2004 Annual Report

ICON

Icon Energy Limited

ABN 61 058 454 569

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Icon Energy Limited will be held on Tuesday 31 May 2005 in the Jacaranda Room, Royal Pines Resort, Ross Street Ashmore, Queensland at 11.00 a.m.

AGENDA

ORDINARY BUSINESS

1. Financial Report

To receive and adopt the financial report of the company and of the economic entity for the year ended 31 December 2004 and the reports by the directors and auditors thereon.

2. Re-election of Director

To consider and if thought fit pass the following as an ordinary resolution :

"THAT, Mr. S. M. Barry, being a director of the Company, retires by rotation in accordance with the Company's Constitution and being eligible is re-elected a director of the Company."

3. General

To transact any business which may be lawfully brought forward.

DATED: 19th April 2005

By order of the Board

J. B. Cummins
Company Secretary

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead, and that proxy need not be a member of the company.

Chairman's Report to Shareholders
FOR THE YEAR ENDED 31 DECEMBER 2004

I am pleased to present Icon's 8th Annual Report to shareholders for the year ended 31st December 2004.

On 28th June 2004 Icon signed an agreement with CLK Energy LLC whereby CLK took over the operatorship of Bayou Choctaw and committed to a workover and new well development drilling programme. To date seven re-completions have now been drilled under the workover programme and production has increased to 150 barrels of oil per day. Initial testing has indicated production potential of about 400 barrels per day and when gravel packing has been completed production from these wells should increase from the current daily production rates. New development drilling on the deeper oil zones is now programmed to commence in July subject to rig availability. Icon anticipates a steadily increasing cash flow as each new well is drilled and placed on production.

The Right to Negotiate process (RTN) in Queensland is still waiting on final signatures from Native Title parties. This is now expected in April 2005 for Permit ATP 589P but further delays could ensue. Once the first agreements are signed then they should serve as a model for further agreements to be made without years of negotiations and delays.

In Western Australia the offshore programme has been delayed by equipment availability and weather. Icon is anticipating that suitable high frequency recording equipment can be put together this year in time to suit the winter weather window.

In March Icon raised $1.054 million through a Share Purchase Plan offered to all shareholders and placement to an underwriter for the share issue.

Nulla Nulla #1 was drilled in ATP 549P in October 2004 and despite the numerous oil and gas shows penetrated in the well, no porous reservoir zones could be found associated with these shows. Two drill stem tests were conducted successfully over the most promising intervals but when these failed to produce hydrocarbons the well was finally plugged and abandoned.

In the Surat Basin, Icon is currently negotiating with several potentional joint venture partners to drill Stitch # 1 in ATP 626P. The well will have the Precipice sandstone as the primary objective, which is the same reservoir 40 kms to the north at the Moonie Oilfield.

I would like to thank the Managing Director and staff for moving our programmes forward successfully during the year and look forward to steadily increasing activity in 2005 in all of Icon's tenements.

Shareholders are invited to attend the Annual General Meeting to be held in the Jacaranda Room at the Royal Pines Resort on the Gold Coast.

Martin Pyrcroft
Chairman

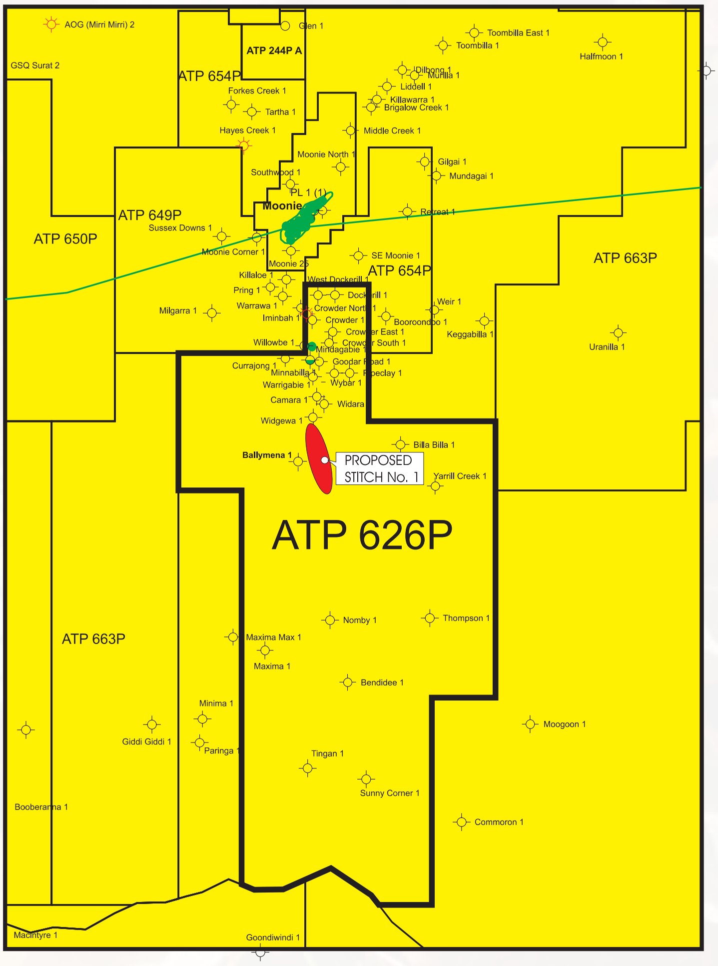
REVIEW OF OPERATIONS

ATP 626P SURAT BASIN QUEENSLAND

The renewal of this permit required that Icon engage Native Title parties to participate in a Right to Negotiate (RTN) process as part of the permit (less than 15%) are not covered by Freehold Title. Native Title is deemed to have been extinguished over Freehold property.
Icon's position was to either accept an imperfect title and risk future negotiations after conducting exploration work or wait until good title can be obtained by the RTN process.

The RTN group process that commenced over two years ago in Queensland over pure exploration acreage, has not yet been concluded. It was expected that as soon as the first RTN agreements were signed then other permits would then be able to be issued quickly under the agreed models negotiated. While these agreements were expected to reflect the risk associated with prospective geological variation between areas, they would serve as model agreements for similar prospective areas.

Icon has decided to accept the offer from the Queensland Government to renew ATP 626P on the basis of the rules covering areas included but not subject to Freehold Title. This decision was taken because the opportunity to drill the Stitch No.1 prospect resulted from the unexpected availability of a drilling rig in the area and the positive negotiations in process to fund the well. With drilling equipment in short supply and rig availability stretched into 2006 the opportunity to drill now with high oil prices could not be refused. The option to wait for the RTN agreement was not to the advantage of shareholders who have waited a long time for exploration activity to recommence in Queensland.



ICON ENERGY LIMITED
SURAT BASIN QUEENSLAND ATP 626P

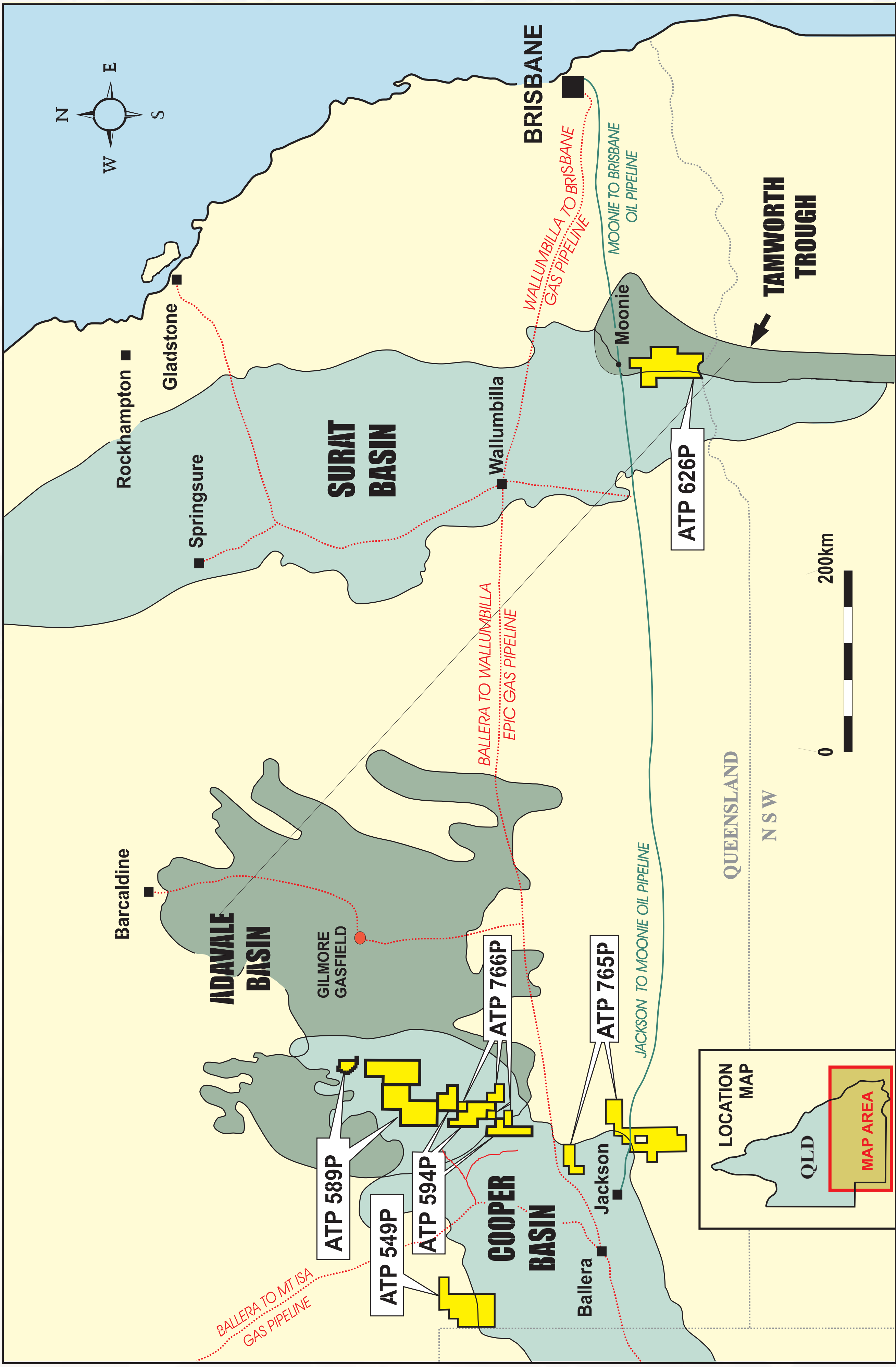
The Stitch No.1 prospect is a similar model to the Moonie Oilfield, which is located 40 kms to the north. The structure is tilted and is closed up against the Moonie Fault. If the fault acts as an effective trap, then the oil reserves could be of similar size to those discovered at Moonie, which totaled approximately 25 million barrels. Two wells drilled downdip to the Stitch Structure had good indications of oil and gas when drilled over 20 years ago.

