

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

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. This is also the functional currency of the parent.

The financial statements of Icon Energy Limited and its controlled entities comply with all International Financial Reporting Standards (IFRS) in their entirety.

The financial report was authorised for issue by the Board of Directors on 27 August 2013.

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 2013 had no impact on the entity's reported position and performance in the current or prior period.

Standards and Interpretations affecting presentation and disclosure

- Amendments to *AASB 101 Presentation of Financial Statements* (effective 1 July 2012) introduced new terminology for the statement of comprehensive income. Under the amended AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. Amended AASB 101 also requires the statement of comprehensive income to be grouped into two categories in the other comprehensive income section: (1) items that will not be reclassified subsequently to profit or loss and (2) items that may be reclassified subsequently to profit or loss when specific conditions are met. Because the new title is not mandatory, Icon Energy Limited has chosen to retain the name of "consolidated statement of comprehensive income".

Standards and Interpretations issued but not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. They are available for early adoption at 30 June 2013, but have not been applied in preparing this financial report. The consolidated entity's assessment of the impact of these new standards and interpretations is set out below:

- *AASB 9 Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace *AASB 139 Financial Instruments: Recognition and Measurement*. AASB 9 is applicable to annual reporting periods beginning on or after 1 January 2015. The entity has not yet determined the potential effect of the standard.
- *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. It is effective from 1 January 2013.
- *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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(b) Principles of Consolidation

A controlled entity is any entity controlled by Icon Energy Limited. Control exists where Icon Energy Limited 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 22 to the accounts. All controlled entities have a June financial year end.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

(c) Income Tax

The income tax expense/(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 the reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred by a purchaser is not recoverable from the taxation authority. Under these circumstances, the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Property, Plant, and Equipment

Property, plant and equipment are brought to account at cost 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (Continued)

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 Statement of Financial Position and Statement 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.

(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.

Share based payments

Share based payment benefits are provided to employees through the Icon's Employee Performance Rights Plan. Information relating to this scheme is set out in note 16. The fair value of performance rights granted under the Icon's Employee Performance Rights Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

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

(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 and royalty revenue is recognised as earned.

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(p) Financial Instruments Recognition

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

Financial assets at fair value through profit or 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 classified 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. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

Loans and receivables

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

Held-to-maturity investments

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

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 or loss. These assets are classified as non-current assets unless the investment matures or management intends to dispose of investment within 12 months of the end of the reporting period.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(r) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the controlled entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

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 as 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.

The resulting accounting estimates may not equal the related actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment

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

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 (Note 8) is carried at fair value. Estimates are used when determining fair value in relation to future production.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 2 - REVENUE

	CONSOLIDATED ENTITY	
	30 June 2013	30 June 2012
	\$	\$
2a. OTHER INCOME		
Administration fees	31,173	564,664
Recovery of drilling supervision costs	-	120,463
Interest received:		
- Financial Institutions	380,746	546,242
Royalties	57,488	76,510
Other Income	121,317	21,943
TOTAL OTHER INCOME	590,724	1,329,823
2b. PROFIT/(LOSS) ON SALE OF NON-CURRENT ASSETS		
Proceeds on disposal of non-current assets	18,850,636	116,749
Written down value of non-current assets sold	(868,494)	(186,174)
	17,982,143	(69,425)
2c. IMPAIRMENT EXPENSE		
Exploration impairment expense	10,723,548	-
Impairment of investment - US Mineral Interest	572,499	-
Impairment Property, Plant & Equipment	1,915	-
	11,297,963	-

NOTE 3 - PROFIT/(LOSS) BEFORE INCOME TAX

	CONSOLIDATED ENTITY	
	30 June 2013	30 June 2012
	\$	\$
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	49,615	60,886
• Taxation and consultancy fees	600	9,200
	50,215	70,086
Amounts set aside for provision for:		
• Employee entitlements	233,651	(65,076)
Litigation settlement relating to the Lake Oil NL dispute	(120,000)	-
Foreign exchange (gains)/losses	(257,275)	(22,677)
Superannuation Expense	167,901	225,878

