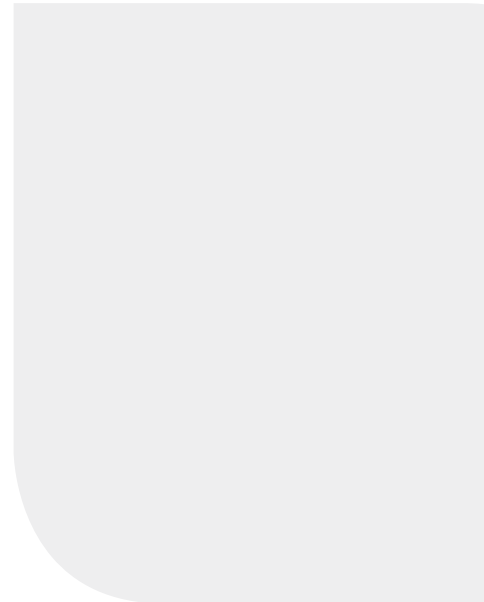




Annual Report

2018



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ABN 61 058 454 569

Notice of Annual General Meeting

2018 Annual General Meeting
Wednesday, 21 November 2018 at 11.00am

HOTA, Home of The Arts,
(Formerly The Arts Centre Gold Coast),
Paradise Showroom,
135 Bundall Road,
Surfers Paradise, Queensland 4217

Competent Persons Statement

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

Chairman's Letter



Dear Shareholder

The 2017-2018 financial year proved challenging for Icon Energy as well as for other explorers in the oil and gas/energy arena. Icon Energy has been and continues to seek funding from joint venturers for the appraisal and development of its tenements. You will all be aware of complaints made within the industry that the lack of policy commitments by Australian governments has caused many companies to defer final investment decisions on energy projects. In addition, potential joint venturers have their own investment priorities and cash flow priorities. Sourcing funds is difficult.

At the end of the financial year Icon Energy can report:

- 8 Potential Commercial Areas (**PCA's**) have been declared over the Cooper Basin tenement ATP 855 – Icon Energy holds a 100% working interest and is the operator.
- Interpretation of the Harrier 3D Seismic Survey in ATP 594 was completed which has identified drilling targets – Icon Energy holds a 100% working interest and is the operator.
- The sale of the head office building for \$7.8 million inclusive of GST.
- A bank balance of \$12.26 million at 30 June 2018.

Icon also held and still holds working interests in these tenements:

- PEP 170 in Gippsland Basin (permit granted) and in PEP 172 & 173 (where the issue of the permit is subject to acceptance by Icon) – 100% working interest and operator.
- A 33.33% working interest in the post-Permian section of PRL's 33 to 49 (formerly PEL 218 in Cooper Basin, South Australia).

Icon's main focus remains on obtaining funding for its two separate projects being ATP 855 and ATP 594. ATP 855 contains a significant gas resource while ATP 594 is prospective for oil. Icon holds a 100% working interest and is the operator in each tenement.

ATP 855 is located in southwest Queensland where infrastructure facilities are well developed. Two gas pipelines traverse the tenement with potential to carry extra gas to the Eastern State markets or an LNG terminal at Gladstone for export. The Stage-1 exploration program successfully established a significant natural gas resource within the tenement.

DeGolyer and MacNaughton determined that ATP 855 contains a gas resource of 28.5 (P50) Trillion Cubic Feet (**Tcf**) of Unconventional Prospective Raw Natural Gas¹ over the whole permit and 1.57 Tcf of 2C Contingent Resource² determined

1. Icon Energy announced on 19 June 2014, that DeGolyer and MacNaughton, a well-respected and qualified international petroleum reserve and resource evaluation company, estimated that the Unconventional Prospective Raw Natural Gas Resource was 28.5 (P50) Tcf. Unconventional Prospective Resources are defined as those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered unconventional accumulations by application of future development projects. Unconventional Prospective Resources may exist in petroleum accumulations that are pervasive throughout a large potential production area and would not be significantly affected by hydrodynamic influences (also called continuous-type deposits). The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. These Unconventional Prospective Resources are based on probabilistic estimates for each target formation and these have been statistically aggregated.
2. Icon Energy announced on 27 March 2015, that DeGolyer and MacNaughton, a well-respected and qualified international petroleum reserve and resource evaluation company, estimated that, the 2C Recoverable Gross Contingent Resource was 1,572 Bcf or 1.57 Tcf. Contingent Resources are those quantities of wet gas (produced gas minus carbon dioxide) that are potentially recoverable from known accumulations but which are not considered to be commercially recoverable due to the need for additional delineation drilling, further validation of deliverability and original hydrocarbon in place (**OHIP**), and confirmation of prices and development costs. This is based on a statistical aggregation method using Monte Carlo simulation estimates for each formation.



Image: Rocky, rough Mulga country common within ATP 594

within defined areas surrounding the five wells already tested. On 25 August 2017, the Department of Natural Resources and Mines (**DNRM**) declared eight Potential Commercial Areas over the whole tenement for fifteen years.

The next stage of operations within ATP 855 is to establish commerciality of the gas resource. Commerciality would lead to proven gas reserves and ultimately production licences and a substantial development program with consequent sales of gas.

Icon is seeking funding for the appraisal and development program in the tenement. You will have heard much talk in the press about the shortage of gas in the Australian Eastern Gas Market and for the export market of LNG. Icon is hopeful that the shortage of gas will lead to increased interest in development of gas resources such as ATP 855 (Icon 100%).

In ATP 594, Icon funded the Harrier 3D Seismic Survey, a large 293 sq km seismic program, in 2016-2017. The seismic results have now been processed and interpreted in the 2017 - 2018 financial year. Icon seeks funding from potential joint venture partners to drill one or more wells on the targets now identified within the permit which are considered prospective for oil.

Icon's team continues to seek funding for work in the tenements. At the date of this report, no agreement has been reached. Icon's team is keen to commence operations as soon as possible once funding is obtained.

In Victoria, Icon has 100% of the permits over three areas totalling 3,300 sq kms which are close to existing commercial gas flows from discovery wells nearby. The tenements are also close to necessary infrastructure including the gas plant located at Lonsdale. Our permits (granted and pending) have been the subject of the state-wide exploration Moratorium until 30 June 2020 and a permanent ban on fracking, thus preventing any onshore drilling for gas until that time expires. After that date, only conventional drilling under a revised work program can be performed.

Your Board of Directors decided that it would be in the best interest of Icon's shareholders to continue to pay all fees associated with the retention of PEP 170 (granted) and PEP's 172 and 173 (grants pending) until further notice. We considered that Icon will be well placed to recommence operations in onshore Gippsland when drilling can be performed.

All field operations currently are on a care and maintenance basis only, until new funding can be obtained to commence Stage-2 operations in ATP 855 and drilling in the ATP 594 tenement. Minimal holding costs are being incurred in Victoria of approximately \$19,000 per year.

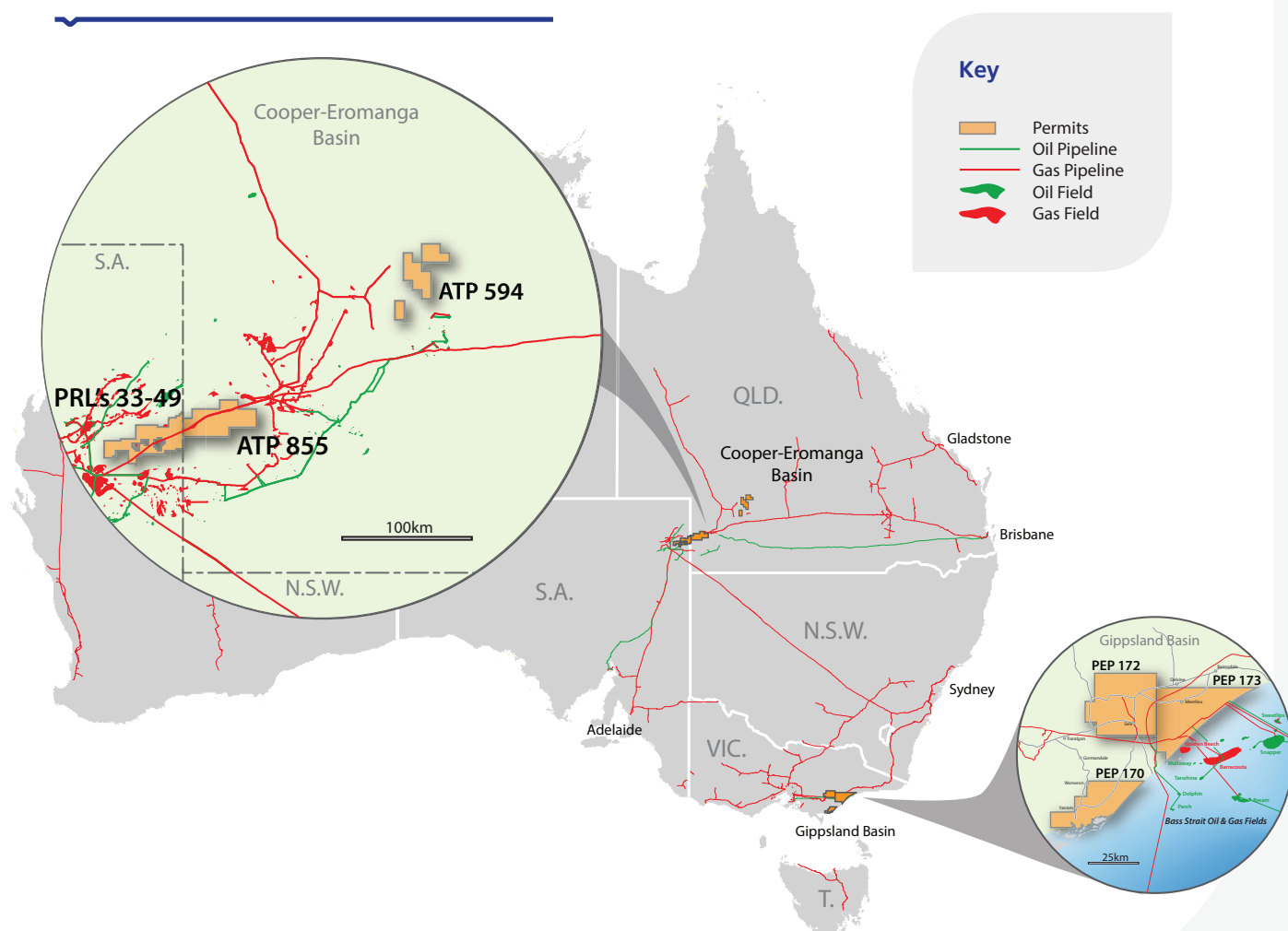
Throughout the past year Icon has conserved its cash. The Non-Executive Directors determined to reduce their director's fees by 20% effective 1 January 2018. No staff bonuses were paid and the Performance Rights Plan (bonus scheme) lapsed last November and was not renewed.

I would like to thank Icon's team for their dedicated efforts over the past year. We are all excited at the prospect of new activity in our tenements.

I anticipate that Icon's planned new activity will be reflected in a better price for Icon's quoted securities soon.

S M Barry
Chairman

Tenement Locations



Icon Energy Tenements

Permit/Area	Tenement Area	Permit Interest	Operator	Prospect Type
Cooper - Eromanga Basin, Eastern Flank				
ATP 594	1,230 km ²	100%	Icon Energy	Oil
Cooper - Eromanga Basin, Nappamerri Trough				
ATP 855	1,679 km ²	100%	Icon Energy	Shale Gas, Basin Centred Gas
PRLs 33 - 49*	1,601 km ²	33.33%	Beach Energy	Oil
Gippsland Basin				
PEP 170	804 km ²	100%	Icon Energy	Oil, Gas
PEP 172**	1,312 km ²	100%	Icon Energy	Gas
PEP 173**	1,220 km ²	100%	Icon Energy	Gas

* Formerly PEL 218 (Post Permian Section)

** Permit to be granted

Review of Operations

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ATP 855 contains a significant gas resource while ATP 594 is prospective for oil. Icon holds a 100% working interest and is the operator in each tenement.”

Review of Operations

continued

ATP 594 Cooper-Eromanga Basin, Queensland

A TP 594 is geographically located in western Queensland approximately 1,100 kilometres directly west of Brisbane and 140 kilometres west of the regional town of Quilpie. The tenement consists of three separate blocks covering a total area of 1,230 square kilometres (refer to the map below).