Icon presently holds the permit through its wholly owned subsidiary Jakabar Pty Ltd. Icon intends to farmout the prospect to cover the total cost of the well.

Working interest in the ATP 626P are:-

Jakabar Pty Ltd
(Subsidiary of Icon Energy)
100.00% (Operator)

ICON ENERGY LIMITED QUEENSLAND PERMITS AS AT APRIL 2005



REVIEW OF OPERATIONS

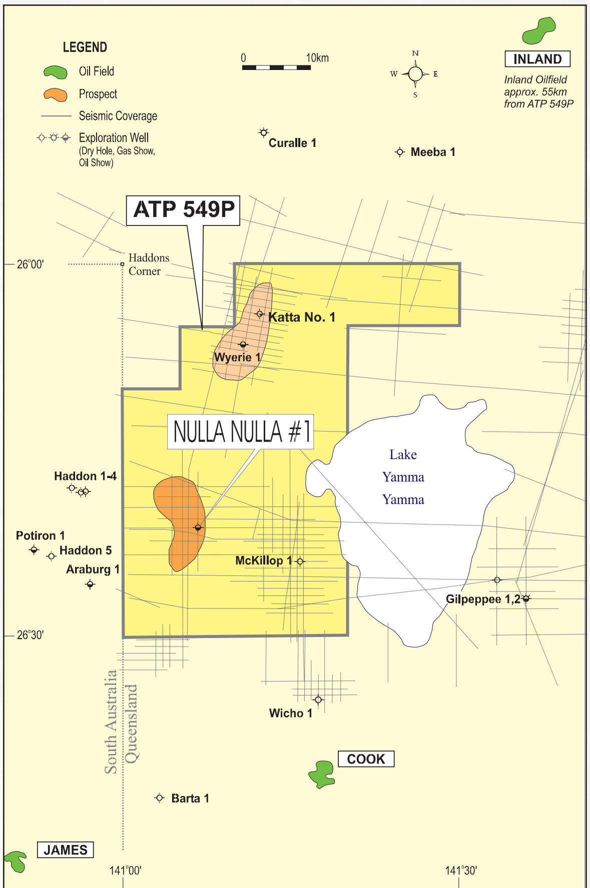
ATP 589P REGLEIGH, SPRINGFIELD BLOCKS QUEENSLAND

Icon drilled Springfield East No.1 in 1997 under a farmout agreement from Victoria Petroleum NL and Seqoil Pty Ltd. Gas was discovered in the Permian sands requiring further evaluation. The Springfield Structure of over 20 kms long and holds promise as a commercial gas field. Further appraisal drilling and new seismic data are required to evaluate the gas field's potential.

The area has been in title suspension for several years, waiting on the first group RTN agreement to be signed. As of April 2005, the explorers have signed the agreement and some of the Native Title participants and the final signatures are being canvassed now. As soon as the final signatures have been obtained the renewal of the permit can proceed and exploration work re-commenced.

Interests in the permit are:-

Icon Energy Limited	60.00%
Victoria Petroleum NL	24.00%
Oilex NL	16.00%



ATP 549P - COOPER-EROMANGA BASIN

ATP 765P and 766P QUEENSLAND

These permits are located in the Cooper –Eromanga Basin in Southwest Queensland in areas prospective for oil. Applications have been filed but can not be offered until an RTN or Indigenous Land Use Agreement (ILUA) is negotiated with Native Title claimants over the areas. As soon as the first agreements have been signed under the group RTN process it is expected that similar agreements will follow and that the length of time required to negotiate an agreement will be greatly reduced.

These permits are located on the southeastern edge of the Cooper-Eromanga Basins in southwest Queensland near existing oilfields.
Interests in the permit are:-

Icon Energy Limited	100.00%

ATP 594P QUEENSLAND

This highly prospective permit is in limbo awaiting and RTN or ILUA agreement with Native Title claimants.

There is also a problem with the titleholder Triple J Resources Pty Ltd that is no longer a registered company. Moves have been made to transfer the full title to Icon following default and de-registration of Triple J Resources Pty Ltd.

In 1997, Icon drilled Taylor Franks No.1, which had gas indications in the objective reservoir section. Several undrilled leads and prospects could be drilled when Native Title negotiations have been agreed. This process has not yet commenced.
Interests are:-

Icon Energy	50%*

* A further 50% interest is to be transferred to Icon when approved by the Minister.

ATP 549(West) QUEENSLAND

Icon farmed out half of its interest in this permit to Enterprise Energy Limited in return for carrying Icon through the cost of drilling Nulla Nulla #1 well. The well was drilled in October 2004 and although it encountered several oil and gas shows over a wide interval in the Jurassic sediments the drill stem tests conducted failed to recover hydrocarbons.

REVIEW OF OPERATIONS

While these shows were encouraging, no suitable reservoir rock was penetrated within the zones where the oil and gas shows indicated the highest values.

The well was plugged and abandoned after evaluating the well using wire logs and drill stem testing. The permit remains highly prospective and several wells in adjacent permits are to be drilled in the near future. Our exploration efforts are now directed towards finding areas where better reservoir sand development is expected.

The working interests in the permit are:-

Icon Energy Limited (Operator)	33.33%
Enterprise Energy NL	41.67%
Great Artesian Oil & Gas Ltd	25.00%

WESTERN AUSTRALIA OFFSHORE TP/21 and EP432P

Icon has been unsuccessful in finding a farmout partner for this permit but negotiations are continuing with potential partners. The mobilization of a specialized seismic boat and cable has been difficult as a small programme is barely economic for the contractor. Icon is examing other options for this programme.

