	918,135

Number of employees at year end

15	22
----	----

*No onerous lease provision is recognised as of 30 June 2012 due to the surrender of the lease in April 2012.

In 2011 the onerous lease provision was recognised as no expected lease rental receipts and no tenants had yet been found for the premises in Robina. The estimated rental expenses are for approximately \$10,000 per month plus operating costs of approximately \$4,000 per month for the period up to the expiry of the head-lease (ie to 14 December 2012). The provision was included in the Statement of Financial Position for a total of \$233,784.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 15 - ISSUED CAPITAL

Share Capital

Issued share capital 469,301,394 (30 June 2011: 469,301,394) fully paid, no par value ordinary shares.

	30 JUNE 2012		30 JUNE 2011	
	Number of shares	\$	Number of shares	\$
Fully Paid Shares				
Balance at beginning of the year	469,301,394	70,463,292	439,801,394	64,740,292
Shares issued:				
• December 2010 - Shares issued for cash	-	-	29,500,000	5,900,000
• Capital Raising Costs	-	-	-	(177,000)
Balance at the end of the year	469,301,394	70,463,292	469,301,394	70,463,292

The holders of ordinary shares are entitled to receive dividends as declared from time to time 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 16 - FOREIGN CURRENCY TRANSLATION RESERVE

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

NOTE 17 - EARNINGS PER SHARE

		CONSOLIDATED ENTITY	
		30 June 2012	30 June 2011
		\$	\$
(a)	Reconciliation of Earnings to Net Profit/(Loss)		
	Net Profit/(Loss) for the year	(4,618,666)	(6,000,512)
	Earnings used in the calculation of basic EPS	(4,618,666)	(6,000,512)
	Earnings used in the calculation of dilutive EPS	(4,618,666)	(6,000,512)
(b)	Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS.	469,301,394	455,199,746
	Weighted average number of ordinary shares outstanding during the year used in the calculation of dilutive EPS.	469,301,394	455,199,746

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 18 - CASH FLOW INFORMATION

Reconciliation of net cash used in operating

Profit/(loss) after income tax

Adjustment for non cash items

Depreciation and amortisation

Currency movements

Loss/(Gain) on sale of non-current assets

Adjustment for changes in assets and liabilities

Other non-current assets*

Trade and other receivables

Trade and other payables**

Employee provisions

Lease provisions

Net cash used in operating activities

CONSOLIDATED ENTITY	
30 June 2012	30 June 2011
\$	\$

(4,618,666) (6,000,512)

314,988 344,416

687 (6,362)

9,898 5,084

2,726 (23,217)

(69,218) 19,935

(1,582,601) 96,712

(65,076) 32,000

(233,784) 233,784

(6,241,045) (5,298,160)

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

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

NOTE 19 - CAPITAL AND LEASING COMMITMENTS

Hire-Purchase Commitments

Hire- Purchase commitments payable:

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

Minimum hire-purchase payments

Less: future finance charges

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

Total Hire-Purchase Liabilities

CONSOLIDATED ENTITY	
30 June 2012	30 June 2011
\$	\$

86,226 162,947

29,555 115,781

115,781 278,728

(2,453) (11,574)

(55) (2,508)

113,274 264,646

Present value of minimum lease and loan payments

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

83,773 151,373

29,501 113,273

113,274 264,646

Current borrowings (Note 13)

Non-current borrowings (Note 13)

83,773 151,373

29,501 113,273

113,274 264,646

Work Programme Commitments

The total commitments for work programmes for ATP849P, ATP549, ATP855P* and PEP170 are as follows:

Exploration expenditure commitments

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

CONSOLIDATED ENTITY	
30 June 2012	30 June 2011
\$	\$

6,512,983 6,128,316

15,674,158 22,187,140

22,187,141 28,315,456

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.

* This is based on a 40% interest, for further details refer to note 20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 20 - JOINT VENTURES

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

Oil and Gas	Basin	Interest %	
		30 June 2012	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	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%
PEP 170	Gippsland	100.00%	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 been assigned a 1% title interest in the whole of ATP 626P and with the discharge of the second stage obligations Stanwell will be entitled to earn a 50% working interest in the farmin area within ATP 626P.

