

4 March 2014

ASX Company Announcements Office

FINANCIAL STATEMENTS & REPORTS FOR 6 MONTHS TO 31 DECEMBER 2013

Please find attached Icon Energy Ltd Financial Statements and Reports for the 6 months to 31 December 2013.

A handwritten signature in black ink, appearing to read "Ross Mallett".

Ross Mallett
Company Secretary
Icon Energy Limited

Icon Energy Limited
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ICON ENERGY LIMITED and its Controlled Entities

Icon Energy Limited

ABN 61 058 454 569

INTERIM FINANCIAL REPORT

For the half-year ended
31 December 2013

Icon Energy Limited

ABN 61 058 454 569

INTERIM FINANCIAL REPORT

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Directors' Report¹

The Directors of Icon Energy Limited (*Icon Energy* or *Company*) present their report together with the financial statements of the Company and its controlled entities (*the Group* or *the Consolidated Entity*) for the half-year ended 31 December 2013 and the Independent Auditor's Review Report thereon.

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 half year.

Directors

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

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

Dividends Paid or Recommended

The Directors recommend that no dividend be paid by the Company. No dividends have been declared or paid by the Company since the end of the previous financial year. (30 June 2013 \$NIL)

¹ Competent Persons Statement

This report contains information on Icon's contingent resources that has been compiled by Mr Martin Berry who is a full-time employee of Icon Energy Limited, is qualified in accordance with ASX listing rule 5.11, and has consented to the inclusion of this information in the form and context in which it appears.

Review of Operations and Results

Corporate

Capital Raising

On 2 December 2013, Icon Energy successfully raised \$18.8 million through a share placement to Hong Kong-based Company, HK Prosperous Technology Limited (**HK Prosperous**), which is focused on the emerging energy demands in China over the coming decades.

The placement price of 23.5 cent represented a premium of 62% to the Company's last closing price of 14.5 cents a share. Proceeds from the placement will primarily be used to conduct the 2014 – 2015 drilling program at ATP 855 in the Cooper Basin in Queensland.

HK Prosperous is now the largest shareholder of Icon Energy with 13.04% of the Company's shares on issue.

Australian Operations

Icon has continued to evaluate its exploration tenements during the half-year ended 31 December 2013 with particular focus on ATP 855.

Queensland – Petroleum Exploration – Cooper Basin – ATP 855

Over the six month flow test period from February to August 2013, the Halifax-1 well produced 243 MMscf of gas. On 25 August 2013, Halifax-1 was shut in and the well put on long term pressure build-up.

In August 2013 Beach Energy, in its capacity as Operator of the ATP 855 joint venture, engaged a petroleum resource evaluation consultant to undertake a report on Contingent Resources in the area around the Halifax-1 well. The assessment reported 318 Bcf of 1C, 629 Bcf of 2C and 1.115 Bcf of 3C gross contingent resource².

The results from the Halifax-1 well encouraged the joint venture to continue the exploration program and the Company announced that five additional wells would be drilled in ATP 855 prior to October 2014 to meet exploration permit obligations.

The first of the additional wells, Hervey-1 located 30 kilometres east of Halifax-1 was spudded in May 2013 and was drilled to a total depth of 4,269 metres. Hervey-1 encountered significant gas shows throughout the Permian section and is expected to be hydraulically stimulated in Q2 2014.

² 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 from each formation.

The second vertical well, Keppel-1, located 25 km north east of Halifax-1, was spudded in June 2013 and experienced gas influx from the over-pressured Epsilon Formation at a depth of 3,898 metres. On 20 August, the Operator lodged a Notice of Petroleum Discovery with the Department of Natural Resources and Mines (*DNRM*).

The third well, Geoffrey-1 was located 36 kilometres to the north-east of Hervey-1 and spudded on 14 October 2013. The Geoffrey-1 well was drilled to evaluate the shale and basin-centred gas play in the Toolachee, Daralingie, Roseneath, Epsilon, Murteree and Patchawarra Formation intervals in the east of ATP 855.

On 9 December 2013 the Geoffrey-1 well reached total depth of 4,125 metres in the Patchawarra Formation. The results of the well have been very encouraging with good gas shows throughout the Permian section. Geoffrey-1 was cased and suspended pending subsequent hydraulic stimulation and flow testing as part of a multi-well stimulation campaign commencing in Q2 of 2014.