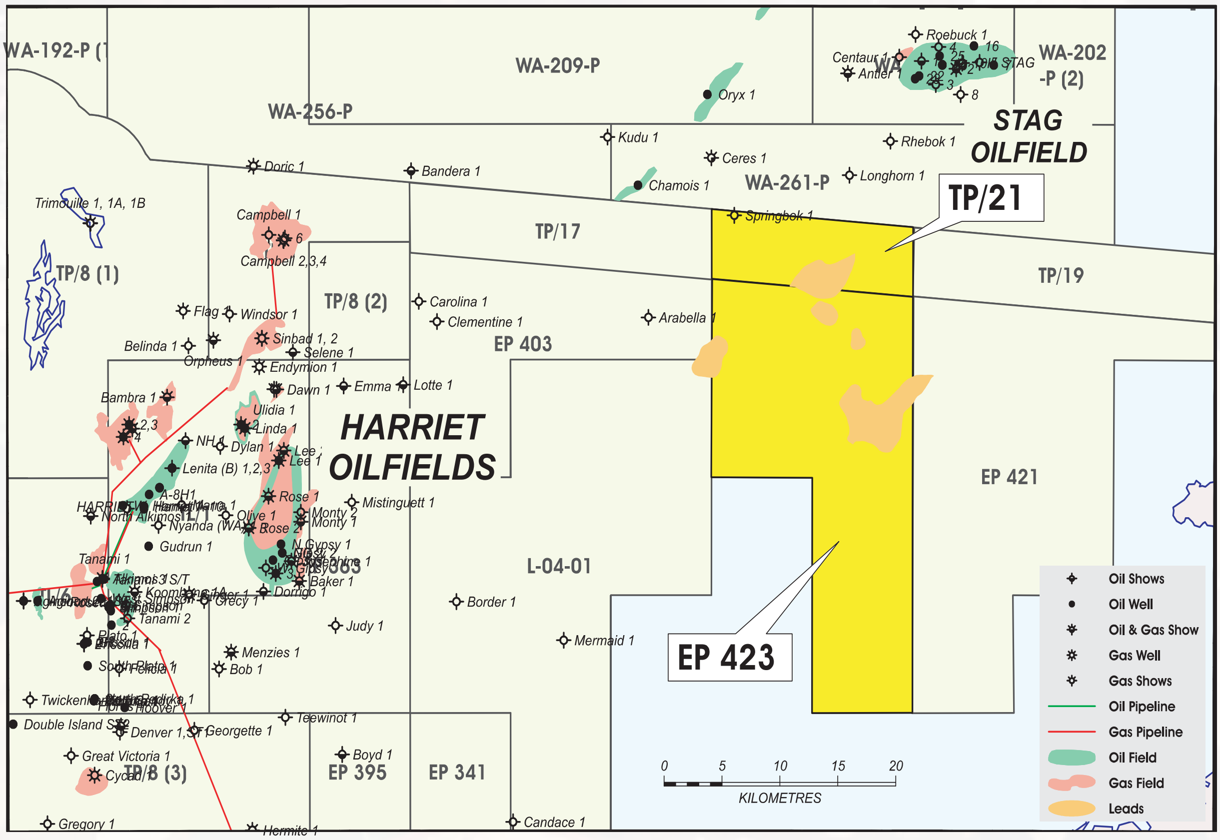
The area remains attractive as it is on trend with the Stag Oilfield 16 kms to the northeast where oil reserves exceed 50 million barrels. The depth of the Stag reservoir is about 600 metres and similar depths to prospective targets in Icon's permit are expected.

Icon is seeking to extend the work programme commitment into Year 3 to allow for mobilization of a suitable seismic vessel and a partner to assist in the funding of the programme.

WA 331P

This permit was taken up on the basis of numerous oil seeps emanating from fault fissue zones in the seabed. Geoscience Australia conducted an extensive sea bottom survey in October 2004 and concluded that the seeps were not coming from the sea floor within the permit.

As a result of this work Icon has decided not to continue with this permit and surrender it back to the government before the end of Year 3.



REVIEW OF OPERATIONS

UNITED STATES ACTIVITY

In June 2004 Icon Energy successfully introduced a new joint venture partner in the Bayou Choctaw Oilfield Development Programme in Louisiana. The new partner, CLK Energy LLC (CLK) paid an upfront payment to Icon of $A 920,000. CLK also committed to the drilling of workover wells and new development wells to the value of $A 2.2 million over the following two years with the first well to be drilled before the end of 2004 subject to the reprocessing of the seismic data cube and availability of rigs.

CLK were assigned a working interest of 67% under this agreement.

Icon anticipates that the work conducted under this agreement will generate sufficient cash flow from oil and gas sales to enable future work programmes to be funded once the farmin monies have been invested.

The seismic data cube reprocessing was finally completed in April 2005 and this has delayed the start of the deep drilling programme. To date seven workover wells have been completed and production has increased to 150 BOPD. Production gas is utilized in the field to run motors and heater treaters to remove water from the oil produced.

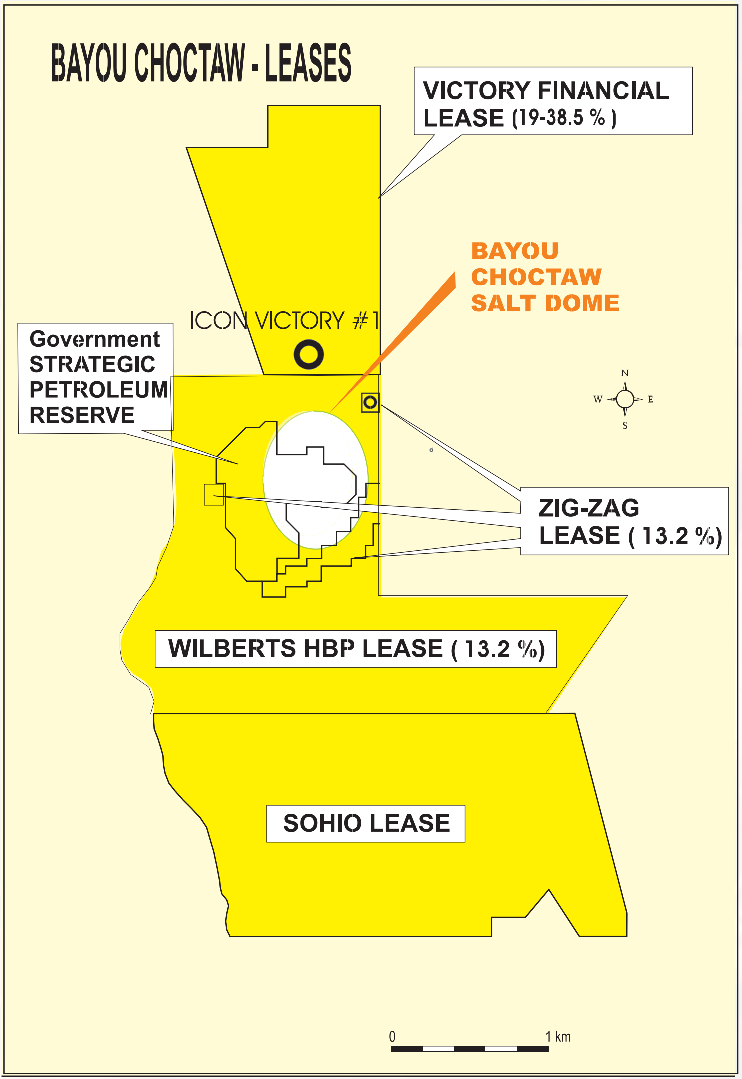
Deep drilling of new wells is now expected to commence in late June or July 2005 subject to rig availability. Drilling equipment is now in a tight supply situation world wide, particularly in the United States.

The workover wells re-entered so far have proven successful but have encountered sand production problems. Because the sand reservoirs are mostly unconsolidated sands the sand grains enter the well bore and choke up the pump. Several of the wells are shutin and not currently producing oil. The operator plans to gravel pack these wells as initial production was encouraging but not stablised.

CLK have interpreted the reprocessed seismic data and remain enthusiastic about the deep drilling programme. Of special interest are the deeper untested sands, which have been greatly enhanced by the new processing.

Icon's working interests in the leases are:-
Icon Oil US LLC (wholly owned subsidiary of Icon Energy)

Victory Financial North Lease	38.5%
Victory Financial south Lease	19.0%
Wilberts Leases	13.2%



REVIEW OF OPERATIONS

OIL AND GAS PRICES OUTLOOK

Oil prices have nearly doubled from approximately $US 30 per barrel in 2003 to $US 55 per barrel in April 2005.

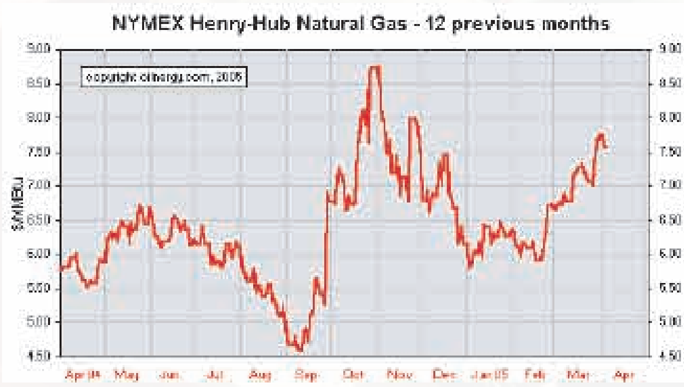
Oil prices are expected to remain firm and any attempt to predict price movements is a most difficult and often opinionated exercise. However there are certain underlying fundamentals that impact price movements. Among these are:-

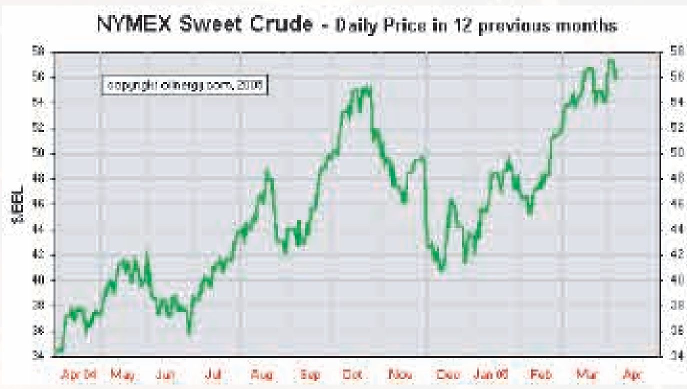
1. World excess production capacity has dwindled and may not be there in the medium term making it difficult to meet short-term demand surges and increasing long term demand growth.
2. Regional economies of the world have not collapsed under increased prices and most countries are dealing with the changes.
3. The emergence of increased demand in "Chindia" (China and India) as these countries undergo rapid economic growth and demand for oil.
4. The continuing growth in petroleum demand brought on by the popularity of the pick up trucks amongst male drivers in the USA.
5. Oil prices are not out of line with inflationary figures.