ATP 594 is well positioned on the eastern flank of the Cooper Basin and is considered to be prospective for both oil and gas. Numerous wells within and adjacent to ATP 594 have encountered hydrocarbon shows and there are many producing oil fields to the south and southeast of the tenement, including the Kenmore and Bodalla South oil fields. In addition, the nearby town of Eromanga has an oil refinery with spare capacity, providing a ready market for newly discovered oil reserves.

The tenement was renewed by the Department of Natural Resources and Mines (DNRM) on 17 April 2015 for a period of four years. There will be an opportunity to apply for a renewal at the end of the four-year time period and a further opportunity to renew after eight years, which would take the maximum term allowable for the ATP to 12 years.

Icon acquired the Harrier 3D seismic survey in the northern block of ATP 594 in February 2017. A detailed Cultural Heritage clearance survey was carried out at the end of 2016 and after line clearing operations were completed at the beginning of 2017, Terrex finally completed acquisition of the 293 square kilometres seismic survey on 23 February 2017. Subsequent processing of the seismic data was completed in Brisbane by Velseis in June 2017.

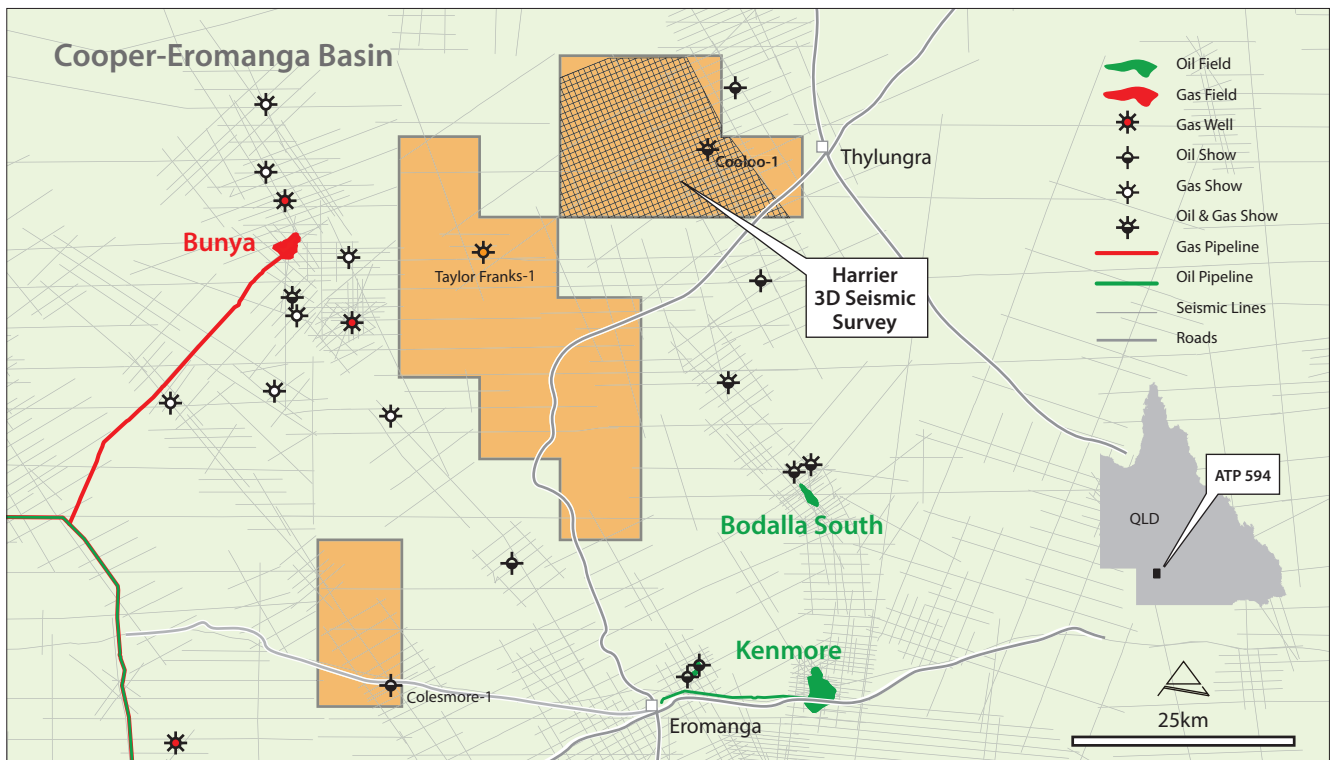
Interpretation of the seismic data was carried out in two parts. Firstly, a structural interpretation was completed to define the structural geometry of the primary target horizons from the Cretaceous to the Permian in the subsurface. Secondly, a detailed stratigraphic interpretation was carried out of the prospective Birkhead Formation, which has been targeted with great success elsewhere in the Cooper Basin.

This interpretation effort, which was completed towards the end of 2017, resulted in the identification of a robust structural prospect in the western half of the northern block, which is drill ready, plus additional structural leads. In addition, a stratigraphic target was identified as a potentially large thickened interval interpreted to be a mid-Birkhead sandstone development displaying an increase in seismic amplitude and straddling a structural ridge.

The 3D seismic has, therefore, confirmed the prospectivity of the northern block in ATP 594 with the identification of two drilling targets, while there is still almost 900 square kilometres of the tenement in the central and southern blocks that remains underexplored.

At the time of writing, Icon is continuing to engage in discussions with potential partners interested in farming into ATP 594 to continue the exploration of the permit, which now requires one or more wells to be drilled and additional seismic to be acquired in the other blocks within the tenement.

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



Map showing the location of ATP 594 in the Cooper-Eromanga Basin, Queensland, and the position of the Harrier 3D Seismic Survey in the northern block

ATP 855 Cooper Basin, Queensland



TP 855 is geographically located in far western Queensland, approximately 1,200 kilometres directly west of Brisbane, and covers an area of 1,679 square kilometres, or 414,000 acres (refer to the map below).

ATP 855 is located in the Nappamerri Trough, the largest of the six troughs within the Cooper Basin. The tenement covers the deepest part of the trough, containing the thickest sequence of Permian sediments in the entire Cooper Basin. It is within these sediments that a very large, unconventional, basin-centred gas resource has been discovered that extends across the entire tenement.

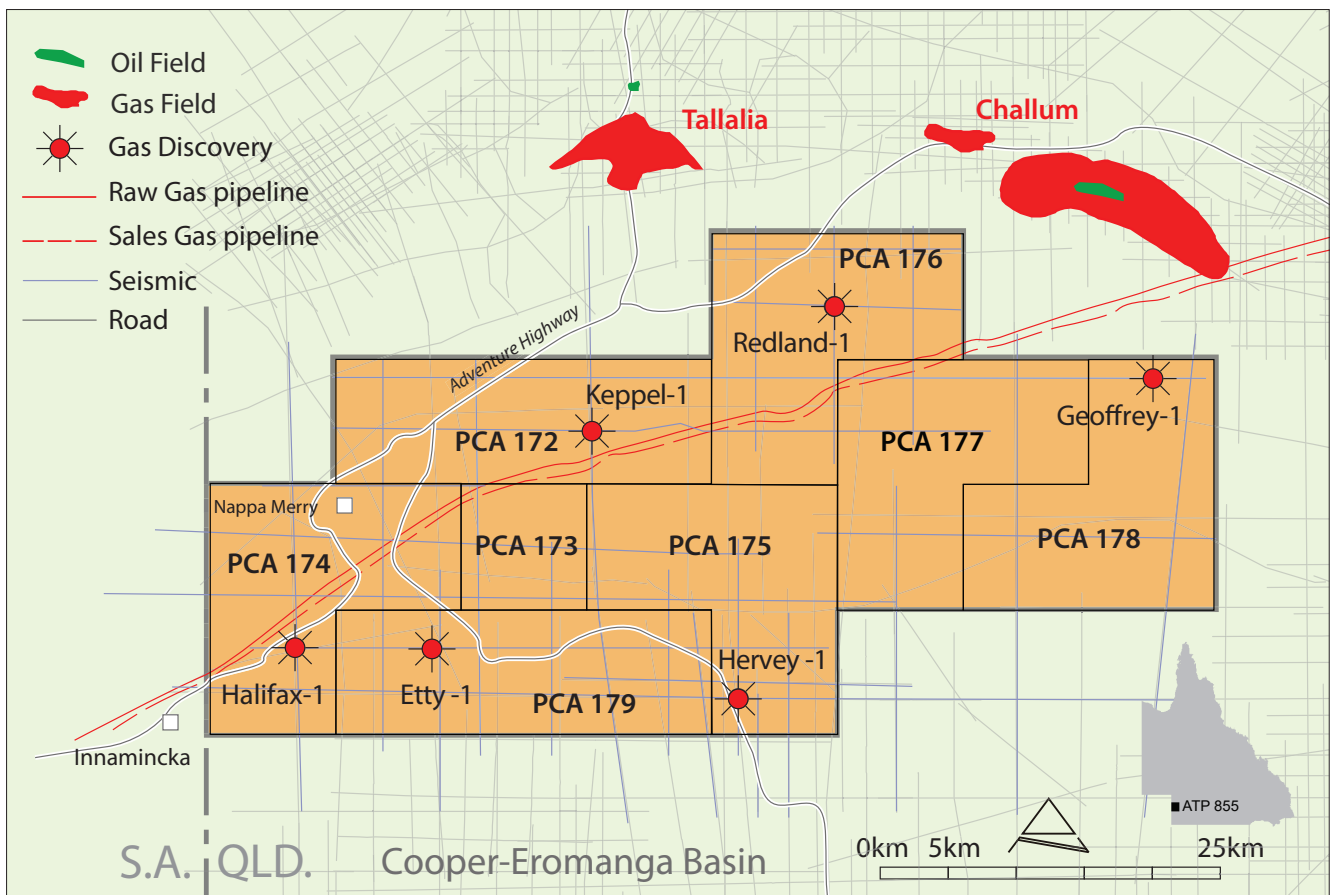
Icon has 100% interest in, and is Operator of, the ATP 855 tenement and the basin-centred gas resource that it contains. The permit is currently half way through a four year Later Work Program and is compliant in all areas of operation and reporting.

Icon announced on 28 August 2017 that, pursuant to Section 90(1) of the *Petroleum and Gas (Production and Safety) Act 2004*, DNRM had declared Potential Commercial Areas (PCAs) over the entire ATP 855 tenement. The PCAs, numbered PCA 172 to 179 (refer to the map below), are for a period of 15 years and are designed to enable Icon to retain an interest in and ultimately develop the large volume of gas that has been discovered.



Image: Fencing around Halifax-1 wellhead

Eight PCA's are required to cover the entire ATP 855 permit. Each PCA can be no larger than three graticular blocks, which is the equivalent of 75 sub-blocks or 229 square kilometres in area. Each PCA has an associated Commercial Viability Report that reflects Icon's belief that the area is likely to be commercial within 15 years, and an Evaluation Program, that outlines the strategy that Icon will adopt to appraise and develop the resource.



Map of ATP 855 in the Cooper Basin showing the eight declared PCA areas, PCA 172 - 179

Review of Operations

continued

Stage 1 of the exploration program identified a significant natural gas resource within the Permian Formations of the Nappamerri Trough and achieved all technical objectives. These included:

- Discovering a significant natural gas resource and delineating its extent; all six wells were gas discovery wells.
- Testing fracture stimulation techniques; five wells were successfully fracture stimulated.
- Identifying and prioritizing play types for future appraisal activities.
- Flowing gas and testing deliverability; all stimulated wells flowed gas to surface, with Halifax 1 achieving the highest recorded flow rate of 4.5 MMscf/d from a basin-centred gas well in Australia.
- Achieving a Contingent Resource booking.

Currently the gas resource estimates within ATP 855, as determined by DeGolyer and MacNaughton, are 28.5 Trillion Cubic Feet (**Tcf**) of P50 Gross Unconventional Prospective Raw Natural Gas Resource¹ over the whole permit, and 1.57 Tcf of 2C Contingent Resource² determined within defined areas surrounding the five wells already tested. These resource estimates were evaluated in accordance with the Petroleum Resources Management System (March 2007).

Icon is currently preparing for the next stage of activity in ATP 855 to conduct further exploration, evaluation and appraisal of the gas resource with the express purpose of demonstrating commerciality. Demonstration of commerciality would lead to proven gas reserves, progressive conversion of blocks to production licences and a substantial development program, which could support the domestic gas market in Eastern Australia and, ultimately, lead to export contracts.