The fourth well, Redland-1, is located approximately 18 kilometres north east of Keppel-1 in a structurally deep location in the Nappamerri Trough. Redland-1 was spudded on 15 December 2013 and is designed to specifically address the Toolachee and Daralingie Formations.

Subsequent to the end of the half year, on 23 January 2014, Redland-1 reached total depth of 3,804 metres. The Redland-1 vertical well will be cased and suspended in readiness for the fracture stimulation program in Q3 of 2014.

Key target reservoirs have been identified in those wells drilled to date (and the Etty-1 well to be drilled in Q1 of calendar 2014), for specific zone fracture stimulation and flow tests. These tests are aimed at gathering information on the contribution from individual target zones, which will be a fraction of each well's capability.

All wells drilled within ATP 855 to date, Halifax-1, Hervey-1, Keppel-1, Geoffrey-1 and Redland-1, have confirmed the continuation of the basin-centred gas play in the Nappamerri Trough, with ATP 855 containing the deepest sections of the Trough. Notices of Petroleum Discovery have already been lodged with the DNRM for Halifax-1, Keppel-1 and Redland-1.

Queensland – Surat Basin - Petroleum Exploration – ATP 626

On 3 July 2013, the Company announced that Icon Energy regained the 100% equity interest in ATP 626 following the acquisition of Goondi Energy's interest in July 2013.

The Company has initiated a rehabilitation program of old exploration wells that will not be utilized in the future of the permit. The plug, abandonment and rehabilitation of the former ATP 626 Joint Venture wells have now been completed.

The remaining wells in the tenement are Eolus-1, Mindagabie-1 and Stitch-1, which are currently suspended.

Victoria – Petroleum Exploration – PEP 170

In 2012 the Victorian Government introduced a moratorium on fracture stimulation of unconventional gas wells in Victoria. As at the end of the reporting period the Victorian Government had not lifted the moratorium. Icon has deferred its exploration program in Victoria until the suspension has been lifted.

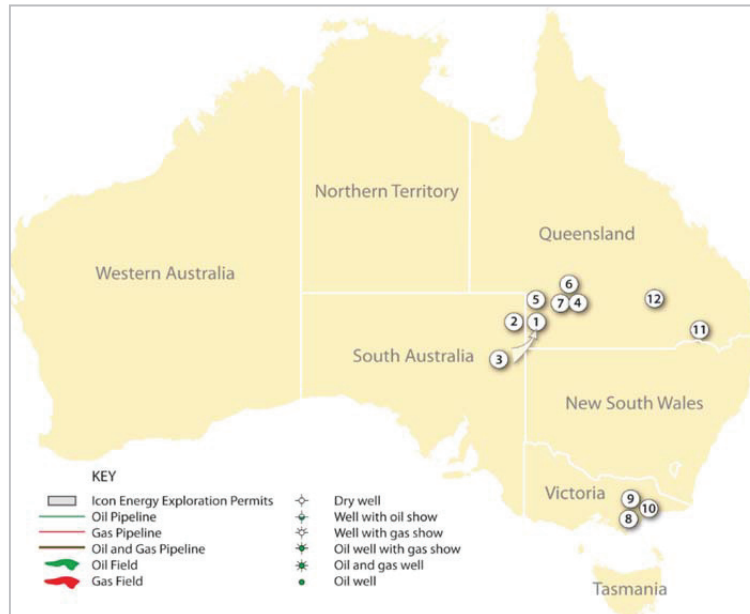
On 22 July 2013, Icon Energy wrote to the Department of State Development, Business and Innovation (*DSDBI*) requesting, an extension and or suspension of the permit conditions until the National Harmonised Framework for CSG is implemented. This request has been approved on 3 October 2013.