**Subject to completion of Beach Energy Ltd farmin arrangements.

The consolidated entity's interest in assets employed in the above joint ventures are included in the Statement of Financial Position under the following classifications:

	CONSOLIDATED ENTITY	
	30 June 2012	30 June 2011
	\$	\$
NON CURRENT ASSETS		
Exploration and evaluation expenditure at cost	14,205,548	21,258,907
Total Non Current Assets	14,205,548	21,258,907
Share of total assets in joint venture	14,205,548	21,258,907

NOTE 21 - CONTROLLED ENTITIES

NOTE 17 – CONTROLLED ENTITIES

	Country of Incorporation	Date of Incorporation	% Owned	
			30 June 2012	30 June 2011
Parent entity:				
Icon Energy Limited	Australia			
Subsidiaries of Icon Energy Limited:				
Jakabar Pty Ltd	Australia	18 December 1992	100	100
Icon Drilling Pty Ltd	Australia	18 November 1994	100	100
Icon Gas Productions Pty Ltd	Australia	16 December 2008	100	100
Icon 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	5 January 1993	100	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 22 - SEGMENT INFORMATION

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

INFORMATION ABOUT GEOGRAPHICAL AREAS

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

	Australia		USA		Consolidated Entity	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011	30 June 2012	30 June 2011
	\$	\$	\$	\$	\$	\$
REVENUE						
External Sales	-	-	-	-	-	-
Royalty income	76,510	-	-	-	76,510	-
Total segment revenues	76,510	-	-	-	76,510	-
Interest Revenue	546,242	814,256	-	-	546,242	814,256
Other Income	707,071	1,543,231	-	-	707,071	1,543,231
Total revenue	1,329,823	2,357,487	-	-	1,329,823	2,357,487
RESULT						
Segment net operating profit after tax	(4,616,180)	(5,987,581)	(2,486)	(12,931)	(4,618,666)	(6,000,512)
Interest expense	48,997	49,925	-	-	48,997	49,925
Impairment of Assets	-	-	-	-	-	-
Loss on sale of non-current assets	(69,425)	(5,084)	-	-	(69,425)	(5,084)
Segment Assets	34,474,532	40,424,570	15,920	17,110	34,490,453	40,441,680
Segment Liabilities	5,247,265	6,580,515	-	-	5,247,265	6,580,515
OTHER						
Acquisition of non-current segment assets	67,625	263,484	-	-	67,625	263,484
Depreciation and amortisation of segment assets	314,988	344,416	-	-	314,988	344,416

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.

NOTE 23 - FINANCIAL INSTRUMENTS

The consolidated entity's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bank loans and hire-purchase 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 2012 (30 June 2011: Nil).

Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Capital risk management

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

The capital structure of the consolidated entity consists of cash and cash equivalents, hire-purchase liabilities, bank loans and equity comprising issued capital, net of reserves and accumulated losses as disclosed in notes 6, 13 and 15 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 23 - FINANCIAL INSTRUMENTS (CONTINUED)

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 2011.

Financial Risk Management

The main risks the consolidated entity is exposed to through its financial assets and liabilities are interest rate risk, liquidity risk and credit risk. The consolidated entity's risk management program focuses on the unpredictability of the financial markets and seeks to minimise the potential adverse effects of the financial performance of the consolidated entity, by way of various measures detailed below.

The board of directors analyse currency and interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

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

a Market Risk

Interest rate risk

The consolidated entity's interest rate risk arises mainly from the bank loan as funds are borrowed at a variable interest rate. The bank loan was used to finance the purchase of commercial property.

The consolidated entity does not use long-term debt to finance its exploration activities. Long-term fixed interest debt is used to finance vehicles only. The company has a policy that when production operations commence in Australia, the interest rate risk will be managed with a mixture of fixed and floating rate debt.

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

Consolidated Entity	Weighted Average Interest Rate %	Floating Interest \$	Fixed Interest Rate Maturing		Non interest bearing \$	Total \$
			Within 1 year \$	1 to 5 years \$		
30 June 2012						
<i>Financial</i>						
Cash and cash equivalents	3.07%	9,410,026	-	-	707	9,410,733
Other receivables		-	-	-	280,104	280,104
Total Financial Assets		9,410,026	-	-	280,811	9,690,837
<i>Financial liabilities</i>						
Accounts payable		-	-	-	1,114,718	1,114,718
Hire purchase liabilities	9.36%	-	83,773	29,501	-	113,274
Bank loan	5.96%	3,400,000	-	-	-	3,400,000
Total Financial Liabilities		3,400,000	83,773	29,501	1,114,718	4,627,992
30 June 2011						
<i>assets</i>						
Cash and cash equivalents	4.97%	16,378,243	-	-	666	16,378,909
Investment	6.00%	-	2,000,000	-	-	2,000,000
Other receivables		-	-	-	210,886	210,886
Total Financial Assets		16,378,243	2,000,000	-	211,552	18,589,795
<i>Financial liabilities</i>						
Accounts payable		-	-	-	1,997,734	1,997,734
Hire purchase liabilities	9.66%	-	151,373	113,273	-	264,646
Bank Loan	7.03%	3,400,000	-	-	-	3,400,000
Total Financial Liabilities		3,400,000	151,373	113,273	1,997,734	5,662,380