NOTE 4 - INCOME TAX EXPENSE

	CONSOLIDATED ENTITY	
	30 June 2013	30 June 2012
	\$	\$
Profit/(Loss) before tax expense	700,711	(5,334,761)
Prima facie tax payable on Profit/(Loss) before income tax at 30% (2012: 30%)	210,213	(1,600,428)
Increase/(decrease) in income tax expense due to:		
Non Deductible Expenses	3,258	4,004
STI and LTI expenses	252,267	-
R&D Offset refund	(3,019,681)	716,095
Deferred tax benefits not brought to account	(465,738)	164,235
Income Tax Attributable to Profit/(loss) before tax	(3,019,681)	(716,095)

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% (2012: 30%) for Australian companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 4 - INCOME TAX EXPENSE (Continued)

	CONSOLIDATED ENTITY	
	30 June 2013	30 June 2012
	\$	\$
Tax losses	38,852,013	46,290,436
Potential tax benefit	11,655,604	13,887,131
Temporary differences		
Other	956,797	747,148
Provisions	836,588	435,275
Potential tax benefit	538,016	354,727
Total deferred tax benefits not brought to account	12,193,620	14,241,858
Deferred Tax Liabilities		
Mining and exploration costs	12,801,047	18,076,046
Total deferred tax liabilities not brought to account	3,840,314	5,422,814
Total deferred tax assets not brought to account - net	8,353,306	8,819,044

NOTE 5 - KEY MANAGEMENT PERSONNEL REMUNERATION

(a) Key management personnel compensation

• Short term employee benefits	2,237,399	1,722,508
• Long term benefits	18,229	14,234
• Post employment benefits	226,391	250,820
• Termination benefits*	-	187,584
• Share-based payments	574,992	-
	3,057,011	2,175,146

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 2012 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) Performance rights provided as remuneration

Details of performance rights granted as remuneration, together with their terms and conditions, can be found in the remuneration report.

Performance rights holdings

The numbers of performance rights granted under the executive short-term and long-term incentive scheme that were held during the financial year by each director of Icon and other key management personnel of the group are set out below.

2013	Balance	Granted as	Lapsed rights	Balance	Vested and	Unvested
	1.07.2012	compen- sation		30.06.2013	exercisable	
	No	No	No	No	No	No
Directors						
Stephen Barry	-	-	-	-	-	-
Derek Murphy	-	-	-	-	-	-
Keith Hillless	-	-	-	-	-	-
Howard Lu	-	-	-	-	-	-
Raymond						
James	-	2,027,518	(79,979)	1,947,539	754,881	1,192,658
Kevin Jih	-	1,172,577	(46,255)	1,126,322	436,571	689,751
Senior Management						
Ross Mallett	-	961,269	(61,075)	900,194	334,742	565,452
Richard						
Holliday						
(Appointed						
01/07/2013)	-	528,154	(41,741)	486,413	228,777	257,636
	-	4,689,518	(229,050)	4,460,468	1,754,971	2,705,497

There were no options held by Key Management Personnel during the period ended 30 June 2013 (30 June 2012: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 5 - KEY MANAGEMENT PERSONNEL REMUNERATION (Continued)

(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:

2013	Balance	Employee	Purchases	Options	Sold/Other*	Balance
	1.07.2012	Share				30.06.2013
	No	Ownership	No	Exercised	No	No
		Plan		No		
		No				
Directors						
Stephen Barry**	1,600,866	-	22,727	-	-	1,623,593
Derek Murphy**	150,000	-	138,181	-	-	288,181
Keith Hillless	24,000	-	22,727	-	-	46,727
Howard Lu	16,000,000	-	68,181	-	-	16,068,181
Raymond James**	21,277,336	-	68,181	-	-	21,345,517
Kevin Jih	133,585	-	68,181	-	-	201,766
Senior Management						
Ross Mallett**	-	-	593,872	-	-	593,872
Richard Holliday** (Appointed 01/07/2012)	623,760	-	283,757	-	-	907,517
James Carr (Resigned 21/06/2013)	-	-	-	-	-	-
	39,809,547	-	1,265,807	-	-	41,075,354