Press reports cover a wide range of price predictions from stablisation around $US 40-45 per barrel to $US 150 per barrel by 2010, which raises the question of longterm viability of oil as our primary fuel resource.
Oil produced from underground reservoirs by conventional means is a finite resource. The reserves of "cheap oil" are estimated at two to three trillion barrels of known and to be discovered conventional reserves. Already we are close to having used half of these estimated reserves.

There are other alternate sources in tar sands, coals and shales, which could be a long-term source of oil, but extraction is costly and environmentally unfriendly. In time technology will deal with the environmental problems at a cost to all consumers. Therefore the price of oil is likely be affected by the cost of alternative sources of energy and the time and investment needed to bring these supplies to the market.

Icon Energy's best guess at what might happen is that averages oil prices will be in the range of $US 40-60 per barrel and rising towards the end of this decade at the inflation rate. Any sustained increase in oil prices are likely to fuel inflation figures putting an end to this current economic miracle. Moderate changes can be factored in but oil shocks shake confidence resulting so often in irrational decisions.





NEW ISSUES

In March 2004 Icon Energy issued 32,176,000 new shares in a general offer to all shareholders under the ASIC exception rule and 10,000,000 via an underwriting agreement.

This offer successfully raised $1,054,000 new working capital.

The company recorded an income from oil sales in the US through its wholly owned subsidiary Icon Oil US LLC. Operating expenses of the group exceeded income, which resulted in a net loss as recorded in the financial statements.

DIRECTOR'S REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 31 December 2004.

Directors

The names of directors in office at any time during or since the end of the financial year are:

Martin Pyecroft
Raymond Swinburn James
Stephen Michael Barry

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of the economic entity during the financial year were oil and gas exploration and production. There were no significant changes in the nature of the economic entity's principal activities during the financial year.

Dividends Paid or Recommended

The directors recommend that no dividend be paid by the Company. No dividends have been declared or paid by the Company since the end of the previous financial year.

Review of Operations

A review of operations for the financial year and up to the date of this report is contained in the Review of Operations section of the Annual Report.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the economic entity during the financial year.

Environmental Regulation

The economic entity's operations are subject to various environmental regulations. The directors are not aware of any breaches of the legislation during the financial year which are material in nature.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

Future Developments

The economic entity will continue to pursue the exploration and development of its oil and gas exploration permits in Australia and overseas.

Information on Directors

MARTIN PYECROFT (CHAIRMAN)

Qualifications BSc (Geology) (Hons) University of Leeds MAAPG, MAICD.

Experience Has been involved in the oil and gas industry in Australia and Canada for more than 40 years. Previously he was with Triton Petroleum in Canada, and was Chief Executive of the Crusader Group in Australia. He was a director of Crusader Limited from 1988 to 1996, and a director of Allied Coalfields from 1986 to 1996 and Chairman from 1994 to 1996.
Further public company board experience was obtained with Ausquacan Energy and Koala Smokeless Fuels Ltd.

Interest in Shares 1,300,000 ordinary shares

Director Since 24/01/1997

RAYMOND SWINBURN JAMES (MANAGING DIRECTOR)

Qualifications BSc (Physics Geology) University of NSW.

Experience Has over 30 years experience in international petroleum exploration and production and has been associated with Chevron and Gulf Oil (USA) located in Perth, Houston and Jakarta. As well as founding Icon, he was the founder of Australian Hydrocarbons NL and Omega Oil NL, which were listed on the Australian Stock Exchange Ltd in 1983 and 1987 respectively.
He has international experience in USA, Australia, PNG, China, Burma, Indonesia, Russia, the Middle East and the Philippines.

Interest in Shares 19,700,235 ordinary shares
2,900,000 options expiring 18/01/2006 (Unlisted)
1,000,000 options expiring 02/07/2007 (Unlisted)

Director since 01/02/1993

STEPHEN MICHAEL BARRY

Qualifications LLB University of Sydney

Experience Admitted to practice as a solicitor in 1983 and is a partner in the law firm CKB Partners who provide commercial advice and litigation, insurance, personal injury litigation, corporate advice and commercial leasing along with other general practice areas.

Interest in Shares 1,737,566 ordinary shares

Director since 05/01/1993

DIRECTORS AND EXECUTIVE OFFICERS EMOLUMENTS

Directors	Salary	Director's Fees	Superannuation	Non-Cash Benefits	Total
M. Pyecroft	-	42,000	3,780	-	45,780
S. M. Barry	-	30,000	2,700	-	32,700
R. S. James	350,000	-	31,500	26,349	407,849
Executive Officers					
J.B.Cummins	97,650	-	8,784	15,940	122,374

No options were granted or vested to Directors and Executive Officers during the financial year. No ordinary shares were issued by conversion of options issued under the Icon Staff Share Option Plan.

MEETINGS OF DIRECTORS

During the financial year, ten meetings of directors (including committees) were held. Attendances were:

	Directors meetings		Audit committee meetings		Remuneration committee meetings	
	A	B	A	B	A	B
M Pyecroft	7	7	2	2	1	1
R S James	7	7				
S M Barry	7	7	2	2	1	1

A - Number of meetings attended.
B - Reflects the number of meetings held during the time the director held office during the year.

DIRECTORS AND AUDITORS INDEMNIFICATION

No indemnities have been given, or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the economic entity except for premiums paid by the Company to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was $10,104 for each director.

SHARE OPTIONS

No share options were issued during the year and up to the date of this report and no shares were issued by conversion of options issued under the Icon Staff Share Incentive Plan.

There are 4,330,000 unlisted options on issue of which 4,300,000 are held by director's and senior executives as follows:

No of Options	Held by	Expiry date	Exercise price
2,900,000	“ *	18/01/06	7.28 cents
1,000,000	“ *	02/07/07	2.84 cents

* Held by associated company R S James & Associates Pty Ltd

300,000	“	18/01/06	7.28 cents
100,000	“	02/07/07	2.84 cents

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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.

Lead Auditor's Independence Declaration under Section 307 of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 12 and forms part of the directors' report for the year ended 31 December 2004.

Signed in accordance with a resolution of the Board of Directors.

Dated 19 April 2005

Martin Pyecroft
Chairman

Raymond S. James
Managing Director

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 our audit of Icon Energy Limited for the year ended 31 December 2004 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001; and

(ii) no contraventions of any applicable code of professional conduct.

William Buck.

William Buck
Chartered Accountants

D W Langdon
Lead Audit Partner

Dated 30 March 2005
Brisbane, Australia

CORPORATE GOVERNANCE

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

BOARD OF DIRECTORS

The names of the directors of the Company in office at the date of this statement are set out in the Directors Report.

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

- corporate governance and ethical standards;
- appointing and removing the chief executive officer and monitoring his performance;
- ratifying the appointment and, where appropriate, the removal of the chief financial officer (or equivalent) and the company secretary;
- maximising shareholder value by setting objectives and goals;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance;
- ensuring appropriate persons form the 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;

BOARD COMPOSITION

The principles applied to the composition of the Board are:

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

The Chairman of the Board should be a non-executive director.

The Board should comprise a majority of non-executive directors. Currently the Board comprises two non-executive directors and one executive director.

If a Board vacancy exists or where the Board considers that an additional Director is required, that appointment would be made from persons who possess the appropriate expertise and skills determined by the Board.

No Director, except the Managing Director, shall hold office for a period in excess of three years, or until the third annual general meeting following the Director's appointment, whichever is the longer, without submitting himself 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 retire from office and are eligible for re-election.

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

CORPORATE GOVERNANCE

INDEPENDENCE OF NON-EXEVUTIVE DIRECTORS

The Board considers and independent director to be a non-executive director who meets the criteria for independence included in the Australian Stock Exchange Best Practice Recommendations. The Board considers that Martin Pyecroft and Stephen Barry meet the criteria and accordingly they are considered to be independent.

INDEPENDANT 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 they may require.

BOARD COMMITTEES

Two sub committees of the Board have been formed to consider and make recommendations to the Board in important areas of decision makers. Further sub committees will be formed when the Board feels the need for them.