A critical part of that process is attracting finance and/or a joint venture partner to progress this next stage of activity. For some time, Icon has been in discussions with several companies that have expressed a strong interest in participating in the future appraisal and development of the gas resource within ATP 855. At the time of writing, these discussions are still ongoing.

Operationally, ongoing regular inspections of the suspended wells in ATP 855 are being conducted and no issues have been reported.

Icon is the Operator of ATP 855 and currently has 100% working interest in the tenement.



Image: Terrex Seismic's INOVA AVH IV Vibrator at ATP 594 Harrier 3D Seismic Survey.

1. Icon Energy announced on 19 June 2014, that DeGolyer and MacNaughton, a well-respected and qualified international petroleum reserve and resource evaluation company, estimated that the Unconventional Prospective Raw Natural Gas Resource was 28.5 (P50) Tcf. Unconventional Prospective Resources are defined as those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered unconventional accumulations by application of future development projects. Unconventional Prospective Resources may exist in petroleum accumulations that are pervasive throughout a large potential production area and would not be significantly affected by hydrodynamic influences (also called continuous-type deposits). The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. These Unconventional Prospective Resources are based on probabilistic estimates for each target formation and these have been statistically aggregated.
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Icon is currently preparing for the next stage of activity in ATP 855 to conduct further exploration, evaluation and appraisal of the gas resource.”



Right image: Redland-1 Wellhead



Image: Signpost in Eromanga showing the distance to major cities

PEP 170 (PEP 172 and 173 Pending), Gippsland Basin, Victoria

The Victorian Government advised Icon that the *Resources Legislation Amendment (Fracking Ban) Act 2017* came into effect on 16 March 2017.

The Act bans hydraulic fracturing under the *Petroleum Act 1990* and imposes a moratorium on conventional petroleum exploration and petroleum production in the onshore areas of Victoria until 30 June 2020.

Icon has continued to keep the tenement in good standing by paying all necessary statutory fees.

On 22 November 2017, the Department of Economic Development, Jobs, Transport and Resources (**DEDJT&R**) wrote to Icon on behalf of the Minister, offering Icon the opportunity to vary the Company's work program in accordance with the Fracking Ban. On 7 December 2017, Icon submitted an amended work program for consideration by the DEDJT&R and applied for an extension of time in which to complete the new proposed program. Icon is currently awaiting confirmation and approval of the extension requests and amended work program.

Icon is the Operator of PEP 170 and currently has 100% working interest in the tenement.


Sustainability Report

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At Icon Energy, we believe that sustainability is about working safely, effectively and harmoniously with the community and the environment. At all times Icon endeavours to work efficiently to minimise the Company's impact on the environment, while also looking to benefit the communities in which we operate.”



Image: Landscape with wild camels in ATP 855, Cooper Basin



Icon Energy takes the time to plan, assess, monitor and rehabilitate all projects responsibly. Icon respects the environment and acknowledges that the care and planning that the Company puts into all projects will protect and maintain ecosystems and honour the livelihood of the people that Icon works with and within the wider community.

Wherever the opportunity arises, Icon Energy seeks to employ fellow stakeholders and the local community.

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

Working to benefit all communities and cultures

Icon Energy's community engagement is focused on maintaining long-term, collaborative and trusting relationships amongst the communities in which the Company operates. Icon Energy respects all cultures and people, seeking to foster their prosperity, quality of life and their relationship with the land, climate and water resources.

Icon Energy is committed to upholding its strong relationships, built up over the past 25 years, with our fellow landholders. Where we operate, we ensure that all landholders and traditional owners are consulted and their needs considered prior to conducting any activities.

Operating safely

Icon Energy has a comprehensive Safety Management System in place and is committed to the safety of its staff, contractors and joint venture partners.

Icon's safety strategies and culture is focused on maintaining a safe and incident free work place as our highest priority. Icon always has, and always will continue to work with its staff, contractors and partners to raise safety awareness and promote positive safety behaviour in the field.

Icon Energy has a strong focus on the pre-qualification, training and management of its contractors, which has contributed to no safety incidents being recorded during the year.

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

Environmental Management

Icon Energy understands its responsibility and is committed to ensuring that all of Icon's operations have minimal impact on the environment. As part of Icon's planning, operations and rehabilitation activities, the Company will continually monitor environmental performance to strict criteria.

Icon Energy is proud to report that, once again, the Company has maintained a zero environmental incidents record. Environmental planning and research are conducted at the beginning of every Icon Energy project and environmental management measures are employed, checked, maintained and recorded.

Icon Energy operates with care and respect under its strict Environmental Authorities to ensure the natural environments in which the Company operates are preserved for the future.

Corporate Governance Statement

Solid Foundations for Management and Oversight

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

Role of the Board

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

- Establishing corporate governance and ethical standards;
- Setting objectives and goals;
- Appointing and where appropriate, removing the Managing Director and monitoring the Managing Director's performance;
- Appointing and where appropriate, removing the Company Secretary and monitoring the Company Secretary's performance;
- Reviewing and ratifying systems of risk management and internal control, codes of conduct and legal compliance;
- Reviewing and ensuring the appropriate composition of the Board;
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- 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;
- Formal determinations that are required by Icon Energy's constitutional documents, by statute or by other external regulation.

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

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

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

Role of Management

Through the Managing Director, the Board has delegated the following key functions to senior executives:

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

Board Composition

The principles applied to the composition of the Board are:

- Due diligence conducted prior to the appointment of each Director has ensured that the Company's Board is comprised of Directors who have a broad cross-section of experience in the petroleum exploration/production industry both in Australia and overseas, have general management and business development experience or legal or financial experience;
- The expertise of the Board encompasses the establishment of management strategy and monitoring achievement of these strategies;
- The Chairman of the Board is a Non-executive Director. The Chairman has the casting vote in all Board decisions;
- The Board comprises of a majority of Non-executive Directors. Currently the Board comprises of four Non-executive Directors and two executive Directors;
- If a Board vacancy exists or where the Board considers that an additional Director is required, that appointment would be made from persons who possess the appropriate expertise, skills and sufficient time as determined by the Board. The Remuneration, Nominations and Succession Committee reviews the composition of the Board on a regular basis and conducts a skills gap analysis as part of the exercise to ensure the Board has the right balance of requisite skills and experience;

- In accordance with ASX listing rules and individual Director Service Agreements with the Company, no Director, except the Managing Director, shall hold office for a period in excess of three years, or past the third Annual General Meeting following the Director's appointment, whichever is the longer, without submitting themselves for re-election. At every Annual General Meeting one third of the Directors, or if their number is not a multiple of three, then the number nearest to but not exceeding one third shall retire from office and be eligible for re-election. All relevant information in relation to the re-election of a Director to be determined at an Annual General Meeting is set out in the Notice of Meeting and Explanatory Statements for all shareholders;
- In accordance with the Constitution of the Company, the Board comprises of at least three Directors;
- Five of the six Company Directors are members and participate in information sessions through the Australian Institute of Company Directors.

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

Independence of Non-executive Directors

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

Independent Professional Advice

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

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

Board Committees

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

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

Audit and Risk Management Committee

Keith Hillless AM (Chairman, Non-executive Director),
Stephen Barry (Non-executive Director)
Derek Murphy (Non-executive Director)

Remuneration, Nominations and Succession Committee

Stephen Barry (Chairman, Non-executive Director),
Derek Murphy (Non-executive Director)

Board and Committee Members and Meetings

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

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

Audit and Risk Management Committee

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

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

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

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

The Committee conducted an annual review of the key identified risks for the Company in the 2016/17 period. The Charter of the Audit and Risk Management Committee can be found in the Corporate Governance section on the Company's website.

Corporate Governance Statement

continued

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 once in each reporting year.

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

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

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

Board and Senior Executive remuneration

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

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

The Remuneration, Nomination and Succession Committee reviews the Company's remuneration strategy and framework on an annual basis.

Performance Evaluation

A formal performance evaluation of the Board, each Committee of the Board, the Chairman and individual Directors was undertaken on 23 August 2016. As part of that review, the Board reviewed its composition, skills and application of those skills, as well as Board procedures and practices to ensure it has the necessary skills and mechanisms to pursue the Company's strategic objectives.

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

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

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

Diversity

A key goal of the Board and Management is to contribute positively to the success of the Company by promoting a high performance culture that draws on the diverse and relevant experience, skills, expertise, perspectives and the unique personal attributes of its Board members and employees.

As an employer, we are committed to managing diversity by reflecting our Company values of respect, integrity, honesty and personal commitment in maintaining and valuing the differences a diverse workforce brings.

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

Key principles of the Diversity Policy include:

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

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

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

The Diversity Policy includes a commitment to promoting gender diversity each year. The 2017/18 objectives were measured as follows:

2017-2018 Diversity Objectives	Results
To support and promote the Company's Diversity Policy	In place
To ensure that candidate lists for permanent employee positions are recognisably diverse by age, sex or ethnicity	In place
To consider diversity when reviewing Board succession plans with the aim to improve gender representation and diversity	In place
To increase the representation of women in senior management roles by ensuring that any interview process includes male and female candidates to be interviewed for a senior executive position	To be achieved. No new senior management or any company positions were available in the 2017-18 year
To ensure the voluntary turnover in female employees is no greater than organisation turnover levels	Achieved

2018 – 2019 Diversity Objectives

To support and promote the Company's Diversity Policy, including, the identification of additional suitably qualified external female candidates

To ensure that candidate lists for permanent employee positions are recognisably diverse by age, sex or ethnicity

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

To increase the representation of women in senior management roles by ensuring that any interview process includes male and female candidates to be interviewed for a senior executive position

To ensure the voluntary turnover in female employees is no greater than organisation turnover levels

Ethical Standards

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

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

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

Code of Conduct and Ethics

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

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

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

Corporate Governance Statement

continued

Principles of Conduct

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

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

Trading in the Company's Securities by Directors and Employees

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

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

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

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

Identification of Significant Business Risk

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

Management of Enterprise and Operational Risk

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

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

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

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

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

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

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

- The declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control; and
- The system is operating effectively in all material aspects in relation to financial reporting risks.

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

Continuous Disclosure

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

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

Shareholder Communication

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

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

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

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

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

ASX Corporate Governance Council Principles and Recommendations

The ASX Corporate Governance Council has recognised that its Corporate Governance Principles and Recommendations do not represent a "one size fits all" solution. Icon Energy has considered and, where appropriate, applied the ASX Corporate Governance Recommendations. The following table shows that Icon Energy has adopted all of the ASX Corporate Governance Recommendations, with the exception of Recommendation 8.1(a)(1) 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, rather than three Directors.

Corporate Governance Statement

continued

2018 Corporate Governance Checklist

Icon Energy's corporate governance policies conform to the Principles (being those under ASX's 3rd edition of *Corporate Governance Principles and Recommendations* released on 27 March 2014 and took effect from 1 July 2014). A summary of our disclosure against the Principles are set out below:

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

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

Board of Directors



Stephen Barry

Chairman, Non-executive Director

Qualifications:

LLB University of Sydney, FAICD

Experience:

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

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

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

Director since 05/01/1993



Raymond James

Managing Director

Qualifications:

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

Experience:

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

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

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

Director since 01/02/1993



Derek Murphy

Non-executive Director

Qualifications:

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

Experience:

Mr Derek Murphy was appointed to the Board on 20 March 2009 as a Non-executive Director of Icon Energy Limited and is a member of the Board's Remuneration, Nominations and Succession Committee and a member of the 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 Regenerative Medicine at Bond University, and a Member of the Gold Coast Advisory Council at Griffith University. He is Deputy Chairman of Queensland International Institute, a vocational education provider headquartered in Brisbane and with a branch in Myanmar. He retired as Chairman of the School Council of The Southport School (**TSS**) at the end of 2009 after 12 years on Council.

Director Since: 20/03/2009



Dr Kevin Jih

Chief Financial Officer, Company Secretary and Executive Director

Qualifications:

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

Experience:

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

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

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

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

Director since 30/11/2011



Dr Keith Hillless AM

Non-executive Director

Qualifications:

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

Experience:

Dr Keith Hillless 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 03/04/2009



Howard Lu

Non-executive Director

Experience:

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

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

As Senior Executive of Shin Zu Shing Co.,Ltd (SZS) manufacturer of precision wire and planar springs for medical apparatus, mechanical equipment and electronic products, Howard expanded SZS's business in China and has established four factories in Suzhou, Shenzhen and Ningbo. He has managed all SZS business operations in China since 2002 and now SZS has a market capital of AUD 719,772,727 as of 21 August 2018.