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

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

2012	Balance	Employee	Purchases	Options	Sold/Other*	Balance
	1.07.2011	Share				30.06.2012
	No	Ownership	No	Exercised	No	No
		Plan		No		
		No				
Directors						
Stephen Barry	1,600,866	-	-	-	-	1,600,866
Derek Murphy	100,000	-	50,000	-	-	150,000
Keith Hillless	24,000	-	-	-	-	24,000
Howard Lu	16,000,000	-	-	-	-	16,000,000
Raymond James	21,143,925	-	133,411	-	-	21,277,336
Kevin Jih (Appointed 30/11/2011)	133,585	-	-	-	-	133,585
Senior Management						
Ross Mallett (Appointed 13/3/2012)	-	-	-	-	-	-
James Carr	-	-	-	-	-	-
Lawrence Brown	222,641	-	-	-	(222,641)	-
Robert King (Resigned 11/04/2012)	-	-	-	-	-	-
	39,225,017	-	183,411	-	(222,641)	39,185,787

* 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 2013

NOTE 5 - KEY MANAGEMENT PERSONNEL REMUNERATION (Continued)

(d) Transactions with Directors and Director Related Entities

Legal fees paid in the ordinary course of business to CKB Partners, a firm with which Mr. S Barry is associated.

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

CONSOLIDATED ENTITY	
30 June 2013	30 June 2012
\$	\$
3,744	-

NOTE 6 - CASH AND CASH EQUIVALENTS

Cash on hand
Cash at Bank

Reconciliation of

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

Balance as per Statement of Cash Flows

CONSOLIDATED ENTITY	
30 June 2013	30 June 2012
\$	\$
305	706
21,840,269	9,410,026
21,840,575	9,410,733

21,840,575	9,410,733
21,840,575	9,410,733

NOTE 7 - TRADE AND OTHER RECEIVABLES - CURRENT

Other receivables

432,519	280,104
432,519	280,104

Other receivables are not past due and are not impaired at 30 June 2013. All amounts are expected to be received in less than 12 months.

NOTE 8 - FINANCIAL ASSETS

Current

Investment - Term Deposit

Term Deposit - Security for the bank loan

Non Current

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

Less: Impairment

Note

13

CONSOLIDATED ENTITY	
30 June 2013	30 June 2012
\$	\$
11,000,000	-
362,339	-
11,362,339	-

572,500	572,500
(572,499)	-
1	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 2013	30 June 2012
\$	\$
1,163,450	1,264,142
(801,618)	(765,981)
361,832	498,161
2,172,934	2,172,934
(187,192)	(136,276)
1,985,742	2,036,658
1,000,862	998,612
(297,671)	(224,372)
703,191	774,240
2,440,000	2,440,000
5,490,764	5,749,059
154,571	154,571
(154,571)	(154,571)
-	-
5,490,764	5,749,059

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 9 - PROPERTY, PLANT, AND EQUIPMENT (Continued)

Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Consolidated Entity	Plant & Equipment	Building	Fixture and Fittings	Land	Total
	\$	\$	\$	\$	\$
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
Balance at 1 July 2012	498,161	2,036,658	774,240	2,440,000	5,749,058
Additions	17,336	-	2,250	-	19,586
Disposals	(18,461)	-	-	-	(18,461)
Depreciation	(135,204)	(50,916)	(73,299)	-	(259,419)
Balance at 30 June 2013	361,832	1,985,742	703,191	2,440,000	5,490,765

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 \$40,323 as at 30 June 2013 (30 June 2012: \$124,302). 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 \$4,425,742 as at 30 June 2013 (30 June 2012: \$4,476,658).