AUDIT COMMITTEE

At the date of this report the company had an audit committee consisting of the following directors:

Martin Pyecroft (Chairman)
Stephen Michael Barry (Non executive director)

The committee's responsibilities are to:
- oversee the existence and maintenance of internal controls and accounting systems;
- oversee the financial reporting processes;
- nominate external auditors; and
- review the existing audit arrangements.

REMUNERATION COMMITTEE

This committee consists of the non-executive Chairman Mr. M. Pyecroft and non-executive director Mr. S. M. Barry. The committee meets annually to review the remuneration level for the Managing Director and other senior employees of the Company. It also considers and recommends the appropriate level of director's fees (subject to shareholder approval), and that each non-executive director's appointment is consistent with the Company's Constitution and the Corporations Act 2001.

The remuneration committee also reviews and recommends to the board on the following:
- the company's recruitment, retention and termination policies and procedures for senior management;
- incentive schemes;
- superannuation arrangements;

BOARD REMUNERATION

Remuneration and terms of employment for the Managing Director is formalised in a service agreement.
Remuneration of non-executive directors is currently not to exceed a maximum of $250,000, which has been approved by shareholders.
Details of directors' remuneration are contained in the Director's Report.

CORPORATE GOVERNANCE

NOMINATIONS COMMITTEE

The Board considers on a regular basis whether the existing Board comprises persons with the appropriate mix of skills, experience and other qualities and has therefore not formally constituted a nominations committee.

ETHICAL STANDARDS

The aim of the economic entity is to ensure that all Directors, managers and employees act in a manner of integrity and ethical standards so as to ensure a high standard of corporate governance to enhance the reputation and performance of the group.

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 provisions of the Corporations Act 2001 and the Listing Rules of the Australian Stock Exchange Limited require advice to the ASX of any transactions by the Directors in the securities of the Company.

IDENTIFICATION OF SIGNIFICANT BUSINESS RISK

The Board meets at least every two months and receives monthly comprehensive management and financial reports which enables it to identify emerging risk factors and allows the Board to monitor the management's response as to how it intends to deal with these risks.

DISCLOSURE

The board has in place procedures to ensure that the obligations of directors, officers and employees of the company is to comply with the ASX listing rules so as disclosure of such material may have an effect on the price or value of the Company's securities.

SHAREHOLDERS

The Board of Directors ensures that shareholders are fully informed as to any developments of the group which is communicated by:

- annual reports to shareholders;
- half-yearly accounts lodged with the ASX;
- continuous disclosure to the Australian Stock Exchange;
- notices of shareholder meeting and explanatory notes;
- complete information on all documents are on the Company's web-site: www.iconenery.com
- quarterly reports;

Shareholders are encouraged to contact the Company's officers and participate in the Annual General Meeting by asking questions as to the performance of the Company.

PRINCIPLES OF CONDUCT

1. Ethical and responsible business practices.
2. Sustainable development considerations/principles integrated into company decision making.

CORPORATE GOVERNANCE

3. Foster 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.
4. Health, safety, environmental and community risk management strategies that are based on sound science, transparency and effective communication.
5. Continuously seek opportunities to improve health, safety and environmental performance in addressing risks posed by our operations to employees, contractors, the public and the environment.
6. Contribute to the conservation of biodiversity and protection of the environment through responsible management of our operations and their impacts.
7. Foster economic and social development of the communities in which we operate.
8. Respect and protect human rights and dignity at our operations and deal fairly with employees and others.
9. Open and effective engagement, and reporting with our communities.

ASX PRINCIPLES OF CORPORATE GOVERNANCE COUNCIL GUIDELINES

The Council has recognised that these principles and recommendations do not contain a "one size fits all" solution and Icon is of the opinion that where applicable these principles and recommendations have been recognised.

INDEPENDENT AUDIT REPORT
TO THE MEMBERS OF ICON ENERGY LIMITED

SCOPE

We have audited the financial report of Icon Energy Limited for the financial year ended 31 December 2004 as set out on pages 18 to 38. The financial report includes the consolidated financial statements of the economic entity comprising the Company and the entities it controlled at year's end, or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the economic entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In our opinion, the financial report of Icon Energy Limited is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and economic entity's financial position at 31 December 2004 and of their performance for the year ended on that date, and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001, and:

(b) other mandatory professional reporting requirements in Australia.

Signed at Brisbane 30 March 2005

William Buck.

WILLIAM BUCK
Chartered Accountants

DWLangdon

D. W.Langdon
Partner

DIRECTORS' DECLARATION

The directors declare that:

(a) the financial statements and notes set out on pages 19 to 40

(i) comply with Accounting Standards and other mandatory professional reporting requirements;

(ii) give a true and fair view of the company's and economic entity's financial position as at 31 December 2004 and its performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

(b) in the directors opinion:

(i) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(ii) the financial statements and notes are in accordance with the Corporations Act 2001.

Signed in accordance with a resolution of the directors on, 30 March 2005.

Martin Pyecroft	Raymond S. James
Chairman	Managing Director

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2004

	NOTE	ECONOMIC ENTITY		PARENT ENTITY	
		2004	2003	2004	2003
Revenue from Ordinary Activities	2	232,347	1,984,824	9,016	1,501,363
Cost of sales-oil production		(352,934)	(206,616)	0	0
Exploration expenditure – write downs		(779)	(476,812)	(779)	(476,812)
Borrowing costs expense		(102,056)	(42,377)	(61,956)	(9,084)
Corporate office expenses		(622,413)	(526,299)	(269,572)	(245,181)
Depreciation and amortisation expense	3	(39,055)	(61,284)	(29,001)	(49,346)
Directors, Consultants and Employee benefits expense		(663,573)	(740,433)	(660,368)	(736,854)
Foreign exchange loss (unrealised)	1	(150,543)	(1,680,003)	0	0
Shareholder costs		(56,031)	(50,682)	(56,031)	(50,682)
Other expenses from ordinary activities		-	(60,621)	-	(40,170)
Profit/(Loss) from ordinary activities before income tax	3	(1,755,037)	(1,860,303)	(1,068,691)	(106,766)
Income tax relating to ordinary activities	4	-	-	-	-
Net profit (Loss) from ordinary activities after income tax expense attributable to members of the parent entity	16	(1,755,037)	(1,860,303)	(1,068,691)	(106,766)
Total changes in equity other than those resulting from transactions with owners as owners	16	(1,755,037)	(1,860,303)	(1,068,691)	(106,766)
Basic earnings per share (cents per share)	17	(0.80)	(0.99)		
Diluted earnings per share (cents per share)	17	(0.77)	(0.85)		

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004

	NOTE	ECONOMIC ENTITY		PARENT ENTITY	
		2004	2003	2004	2003
CURRENT ASSETS					
Cash assets	5	179,107	336,661	168,880	306,888
Receivables	6	-	129,520	7,772,683	7,674,643
Inventories	7	-	4,461	-	-
Other assets	8	29,651	28,305	22,253	20,801
TOTAL CURRENT ASSETS		208,758	498,947	7,963,816	8,002,332
NON-CURRENT ASSETS					
Property, plant and equipment	9	145,844	128,713	129,598	101,418
Other financial assets	10	-	-	-	-
Other - Exploration and development expenses	11	5,976,537	7,098,705	2,471,357	2,461,441
TOTAL NON-CURRENT ASSETS		6,122,381	7,227,418	2,600,955	2,562,859
TOTAL ASSETS		6,331,139	7,726,,365	10,564,771	10,565,191
CURRENT LIABILITIES					
Payables	12	35,072	296,687	35,072	64,215
Interest bearing liabilities	13	17,028	20,343	17,028	20,343
Provisions	14	103,091	106,203	103,091	106,203
TOTAL CURRENT LIABILITIES		155,191	423,233	155,191	190,761
NON-CURRENT LIABILITIES					
Payables	12	-	475,988	-	-
Interest bearing liabilities	13	83,034	41,001	83,034	41,001
Provisions	14	54,067	46,659	54,067	46,659
TOTAL NON-CURRENT LIABILITIES		137,101	563,648	137,101	87,660
TOTAL LIABILITIES		292,292	986,881	292,292	278,421
NET ASSETS		6,038,847	6,739,484	10,272,479	10,286,770
EQUITY					
Contributed equity	15	23,727,877	22,673,477	23,727,877	22,673,477
Retained profits/ (Accumulated losses)	16	(17,689,030)	(15,933,993)	(13,455,398)	(12,386,707)
TOTAL EQUITY		6,038,847	6,739,484	10,272,479	10,286,770