Howard has extensive business interests in China and elsewhere overseas. He is extremely well connected with Chinese energy and resources companies, including LNG importers. Howard is an Australian citizen and is Icon Energy's fourth largest shareholder as of 21 August 2018, holding 16,068,181 fully paid ordinary shares in the Company.

Director since 07/01/2011

Management Team



Raymond James

Managing Director

Qualifications:

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

Experience:

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

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

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



Dr Kevin Jih

Chief Financial Officer, Company Secretary and Executive Director

Qualifications:

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

Experience:

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

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

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

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



Martin Berry

Exploration Manager

Qualifications:

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

Experience:

Mr Martin Berry joined Icon Energy Limited as Exploration Manager in August 2013. Martin has over 38 years' experience in the Petroleum Industry in Australia, North America, Europe and the Middle East. Martin graduated from the University of London in 1975 and began working in the British and Norwegian sectors of the North Sea. In 1983, Martin moved to Australia and worked as a Senior Geologist for Magellan Petroleum on both Australian and international projects, and as a Consultant Geologist for numerous active exploration companies within Australia and in the UK. Most recently, Martin was employed as Chief Geologist for Celtique Energie Holdings Limited, in London, working on exploration projects in the United Kingdom, France, Switzerland, Germany, Poland, Italy and Romania.

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

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

Financial Report

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Directors' Report

for the year ended 30 June 2018

The Directors of Icon Energy Limited ("**Icon Energy**" or "**the Company**") present their report together with the consolidated financial statements of the Company and its controlled entities ("the Group" or "the Consolidated Entity") for the financial year ended 30 June 2018 and the auditor's report thereon. In order to comply with the provisions of the Corporations Act 2001, the Directors of Icon Energy report as follows:

PRINCIPAL ACTIVITIES

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

DIRECTORS

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

Name	Position	First Appointed
Stephen Michael Barry	Non-executive Chairman	Director since 05/01/1993
Raymond Swinburn James	Managing Director	Director since 01/02/1993
Dr Kevin Jih	Executive Director, Chief Financial Officer & Company Secretary	Director since 30/11/2011 Company Secretary since 13/05/2015
Dr Keith Hilless AM	Non-executive Director	Director since 03/04/2009
Howard Lu	Non-executive Director	Director since 07/01/2011
Derek James Murtagh Murphy	Non-executive Director	Director since 20/03/2009

Details of the qualifications and experience, other directorships of listed entities and special responsibilities of Directors are set out in the Board of Directors' section of this Annual Report.

Refer to table 6 of the Remuneration Report for Directors' interests in shares and performance rights.

REVIEW OF OPERATIONS AND RESULTS

A review of operations of the Consolidated Entity during the financial year is included in the Review of Operations section of this Annual Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

ATP 594 Cooper-Eromanga Basin Queensland

- ATP 594 is currently in the first half of Year 4 of the first 4-year period following its renewal by the Department of Natural Resources and Mines (**DNRM**) in April 2015.
- Following the acquisition of the Harrier 3D Seismic Program, Icon has identified several prospects and leads within the northern block of ATP 594. These leads were evaluated in a two-part interpretation. A structural interpretation of the data was initially carried out, mapping several key horizons from the Cretaceous to the Permian. This was followed by a detailed interpretation of the Birkhead Formation, which has been successfully targeted elsewhere in the Cooper Basin.
- Several companies have expressed an interest and accessed the digital data room to complete technical evaluations. Icon is currently in discussions with several potential farm-in partners.

ATP 855 Cooper-Eromanga Basin Queensland

- On 7 July 2017, the Department of Environment and Heritage Protection (**DEHP**) accepted Icon's bank guarantee to comply with the financial assurance obligations of the ATP 855 Environmental Authority.
- Icon contracted SGS Services personnel, located at Moomba, to maintain regular inspections and conduct required testing procedures on the existing wells in the permit and thus continuing the inspections commenced by the former operator. Icon staff make onground site inspections on a regular basis.
- In late August 2017, The Department of Natural Resources and Mines declared eight Potential Commercial Areas (PCAs) over the entire ATP 855 permit, which covers an area of 1,679 square kilometres (just over 400,000 acres). The PCAs, numbered PCA 172 to 179, are for a period of 15 years, reflecting Icon's belief that the area is likely to be commercial within that time. Each PCA contains a Commercial Viability Report and an Evaluation Program, that outlines the strategy Icon has adopted to appraise and develop the resource.

- Preparations and planning for the next phase of technical work and field activity is currently in the preliminary stages for the Stage Two exploration/appraisal program. Chemicals not required for the Stage Two Program are currently being reviewed. A significant portion of the Guar chemical, purchased under the former joint venture for the Stage One program, has now been sold.
- A significant natural gas resource was identified in the Stage 1 exploration program, which is currently classified as a contingent gas resource. A Stage 2 exploration program will be designed specifically to address outstanding technical questions and determine the commercial viability of the contingent gas resource.
- The Company is seeking domestic and international funding for the appraisal and development program for ATP 855. Two gas pipelines run through the tenement, which carry gas to eastern State's gas markets in Australia and to the LNG terminal at Gladstone for export.

PEP 170, 172 and 173 Gippsland Basin Victoria

- During the 2018 financial year, PEP 170, 172 and 173 remained subject to the General Moratorium covering all drilling in onshore Victoria. As a result of the Moratorium, Icon suspended all field work in PEP 170 and the granting of PEP 172 and PEP 173 has been deferred.
- The Victorian Government advised Icon that the Resources Legislation Amendment (Fracking Ban) Act 2017 came into effect on 16 March 2017. The Act bans hydraulic fracturing under the Petroleum Act (Vic) 1998 and imposes a moratorium on petroleum exploration and petroleum production in the onshore areas of Victoria until 30 June 2020.
- Icon has continued to extend the PEP 170 permit for the time being, paying all necessary fees, to keep the permit in good standing.

PRLs 33 to 49 South Australia

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

Corporate

- Icon Energy held the Company's 2017 Annual General Meeting on 22 November 2017 with all resolutions adopted.
- The Board has decided to have a 20% reduction in the fees paid to Non-Executive Directors effective from 1 January 2018.
- The Icon Energy Performance Rights Plan expired on 24 November 2017. On the recommendation of the Remuneration Nominations and Succession Committee, the Board resolved to not institute another performance rights plan at this time.
- On 12 March 2018, Icon Energy sold its corporate office for \$7,800,000 (including GST). The sale included a three year leaseback of the Icon Corporate facility, with the option to partially surrender some of the lease area, on or after 2 January 2019.
- On 15 March 2018, the Company announced the completion of the on-market share buy-back. The total number of shares purchased under the buy-back from 12 March 2015 to 15 March 2018 was 21,160,565 at a cost of \$1,122,829.

EVENTS AFTER THE BALANCE DATE

There has not arisen in the interval between 30 June 2018 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.

CORPORATE STRATEGIES AND FUTURE DEVELOPMENTS

Reference to corporate strategies and future development is to be included in the Chairman's and Managing Director's Report in the Annual Report. The group will continue to pursue farm-out partners for the further development of its tenements.

FINANCIAL POSITION

The consolidated loss after tax for the Company and its controlled entities for the financial year ended 30 June 2018 was \$4,037,191 (2017: \$5,670,094 loss).

DIVIDENDS

The Directors recommend that no dividend be paid by the Company. No dividends have been declared or paid by the Company since the end of the previous financial year (30 June 2017: Nil).

Directors' Report

for the year ended 30 June 2018

REMUNERATION REPORT

The Remuneration Report for the financial period which forms part of the Director's Report can be found on page 28 of this Annual Report.

SHARES UNDER OPTION

No options have been granted since the end of the previous financial year (2017: Nil). At the date of this report there are no options over unissued ordinary shares.

COMPANY SECRETARY

Details of Dr Jih's qualifications and experience are set out in the Board of Directors section of this Annual Report.

MEETINGS OF DIRECTORS

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

	Directors Meetings		Audit and Risk Management Committee Meetings		Remuneration Nominations and Succession Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
R S James	8	8	-	-	-	-
S M Barry	8	8	2	2	4	4
D Murphy	8	8	2	2	4	4
K Hillless	8	8	2	2	-	-
H Lu	8	7	-	-	-	-
K Jih	8	8	-	-	-	-

ENVIRONMENTAL REGULATION

The Consolidated Entity's operations are subject to various environmental regulations. The Company has a policy of full compliance, but in most cases exceeding environmental performance obligations. Further information on the Company's environmental performance can be found in the Sustainability section of the 2018 Annual Report.

The Directors are not aware of any environmental breaches nor has the Company been notified of any breaches by any Government Agency during the financial period.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

DIRECTORS AND AUDITORS INDEMNIFICATION

The Directors and Company Secretary are indemnified by the Company against any liability incurred in their capacity as an officer of the Company or a related body corporate to the maximum extent permitted by law. The Company has not paid any premiums in respect of any contract insuring the Directors of the Company against a liability for legal costs.

The Company has not paid any premiums in respect of any contract insuring the auditor against a liability incurred in the role as an auditor of the Company. In respect of non-audit services, Crowe Horwath, the Company's auditor, has the benefit of indemnity to the extent Crowe Horwath reasonably relies on information provided by the Company which is true, accurate and complete. No amount has been paid under this indemnity during the period ended 30 June 2018 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 \$31,028.77 (30 June 2017: \$23,628.63).

NON-AUDIT SERVICES

The auditors did not perform any non-audit services during the year.

There are no officers of the Company who are former audit partners of Crowe Horwath.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 34 and forms part of the Directors' Report for the period ended 30 June 2018. Crowe Horwath continues in office in accordance with Section 327 of the *Corporations Act 2001*.

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



S M Barry

Chairman

17 August 2018



R S James

Managing Director

17 August 2018

Remuneration Report – Audited

for the year ended 30 June 2018

Key Points

- 20% reduction in fees for Non-Executive Directors from 1 January 2018 having regard to the current low share price
- No short-term incentives or long-term incentives were issued by Icon for the 2017-2018 financial year.
- The Performance Rights Plan which provided for short and long-term incentives for staff performance, expired in November 2017 when the Board determined not to seek renewal from shareholders.
- There are no performance rights issued to executives or staff which might vest in the future.
- Executive salary increases for 2017-2018 were restricted to CPI increases.

The Directors of Icon Energy Limited present this Remuneration Report for the Consolidated Entity for the year ended 30 June 2018. The information provided in this report has been audited as required by the Corporations Act 2001 (Cth) and forms part of the Directors' Report. This Remuneration Report sets out remuneration information for Icon Energy's Key Management Personnel (KMPs) including the following persons who were Non-Executive Directors and senior executives during the financial year:

Table 1: Icon Energy's Key Management Personnel

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

1. REMUNERATION FRAMEWORK

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

- Executive and Senior Managers receive competitive and reasonable market based levels of base remuneration;
- The Performance Rights Plan expired in November 2017. Following that plan's expiry, bonuses and other incentives for Employees and Executives and Senior Managers who perform well in their duties are only payable if they are approved by the Board

2. ROLE OF THE REMUNERATION, NOMINATIONS AND SUCCESSION COMMITTEE

The Remuneration, Nominations and Succession Committee is responsible for making recommendations to the Board on remuneration policies. The Committee, where necessary, obtains independent advice on the remuneration packages offered to potential employees. The Company's broad remuneration policy ensures that each remuneration package is properly aligned to the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

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

3. METHODOLOGY USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

Non-Executive Directors

Fees paid to Non-Executive Directors reflect the demands made on, and responsibilities of, such directors. Non-Executive Directors' fees are reviewed by the Board on an annual basis. Since 2014, the Board has determined that Non-Executive Directors are paid a base fee of \$70,000 per annum together with the payment of additional fees to Directors serving on Board Committees to recognise their contribution to the Company together with superannuation. An additional \$7,500 per annum per Committee is paid to Committee members and \$8,500 per annum per Committee for the Chairmen of the Committees.

The Board decided to reduce these fees by 20% effective from 1 January 2018 having regard to the current low share price

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 \$334,578.