Victoria – Petroleum Exploration – PEP 172 and PEP 173

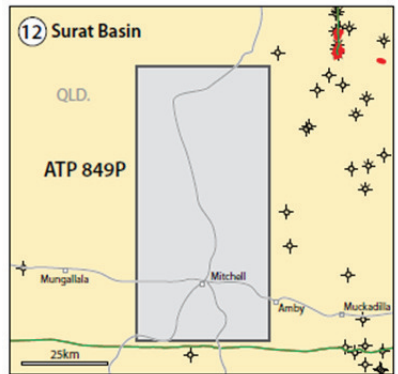
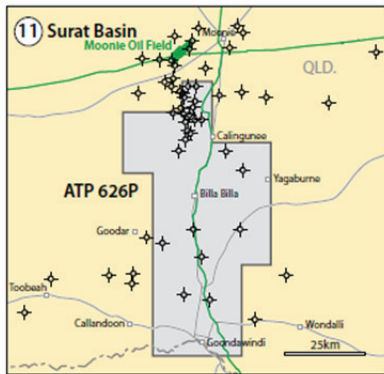
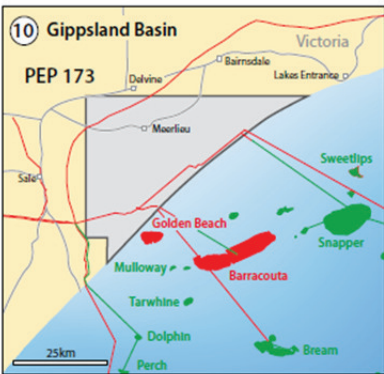
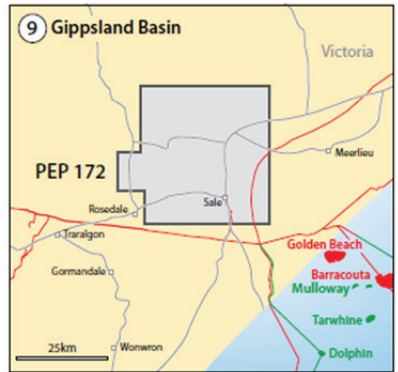
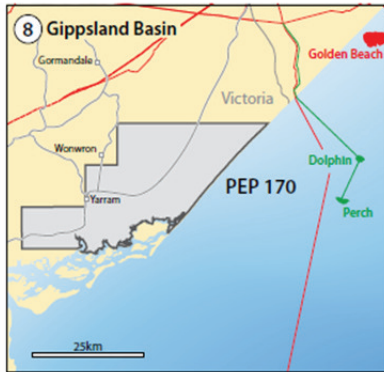
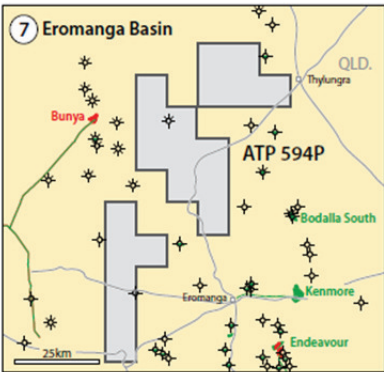
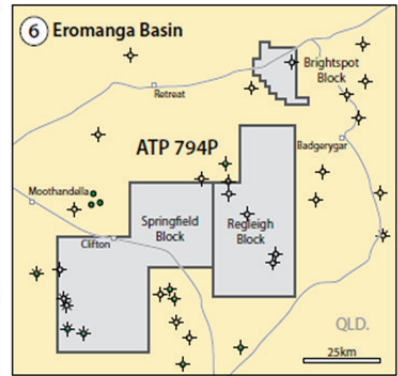
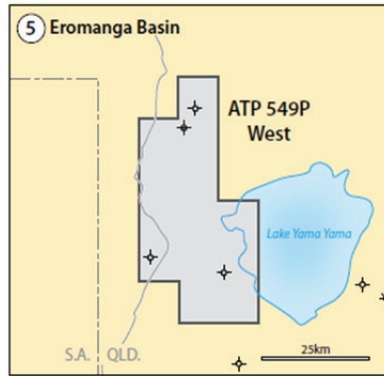
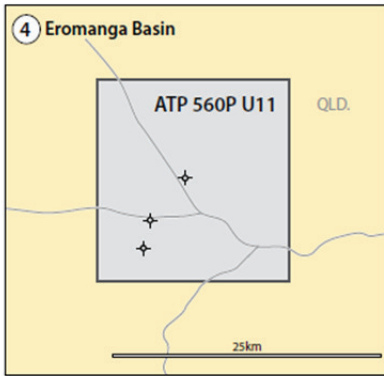
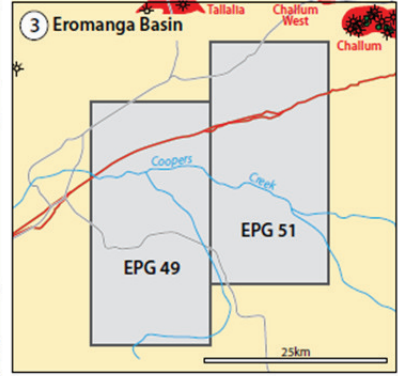
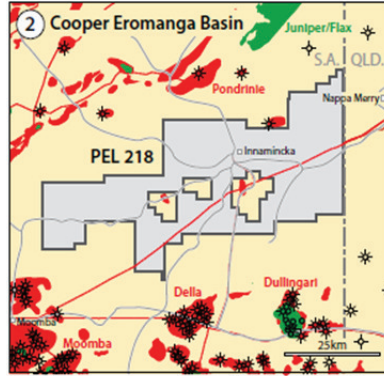
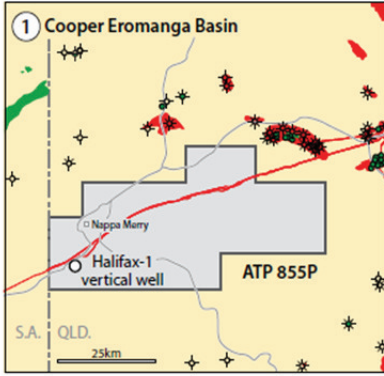
In accordance with the conditions of grant for PEPs 172 and 173, Icon Energy was required to complete an Indigenous Land Use Agreement (*ILUA*) with the Gunaikurnai Traditional owners.