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2004

	NOTE	ECONOMIC ENTITY		PARENT ENTITY	
		2004 Inflows (Outflows)	2003 Inflows (Outflows)	2004 Inflows (Outflows)	2003 Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		220,166	203,878	-	-
Payments to suppliers		(1,377,097)	(1,751,839)	(1,136,369)	(1,553,313)
Interest received		16,169	8,194	16,148	8,165
Borrowing costs		(9,446)	(9,084)	(9,446)	(9,084)
Net Cash from Operating Activities (Note 18(a)		(1,150,208)	(1,548,851)	(1,129,667)	(1,554,232)
CASH FLOWS FROM INVESTMENT ACTIVITIES					
Payments for property, plant and equipment		(56,186)	(1,345)	(57,181)	(1,979)
Profit/ (loss) from sale of non current assets		(5,560)	1,496,364	(5,560)	1,496,364
Net Cash from Investment activities		(61,746)	1,495,019	(62,741)	1,494,385
CASH FLOWS FROM FINANCING ACTIVITIES					
Shares issued during the year		1,054,400	100,000	1,054,400	100,000
Net Cash from Finance activities		1,054,400	100,000	1,054,400	100,000
Net Increase (Decrease) in cash held		(157,554)	46,168	(138,008)	40,153
Cash at Beginning of the financial year		336,661	290,493	306,888	266,735
Cash at the End of the financial year (Note 5)		179,107	336,661	168,880	306,888

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

NOTE 1 - STATEMENT OF ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Icon Energy Limited as an individual parent entity and Icon Energy Limited as an economic entity. Icon Energy Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

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

(a) Principles of Consolidation

A controlled entity is any entity controlled by Icon Energy Limited. Control exists where Icon Energy Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Icon Energy Limited to achieve the objectives of Icon Energy Limited. A list of controlled entities is contained in Note 22 to the accounts.

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

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

(b) Income Tax

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences that arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income are brought to account as either a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Further income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Property, Plant and Equipment

Property, plant and equipment are brought to account at cost or at independent or directors' valuation, less, where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

NOTE 1 – STATEMENT OF ACCOUNTING POLICIES (continued)

the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated over their useful lives using the diminishing method commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to a depreciation charge. 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%
Office Furniture and Equipment	20%

The gain or loss on disposal of all fixed assets, including re-valued assets, is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in operating profit before income tax of the economic entity in the year of disposal. Any realised revaluation increment relating to the disposed asset, which is included in the asset revaluation reserve, is transferred to retained earnings at the time of disposal.

(d) Leased Plant and Equipment

Leases of plant and equipment under which the Company or its controlled entities assume substantially all the risks and benefits of ownership are classified finance leases. Other leases are classified as operating leases.

Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Contingent rentals are written off as an expense of the accounting period in which they are incurred. Capitalised lease assets are amortised on a straight line basis over the term of the relevant lease, or where it is likely the economic entity will obtain ownership of the asset, or the life of the asset. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are charged to the profit and loss account. Refer Note 19.

Payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(e) 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 where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. Any costs of site restoration are provided for during the relevant production stages and included in the costs of that stage.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

NOTE 1 – STATEMENT OF ACCOUNTING POLICIES (continued)

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(f) Intangibles

Goodwill
Goodwill and goodwill on consolidation are recorded initially at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net tangible assets at date of acquisition. Both purchased goodwill and goodwill on consolidation are amortised on a straight line basis over the period of 20 years. The balances are reviewed annually and any balance representing future benefits, the realisation of which is considered to be no longer probable, are written off.

(g) Investments

Investments are brought to account at cost or at director's valuation. The carrying amount of investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the shares' current market value or the underlying net assets in the particular entities. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts, except where stated. Dividends are brought to account in the profit and loss account when received.

(h) Interests in Joint Ventures

The economic entity's share of the assets, liabilities, revenue and expenses of joint venture are included in the respective items of the consolidated statements of financial performance and financial position. Details of the economic entity's interests are shown in Note 21 to the accounts.

The economic entity's interests in joint ventures are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account using the cost method.

(i) Trade Creditors

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

(j) Statement of Cash Flows

For the purpose of the Statement of Cash Flows, cash includes amounts in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position in Note 18.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

NOTE 1 – STATEMENT OF ACCOUNTING POLICIES (continued)

(k) Provision for Dividend

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

(l) Employee Entitlements

Wages, Salaries, Annual Leave and Sick Leave
The provisions for employee entitlements to wages, salaries, annual leave and sick leave represents the amount which the consolidated entity has a present obligation to pay resulting from employee's services provided up to the balance date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates and includes related on-costs.

Long Service Leave
The liability for employees' entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

Liabilities for employee entitlements which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and the economic entity's experience with staff departures. Related on-costs have also been included in the liability.

(m) Net Fair Value

The net fair value of cash, investments and trade creditors approximate their carrying value.

(n) Revenue

Revenue from sale of goods is recognised upon the delivery of goods to customers.
Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.
Revenue from rendering of a service is recognised upon the delivery of the service to the customers.

(o) Foreign Currency Transactions and Balances

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of short-term assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

The assets and liabilities of overseas controlled entities, which are self-sustaining, are translated at year-end rates and operating results are translated at rates ruling at the end of each month. Gains and losses arising on translation are taken directly to the foreign currency reserve.

(p) Segment Reporting

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consists principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

NOTE 1 – STATEMENT OF ACCOUNTING POLICIES (continued)

Segment liabilities consist principally of accounts payable, employee entitlements, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

(q) Comparative Figures

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

(r) Adoption of Australian Equivalents to International Financial Reporting Standards

Icon Energy Limited has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). As Icon Energy Limited has a 31 December year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 January 2005. This will form the basis of accounting for Australian equivalents of IFRS in the future and is required when Icon Energy Limited prepares its first fully IFRS compliant financial report for the year ended 31 December 2005. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of the company.

Exploration Expenditure
Accounting Standard AASB 6 - Exploration For and Evaluation of Mineral resources was released in December 2004, and will apply to Icon for the year ended 31 December 2005. AASB 6 will generally allow Icon to treat exploration and evaluation expenditure in the same manner as that allowed in the previous standard AASB 1022 – Accounting for the Extractive Industries, subject to any impairment testing requirements. The international Accounting Standards Board (IASB) is currently undertaking a comprehensive review of IFRS 6 – Exploration For and Evaluation of Mineral resources. Until such time as a replacement IFRS 6 is released, Icon will continue to comply with AASB 6 which will also satisfy the compliance requirements IFRS 6.

Impairment of Assets
The economic entity currently determines the recoverable amount of an asset on the basis of discounted net cash flows that will be received from the assets use and subsequent disposal. In terms pending AASB 136: *Impairment of Assets*, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use. It is likely that this change in accounting policy may lead to impairments being recognised more often than under the existing policy.

Income Tax
Currently, the company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the AASB 112, the entity will be required to adapt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

	ECONOMIC ENTITY		PARENT ENTITY	
	2004	**2003**	**2004**	**2003**
NOTE 2 – REVENUE				
OPERATING ACTIVITIES:				
- Oil sales (USA operation)	178,948	203,878	-	-
- Interest received - other corporations	16,169	8,194	16,148	8,165
	195,117	212,072	16,148	8,165
NON OPERATING ACTIVITIES:				
- Profit/(loss) on disposal of property, plant and equipment	(5,560)	1,496,364	(5,560)	1,496,364
- Foreign currency translation gain	42,790	276,388	(1,572)	(3,166)
	37,230	1,772,752	(7,132)	1,493,198
Total revenue	232,347	1,984,824	9,016	1,501,363

NOTE 3 – PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities before income has been determined after:

	ECONOMIC ENTITY 2004	ECONOMIC ENTITY 2003	PARENT ENTITY 2004	PARENT ENTITY 2003
OTHER EXPENSES FROM ORDINARY ACTIVITIES				
Auditor's remuneration:				
- Audit	15,400	17,300	15,400	17,300
- Other services	11,305	5,261	11,305	5,261
Depreciation of property, plant and equipment	39,055	52,634	29,001	40,696
Amortisation of leased assets	-	8,650	-	8,650
Amounts set aside to provision for:				
- Employee entitlements	11,193	79,054	11,193	79,054
Unrealised foreign exchange loss on consolidation at US $ rate 31 December	150,543	1,680,003	-	-

NOTE 4 – INCOME TAX

The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	ECONOMIC ENTITY 2004	ECONOMIC ENTITY 2003	PARENT ENTITY 2004	PARENT ENTITY 2003
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2003:30%)	(526,511)	(558,091)	(320,607)	(32,030)

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

	ECONOMIC ENTITY		PARENT ENTITY	
	2004	2003	2004	2003
NOTE 4 – INCOME TAX continued				
Other Non Deductible Expenses	74,590	659,951	4,903	151,510
Prima facie tax for permanent differences	451,922	101,861	315,704	119,480
Prima facie tax adjusted for permanent differences	451,922	101,861	315,704	119,480
Future income tax benefit not brought to account	-	-	-	-
Future income tax benefit prior year losses recouped	(451,922)	(101,861)	(315,704)	(119,480)
Income Tax Attributable to Operating Profit	-	-	-	-

Future income tax benefits not brought to account, the benefits of which will only be realised if the conditions for deductibility of tax losses set out in Note 1 occur based on corporate tax rate of 30% (2003: 30%)

- Losses	5,817,861	5,365,939	5,543,403	5,223,948
- Timing differences	50,447	49,609	50,447	49,609
	5,868,308	5,415,548	5,593,850	5,273,557

NOTE 5 – CASH ASSETS

Cash on hand	457	1,207	250	1,000
Cash at bank	178,650	335,454	168,630	305,888
	179,107	336,661	168,880	306,888

Cash at bank earns interest at a variable rate of between 4.50% and 4.85% (2003: 4.50%).
Cash at bank is all held with the National Australia Bank and the Westpac Banking Corporation.