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 23 - FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

At 30 June 2012, 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 \$30,346 higher / \$29,258 lower (30 June 2011: \$24,649 / \$24,525), mainly as a result of the consolidated entity's exposure to interest rates on its variable rate cash and cash equivalents.

There has been no change to the consolidated entity's exposure to interest rate risk or the manner in which it manages and measures the risk from the prior year.

	Carrying 30/06/2012 \$	Carrying 30/06/2011 \$	-0.5% Profit \$	-0.5% Equity \$	+0.5% Profit \$	+0.5% Equity \$
Financial assets						
Cash and cash equivalents	9,410,733	16,378,909	(29,770)	(29,770)	30,859	30,859
Investment - Term Deposit	-	2,000,000	-	-	-	-
Other receivables	280,104	210,886	-	-	-	-
Financial liabilities						
Accounts payable	1,114,718	1,997,734	-	-	-	-
Hire purchase liabilities	113,274	264,646	-	-	-	-
Bank loan	3,400,000	3,400,000	512	512	(512)	(512)
Total increase / (decrease)			(29,258)	(29,258)	30,346	30,346

Price risk

The consolidated entity is not exposed to any material price risk.

Foreign currency risk

The consolidated entity does not have any significant exposures to foreign currency risk at the reporting date.

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 financial loss.

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

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

c. Liquidity risk

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 23 - FINANCIAL RISK MANAGEMENT (CONTINUED)

The following are contractual maturities of financial liabilities:

	Carrying Amount \$	Contractual Cashflows \$	<1Year \$	1-5 Years \$
30 June 2012				
Trade and other Payables	1,114,718	1,114,718	1,114,718	-
Hire purchase liabilities	113,274	115,781	86,226	29,555
Bank Loan	3,400,000	4,201,289	234,524	3,966,765
	4,627,992	5,431,788	1,435,468	3,996,320
30 June 2011				
Trade and other Payables	1,997,734	1,997,734	1,997,734	-
Hire purchase liabilities	264,646	278,728	162,947	115,781
Bank Loan	3,400,000	3,881,790	240,895	3,640,895
	5,662,380	6,158,252	2,401,576	3,756,676

The consolidated entity's liquidity risk relating to financial liabilities at 30 June 2012 is limited to the repayment of the hire-purchase commitments amounting to \$113,273 (30 June 2011: \$264,646), bank loan commitments amounting to \$3,400,000 (30 June 2011: \$3,400,000) and 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 2012, 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 24 - RELATED PARTY TRANSACTIONS

- Interests in subsidiaries are disclosed in note 21.
- Transactions with Directors and Director Related Entities are disclosed in note 5.
- There were no other related party transactions during the period/year ended 30 June 2012 or 30 June 2011.

NOTE 25 - CONTINGENT LIABILITIES

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.

Icon Energy is currently in dispute with Lakes Oil NL over an application made by the Company for exploration permit PEP170 in 2010. No claim has been made against the Company for payment to date and it is estimated that the extent of the Company's exposure to the dispute will be limited to approximately \$200,000 representing legal fees yet to be paid.

There are no other contingent assets or liabilities at the date of this report that require disclosure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 26 - EVENTS AFTER BALANCE DATE

Icon Energy and Beach Energy executed a revised Farmin Agreement for ATP 855P on 13 July 2012 under which Beach Energy and Icon Energy agreed to drill a vertical well for Halifax 1 in early August 2012 in place of the planned horizontal well. On 4 August 2012 the Halifax 1 well was spudded in ATP 855P.

Other than the above transactions there has not arisen in the interval between 30 June 2012 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.

NOTE 27 - PARENT ENTITY INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 1 for a summary of the significant accounting policies relating to the Group.