The ILUA with the Gunaikurnai Land and Waters Aboriginal Corporation Registered Native Title Body Corporate and Icon Energy which covers PEPs 172, 173 and 170 was successfully concluded in August 2013 and registered on 1 November 2013 by the National Native Title Tribunal.

In October 2013, the DSDBI approved a request from Icon to defer the granting of PEP 172 and PEP 173 until the Victorian Government has responded to and implemented measures in response to the National Harmonised Framework.



Ref	Basin / Area	Permit / Area	Tenement Area	Permit Interest	Operator	Prospect Type
1	Cooper Basin, Nappamerri Trough	ATP 855P	1,674 sqkm	35.1%	Beach Energy	Shale Gas, Oil
2	Cooper Basin Nappamerri Trough	PEL 218	1,602 sqkm	33.33%	Beach Energy	Shale Gas, Oil
3	Cooper Basin Nappamerri Trough	EPG 49*	200 sqkm	100%	Icon Energy	Geothermal
3	Cooper Basin Nappamerri Trough	EPG 51*	200 sqkm	100%	Icon Energy	Geothermal
4	Cooper Basin	ATP 560 UEleven **	307 sqkm	0%	Icon Energy	Oil, Gas
5	Eromanga Basin	ATP 549 West	3,681 sqkm	33.33%	Drillsearch	Natural Gas, Oil
6	Eromanga Basin	ATP 794 Brightspot Block** Regleigh Block Springfied Block	74 sqkm 593 sqkm 1482 sqkm	0% 60% 60%	Icon Energy Icon Energy Icon Energy	Coal Seam Gas, Shale Gas Oil
7	Eromanga Basin	ATP 594P	1,538 sqkm	50%	Icon Energy	Natural Gas, Coal Seam Gas, Oil
8	Gippsland Basin	PEP 170	808 sqkm	100%	Icon Energy	Natural Gas, Oil
9	Gippsland Basin	PEP 172***	1312 sqkm**	100%	Icon Energy	Natural Gas
10	Gippsland Basin	PEP 173***	1220 sqkm **	100%	Icon Energy	Natural Gas
11	Surat Basin	ATP 626P ****	2,224 sqkm	100%	Icon Energy	Coal Seam Gas ,Shale Gas, Oil
12	Surat Basin	ATP 849P*****	3,854 sqkm	0%	Icon Energy	Coal Seam Gas
Key	<p>*Voluntarily surrendered to DNRM in February 2014.</p> <p>** Relinquished on 31 October 2013, under the relinquishment requirements of the work program.</p> <p>*** Icon's request to defer grant approved by DSDBI on 23 October 2013.</p> <p>**** Goondi Energy's 1% equity interest was transferred to Icon Energy in July 2013.</p> <p>*****Voluntarily surrendered to DNRM on 31 August 2013.</p>					



Financial position

The cash balance as at 31 December 2013 was approximately \$35.62 million including a term deposit of \$27.36 million.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the half-year ended 31 December 2013.