NOTE 6 - RECEIVABLES

- Trade debtors	-	129,520	-	-
Amounts received from wholly owned subsidiaries:				
- Jakabar Pty Ltd	-	-	860	860
- Icon Oil US LLC	-	-	7,771,823	7,673,783
	-	129,520	7,772,683	7,674,643

The loans to controlled entities are unsecured, interest free and payable on demand.

NOTE 7 – INVENTORIES

Oil Stocks Louisiana USA at cost	-	4,461	-	-
	-	4,461	-	-

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

	ECONOMIC ENTITY		PARENT ENTITY	
	2004	2003	2004	2003
NOTE 8 – OTHER ASSETS				
Performance guarantee bond				
Qld Department of Natural Resources and Mines	21,872	21,978	19,072	19,072
Louisiana USA-Conservation Bond	4,598	4,598	-	-
Other	3,181	1,729	3,181	1,729
	29,651	28,305	22,253	20,801
NOTE 9 – PROPERTY, PLANT AND EQUIPMENT				
Plant and Equipment – at cost	455,490	431,161	408,280	382,164
Less: accumulated depreciation	(309,646)	(302,448)	(278,682)	(280,746)
	145,844	128,713	129,598	101,418
Plant and equipment – under lease	154,571	154,571	154,571	154,571
Less: accumulated amortisation	(154,571)	(154,571)	(154,571)	(154,571)
	-	-	-	-
Total property, plant and equipment at written down value	145,844	128,713	129,598	101,418

(a) 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:

	Plant and Equipment At Cost	Plant and Equipment Under Lease	Total
Economic Entity			
Balance at the beginning of the year	128,713	-	128,713
Additions	95,855	-	95,855
Disposals	(38,674)	-	(38,674)
Depreciation/Amortisation Expense	(39,055)	-	(39,055)
Foreign exchange variation	(995)	-	(995)
Balance at the end of the year	145,844	-	145,844

	Plant and Equipment At Cost	Plant and Equipment Under Lease	Total
Parent Entity			
Balance at the beginning of the year	101,418	-	101,418
Additions	95,855	-	95,855
Disposals	(38,674)	-	(38,674)
Depreciation/Amortisation Expense	(29,001)	-	(29,001)
Balance at the end of the year	129,598	-	129,598

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

	ECONOMIC ENTITY		PARENT ENTITY	
	2004	2003	2004	2003
NOTE 10 – OTHER FINANCIAL ASSETS				
Shares in Unlisted Companies – at cost	-	-	976,426	976,426
Provision for diminution in value	-	-	(976,426)	(976,426)
	-	-	-	-
NOTE 11 – EXPLORATION EXPENDITURE				
Exploration and Evaluation Expenditure at cost	5,976,537	7,098,705	2,471,357	2,461,441
	5,976,537	7,098,705	2,471,357	2,461,441
NOTE 12 – PAYABLES				
Current				
Trade payables	35,072	298,687	35,072	64,215
	35,072	298,687	35,072	64,215
Non- Current				
Trade payables	-	475,988	-	-
	-	475,988	-	-
NOTE 13 – INTEREST BEARING LIABILITIES				
Current				
Lease liability	-	-	-	-
Hire purchase liability	17,028	20,343	17,028	20,343
	17,028	20,343	17,028	20,343
Non Current				
Hire purchase liability	83,034	41,001	83,034	41,001
	83,034	41,001	83,034	41,001
NOTE 14 – PROVISIONS				
Current				
Employee entitlements	103,091	106,203	103,091	106,203
Non-Current				
Employee entitlements	54,067	46,659	54,067	46,659
Number of employees at year end	3	3	3	3

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

	ECONOMIC ENTITY		PARENT ENTITY	
	2004	2003	2004	2003
NOTE 15 – CONTRIBUTED EQUITY				
Paid Up Capital				
229,951,906 (2003 - 187,775,906) Fully paid ordinary shares	23,727,877	22,673,477	23,727,877	22,673,477

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.
At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.
The following new issue of ordinary shares were made during the financial year:

FULLY PAID ORDINARY CAPITAL	Numbers	2004 $	Numbers	2003 $
Balance at beginning of financial year	187,775,906	22,673,477	184,025,906	22,573,477
Issue of shares during year:				
March	32,176,000	804,400	3,750,000	100,000
April	10,000,000	250,000	-	-
Issue of shares during year	42,176000	1,054,400	3,750,000	100,000
Balance at end of financial year	229,951,906	23,727,877	187,775,906	22,673,477
SHARE OPTIONS				
Balance at beginning of financial year	-	27,471,983	-	-
Issue of options during year	-	-	-	-
Exercised during year	-	-	-	-
Cancelled during year	-	(27,471,983)	-	-
	-	-	-	-
Balance at end of financial year	-	-	-	-
Issued since end of year	-	-	-	-
Cancelled since end of year	-	-	-	-
Exercised since end of year	-	-	-	-
Balance at date of report	-	-	-	-

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

	ECONOMIC ENTITY		PARENT ENTITY	
	2004	2003	2004	2003

NOTE 15 – CONTRIBUTED EQUITY (CONTINUED)

	2004	2003	2004	2003
STAFF OPTIONS				
Balance at beginning of financial year	5,440,000	5,440,000		
Lapsed during year	(1,110,000)	-		
Balance at end of financial year	4,330,000	5,440,000		

NOTE 16 – RETAINED PROFITS (ACCUMULATED LOSSES)

	2004	2003	2004	2003
Retained profits (accumulated losses) at the beginning of the financial year	(15,933,993)	(14,073,691)	(12,386,707)	(12,279,941)
Net profit attributable to members of the company	(1,755,037)	(1,860,302)	(1,068,691)	(106,766)
Retained profits (accumulated losses) at the end of the financial year	(17,689,030)	(15,933,993)	(13,455,398)	(12,386,707)

NOTE 17 – EARNINGS PER SHARE

(a) Reconciliation of Earnings to Net Profit or Loss

	2004	2003	2004	2003
Net Loss	1,7,55,037	1,860,303		
Earnings used in the calculation of basic EPS	1,755,037	1,860,303		
Earnings used in the calculation of dilutive EPS	1,7,55,037	1,860,303		
Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	219,333,166	187,097,824		
Weighted average number of options outstanding	9,397,780	32,911,983		
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	228,730,946	220,009,807		

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

	ECONOMIC ENTITY		PARENT ENTITY	
	2004	2003	2004	2003
(c) Classification of Securities				
The following securities have been classified as potential ordinary shares and are included in determination of dilutive EPS:				
Listed options	-	27,471,983		
Employee options	4,330,000	5,440,000		
(d)Weighted average number of converted and lapsed options included in calculation of diluted EPS	-	-		

NOTE 18 – CASH FLOW INFORMATION

(a) Reconciliation of net cash from operating activities to operating profit.

	ECONOMIC ENTITY 2004	ECONOMIC ENTITY 2003	PARENT ENTITY 2004	PARENT ENTITY 2003
Operating profit after income tax	(1,755,037)	(1,860,303)	(1,068,691)	(106,766)
Adjustment for non cash items				
Amortisation – leased assets	-	8,650	-	8,650
Depreciation	39,055	52,634	29,001	40,696
Exploration expenditure written off	779	478,812	779	478,812
Adjustment for changes in assets and liabilities				
(Increase)/Decrease in:				
Inventories	4,461	4.906		
Deferred expenditure	1,121,389	1,479,854	(10,695)	(9,891)
Other debtors	129,520	(129,520)	(98,040)	(525,861)
Investments	(1,346)	(292)	(1,452)	(1,386)
Other assets	5,560	(1,496,364)	5,560	(1,496,364)
Increase/(Decrease) in:				
Accounts payable	(737,603)	(145,939)	(29,143)	(833)
Employee provisions	4,296	79,054	4,296	79,054
Borrowings	38,718	(20,343)	38,718	(20,343)
Net cash from operating activities	(1,150,208)	(1,548,851)	(1,129,667)	(1,554,232)

(b) Non-cash financing activities

There were no non-cash financing activities during 2004.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

NOTE 19 – CAPITAL AND LEASING COMMITMENTS

	ECONOMIC ENTITY 2004	ECONOMIC ENTITY 2003	PARENT ENTITY 2004	PARENT ENTITY 2003
Finance Lease Commitments				
Finance lease commitments payable:				
- not longer than one year	-	-	-	-
- later than one year but not longer than five years	-	-	-	-
- later than five years	-	-	-	-
Minimum lease payments	-	-	-	-
Less: future finance charges	-	-	-	-
Total Lease Liability	-	-	-	-
Current liabilities	-	-	-	-
Non-current liabilities	-	-	-	-
	-	-	-	-