Non-Executive Directors do not receive performance based remuneration.

Executive Managers and Senior Management

Executive and Senior Managers are remunerated through a combination of:

- Fixed Remuneration (FR);
- Bonus or other incentives for outstanding performance to be determined at the discretion of the Board.

Prior to November 2017 the company had in place the Icon Energy Limited Performance Rights Plan ("Plan") which was presented and approved by shareholders at the Annual General Meeting held on 22 April 2010. The Plan provided for the granting of appropriately structured short and long-term incentives to employees (including Executive Directors) in addition to their fixed remuneration. In accordance with ASX listing rule 7.2 Exception 9, the Plan was renewed at the 2014 AGM for a three year period, expiring in November 2017.

In 2017 The Board decided not to seek renewal of the Plan which expired and decided not to seek approval for any new plan.

There were no remuneration consultants used by the Company during the year ended 30 June 2018 or in the prior year.

4. FIXED REMUNERATION

Fixed remuneration consists of the base remuneration calculated on a total cost basis and includes FBT charges on employee benefits, as well as contributions to superannuation funds. Remuneration levels are reviewed annually. Senior executives were restricted to CPI increases over the financial year.

5. SHORT-TERM INCENTIVES

The Company did not issue Short-term Incentives (STI) for the 2017-18.

6. LONG-TERM INCENTIVES

The Company did not issue Long-term Incentives (LTI) for the 2017-18 year.

Remuneration Report – Audited

for the year ended 30 June 2018

7. SERVICE AGREEMENTS

The Company has a policy that service agreements with Executive and Senior Managers are limited in term and include termination clauses of between one and twelve months.

Service agreements are in place for the Managing Director (Mr Raymond James), the Chief Financial Officer & Company Secretary (Dr Kevin Jih) (both “Executive Directors”) and the Exploration Manager (Mr Martin Berry).

The service agreements with the Executive Directors run for a period of five years from the date of engagement or renewal and set out the duties and obligations of the respective parties with the exception of the Managing Director which will run for three years from 1 January 2017 until 31 December 2019. The contracts provide that the agreements may be terminated by either party providing up to twelve months’ notice as shown in the table below. The Company may make a payment in lieu of notice equal to the base amount prescribed in the service agreement for a specified period. In addition, accrued statutory benefits and superannuation benefits are payable.

For the Executive Directors, if the Board terminates an Executive Director’s employment, the Executive Director will receive, in addition to any payment in lieu of notice:

- i. a termination payment of the greater of the amount calculated under subsection 3 and subsection 4 of Section 200G of the *Corporations Act 2001* or that determined by the Board and subject to shareholder approval at the time.

Table 2: Service Agreements with Executive and Senior Managers

Name of Executive	Date of Contract	Termination by Icon (without cause)	Termination by employee	Termination Payments (where terminated by Company)	STI & LTI Entitlements (The Plan expired November 2017 for future benefits) not applicable
R James	1-Jan 17	12 months	6 months	Payment in lieu of notice based on FR	
K Jih	11-Aug-15	12 months	6 months	Payment in lieu of notice based on FR	
M Berry	1-Aug-13	2 months	2 months	Payment in lieu of notice based on FR	

8. REMUNERATION OF EACH MEMBER OF KEY MANAGEMENT PERSONNEL AND DIRECTORS FOR THE CONSOLIDATED ENTITY

Table 3: Directors and Key Management Personnel Remuneration for the year ended 30 June 2018

	Short Term		Post-employment	Long-term Employee Benefits ⁽ⁱⁱⁱ⁾	Total
	Salaries & Fees ⁽ⁱ⁾	Other Benefits ⁽ⁱⁱ⁾	Super-annuation		
	\$	\$	\$	\$	\$
Non-executive Directors					
Stephen Barry	95,400	–	9,063	–	104,463
Keith Hillless	70,650	–	6,712	–	77,362
Derek Murphy	76,500	–	7,268	–	83,768
Howard Lu	63,000	–	5,985	–	68,985
Executive Directors and Senior Managers					
Ray James	542,755	45,000	51,016	10,251	649,022
Kevin Jih	413,744	40,000	39,201	7,138	500,083
Martin Berry	323,963	–	30,695	2,489	357,147
Total	1,586,012	85,000	149,940	19,878	1,840,830

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

(ii) Other Benefits represent car allowance received during the year for Ray James of \$45,000 and for Dr Jih of \$40,000.

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

Table 4: Directors and Key Management Personnel Remuneration for the year ended 30 June 2017

	Short Term		Post-employment	Long-term Employee Benefits ^(vi)	Total
	Salaries & Fees ^(iv)	Other Benefits ^(v)	Super-annuation		
	\$	\$	\$	\$	\$
Non-executive Directors					
Stephen Barry	106,000	–	10,070	–	116,070
Keith Hillless	78,500	–	7,457	–	85,957
Derek Murphy	85,000	–	8,075	–	93,075
Howard Lu	70,000	–	6,650	–	76,650
Executive Directors and Senior Managers					
Ray James	532,279	45,000	50,164	14,882	642,325
Kevin Jih	406,837	40,000	38,546	10,362	495,745
Martin Berry	316,655	–	29,781	3,614	350,050
Total	1,595,271	85,000	150,743	28,858	1,859,872

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

(v) Other Benefits represent car allowance received during the year for Ray James of \$45,000 and for Dr Jih of \$40,000.

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

Remuneration Report – Audited

for the year ended 30 June 2018

9. DIRECTORS' AND SENIOR MANAGERMENTS' INTERESTS

As at 30 June 2018, the interests of the Directors and senior management or entities associated with them in shares and options of Icon Energy Limited are:

Table 5: Directors' and Executive and Senior Manager' Interests

Shareholdings

The movement during the year in the number of ordinary shares in Icon Energy Limited held directly, indirectly or beneficially, by each Key Management Personnel, including their related parties, is as follows:

	Balance 1.07.2017 Number	Employee Performance Rights Plan Number	Purchases Number	Options Ex-ercised Number	Sold Number	Balance 30.06.2018 Number
2018						
Directors						
Stephen Barry*	1,653,593	-	-	-	-	1,653,593
Derek Murphy*	550,181	-	100,000	-	-	650,181
Keith Hilless	93,227	-	-	-	-	93,227
Howard Lu	16,068,181	-	-	-	-	16,068,181
Raymond James*	24,196,515	-	1,034,814	-	-	25,231,329
Kevin Jih*	1,353,175	-	-	-	-	1,353,175
Senior Management						
Martin Berry	296,416	-	-	-	-	296,416
	44,211,288	-	1,134,814	-	-	45,346,102

	Balance 1.07.2016 Number	Employee Performance Rights Plan Number	Purchases Number	Options Ex-ercised Number	Sold Number	Balance 30.06.2017 Number
2017						
Directors						
Stephen Barry*	1,653,593	-	-	-	-	1,653,593
Derek Murphy*	450,181	-	100,000	-	-	550,181
Keith Hilless	93,227	-	-	-	-	93,227
Howard Lu	16,068,181	-	-	-	-	16,068,181
Raymond James*	23,386,515	-	810,000	-	-	24,196,515
Kevin Jih*	1,353,175	-	-	-	-	1,353,175
Senior Management						
Martin Berry	296,416	-	-	-	-	296,416
	43,301,288	-	910,000	-	-	44,211,288

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

10. SHARE OPTIONS

Options Granted to Directors and Key Management Personnel of the Company

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

Options Held by Key Management Personnel

There were no options outstanding at 30 June 2018 or as at 30 June 2017.

The following table shows the Company's Profit/Loss (after tax) for the current year as well as previous last four years.

Table 6: Company's Profit/Loss (after tax)

	30-Jun-14	30-Jun-15	30-Jun-16	30-Jun-17	30-Jun-18
Closing Share Price	0.14	0.05	0.03	0.025	0.018
Dividends paid	-	-	-	-	-
Profit (Loss) after tax	(\$1,017,551)	(\$5,863,547)	(\$5,602,229)	(\$5,670,094)	(3,320,243)

- End of Remuneration Report (audited) -

Auditor's Independence Declaration



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Lead 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, in relation to the audit for the financial year ended 30 June 2018, 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

Logan Meehan
Partner

Signed at Brisbane, 17 August 2018

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Independent Auditor's Report



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Independent Auditor's Report

To the Members of Icon Energy Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Icon Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit of loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended.
- (b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Horwath external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Independent Auditor's Report

continued



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How we addressed the Key Audit Matter
------------------	---------------------------------------

Capitalisation and Impairment of Exploration and Evaluation Expenditure - Note 8

The carrying amount of capitalised exploration and evaluation expenditure was a significant component of the Group's total assets at \$32,861,255 at 30 June 2018.

While exploration and evaluation assets were measured at cost, a significant level of judgement was required in the application of the recognition criteria in AASB 6 *Exploration for and Evaluation of Mineral Resources*, particularly in respect of the following:

- The assessment of the areas of interest;
- Whether the Group complied with exploration license requirements and had a current right to explore an area of interest; and
- Whether expenditure met the capitalisation and carry forward criteria in AASB 6, including an assessment of the expected recovery of the expenditure through successful development and exploitation of the area of interest, or alternatively through sale.

Furthermore, exploration and evaluation assets were subject to impairment testing. This required a high degree of judgement by management, particularly in respect of the following:

- Specifying the level at which exploration and evaluation assets were assessed for impairment;
- Determining and assessing indications that the assets may be impaired, including the presence of specific facts and circumstances applicable to exploration and evaluation assets.

Due to the significance of this asset and the subjectivity involved in determining its carrying value, this is a key audit matter.

Our procedures included, but were not limited to:

- Assessing the Group's determination of area of interest in accordance with AASB 6;
- Obtaining evidence that the Group had valid rights to explore in the areas by performing independent searches and corroborating to government registries. We also considered the Group's compliance with the contractual obligations under the agreements;
- Reviewing evidence of activities carried out and evaluating and challenging key assumptions adopted by the directors that support the position formed on impairment of exploration and evaluation assets;
- Testing expenditure capitalised in the year to source documentation on a sample basis to ensure it had met the capitalisation requirements specified by AASB 6;
- Reviewing management's budgets/plans to ensure substantive expenditure on further exploration and evaluation activities on the Group's capitalised areas of interest was planned.
- Reviewing board meeting minutes, ASX announcements, current regulatory legislation and results of exploration activities to assess whether management had decided to discontinue with the exploration of an area of interest, or whether the results to date indicated the carrying amount of an exploration and evaluation asset was unlikely to be recovered in full from successful development or sale.

Key Audit Matter	How we addressed the Key Audit Matter
Valuation of Restoration Provision – Note 9	
<p>As at 30 June 2018, the Group had a provision of \$5,308,867 relating to the estimated cost of decommissioning, restoration and rehabilitation of areas disturbed during exploration activities.</p> <p>This was a key audit matter because the calculations of the provision were complex and based on the estimates of future costs of the required work, including volume and unit rates, the area of disturbance, the timing of future cash flows and the discount rate.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> ▪ Evaluating and challenging the reasonableness of key assumptions used in the calculations of the provision; ▪ Checking the mathematical accuracy of the calculations; ▪ Assessing the competency and objectivity of the expert used by management and evaluating the appropriateness and adequacy of the restoration cost estimates; ▪ Considering provision movements during the year to ensure they were consistent with our understanding of the Group’s activities during the year; ▪ Assessing the adequacy of the Group’s disclosure in the financial statements in respect of the restoration provision.

Other information

The directors are responsible for the other information. The other information comprises the directors’ report (but does not include the financial report and our auditor’s report thereon), which we obtained prior to the date of this auditor’s report, and the remainder of the annual report, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and accordingly we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

continued



Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to our audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group or business activities within the entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the remuneration report

Opinion on the remuneration report

In our opinion, the Remuneration Report of Icon Energy Limited, for the year ended 30 June 2018, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' Responsibilities

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 Responsibilities

We have audited the Remuneration Report included in pages 28 to 33 of the directors' report for the year ended 30 June 2018.

Our responsibility is to express an opinion on the Remuneration Report, based on our Audit conducted in accordance with Australian Auditing Standards.

Crowe Horwath Brisbane

Logan Meehan
Partner

Signed at Brisbane, 20 August 2018

Directors' Declaration

for the year ended 30 June 2018



DIRECTORS' DECLARATION

1. In the opinion of the directors of Icon Energy Ltd (the Company):
 - a) the consolidated financial statements and notes thereto, set out on pages 41 to 64, and the Remuneration Report in the Directors Report, as set out on pages 28 to 33, are in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2018.
3. The directors draw attention to note 1 of the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

A handwritten signature in blue ink, appearing to read "Stephen Barry".