Auditor's Declaration

The lead Auditor's Independence Declaration under Section 307C of the *Corporations Act* 2001 is set out on page 10 for the half-year ended 31 December 2013.

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



Director

Ray James

Managing Director

Dated this 4th day of March 2014

Broadbeach Waters, Queensland

Auditor's Independence Declaration

As lead auditor for the review of Icon Energy Limited for the half year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Icon Energy Limited and the entities it controlled during the period.



CROWE HORWATH BRISBANE



VALERIE MAIN
Partner

Signed at Brisbane, 4 March 2014

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
 AND OTHER COMPREHENSIVE INCOME**
 for the half-year ended 31 December 2013

	NOTE	Half-year ended	
		31 December 2013 \$	31 December 2012 Restated* \$
Revenue		-	-
Less: Cost of sales		-	-
Gross Profit/(Loss)		-	-
Other income	2	555,203	178,460
Administration expenses		(1,328,276)	(1,781,889)
Depreciation and amortisation expenses		(100,304)	(129,157)
Employee benefits and expenses		(1,797,389)	(1,538,152)
Occupancy expenses		(18,752)	(17,957)
Impairment of exploration expenditure		(92,291)	(5,365,153)
Loss on disposal of non-current assets		(33,753)	(2,299)
Finance costs		(39,380)	(26,822)
Loss before income tax		(2,854,942)	(8,682,969)
Income tax benefit	3	-	3,019,681
Loss for the period		(2,854,942)	(5,663,288)
Other comprehensive income			
Items that may be reclassified to profit and loss			
Exchange differences arising on translation of foreign operations, net of income tax		569	(305)
Other comprehensive income for the period		569	(305)
Total comprehensive loss for the period		(2,854,373)	(5,663,593)
Loss attributable to:			
Owners of the parent entity		(2,854,942)	(5,663,288)
Non-Controlling interests		-	-
Loss for the period		(2,854,942)	(5,663,288)
Total comprehensive loss attributable to:			
Owners of the parent entity		(2,854,373)	(5,663,593)
Non-controlling interests		-	-
Total comprehensive loss for the period		(2,854,373)	(5,663,593)
Earnings/(Loss) per share			
Basic earnings/(Loss) per share (cents per share)		(0.52)	(1.17)
Diluted earnings/(Loss) per share (cents per share)		(0.52)	(1.17)

* See note 15 for details regarding the re-statement
The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	NOTE	31 December 2013 \$	30 June 2013 \$
CURRENT ASSETS			
Cash and cash equivalents		8,258,718	21,840,575
Trade and other receivables		244,103	432,519
Term deposits		27,362,339	11,362,339
TOTAL CURRENT ASSETS		35,865,160	33,635,433
NON-CURRENT ASSETS			
Property, plant, and equipment		5,326,458	5,490,764
Financial assets	5	1	1
Exploration and evaluation expenditure	6	24,145,333	13,789,095
Other non-current assets	7	198,876	218,011
TOTAL NON-CURRENT ASSETS		29,670,668	19,497,871
TOTAL ASSETS		65,535,828	53,133,304
CURRENT LIABILITIES			
Trade and other payables		445,544	465,733
Short-term borrowings	8	-	3,429,500
Short-term provisions		494,919	415,862
TOTAL CURRENT LIABILITIES		940,463	4,311,095
NON-CURRENT LIABILITIES			
Long-term provisions		1,565,667	1,832,369
TOTAL NON-CURRENT LIABILITIES		1,565,667	1,832,369
TOTAL LIABILITIES		2,506,130	6,143,464
NET ASSETS		63,029,698	46,989,840
EQUITY			
Issued capital	9	102,724,970	83,842,452
Reserves	10	(1,582,961)	(1,595,243)
Accumulated losses		(38,112,311)	(35,257,369)
TOTAL EQUITY		63,029,698	46,989,840