NOTE 10 - EXPLORATION AND EVALUATION EXPENDITURE

	Note	CONSOLIDATED ENTITY	
		30 June 2013	30 June 2012
		\$	\$
Exploration and Evaluation Expenditure at cost		42,232,747	35,439,861
Less: Impairment	2c	(10,723,548)	-
Less: Joint Venture Contributions Applied		(17,720,104)	(17,179,815)
		13,789,095	18,260,046

Exploration and evaluation expenditure incurred is carried forward for each area of interest. This expenditure is only carried forward if it is expected to be recovered through the successful development, commercial exploitation or alternatively sale of respective areas of interest or where the activities in the area of interest have not reached a stage which permits a reasonable assessment of economically recoverable reserves and 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.

Based on an independent feasibility study, it was recommended that all CSG wells in the ATP 626 area be plugged and abandoned. Therefore, twenty-one wells were plugged and abandoned in ATP 626.

NOTE 11 - OTHER NON-CURRENT ASSETS

	CONSOLIDATED ENTITY	
	30 June 2013	30 June 2012
	\$	\$
Performance guarantee bonds	218,011	218,011
	218,011	218,011

NOTE 12 - TRADE AND OTHER PAYABLES

	CONSOLIDATED ENTITY	
	30 June 2013	30 June 2012
	\$	\$
Current		
Trade and sundry payables	465,733	1,114,718
	465,733	1,114,718

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 13 - BORROWINGS

	CONSOLIDATED ENTITY	
	30 June 2013	30 June 2012
	\$	\$
Secured		
Current		
Hire purchase liabilities	29,500	83,773
Bank loan	3,400,000	-
	3,429,500	83,773
Non Current		
Hire purchase liabilities	-	29,500
Bank loan	-	3,400,000
	-	3,429,500
	3,429,500	3,513,273

The hire purchase liabilities are secured by motor vehicle with a written down value of \$40,323 as at 30 June 2013 (30 June 2012: \$124,302) and are subject to interest rate of 8.14% (30 June 2012: 8.14%) and are repayable in monthly instalments of \$2,028 including finance charges.

The bank loan is secured by commercial property with a written down value of \$4,425,742 as at 30 June 2013 (30 June 2012: \$4,476,658) and is subject to interest rate of 4.80% (30 June 2012: 5.96%). The existing loan term expires in 2015. The balance was repaid on 1 July 2013. The loan is a redraw facility.

NOTE 14 - PROVISIONS

	CONSOLIDATED ENTITY	
	30 June 2013	30 June 2012
	\$	\$
Current		
Employee entitlements	415,862	405,636
	415,862	405,636
Non Current		
Employee entitlements	58,396	29,639
Restoration provision	1,773,973	184,000
	1,832,369	213,639
	2,248,231	619,275
Number of employees at year end	15	15

NOTE 15 - ISSUED CAPITAL

Authorised and Issued Share Capital

Issued share capital 533,391,210 (30 June 2012: 469,301,394) fully paid, no par value ordinary shares.

	30 JUNE 2013		30 JUNE 2012	
	Number of shares	\$	Number of shares	\$
Fully Paid Shares				
Balance at beginning of the year	469,301,394	70,463,292	469,301,394	70,463,292
Shares issued:				
• November 2012 - Shares issued for cash	45,454,546	10,000,000	-	-
• December 2012 - Shares issued for cash	18,635,270	4,099,760	-	-
• Capital Raising Costs	-	(720,600)	-	-
Balance at the end of the year	533,391,210	83,842,452	469,301,394	70,463,292

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at shareholders' meetings. In the event of winding up the company, all shareholders participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 16 - SHARE BASED PAYMENTS

The establishment of the Icon's Performance Rights Plan was approved by shareholders at the 2010 AGM and the allotments were approved by shareholders at the 2012 AGM.