Stephen Barry
Chairman
17 August 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2018

	NOTES	30 June 2018		30 June 2017	
		\$	\$	\$	\$
<i>Continuing operations</i>					
Interest received and other income		212,789		311,210	
Administration expenses		(2,513,228)		(2,525,271)	
Depreciation and amortisation expense		(97,981)		(307,509)	
Employee benefits and expenses		(1,116,137)		(1,386,270)	
Occupancy expenses		(277,286)		(43,278)	
Loss on sale of current assets	2a	(954,065)		-	
Profit on sale of property, plant & equipment	2b	2,225,791		1,339	
Loss on acquisition of tenement		-		(226,023)	
Impairment expense	2c	(1,446,617)		(1,481,000)	
Finance costs		(70,457)		(13,292)	
Loss before income tax		(4,037,191)		(5,670,094)	
Income tax expense	3	-		-	
Loss for the year from continuing operations		(4,037,191)		(5,670,094)	
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences arising on translation of foreign operations		(120)		(200)	
Total other comprehensive loss for the year, net of tax		(120)		(200)	
Total comprehensive loss for the year		(4,037,311)		(5,670,295)	
Earnings per share					
<i>From continuing operations</i>					
Basic and diluted loss per share (cents per share)	13	(0.68)		(0.95)	

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

as at 30 June 2018

	NOTES	30 June 2018 \$	30 June 2017 \$
CURRENT ASSETS			
Cash and cash equivalents	5	12,266,962	9,659,397
Trade and other receivables		42,068	35,703
Inventories	6	2,969,365	4,890,147
TOTAL CURRENT ASSETS		15,278,395	14,585,247
NON-CURRENT ASSETS			
Property, plant and equipment	7	89,874	4,935,451
Exploration and evaluation expenditure	8	32,861,255	33,056,664
Performance guarantee bonds		904,129	774,041
TOTAL NON-CURRENT ASSETS		33,855,258	38,766,156
TOTAL ASSETS		49,133,653	53,351,403
CURRENT LIABILITIES			
Trade and other payables		151,510	314,074
Employee benefits		591,969	553,811
TOTAL CURRENT LIABILITIES		743,479	867,885
NON-CURRENT LIABILITIES			
Employee benefits		77,572	204,062
Provisions	9	5,308,867	5,238,410
TOTAL NON-CURRENT LIABILITIES		5,386,439	5,442,472
TOTAL LIABILITIES		6,129,918	6,310,357
NET ASSETS		43,003,735	47,041,046
EQUITY			
Issued capital	10	101,984,750	101,984,750
Reserves	12	307	427
Accumulated losses		(58,981,322)	(54,944,131)
TOTAL EQUITY		43,003,735	47,041,046

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2018

	Ordinary Share Capital (Note 10) \$	Share-Based Payments Reserve (Note 11) \$	Foreign Exchange Reserve (Note 12) \$	Accumulated Losses \$	Total \$
Balance 1 July 2016	101,984,750	298,561	627	(49,572,598)	52,711,340
Total comprehensive income:					
Loss for the year	-	-	-	(5,670,094)	(5,670,094)
Other comprehensive loss	-	-	(200)	-	(200)
Total comprehensive loss for the year	-	-	(200)	(5,670,094)	(5,670,295)
Transactions with owners in their capacity as owners:					
Reserve transfer for performance rights vested	-	(298,561)	-	298,561	-
Total transactions with owners	-	(298,561)	-	298,561	-
Balance at 30 June 2017 - attributable to owners of parent entity	101,984,750	-	427	(54,944,131)	47,041,046
Balance 1 July 2017	101,984,750	-	427	(54,944,131)	47,041,046
Total comprehensive income:					
Loss for the year	-	-	-	(4,037,191)	(4,037,191)
Other comprehensive loss	-	-	(120)	-	(120)
Total comprehensive loss for the year	-	-	(120)	(4,037,191)	(4,037,311)
Transactions with owners in their capacity as owners:					
Reversal of expired performance rights	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Balance at 30 June 2018 - attributable to owners of parent entity	101,984,750	-	307	(58,981,322)	43,003,735

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 30 June 2018

	NOTES	30 June 2018	30 June 2017
		\$	\$
		Inflows (Outflows)	Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		949,795	3,630
Cash payments to suppliers and employees		(5,213,466)	(4,375,429)
Interest received		203,027	307,610
Net cash used in operating activities	14	(4,060,644)	(4,064,189)
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Redemption of financial assets		-	14,500,000
Payments for property, plant & equipment		(26,075)	(52,169)
Payments for deferred exploration and evaluation expenditure		(434,917)	(3,215,216)
Prepayments for deferred exploration and evaluation expenditure		-	34,225
Proceeds from sale of property, plant and equipment	2(b)	7,129,321	5,500
Net cash provided used from investment activities		6,668,329	11,272,340
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment for buy-back of shares		-	-
Net cash used in financing activities		-	-
Net increase in cash and cash equivalents held		2,607,685	7,208,151
Cash and cash equivalents at beginning of the financial year		9,659,397	2,451,446
Effect of movements in exchange rates on cash held		(120)	(200)
Cash and cash equivalents at the end of the financial year	5	12,266,962	9,659,397

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

NOTE 1 - BASIS OF ACCOUNTING

The consolidated 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 (the "Company") and its controlled entities as a consolidated entity (together referred to as the "Consolidated Entity" or the "Group"). Icon Energy Limited is a listed public company, incorporated and domiciled in Australia. The Group is a for-profit entity, primarily engaged in the acquisition, exploration and development of oil and gas assets in Australia. The financial statements have been prepared on the historical cost basis. 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) and interpretations adopted by the International Accounting Standards Board.

The financial report was authorised for issue by the Board of Directors on 17 August 2018.

Details of Icon Energy Limited accounting policies are included in Note 24.

NOTE 2 - LOSS FROM OPERATING ACTIVITIES

Loss from operating activities before income tax includes the following items

a. Loss on sale of current assets

Proceeds on disposal of current assets
Written down value of current assets sold

b. Gain on sale of property, plant and equipment (sale and leaseback)

Proceeds on disposal of property, plant and equipment
Written down value of property, plant and equipment
Costs of sale

During the year the Group sold its office building, fixtures and fittings and land under a sale and leaseback arrangement. The sale was deemed to be at fair value and the profit has been recognised immediately as a gain on sale in profit or loss. The lease was subsequently classified as an operating lease.

c. Impairment expense

Impairment of exploration expenditure
Impairment of property, plant & equipment
Impairment of inventory

d. Other expenses

Superannuation
Audit and review of financial statements - Crowe Horwath

CONSOLIDATED ENTITY	
30 June 2018	30 June 2017
\$	\$
205,971	-
(1,160,036)	-
(954,065)	-
7,129,321	5,500
(4,742,934)	(4,161)
(160,596)	-
2,225,791	1,339

655,133	1,481,000
30,737	-
760,747	-
1,446,617	1,481,000

102,904	108,052
55,000	55,000

NOTE 3 - INCOME TAX EXPENSE

Loss before tax expense

Prima facie tax payable on loss before income tax at 30% (2017: 30%)

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

Non deductible expenses

Deferred tax benefits not brought to account

Income Tax attributable to loss before tax

(4,037,191)	(5,670,094)
(1,211,157)	(1,701,028)
801	576
1,210,356	1,700,452
-	-

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the tax benefits.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

NOTE 3 - INCOME TAX EXPENSE (CONTINUED)

	CONSOLIDATED ENTITY	
	30 June 2018	30 June 2017
	\$	\$
Tax losses	52,962,543	53,896,664
Potential tax benefit	15,888,763	16,168,999
Temporary differences		
Other	295,762	185,117
Provisions	5,978,408	2,596,555
Potential tax benefit	1,882,251	834,501
Total deferred tax benefits not brought to account	17,771,014	17,003,501
Deferred Tax Liabilities		
Mining and exploration costs	30,110,710	29,882,959
Total deferred tax liabilities not brought to account	9,033,213	8,964,888
Total deferred tax assets not brought to account - net	8,737,801	8,038,613

NOTE 4 - KEY MANAGEMENT PERSONNEL REMUNERATION

(a)	Key management personnel compensation included in		
	• Short term employee benefits	1,671,012	1,680,271
	• Long term benefits	19,878	28,858
	• Post employment benefits	149,940	150,743
		1,840,830	1,859,872

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 2017 and there were no material contracts involving Directors' interests existing at year end.

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the entity's key management personnel (KMP) for the year ended 30 June 2018.

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

Performance rights holdings

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

There were no options held by Key Management Personnel during the period ended 30 June 2018 (30 June 2017: Nil).

(c)	Transactions with Directors and Director Related Entities		
	Legal fees paid in the ordinary course of business to CKB Associates Lawyers, a firm with which Mr. S Barry is associated.	1,800	8,560

There were no amounts outstanding for the year ending 30 June 2018 (30 June 2017: Nil)

NOTE 5 - CASH AND CASH EQUIVALENTS

Cash on hand	106	365
Cash at bank	12,266,856	9,659,031
	12,266,962	9,659,397

NOTE 6 - INVENTORIES

Tenement consumables	2,969,365	4,890,147
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Inventories have been reduced by \$760,746 (30 June 2017: Nil) as a result of an impairment review of inventory which resulted in certain stock being written off. The write-down is recorded in "impairment expense" in profit or loss.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED ENTITY	
	30 June 2018	30 June 2017
	\$	\$
Plant, Equipment and Motor Vehicles - at cost	505,659	981,667
less: accumulated depreciation	(415,785)	(852,157)
	<u>89,874</u>	<u>129,510</u>
Building - at cost	-	2,172,934
less: accumulated depreciation	-	(378,443)
	<u>-</u>	<u>1,794,491</u>
Fixtures and Fittings - at cost	-	1,104,719
less: accumulated depreciation	-	(533,269)
	<u>-</u>	<u>571,450</u>
Land at cost	-	2,440,000
	<u>-</u>	<u>2,440,000</u>
Total Property, Plant and Equipment at written down value	89,874	4,935,451

Movements in carrying amounts

Movements in the carrying amounts for each class of Property, Plant and Equipment between the beginning and the end of the current financial year:

Consolidated Entity	Plant, Equipment and Motor Vehicles	Building	Fixtures and Fittings	Land	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2016	130,332	1,840,503	627,146	2,440,000	5,037,981
Additions	52,169	-	-	-	52,169
Disposals	(4,160)	-	-	-	(4,160)
Depreciation	(48,831)	(46,012)	(55,696)	-	(150,539)
Balance at 30 June 2017	129,510	1,794,491	571,450	2,440,000	4,935,451
Balance at 1 July 2017	129,510	1,794,491	571,450	2,440,000	4,935,451
Additions	26,075	-	-	-	26,075
Disposals	(30,737)	(1,763,640)	(539,294)	(2,440,000)	(4,773,671)
Depreciation	(34,974)	(30,851)	(32,156)	-	(97,981)
Balance at 30 June 2018	89,874	-	-	-	89,874

On 12 March 2018, the consolidated entity sold its corporate office and leased it back for 3 years. The rent is adjusted every year to reflect increases in CPI.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

NOTE 8 - EXPLORATION AND EVALUATION EXPENDITURE

CONSOLIDATED ENTITY	
30 June 2018	30 June 2017
\$	\$
32,861,255	33,056,664

Exploration and Evaluation expenditure at cost

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated entity	NOTE	Total \$
Balance at 1 July 2016		32,708,365
Additions		1,829,299
Less: Impairment (ATP 549, ATP 626 and ATP 794)	2c	(1,481,000)
Balance at 30 June 2017		33,056,664
Balance at 1 July 2017		33,056,664
Additions		459,724
Less: Impairment (PEP 170, PEP 172 and PEP 173)	2c	(655,133)
Balance at 30 June 2018		32,861,255

The ultimate recoupment of these costs is dependent on the successful development and exploitation, or alternatively sale, of the respective areas of interest.

During the year ended 30 June 2018 the Group has fully impaired the carrying value of its exploration projects in the Gippsland Basin (\$655,133) due to the Victorian Government's ban on onshore petroleum activities and the uncertainty around the Groups' ability to continue exploration activities in this area in the future. The Group has continued to maintain its license to explore in this area going forward and will assess its future exploration activity in this area upon any future change in legislation.