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2013

CONSOLIDATED ENTITY	Ordinary Share Capital	Reserves (Note 10)	Accumulated Losses	Total
	\$	\$	\$	\$
Balance 1 July 2012	70,463,292	(2,242,345)	(38,977,761)	29,243,186
Total comprehensive income:				
Loss for the period	-	-	(5,242,843)	(5,242,843)
Prior period adjustment (see Note 16)	-	-	(420,445)	(420,445)
Loss for the period - restated	-	-	(5,663,288)	(5,663,288)
Other Comprehensive Income	-	(305)	-	(305)
Total Comprehensive Income/(loss) for the period	-	(305)	(5,663,288)	(5,663,593)
Transactions with owners in their capacity as owners:				
Shares issued	14,099,759	-	-	14,099,759
Share issue costs	(720,600)	-	-	(720,600)
Prior period error - performance rights (See Note 16)	-	323,111	-	323,111
Total transactions with owners	13,379,159	323,111	-	13,702,270
Balance at 31 December 2012 - attributable to owners of parent entity	83,842,451	(1,919,539)	(44,641,049)	37,281,862
Balance 1 July 2013	83,842,451	(1,595,243)	(35,257,369)	46,989,839
Total comprehensive income:				
Loss for the period	-	-	(2,854,942)	(2,854,942)
Other Comprehensive Income	-	569	-	569
Total Comprehensive Income/(loss) for the period	-	569	(2,854,942)	(2,854,373)
Transactions with owners in their capacity as owners:				
Shares issued	18,874,841	-	-	18,874,841
Reserve transfer for performance rights vested	474,874	(474,874)	-	-
Share issue costs	(467,196)	-	-	(467,196)
Performance rights granted	-	486,586	-	486,586
Total transactions with owners	18,882,519	11,712	-	18,894,231
Balance at 31 December 2013 - attributable to owners of parent entity	102,724,970	(1,582,961)	(38,112,311)	63,029,698

* See note 15 for details regarding the re-statement

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2013

	NOTE	Half-year ended	
		31 December 2013	31 December 2012
		\$	\$
		Inflows (Outflows)	Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		9,025	70,397
Cash payments to suppliers and employees		(3,176,046)	(3,585,524)
Interest received		412,202	108,956
Finance costs		(26,337)	(26,822)
Income tax benefit	3	-	3,019,681
Net Cash used in operating activities		(2,781,156)	(413,312)
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Investment in financial assets		(16,000,000)	(7,000,000)
Payments for property, plant & equipment		(8,251)	(4,218)
Payments for evaluation and exploration expenditure		(10,232,671)	(1,726,363)
Proceeds from sale of non current assets		38,500	13,636
Proceeds from JV Contributions		423,594	540,289
Net Cash from/(used in) investment activities		(25,778,828)	(8,176,656)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		18,874,823	14,099,760
Share Issue Costs		(467,196)	(720,600)
Repayment of borrowings		(3,429,500)	(46,585)
Net cash from finance activities		14,978,127	13,332,575
Net increase/(decrease) in cash and cash equivalents held		(13,581,857)	4,742,607
Cash and cash equivalents at beginning of the financial period		21,840,575	9,410,733
Cash and cash equivalents at the end of the financial period		8,258,718	14,153,340

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the half-year ended 31 December 2013

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

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

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

It is recommended that these financial statements be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Icon Energy Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The financial statements were authorised for issue by the directors on the 4 March 2014.

The accounting policies and methods of computation have been consistently applied and are consistent with those in the 30 June 2013 financial report, except for the following new accounting standards that have become effective for the current reporting period commencing 1 July 2013:

- (i) Accounting for employee benefits – revised AASB 119 *Employee Benefits*
- (ii) AASB 13 *Fair Value Measurement*
- (iii) AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*
- (iv) AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*
- (v) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in other Entities*, AASB 127 *Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures*.

These standards have introduced new disclosures for the interim report but did not affect the entity's accounting policies or any of the amounts recognised in the financial statements. With the adoption of the Accounting Standard, AASB 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The adoption of this standard did not affect any of the amounts recognised in the financial statements.

Basis of preparation

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

NOTE 2 - REVENUE

	31 December 2013	31 December 2012
	\$	\$
OTHER INCOME		
Administration fees	-	30,280
Interest received		
- Financial Institutions	546,178	108,956
Other Income	9,025	39,224
	555,203	178,460
TOTAL REVENUE	555,203	178,460

NOTE 3 - SIGNIFICANT TRANSACTIONS

	31 December 2013	31 December 2012
	\$	\$
Income tax benefit - R&D claim	-	3,019,681
	-	3,019,681
Professional fees thereon	-	452,952
	-	452,952

For corrections of prior period errors please refer to note 15.