The STI rewards company executives and staff for meeting or exceeding corporate and individual performance goals. The STI aligns the interests of company executives with shareholders by incentivising executives to meet company goals that add value to the company and contributes to share price growth. Performance conditions are set by the Board and reflect the financial and operational goals of Icon Energy and individual performance objectives over a 12 month period commencing 1 July 2012. Corporate key performance indicators include a focus on the following areas:

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

In order for Performance Rights under the LTI to vest the following two sets of performance criteria must be met:

- (1) The average daily Icon Energy share price must achieve and maintain a level of at least 40 cents per share for at least 30 consecutive days over the 3 years commencing 1 July 2012; and
- (2) The growth of the Icon Energy share price relative to the share price of a comparator group of Australian oil and gas exploration and production companies and other companies appearing in the S&P/ASX 300 Energy list as determined by the Board (expressed as a percentile ranking) over the 3 years commencing 1 July 2012 must achieve the 25th percentile in order for rights to begin vesting.

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

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

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

Short-term Incentives

Grant date	Expiry date	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year
		No	No	No	No	No	No
14 Dec 2012	30 June 2015	-	2,334,735	-	(269,987)	2,064,748	2,064,748
Total:		-	2,334,735	-	(269,987)	2,064,748	2,064,748

Long-term incentives

Grant date	Expiry date	Balance at start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year
		No	No	No	No	No	No
14 Dec 2012	30 June 2017	-	2,705,497	-	-	2,705,497	-
Total:		-	2,705,497	-	-	2,705,497	-

Expenses arising from share-based payment transactions

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

	30 June 2013	30 June 2012
	\$	\$
Rights issued under Performance Rights Plan - STI	474,874	-
Rights issued under Performance Rights Plan - LTI	171,348	-
Total	646,222	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 16 - SHARE BASED PAYMENTS (Continued)

Share Based Payments Reserve

	30 June 2013	30 June 2012
	\$	\$
Opening Balance	-	-
Fair value of shares/rights granted*	646,222	-
Closing balance	646,222	-

* The fair value of shares/rights granted on 14 December 2012.

Performance Rights on Issue

During the financial year ended 30 June 2013, the STI and LTI performance rights were granted at nil consideration in accordance with the approval of shareholders at the 2010 AGM. The fair value of these rights has been calculated using the Black-Scholes Option Pricing Model for STI and EOS5 Model for LTI. The assessed fair value at grant date of performance rights granted during the year ended 30 June 2013 was 23 cents per right for STI and 19 cents per right for LTI.

The model inputs for the year included:

	STI Granted 14 December 2012	LTI Granted 14 December 2012
Exercise price	Nil	Nil
Expiry date	30 June 2015	30 June 2017
Total fair value at grant date	\$ 536,989	\$ 514,044
Number of rights granted	2,334,735	2,705,496
Share price at grant date	\$0.23	\$0.23
The expected price volatility	50%	50%
Risk free interest rate	2.69%	2.69%
Dividend yield	0.00%	0.00%

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

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

There were no performance rights granted or issued during the year ended 30 June 2012.

NOTE 17 - RESERVES

	Note	30 June 2013	30 June 2012
		\$	\$
Share based payments reserve *	16	646,222	-
Foreign currency translation reserve **		(2,241,465)	(2,242,345)
Total reserves		(1,595,243)	(2,242,345)

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

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

NOTE 18 - EARNINGS PER SHARE

	CONSOLIDATED ENTITY	
	30 June 2013	30 June 2012
	\$	\$
(a) Reconciliation of Earnings to Net Profit/(Loss)		
Net Profit/(Loss) for the year	3,720,392	(4,618,666)
Earnings used in the calculation of basic EPS	3,720,392	(4,618,666)
Earnings used in the calculation of diluted EPS	3,720,392	(4,618,666)
(b) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS.	508,461,425	469,301,394
Adjustment for calculation of diluted earnings per share	2,600,721	-
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted EPS.	511,062,145	469,301,394