NOTE 9 - PROVISIONS

Restoration provision

Restoration provision represents the present value of estimated costs for future restoration of land explored by the Consolidated Entity at the end of the exploration activity.

The restoration provision recognised for each tenement is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs are recognised in the Consolidated Statement of Financial Position by adjusting both the restoration and rehabilitation asset and provision. Such changes trigger a change in future depreciation and financial charges.

Management bases its judgements, estimates and assumptions on historical and on other various factors including expectations of future events, management believes to be reasonable under the circumstances.

Movements in carrying amounts

Movements in the carrying amounts for each class of provision between the beginning and the end of the current financial year:

Consolidated Entity	CONSOLIDATED ENTITY	
	30 June 2018	30 June 2017
	\$	\$
Balance at beginning of the year	5,238,410	1,521,175
Charged to profit or loss:		
- unwinding of discount	70,457	13,293
Amounts used during the year	-	(270,504)
Increase in restoration provision	-	3,974,446
Balance at end of the year	5,308,867	5,238,410

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

NOTE 10 - ISSUED CAPITAL

Authorised and Issued Share Capital

Issued share capital 597,556,938 (30 June 2017: 597,556,938) fully paid, no par value ordinary shares.

	30 June 2018		30 June 2017	
	Number of shares	\$	Number of shares	\$
Fully Paid Shares				
Balance at beginning of the year	597,556,938	101,984,750	597,556,938	101,984,750
Shares issued	-	-	-	-
Balance at the end of the year	597,556,938	101,984,750	597,556,938	101,984,750

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

NOTE 11 - SHARE BASED PAYMENTS

Performance rights issued under STI and LTI performance plan are recognised on the date the service are provided from each key management personnel. Plan was renewed at the 2014 AGM and expired at the end of three year period, in November 2017. The Board decided not to institute any new Plans at this time.

Refer to Note 4 Key Management Personnel remuneration and the remuneration report.

Performance Rights on Issue

Short-term incentives

The Company did not issue STIs for the 2017-18 financial year (30 June 2017: Nil).

Long-term incentives

The Company did not issue LTIs for the 2017-18 financial year (30 June 2017: Nil).

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:

	CONSOLIDATED ENTITY	
	30 June 2018	30 June 2017
	\$	\$
Share Based Payments Reserve		
Opening Balance	-	298,561
Performance rights expired	-	(298,561)
Closing balance	-	-

NOTE 12 - RESERVES

Foreign currency translation reserve *	307	427
Total reserves	307	427

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

NOTE 13 - EARNINGS PER SHARE

		CONSOLIDATED ENTITY	
		30 June 2018	30 June 2017
		\$	\$
(a)	Reconciliation of Earnings to Net Loss:		
	Net Loss for the year	(4,037,191)	(5,670,094)
	Earnings used in the calculation of basic EPS	(4,037,191)	(5,670,094)
	Earnings used in the calculation of diluted EPS	(4,037,191)	(5,670,094)
(b)	Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS.	597,556,938	597,556,938
	Adjustment for calculation of diluted earnings per share	-	-
	Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted EPS.	597,556,938	597,556,938
	Basic and diluted loss per share (cents per share)	(0.68)	(0.95)

NOTE 14 - CASH FLOW INFORMATION

Reconciliation of net cash used in operating activities to loss after income tax:		
Loss after income tax	(4,037,191)	(5,670,094)
Add/(less) non-cash items:		
Depreciation and amortisation	97,981	307,509
Gain on sale of property, plant and equipment assets	(2,225,791)	(1,339)
Impairment expense	1,446,617	1,481,000
Adjustment for changes in assets and liabilities		
Inventories	1,160,036	(4,890,147)
Performance guarantee bonds	(130,088)	(572,929)
Trade and other receivables	(6,365)	680
Trade and other payables*	(347,968)	1,438,316
Employee provisions	(88,332)	125,580
Restoration provision	70,457	3,717,235
Net cash used in operating activities	(4,060,644)	(4,064,189)

*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.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

NOTE 15 - CAPITAL AND LEASING COMMITMENTS

Work Programme Commitments

The total commitments for work programmes for ATP594P and ATP855 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 2018	30 June 2017
\$	\$
6,850,000	400,000
4,000,000	12,463,896
10,850,000	12,863,896

If any of the above expenditures are not met within the life of the tenement then the Department of Mines and Energy (QLD) / the Department of Primary Industries (VIC) will require the permit to be forfeited without liability.

In 2018, the Group has 100% interest in the above tenements (30 June 2017: 100%)

Operating Lease Commitments

Operating Lease

Minimum lease payments of non-cancellable operating leases contracted for but not capitalised in the financial statements:

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

522,334	-
980,548	-
1,502,882	-

On 12 March 2018, the Consolidated Entity sold its corporate office and leased it back for a three year term. The rent is payable by monthly installments in advance and is adjusted every year to reflect increases in CPI. There is an option to renew the lease for a further three year term.

NOTE 16 - JOINT ARRANGEMENTS AND MINING TENEMENTS HELD

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

Oil and Gas	Basin	Interest %	
		30 June 2018	30 June 2017
ATP 594P	Cooper Eromanga	100.00%	100.00%
ATP 855P	Cooper Eromanga	100.00%	100.00%
PRLs33-49 *	Cooper Eromanga	33.33%	33.33%
PEP 170	Gippsland	100.00%	100.00%
PEP 172 **	Gippsland	100.00%	100.00%
PEP 173 **	Gippsland	100.00%	100.00%

* Formerly PEL 218 (Post Permian Section).

** Permit to be granted

Interests in joint operations are accounted for by including the group's portion of assets, liabilities, revenue and expenses.

Information relating to joint ventures that are material to the consolidated entity are set out below:

		CONSOLIDATED ENTITY	
		30 June 2018	30 June 2017
		\$	\$
NOTE			
NON-CURRENT ASSETS			
Exploration and evaluation expenditure at cost	8	1,647,937	1,647,937
Total non current assets		1,647,937	1,647,937
Share of total assets in joint arrangements		1,647,937	1,647,937

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

NOTE 17 - CONTROLLED ENTITIES

Parent entity:

Icon Energy Limited

Country of Incorporation	Date of Incorporation	% Owned	
		30 June 2018	30 June 2017

Australia

Subsidiaries of Icon Energy Limited:

Jakabar Pty Ltd	Australia	18 Dec 1992	100	100
Icon Drilling Pty Ltd	Australia	18 Nov 1994	100	100
Icon Gas Productions Pty Ltd	Australia	16 Dec 2008	100	100
Icon Oil US (LLC)	USA	5 Jan 1993	100	100

NOTE 18 - 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 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	\$	\$	\$	\$	\$	\$
Revenue						
Total segment revenue	-	-	-	-	-	-
Segment loss before income tax	(4,035,297)	(5,667,665)	(1,894)	(2,429)	(4,037,191)	(5,670,094)
Interest income	203,027	307,610	-	-	203,027	307,610
Finance cost	(70,457)	(13,292)	-	-	(70,457)	(13,292)
Other Income	9,762	3,600	-	-	9,762	3,600
Depreciation and amortisation of segment	(97,981)	(307,509)	-	-	(97,981)	(307,509)
Gain on sale of non-current assets	2,225,791	1,339	-	-	2,225,791	1,339
Impairment of Assets	1,446,617	1,481,000	-	-	1,446,617	1,481,000
Segment Assets	49,122,569	48,450,597	11,084	10,659	49,133,653	48,461,256
Segment Liabilities	6,128,016	6,310,357	1,902	-	6,129,918	6,310,357
Other segment information						
Acquisition of non-current segment assets	26,075	52,169	-	-	26,075	52,169

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director. The operating segments have been aggregated on the basis of geographic location.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

NOTE 19 - FINANCIAL INSTRUMENTS

	NOTE	CONSOLIDATED ENTITY	
		30 June 2018	30 June 2017
		\$	\$
Financial instruments comprise of the following:			
Financial Assets			
Cash and cash equivalents	5	12,266,962	9,659,397
Loans and receivables:			
- Trade and other receivables		42,068	35,703
Financial Liabilities			
Held at amortised cost			
- Trade and other payables		151,510	(314,074)

The carrying values of loans and receivables, held to maturity financial assets and held at amortised cost financial liabilities approximate their fair value.

The consolidated entity's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable. No financial assets are pledged as collateral for liabilities.

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

The consolidated entity does not have any derivative instruments at 30 June 2018 (30 June 2017: 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 24 to the financial statements.

Capital Risk Management

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

The capital structure of the consolidated entity consists of cash and cash equivalents and equity comprising issued capital, net of reserves and accumulated losses as disclosed in notes 5 and 10 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 2017.

Financial Risk Management

The main risks the consolidated entity is exposed through its financial assets and liabilities are credit risk, liquidity risk and market risk.

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

(a) Market Risk

The consolidated entity's risk management program focuses on the unpredictability of the financial markets and seeks to minimise the potential adverse effects of the financial performance of the consolidated entity, by way of various measures detailed below. The Group does not carry any significant currency or price risk.

Interest rate risk

The consolidated entity's interest rate risk arises mainly from the term deposits and cash and cash equivalents. The entity does not have any borrowing facilities.

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

NOTE 19 - FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2018 NOTE							
Financial assets							
Cash and cash equivalents	5	2.14%	12,266,856	-	-	106	12,266,962
Trade and other receivables			-	-	-	42,068	42,068
Performance guarantee bonds		2.25%	716,698	-	-	187,431	904,129
Total Financial Assets			12,983,554	-	-	229,605	13,213,159
Financial liabilities							
Trade and other payables			-	-	-	151,510	151,510
Total Financial Liabilities			-	-	-	151,510	151,510
30 June 2017 NOTE							
Financial assets							
Cash and cash equivalents	5	1.85%	9,659,031	-	-	366	9,659,397
Trade and other receivables			-	-	-	35,703	35,703
Performance guarantee bonds		2.08%	716,698	-	-	57,343	774,041
Total Financial Assets			10,375,729	-	-	93,412	10,469,141
Financial liabilities							
Trade and other payables			-	-	-	314,074	314,074
Total Financial Liabilities			-	-	-	314,074	314,074

Cash flow sensitivity analysis for variable rate instruments

The sensitivity analyses have been determined based on the exposure of the consolidated entity to variable interest rates for non-derivative financial instruments at the reporting date at the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 0.5% increase or decrease is used when reporting interest rates internally to the board of directors and represents management's assessment of the possible change in interest rates.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

NOTE 19 - FINANCIAL RISK MANAGEMENT (CONTINUED)

At 30 June 2018, 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 \$29,196 higher/\$32,849 lower (30 June 2017:\$48,301 higher/\$48,361 lower), mainly as a result of the consolidated entity's exposure to interest rates on its variable rate cash and cash equivalents.

(b) Credit risk

Credit risk refers to the risk that a 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.

The following are contractual maturities of financial liabilities:

	Carrying Amount \$	Contractual Cashflows \$	<1Year \$	1-5 Years \$
30 June 2018				
Trade and other payables	151,510	151,510	151,510	-
	151,510	151,510	151,510	-
30 June 2017				
Trade and other payables	314,074	314,074	314,074	-
	314,074	314,074	314,074	-

The consolidated entity's liquidity risk relating to financial liabilities at 30 June 2018 is limited to the repayment of the trade payables. Trade payables are short-term in nature. The consolidated entity does not finance exploration activities through debt.

Fair value estimation

The carrying values less provision for impairment of financial assets and financial liabilities of the consolidated entity, as stated in the Consolidated Statement of Financial Position and accompanying explanatory notes at 30 June 2018, 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 20 - RELATED PARTY TRANSACTIONS

- Interests in subsidiaries are disclosed in note 17.
- Transactions with Directors and Director Related Entities are disclosed in note 4.
- There were no other related party transactions during the year ended 30 June 2018 or 30 June 2017.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

NOTE 21 - CONTINGENT LIABILITIES

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

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

Mr Baldwin and Southern Fairway Investments filed a Third Further Amended Statement of Claim on 1 March 2016. Icon filed its Notice of Intention to Defend on 7 June 2016. Mr Chesterman QC held a mediation meeting on 26 June 2017, however no agreement was reached. The Plaintiff proceeded to amend Further Statements of Claim and on 23 October 2017, the first day of the trial, the plaintiff submitted a Seventh Further Amended Statement of Claim. Justice Bond heard the matter over the five day trial which concluded on Friday 28 October 2017. After that the matter was adjourned for a further hearing day for final submissions. Justice Bond has reserved the decision. To date, no judgment has been delivered by Justice Bond. Therefore, it is not possible at this time to provide the final expense of the matter until final judgment is delivered.