NOTE 4 - DIVIDENDS

No dividends have been declared or paid since the end of the reporting period (2013 \$NIL).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the half-year ended 31 December 2013

NOTE 5 - FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The entity also has a number of financial instruments which are not measured at fair value in the statement of financial position. These had the following fair values as at 31 December 2013:

	Carrying Amount	Fair value
	\$	\$
NON-CURRENT ASSETS		
Mineral Interest in West Baton Rouge Parish, Louisiana, USA	1	1
Performance guarantee bonds	198,876	198,876
	198,877	198,877

Due to their short-term nature, the carrying amounts of the current receivables and current payables is assumed to approximate their fair value.

NOTE 6 - EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2013	30 June 2013
	\$	\$
Exploration and Evaluation Expenditure at cost	24,237,624	42,232,747
Less: Impairment	(92,291)	(10,723,548)
Less: Joint Venture Contributions Applied	-	(17,720,104)
	24,145,333	13,789,095

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

In the period ended 30 June 2013 based on an independent feasibility study, it was recommended that all CSG wells in the ATP 626 area be plugged and abandoned. Therefore, twenty-one wells were plugged and abandoned in ATP 626.

NOTE 7 - OTHER NON-CURRENT ASSETS

	31 December 2013	30 June 2013
	\$	\$
Performance guarantee bonds	198,876	218,011
	198,876	218,011

NOTE 8 - BORROWINGS

	31 December 2013	30 June 2013
	\$	\$
Secured		
Current		
Hire purchase liabilities	-	29,500
Bank Loan	-	3,400,000
	-	3,429,500

The bank loan facility was paid out and closed on 6 December 2013.

NOTE 9 - ISSUED CAPITAL

Share Capital

Issued shares of 615,774,351, amounted to \$102,724,971 (30 June 2013: 533,391,210, amounted to \$83,842,452) fully paid, no par value ordinary shares. During the half year, 80,318,393 shares were issued for \$18,407,627 (net of issue costs) by way of share placement. 2,064,748 shares were issued by way of exercising of 2012-2013 STI Performance Rights.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the half-year ended 31 December 2013

NOTE 10 - RESERVES

Share-based payments reserve *
 Foreign currency translation reserve **
Total reserves

31 December		30 June 2013
2013	2013	2013
\$	\$	\$
657,934	657,934	646,222
(2,240,894)	(2,240,894)	(2,241,465)
(1,582,960)	(1,582,960)	(1,595,243)

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

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

NOTE 11 - JOINT VENTURES

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

Oil and Gas	Basin	Interest %	
		31 December 2013	30 June 2013
ATP 549P West	Cooper Eromanga	33.33%	33.33%
ATP 594P	Cooper Eromanga	50.00%	50.00%
ATP 794P Regleigh & Springfield	Cooper Eromanga	60.00%	60.00%
ATP 794P Brightspot*	Cooper Eromanga	0.00%	75.00%
ATP 626P**	Surat	100.00%	99.00%
ATP 849P***	Surat	0.00%	80.00%
ATP 855P	Cooper	35.10%	35.10%
PEL 218 Post Permian	Cooper	33.33%	33.33%
ATP 560 Ueleven*	Cooper	0.00%	50.50%
EPG 49****	Eromanga	100.00%	100.00%
EPG 51****	Eromanga	100.00%	100.00%
PEP170	Gippsland	100.00%	100.00%
PEP172*****	Gippsland	100.00%	100.00%
PEP173*****	Gippsland	100.00%	100.00%

* Relinquished on 31 October 2013, under the relinquishment requirement of the work program.