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 19 - CASH FLOW INFORMATION

	CONSOLIDATED ENTITY	
	30 June 2013	30 June 2012
	\$	\$
Reconciliation of net cash used in operating activities to Profit/(loss) after income tax:		
Profit/(loss) after income tax	3,720,392	(4,618,666)
Add/(less) non-cash items:		
Depreciation and amortisation	259,419	314,988
Loss/(Gain) on sale of non-current assets	(17,982,143)	9,898
Impairment of non-current assets	11,297,963	-
Movement in share based payments reserve	646,222	-
Adjustment for changes in assets and liabilities		
Other non-current assets*	-	2,726
Trade and other receivables	(152,416)	(69,218)
Trade and other payables**	(640,280)	(1,581,914)
Employee provisions	38,983	(65,076)
Lease provisions	-	(233,783)
Restoration provision	1,589,973	-
Net cash used in operating activities	(1,221,887)	(6,241,045)

* 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 20 - 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

Present value of minimum lease and loan payments

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

Current borrowings

Non-current borrowings

NOTES

	CONSOLIDATED ENTITY	
	30 June 2013	30 June 2012
	\$	\$
29,555	29,555	86,226
-	-	29,555
29,555	29,555	115,781
(55)	(55)	(2,453)
-	-	(55)
29,500	29,500	113,273
3,429,500	3,429,500	83,773
-	-	29,500
3,429,500	3,429,500	113,273
13	3,429,500	83,773
13	-	29,500
	3,429,500	113,273

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 20 - CAPITAL AND LEASING COMMITMENTS (Continued)

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 2013	30 June 2012
\$	\$
6,454,225	6,512,983
8,997,800	15,674,158
15,452,025	22,187,141

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 35.1% interest, for further details refer to note 21.

NOTE 21 - 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 2013	Interest % 30 June 2012
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	35.10%	40.00%
PEL 218 Post Permian	Cooper Eromanga	33.33%	33.33%
ATP 560 Ueleven	Cooper Eromanga	50.50%	50.50%
EPG 49	Cooper Eromanga	100.00%	100.00%
EPG 51	Cooper Eromanga	100.00%	100.00%
PEP 170	Gippsland	100.00%	100.00%

* Goondi Energy's 1% legal interest was transferred to Icon on 2 July 2013 subject to government approval.

** On 25 June 2013 Icon transferred a 4.9% interest in ATP 855 to Beach Energy Limited on payment by Beach Energy Limited of US\$18 million. The transfer of the interest is subject to government approval.

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:

NON CURRENT ASSETS

Exploration and evaluation expenditure at cost

Total Non Current Assets

Share of total assets in joint venture***

CONSOLIDATED ENTITY	
30 June 2013	30 June 2012
\$	\$
12,035,254	14,205,548
12,035,254	14,205,548
12,035,254	14,205,548

*** Icon Energy Limited acquired Goondi Energy Pty Ltd's equity interest in ATP 626. Goondi exercised its right to exit the joint venture on 2 July 2013. After the transfer Icon Energy holds 100% in ATP 626. The transfer of interest is subject to government approval.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 22 - CONTROLLED ENTITIES

Parent entity:

Icon Energy Limited

Australia

Subsidiaries of Icon Energy Limited:

	Country of Incorporation	Date of Incorporation	% Owned	
			30 June 2013	30 June 2012
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