NOTE 22 - EVENTS AFTER BALANCE DATE

There are no after balance sheet date events at the date of signing (30 June 2017: Nil).

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

NOTE 23 - 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 24 for a summary of the significant accounting policies relating to the consolidated entity.

Financial position

	30 June 2018	30 June 2017
	\$	\$
Assets		
Current assets	15,220,544	14,359,548
Non-current assets	33,840,854	45,507,982
Total assets	49,061,398	59,867,530
Liabilities		
Current liabilities	731,843	851,286
Non-current liabilities	5,352,116	5,407,033
Total liabilities	6,083,959	6,258,319
Net Assets	42,977,439	53,609,211
Equity		
Issued capital	101,984,750	101,984,750
Reserves	-	-
Accumulated losses	(59,007,312)	(48,375,539)
Total equity	42,977,438	53,609,211
Financial performance		
Loss for the year	(10,631,773)	(4,871,857)
Other comprehensive income	-	-
Total comprehensive income	(10,631,773)	(4,871,857)

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

Carrying amount included in current liabilities	-	-
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Contingent liabilities of the parent entity

There are no contingent assets at the date of this report that require disclosure. Contingent liabilities are disclosed in note 21.

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 2018 or 30 June 2017.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

NOTE 24 - STATEMENT OF ACCOUNTING POLICIES

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

(a) Changes in Accounting Policies

Standards and Interpretations adopted

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

Standards and Interpretations issued but not yet adopted

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

Reference	Application date of standard	Impact on Group financial report	Application start date for the Group
<i>AASB 9 - Financial Instruments</i>	Annual periods beginning on or after 1 January 2018	Aside from cash and cash equivalents, the Group doesn't hold any financial instruments of material value. Therefore, Icon does not expect any material impact to the financial statements in regards to the implementation of this standard when it is first adopted for the year ending 30 June 2019.	1 July 2018
<i>AASB 15 - Revenue from contracts with customers</i>	Annual periods beginning on or after 1 January 2018	As the Group is in the exploration phase of operations it does not generate any revenue of material value. Therefore, Icon does not expect any material impact to the financial statements in regards to the implementation of this standard when it is first adopted for the year ending 30 June 2019.	1 July 2018
<i>AASB 16 - Leases</i>	Annual periods beginning on or after 1 January 2019	AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. There is a current operating lease in place that the Group is a party to as a result of its sale and leaseback arrangement. Based on the entity's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 30 June 2020 includes: <ul style="list-style-type: none"> • lease assets and financial liabilities on the balance sheet will increase approximately by \$256,000 and \$342,000 respectively (based on the facts at the date of the assessment) • the nature of expenses related to this lease will change as AASB 16 replaces the straight-line operating lease expense with a depreciation charge for the right of use asset and interest expense on the lease liability • operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than 	1 July 2019

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

NOTE 24 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(b) Principles of Consolidation

A controlled entity is any entity controlled by Icon Energy Limited. Control exists where Icon Energy Limited is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A list of controlled entities is contained in Note 17 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) 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.

Exploration and evaluation expenditure

The application of Group's policy for exploration and evaluation discussed in Note 24(g) requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, a judgement is made that the capitalised expenditure is unlikely to be recovered, the relevant capitalised amount will be impaired and the impairment loss is recognised in profit or loss.

Restoration provision

The Consolidated Entity assesses its future liabilities in relation to the restoration costs which include the removal of facilities, abandonment of wells and restoration of affected areas. The estimate of future restoration costs is done at the time of installation of the assets. In most instances, removal of assets occurs many years into the future. Therefore, management is required to make judgments regarding the removal date, future environmental legislation, the extent of restoration activities and future removal technologies. Refer to note 9 for key assumptions.

(d) Income Tax

Income tax comprises current and deferred tax.

Current tax is the expected tax payable/(receivable) on the taxable income or loss for the year, calculated using applicable income tax rates enacted, or substantively enacted, as at the reporting date. Current tax liabilities/(assets) are therefore measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense/(benefit) reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense/(benefit) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

NOTE 24 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(d) Income Tax (Continued)

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.

(e) Goods and Services Tax

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

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

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

(f) Property, Plant, and Equipment

Property, plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation and accumulated impairment losses. 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 asset's employment and subsequent disposal.

The depreciable amount of all property, plant and equipment including capitalised leased assets, but excluding freehold land, are depreciated over their useful lives using the diminishing method commencing from the time the asset is held ready for use. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Depreciation rates and methods are reviewed annually and, if necessary, adjustments are made.

The depreciation rates used for each class of depreciable asset are:

Class of Asset	Depreciation Rate
Plant and Equipment	20 – 40%
Buildings	2.50%
Fixtures and Fittings	3 - 20%

The gain or loss on disposal of all property, plant and equipment is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in operating profit before income tax in the year of disposal.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

NOTE 24 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(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 a reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Accumulated costs in relation to an abandoned area are written off in full in profit or 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.

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. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash-generating unit shall not be larger than the area of interest.

(h) Research and Development Tax Incentive

The Research and Development Tax Incentive (RDTI) is a 45% Refundable tax offset that is calculated as 45% of the eligible research and development expenditure that has been incurred by the Group. The Directors consider any payment arising from the RDTI to be a form of government assistance and are of the view that it is appropriate to develop an accounting policy that is analogous to AASB120 *Accounting for Government Grants and Disclosure of Government Assistance*.

As such, RDTI refund are recognised when there is sufficient degree of certainty that the Group will comply with the conditions attaching to the RDTI and that the payment will be received. Such refunds are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the assistance is intended to compensate. The proportion of the refund that relates to capitalised exploration expenditure is deducted against the carrying amount of the related non-current assets. Any remaining proportion that cannot be recognised on either of the preceding basis is recognised in profit or loss as "income from research and development claim".

(i) Interests in Joint Arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification of joint arrangements is determined based on the contractual rights and obligations of parties to the joint arrangements rather than the legal structure of joint arrangement. The entity has only joint operations.

Joint Operations

The consolidated entity has interests in joint arrangements that are joint operations. As a joint operator, the consolidated entity recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These are included in the respective items of the Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income.

The entity accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

(j) Trade Creditors

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

(k) Cash and Cash Equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of 3 months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the Consolidated Statements of Cash Flows, cash and cash equivalents include cash and cash equivalents as above, net of outstanding bank overdrafts.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

NOTE 24 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(l) Provisions

Other provisions for make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost in profit or loss.

(l) Provisions (Continued)

Restoration provision

The Group recognises a restoration provision to meet all future obligations for the restoration of petroleum assets when the petroleum assets are abandoned. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. The liability for restoration is discounted to present value and capitalised as part of the exploration expenditure of an area of interest and revised at the end of each reporting period through profit or loss. The capitalised costs are amortised over the life of the petroleum asset. The periodic unwinding of the discount is recognised in profit or loss as part of finance costs.

Changes in the estimates of restoration costs are dealt with prospectively by recognising an adjustment to the restoration liability and a corresponding adjustment to the asset to which it relates. If any reduction in the restoration liability exceeds the carrying amount of that asset, any excess is recognised in profit or loss. 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.

(m) 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.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(n) Comparative Figures

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

(o) Financial Instruments

Recognition

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

Loans and receivables

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

NOTE 24 - STATEMENT OF ACCOUNTING POLICIES (Continued)

Held-to-maturity investments

These investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, and it is the Group's intention (and ability) 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, less any impairment losses. Gains or losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process. These assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets. The Group classifies term deposits as held-to-maturity investments.

(o) Financial Instruments (Continued)

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation. The entity classifies trade and other payables and borrowings as financial liabilities. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Amortised cost

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Impairment

At each reporting date, the Consolidated Entity assesses whether there is objective evidence that a financial instrument has been impaired.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised within profit or loss. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(p) Impairment of Non-Financial Assets

At each reporting date, the directors review the carrying values of its non-financial assets which include exploration, evaluation and development expenditures and property, plant and equipment, to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed and included in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(q) 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.

Foreign Operations

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 equity and are recognised as other comprehensive income.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2018

NOTE 24 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(r) Share based payments

Share based payment benefits are provided to employees through Icon's Employee Performance Rights Plan. Information relating to this scheme is set out in Note 11. The fair value of performance rights granted under Icon's Employee Performance Rights Plan is recognised as an employee benefits expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. 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.

(s) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes and an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable. Inventories consist of drilling consumables predominantly chemicals and proppant.

(t) Leases

Leases of plant and equipment, under which the Group 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.

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

A sale and leaseback transaction is one where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer.

For sale and finance leasebacks, any profit from the sale is deferred and amortised over the lease term. For sale and operating leasebacks, generally the assets are sold at fair value, and accordingly the profit or loss from the sale is recognised immediately in profit or loss.

Additional Shareholder Information

Distribution of Shareholdings

The distribution of ordinary shareholders ranked according to size at 30 September 2018 was as follows:

Range	Total Holders	Units	% of Issued Capital
1 - 1,000	398	57,469	0.01
1,001 - 5,000	1,123	3,714,101	0.62
5,001 - 10,000	872	7,461,315	1.25
10,001 - 100,000	2,314	84,853,861	14.20
Over 100,001	619	501,470,192	83.92
Rounding			-
TOTAL	5,326	597,556,938	100.00

Unmarketable Parcels as at 30 September 2018

Minimum Parcel Size	Holdings	Units
Minimum \$ 500.00 parcel at \$ 0.02 per unit	3,382	28,305,146

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 28 September 2018:

Rank	Name	Shares Held	% of Issued Capital
1	HK PROSPEROUS TECHNOLOGY LIMITED	80,318,393	13.44
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	58,685,516	9.82
3	RAY JAMES	25,038,469	4.19
4	HOWARD LU	16,068,181	2.69
5	CITICORP NOMINEES PTY LIMITED	9,539,760	1.60
6	MR RONALD WILLIAM BALDWIN + MRS DIANNE BETH BALDWIN <WHISTLER SUPER FUND A/C>	9,509,600	1.59
7	TAIWAN FRUCTOSE CO LTD	9,000,000	1.51
8	ICON HOLDINGS PTY LTD <THE K J PAGANIN FAMILY A/C>	6,000,000	1.00
9	CABLEX INDUSTRIES PTY LTD	4,991,332	0.84
10	SAMBOR NOMINEES PTY LTD <SUSANNE & MONIAK SAMBOR A/C>	4,522,256	0.76
11	MR CHIEN HUA LEE	4,500,000	0.75
12	ALPHA GEM PTY LTD	4,304,581	0.72
13	J P MORGAN NOMINEES AUSTRALIA LIMITED	4,191,130	0.70
14	MR IANAKI SEMERDZIEV	3,741,000	0.63
15	MOROHI PTY LTD	3,620,058	0.61
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,458,084	0.58
17	LINK ORANGE PTY LTD	3,393,181	0.57
18	IAN PETHERBRIDGE RETIREMENT FUND PTY LTD <IAN PETHERBRIDGE R/F A/C>	3,250,000	0.54
19	JOHN E GILL TRADING PTY LTD	3,178,378	0.53
20	ZONEX CAPITAL PTY LTD	3,077,829	0.52
Totals: Top 20 holders of FULLY PAID ORDINARY SHARES (TOTAL)		260,387,748	43.58
Total Remaining Holders Balance		337,169,190	56.42

Substantial Holders

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

Corporate Directory

Icon Energy Limited

ABN 61 058 454 569
ASX Code: ICN

Directors

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

Registered Office

4 Miami Key
Broadbeach Waters
Gold Coast Queensland 4218

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Gold Coast Queensland 4218

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Fax: +61 7 5554 7100
Email: contact@iconenergy.com
Website: www.iconenergy.com

Share Registry

ComputerShare Investor Services Pty Limited

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Brisbane Queensland 4101

GPO Box 523
Brisbane Queensland 4001

Telephone: +61 7 3237 2100
Fax: +61 7 3237 2152

Auditors

Crowe Horwath

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Brisbane Queensland 4000

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