Financial position

	30 June 2012	30 June 2011
	\$	\$
Assets		
Current assets	8,168,221	17,523,308
Non-current assets	24,373,930	21,142,755
Total assets	32,542,151	38,666,063
Liabilities		
Current liabilities	845,426	1,088,989
Non-current liabilities	3,454,757	3,602,245
Total liabilities	4,300,183	4,691,234
Net Assets	28,241,968	33,974,829
Equity		
Issued capital	70,463,292	70,463,292
Accumulated losses	(42,221,324)	(36,488,463)
Total equity	28,241,968	33,974,829

Financial performance

	30 June 2012	30 June 2011
	\$	\$
Profit/(Loss) for the year	(5,732,861)	(5,602,574)
Other comprehensive income	-	-
Total comprehensive income/(loss)	(5,732,861)	(5,602,574)

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

	30 June 2012	30 June 2011
	\$	\$
Carrying amount included in current liabilities	-	-

Contingent liabilities of the parent entity

Icon Energy is currently in dispute with Lakes Oil NL over an application made by the Company for exploration permit PEP170 in 2010. No claim has been made against the Company for payment to date and it is estimated that the extent of the Company's exposure to the dispute will be limited to approximately \$200,000 representing legal fees yet to be paid.

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 2012 or 30 June 2011.

ADDITIONAL SHAREHOLDER INFORMATION

On-market buy-back

There is no current on-market buy-back.

Distribution of Shareholdings

The distribution of ordinary shareholders ranked according to size at 21 August 2012 was as follows:

Range	Total Holders	Units	% of Issued
1 - 1,000	394	64,411	0.01
1,001 - 5,000	1,488	5,005,581	1.07
5,001 - 10,000	1,382	11,926,007	2.54
10,001 - 100,000	3,464	126,714,484	27.00
100,001 - 9,999,999,999	675	325,590,911	69.38
TOTAL	7,403	469,301,394	100.00

Unmarketable

Unmarketable	Minimum Parcel size	Holders	Units
Minimum \$ 500.00 parcel at \$ 0.21 per unit	2,381	803	803,429

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 21 August 2012:

Rank	Name	Units	% of Units
1	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	28,423,517	6.06
2	RAY JAMES	21,143,925	4.51
3	HOWARD LU	16,000,000	3.41
4	TAIWAN FRUCTOSE CO LTD	9,000,000	1.92
5	MRS DIANNE BETH BALDWIN	6,809,600	1.45
6	MR TIMOTHY ALLEN KENNEDY + MRS GLENDA KAY KENNEDY <TA & GK KENNEDY S/F NO2 A/C>	5,025,825	1.07
7	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	4,887,658	1.04
8	MR CHIEN HUA LEE	4,500,000	0.96
9	MR CHRISTOPHER JOHN MARTIN	4,400,000	0.94
10	J P MORGAN NOMINEES AUSTRALIA LIMITED	3,798,687	0.81
11	CITICORP NOMINEES PTY LIMITED	3,387,323	0.72
12	BOND STREET CUSTODIANS LIMITED <MACQ CAPITAL EVENTS FUND>	3,000,000	0.64
13	MR DANIEL JOSEPH RAYMOND O'SULLIVAN	2,733,530	0.58
14	LOCHIEL ENTERPRISES PTY LTD <CAMERON INVESTMENT ACCOUNT>	2,619,000	0.56
15	LINK ORANGE PTY LTD	2,326,430	0.50
16	BROWNWARD PTY LTD <BRIAN HAYWARD S/F A/C>	2,249,000	0.48
17	WILLIAM DOUGLAS GOODFELLOW	2,050,000	0.44
18	MR MIN-CHUNG WU + MS SHUN-I CHEN <MC & SI WU FAMILY A/C>	2,020,000	0.43
19	IAN PETHERBRIDGE RETIREMENT FUND PTY LTD <IAN PETHERBRIDGE R/F A/C>	2,000,000	0.43
20	REYNOLDS (NOMINEES) PTY LIMITED <REYNOLDS SUPER FUND A/C>	2,000,000	0.43
Totals: Top 20 holders of FULLY PAID ORDINARY SHARES (TOTAL)		128,374,495	27.35
Total Remaining Holders Balance		340,926,899	72.65

CORPORATE DIRECTORY >>>



ATP 855P: Gallus Seismic Survey, Cooper Basin, Queensland

ICON ENERGY LIMITED

ABN 61 058 454 569

DIRECTORS

Stephen Barry (Chairman)
Raymond James (Managing Director)
Kevin Jih (Executive Director)
Derek Murphy (Non-Executive Director)
Keith Hillless (Non-Executive Director)
Howard Lu (Non-Executive Director)

COMPANY SECRETARY

Ross Mallett

CHIEF FINANCIAL OFFICER

Kevin Jih

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