NOTE 23 - 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 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	\$	\$	\$	\$	\$	\$
REVENUE						
External Sales	-	-	-	-	-	-
Royalty income	57,488	76,510	-	-	57,488	76,510
Total segment revenues	57,488	76,510	-	-	57,488	76,510
Interest Revenue	380,746	546,242	-	-	380,746	546,242
Other Income	152,491	707,071	-	-	152,491	707,071
Total revenue	590,724	1,329,823	-	-	590,724	1,329,823
RESULT						
Segment net operating profit after tax	3,721,116	(4,616,180)	(724)	(2,486)	3,720,392	(4,618,666)
Interest expense	53,533	48,997	-	-	53,533	48,997
Impairment of Assets	11,297,963	-	-	-	11,297,963	-
Gain/(loss) on sale of non-current assets	17,982,143	(69,425)	-	-	17,982,143	(69,425)
Segment Assets	53,117,457	34,474,532	15,847	15,920	53,133,304	34,490,453
Segment Liabilities	6,143,083	5,247,265	381	-	6,143,464	5,247,265
OTHER						
Acquisition of non-current segment assets	19,586	67,625	-	-	19,586	67,625
Depreciation and amortisation of segment assets	259,419	314,988	-	-	259,419	314,988

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 23 - SEGMENT INFORMATION (Continued)

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 24 - 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. No financial assets are pledged as collateral for liabilities.

The main purpose of non-derivative financial instruments is to raise finance for the consolidated entity operations.

The consolidated entity does not have any derivative instruments at 30 June 2013 (30 June 2012: 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.

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 2012.

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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 24 - FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2013 NOTES							
Financial assets							
Cash and cash equivalents	6	1.46%	21,840,269	-	-	306	21,840,575
Other financial assets	8	4.24%	11,362,339	-	-	-	11,362,339
Other receivables	7		-	-	-	432,519	432,519
Total Financial Assets			33,202,607	-	-	432,825	33,635,432
Financial liabilities							
Trade and sundry payables	12		-	-	-	465,733	465,733
Hire purchase liabilities	13	8.14%	-	29,500	-	-	29,500
Bank loan	13	4.80%	3,400,000	-	-	-	3,400,000
Total Financial Liabilities			3,400,000	29,500	-	465,733	3,895,233
30 June 2012 NOTES							
Financial assets							
Cash and cash equivalents	6	3.07%	9,410,026	-	-	707	9,410,733
Other receivables	7		-	-	-	280,104	280,104
Total Financial Assets			9,410,026	-	-	280,811	9,690,837
Financial liabilities							
Trade and sundry payables	12		-	-	-	1,114,718	1,114,718
Hire purchase liabilities	13	9.36%	-	83,773	29,501	-	113,274
Bank Loan	13	5.96%	3,400,000	-	-	-	3,400,000
Total Financial Liabilities			3,400,000	83,773	29,501	1,114,718	4,627,992

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 2013, 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 \$30,294 higher / \$30,836 lower (30 June 2012: \$30,346/\$29,258), 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 24 - FINANCIAL RISK MANAGEMENT (CONTINUED)

		Carrying amount	Carrying amount	-0.5%		+0.5%	
		30/06/2013	30/06/2012	Profit	Equity	Profit	Equity
		\$	\$	\$	\$	\$	\$
Financial assets	NOTES						
Cash and cash equivalents	6	21,840,575	9,410,733	(31,441)	(31,441)	30,900	30,900
Investment - Term Deposit		11,362,339	-	-	-	-	-
Other receivables	7	432,519	280,104	-	-	-	-
Financial liabilities							
Trade and sundry payables	12	465,733	1,114,718	-	-	-	-
Hire purchase liabilities	13	29,500	113,274	-	-	-	-
Bank loan	13	3,400,000	3,400,000	605	605	(605)	(605)
Total increase / (decrease)				(30,836)	(30,836)	30,294	30,294

Price risk

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

Foreign currency risk

The consolidated entity had exposure to foreign currency risk on sale that was denominated in a currency other than the respective functional currency of the consolidated entity which is the Australian dollar.

In respect of monetary assets denominated in foreign currency, the consolidated entity's policy is to ensure that its exposure is kept to an acceptable level by selling foreign currency at spot rates when necessary to address short-term imbalances.