** Goondi Energy's 1% legal interest was transferred to Icon in July 2013.

*** Voluntarily surrendered to DNRM on 31 August 2013.

**** Voluntarily surrendered to DNRM in February 2014.

***** Icon requested to defer grant approved by DSDBI on 23 October 2013.

NOTE 12 - CONTROLLED ENTITIES

	Country of incorporation	Date of incorporation	% Owned	
			31 December 2013	30 June 2013
Parent entity:				
Icon Energy Limited	Australia			
Subsidiaries of Icon Energy Limited:				
Jakabar Pty Ltd	Australia	18 December 1992	100	100
Icon Drilling Pty Ltd	Australia	18 November 1994	100	100
Icon Gas Productions Pty Ltd	Australia	16 December 2008	100	100
Icon Oil US (LLC)	USA	2 October 2000	100	100

During the half year, the consolidated entity deregistered four subsidiaries: Icon Domestic LNG Pty Ltd, Icon Geothermal Pty Ltd, Icon LNG (China) Pty Ltd and Icon Cooper Pty Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the half-year ended 31 December 2013

NOTE 13 - SEGMENT INFORMATION

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

INFORMATION ABOUT GEOGRAPHICAL AREAS

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

	Australia		USA		CONSOLIDATED	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012 Restated (Note 16)
	\$	\$	\$	\$	\$	\$
REVENUE						
External - Sales	6,059	39,224	-	-	6,059	39,224
Total segment revenues	6,059	39,224	-	-	6,059	39,224
Interest Received	546,178	108,953	-	3	546,178	108,956
Other Income	2,966	30,280	-	-	2,966	30,280
Total revenue	555,203	178,457	-	3	555,203	178,460
RESULTS						
Segment net operating profit after tax	(2,854,759)	(5,663,106)	(183)	(182)	(2,854,942)	(5,663,288)
Interest expense	39,380	26,822	-	-	39,380	26,822
Impairment of Assets	92,291	5,365,153	-	-	92,291	5,365,153
Loss on disposal of non-current assets	(33,753)	(2,299)	-	-	(33,753)	(2,299)
Segment Assets	65,519,578	53,117,457*	16,250	15,847*	65,535,828	53,133,304*
Segment Liabilities	2,505,735	6,143,083*	395	381*	2,506,130	6,143,464*
OTHER						
Acquisition of non-current segment assets	8,251	4,218	-	-	8,251	4,218
Depreciation and amortisation	100,304	129,157	-	-	100,304	129,157

* as at 30 June 2013

NOTE 14 - CONTINGENT LIABILITIES

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

NOTE 15 - EVENTS AFTER BALANCE SHEET DATE

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the half-year ended 31 December 2013

NOTE 16 - CORRECTION OF PRIOR PERIOD ERROR

During the half year ended 31 December 2012, Icon Energy granted performance rights to the eligible employees under the performance rights plan.

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

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

Total expenses arising from share-based payment transactions was not recognised as part of employee benefit expense in the Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2012.

The comparative results in these financial statements have been amended to correctly account for the accrued expense as follows:

Financials Statement Line Affected:	CONSOLIDATED ENTITY		
	31 December 2012		
	Restated	Previous	Movement
	\$	\$	\$
Employee benefits and expenses	(1,538,152)	(1,117,707)	(420,445)
Profit/(Loss) for the period	(5,663,288)	(5,242,843)	(420,445)
Share-based payments reserve	323,111	-	323,111
Trade and other payables	564,457	467,123	97,334
Total Liabilities	4,729,929	4,632,595	97,334
Reserves	(1,919,539)	(2,242,650)	323,111
Accumulated Losses	(44,641,049)	(44,220,604)	(420,445)
Total Equity	37,281,863	37,379,197	(97,334)
Basic EPS per share	(1.17)	(1.09)	
Diluted EPS per share	(1.17)	(1.09)	

There is no tax impact on the statement of Comprehensive Income or the Statement of Financial Position as a result of the prior period error.

Under the requirements of AASB 101: Presentation of Financial Statements, paragraph 10(f), the Statement of Financial Position at the start of the comparative period should be presented when there is a prior period error. The abovementioned adjustments had no impact on the Statement of Financial Position at 1 July 2012, and it has therefore not been presented in the financial statements at 30 June 2013.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes set out on pages 11 to 19 are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standard AASB 134 Interim Financial Reporting; and
 - b. giving a true and fair view of the Consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink, appearing to read "R James", with a long horizontal flourish extending to the right.

Raymond S James
Managing Director
Icon Energy Limited

Signed at Broadbeach, 4 March 2014

Independent Auditor's Review Report

To the Members of Icon Energy Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Icon Energy Limited and its controlled entities, which comprises the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Icon Energy Limited and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



CROWE HORWATH BRISBANE



Valerie Main
Partner

Signed at Brisbane, 4 March 2014