At 30 June 2013, if the US dollar had increased/decreased by 10% against the Australian dollar with all other variables held constant, post-tax profit for the year for the consolidated entity would have been \$915,086 higher / \$915,086 lower (30 June 2012: Nil), mainly as a result of foreign exchange gains/losses on translation of US dollar denominated financial instruments as detailed in the table below. The US dollar account balance is included within cash and cash equivalents in Note 6.

	Carrying amount	Carrying amount	-10.0%		+10.0%	
	30/06/2013	30/06/2012	Profit	Equity	Profit	Equity
	US\$	US\$	AU\$	AU\$	AU\$	AU\$
Financial assets						
US dollar account	9,150,860	-	(915,086)	(915,086)	915,086	915,086
Total increase / (decrease)			(915,086)	(915,086)	915,086	915,086

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 24 - FINANCIAL RISK MANAGEMENT (CONTINUED)

c. Liquidity risk

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

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

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

The following are contractual maturities of financial liabilities:

		Carrying Amount	Contractual Cashflows	<1Year	1-5 Years
		\$	\$	\$	\$
30 June 2013	NOTES				
Trade and other Payables	12	465,733	465,733	465,733	-
Hire purchase liabilities	13	29,500	29,555	29,555	-
Bank Loan	13	3,400,000	3,966,765	234,524	3,732,242
		3,895,233	4,462,054	729,812	3,732,242
30 June 2012					
Trade and other Payables	12	1,114,718	1,114,718	1,114,718	-
Hire purchase liabilities	13	113,274	115,781	86,226	29,555
Bank Loan	13	3,400,000	4,201,289	234,524	3,966,765
		4,627,992	5,431,788	1,435,468	3,996,320

The consolidated entity's liquidity risk relating to financial liabilities at 30 June 2013 is limited to the repayment of the hire-purchase commitments amounting to \$29,500 (30 June 2012: \$113,273), bank loan commitments amounting to \$3,400,000 (30 June 2012: \$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 2013, 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 25 - RELATED PARTY TRANSACTIONS

- Interests in subsidiaries are disclosed in note 22.
- Transactions with Directors and Director Related Entities are disclosed in note 5.
- There were no other related party transactions during the year ended 30 June 2013 or 30 June 2012.

NOTE 26 - CONTINGENT LIABILITIES

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

NOTE 27 - EVENTS AFTER BALANCE DATE

Icon Energy Limited acquired Goondi Energy Pty Ltd's 1% equity interest in ATP 626. Goondi has exercised its right to exit the joint venture on 2 July 2013. After the transfer Icon Energy holds 100% in ATP 626. The transfer of interest is subject to government approval.

Victorian tenements PEP 172 and 173 will be granted once an Indigenous Land Use Agreement (ILUA) has been finalised with the traditional owners. The ILUA is expected to be completed in August 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

NOTE 28 - 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 2013	30 June 2012
	\$	\$
Assets		
Current assets	32,995,219	8,168,221
Non-current assets	26,849,205	24,373,930
Total assets	59,844,424	32,542,151
Liabilities		
Current liabilities	4,261,951	845,426
Non-current liabilities	46,990	3,454,757
Total liabilities	4,308,941	4,300,183
Net Assets	55,535,483	28,241,968
Equity		
Issued capital	83,842,451	70,463,292
Reserves	646,222	-
Accumulated losses	(28,953,190)	(42,221,324)
Total equity	55,535,483	28,241,968

Financial performance

	30 June 2013	30 June 2012
	\$	\$
Profit/(Loss) for the year	13,268,134	(5,732,861)
Other comprehensive income	-	-
Total comprehensive income/(loss)	13,268,134	(5,732,861)

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

	30 June 2013	30 June 2012
	\$	\$
Carrying amount included in current liabilities	-	-

Contingent liabilities of the parent entity

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

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 2013 or 30 June 2012.