NOTE 20 – RELATED PARTY TRANSACTIONS

(a) Directors' Names

The names of directors of the company who have held office at any time during the financial year are:
M Pyecroft (Chairman)
R S James (Managing)
S M Barry

(b) Directors' Remuneration and Retirement Benefits

	ECONOMIC ENTITY 2004	ECONOMIC ENTITY 2003	PARENT ENTITY 2004	PARENT ENTITY 2003
Income paid or payable to all directors of each entity in the economic entity by the entities of which they are directors	422,000	422,000	422,000	422,000
Number of directors of the company whose total income falls within the following bands:				
$30,000 - $39,999	1	1	1	1
$40,000 - $49,999	1	1	1	1
$350,000 - $419,999	1	1	1	1

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

	ECONOMIC ENTITY		PARENT ENTITY	
	2004	2003	2004	2003

(c) Transactions with Directors and Director Related Entities

(i) Legal fees paid in the ordinary Course of business to CKB Partners a firm with which Mr. S. Barry is associated	6,963	-	6,963	-

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

(d) Share Transactions of Directors

Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in members of the economic entity:

Icon Energy Limited				
- ordinary shares	22,737,801	22,137,801	22,737,801	22,137,801
- options unlisted	4,300,000	5,400,000	4,300,000	5,400,000

Directors and their related entities acquired 600,000 ordinary shares during the financial year (Note 15) They did not dispose of any shares or options during the period.

No unlisted options under the Icon Staff Incentive Share Option Plan were issued during the year and up to the date of this report.

NOTE 21 – JOINT VENTURES
Interest in Joint Venture Operations

The Economic Entity has a direct interest in a number of unincorporated joint ventures.
Details of the joint ventures are:

Joint Venture		**Interest**
ATP 549P	Cooper	33.33%
ATP 589P	Cooper	60.00% Regleigh & Springfield areas
ATP 589P	Cooper	75.00% Brightspot area
ATP 594P	Cooper	50.00%

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

			ECONOMIC ENTITY		PARENT ENTITY	
			2004	2003	2004	2003

NOTE 21 – JOINT VENTURES- continued

Victory Financial North	Louisiana	38.50%
Victory Financial; South	Louisiana	19.00%*
Wilberts	Louisiana	13.20%*

The Economic Entity's share of assets employed in unincorporated joint ventures is as follows:

	Economic Entity 2004	Economic Entity 2003	Parent Entity 2004	Parent Entity 2003
CURRENT ASSETS				
Inventories	-	4,461	-	-
Other	-	129,520	-	-
Total Current Assets	-	133,981	-	-
NON-CURRENT ASSETS				
Other costs carried forward in respect of areas of interest				
Exploration and evaluation phases	5,976,537	7,098,705	2,471,357	2,461,441
Total Non-Current Assets	5,976,537	7,098,705	2,471,357	2,461,441
Share of total assets in joint venture	5,976,357	7,098,705	2,471,357	2,461,441

NOTE 22 – CONTROLLED ENTITIES

	Country of Incorporation	% Owned 2004	% Owned 2003
Parent entity:			
Icon Energy Limited	Australia		
Subsidiaries of Icon Energy Limited:			
Jakabar Pty Ltd	Australia	100	100
Icon Drilling Pty Ltd	Australia	100	100
Icon Oil US LLC	USA	100	100

NOTE 23 – STATEMENT OF OPERATIONS BY SEGMENTS

The economic 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 and the Bayou Choctaw area in Louisiana, USA. Information by geographical segments are as follows:

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

SEGMENT REPORTING

	Australia		USA		Economic Entity	
	2004	2003	2004	2003	2004	2003
Primary Reporting – Geographical Segments						
REVENUE						
External Sales	53,399	1,780,946	178,948	203,878	232,347	1,984,824
Total segment revenues	53,399	1,700,946	178,498	203,878	232,347	1,984,824
Total revenue from ordinary activities	53,399	1,780,946	178,498	203,878	232,347	1,984,824
RESULT						
Segment Result	(1,219,420)	(1,786,905)	(535,617)	(73,398)	(1,755,037)	(1860,303)
ASSETS						
Segment Assets	2,792,948	2,894,956	3,538,191	4,831,409	6,331,139	7,726,365
Segment Liabilities	292,292	278,421	-	708,460	292,292	986,881
OTHER						
Acquisition of non-current Segment assets	95,855	1,979	-	9,106	95,855	11,085
Depreciation and amortisation Of segment assets	29,001	49,346	10,054	11,938	39,055	61,284

NOTE 24– FINANCIAL INSTRUMENT DISCLOSURE

(a) Interest rate risk

The economic entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

2004	Note	Floating interest rate	Fixed interest maturing within 1 year	Fixed interest maturing over 1 to 5 years	Non-interest bearing	Total
Financial assets						
Cash	5	178,650	-	-	457	179,107
Receivables	6	-	-	-	-	-
Other	7/8	-	-	-	29,651	29,651
		178,650	-	-	30,108	208,758
Weighted average interest rate		4.85				

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2004

NOTE 24 – FINANCIAL INSTRUMENT DISCLOSURE (Continued)

	Note	Floating interest rate	Fixed interest maturing within 1 year	Fixed interest maturing over 1 to 5 years	Non-interest bearing	Total
2004						
Financial liabilities						
Accounts payable	12	-	-	-	35,072	35,072
Borrowings	13	-	17,028	83,084	-	100,112
		-	17,028	83,084	35,072	135,184
Weighted average interest rate			7.950	7.950		

2003	Note	Floating interest rate	Fixed interest maturing within 1 year	Fixed interest maturing over 1 to 5 years	Non-interest bearing	Total
Financial assets						
Cash	5	335,454	-	-	1,207	336,661
Receivables	6	-	-	-	129,520	129,520
Other	7	-	-	-	32,766	32,766
		335,454	-	-	163,493	498,947
Weighted average interest rate		4.55				

2003	Note	Floating interest rate	Fixed interest maturing within 1 year	Fixed interest maturing over 1 to 5 years	Non-interest bearing	Total
Financial liabilities						
Accounts payable	11	-	-	-	772,675	772,675
Borrowings	12	-	20,343	41,001	-	61,344
		-	20,343	41,001	772,675	834,019
Weighted average interest rate			7.950	7.950		

(b) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The company minimises the risk by undertaking transactions with a number of counterparties.

NOTE 25– CONTINGENT LIABILITIES

The Company has obtained a guarantee from the National Australia Bank for an amount not exceeding $10,000 in support of the right to prospect areas ATP 626. The amount guarantees the site rectification on completion of exploration activities.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Additional information required by the Australian Stock Exchange Limited Listing Rules.

Substantial Shareholders Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
R S James & Associates Pty Ltd	19,700,235	8.57

Distribution of shareholders at 31 March 2005.

Category (size of Holding)

			HOLDERS	NUMBER OF ORDINARY SHARES
1	-	1,000	29	19,015
1,001	-	5,000	365	1,332,362
5,001	-	10,000	599	5,274,927
10,001	-	100,000	1,702	68,557,696
100,001	-	and over	394	154,767,906

Unmarketable parcels at 31 March 2005.

Minimum parcel 12,500 shares. Holders 1,075

Twenty Largest Shareholders – Ordinary Capital at 31 March 2005

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital	
1. R S James & Associates Pty Ltd	19,700,235	8.57	
2. Mr. Brian William Atkinson and Mr. Gregory Paul Sheil	4,696,401	2.04	
3. Citicorp Nominees Pty Ltd	4,317,073	1.88	
4. Fortis Clearing Nominees	3.746,136	1.63	
5. ILA Limited	2,600,000	1.13	
6. Toga Developments Pty Ltd	2,008,731	0.87	
7. White Hat Investments Pty Ltd	2,000,000	0.87	
8. Mr. Bradley Luke Casey	1,918,601	0.83	
9. Mr. Dimitri Scardanas	1,745,000	0.76	
10. Mr. Lionel John Goody	1,533,377	0.67	
11. Mr. Phillip Michael & Mrs Suzanne Lynch	1,500,000	0.65	
12. Walreel Pty Ltd	1,426,615	0.62	
13. Mr. Martin & Mrs Josephiine Pyecroft <The Pyecroft Super Fund A/C>	1,300,000	0.57	
14. Mr. Gary Max & Mrs. Lesley Joy Paddison	1,150,000	0.50	
15. Mrs Gabriella Barry	1,125,060	0.49	
16. Mr. Craig Allen Family S/F a/c	1,060,500	0.46	
17. Mr. Samuel William Illes	1,020,000	0.44	
18. Mr. Graeme & Mrs Helen Lyell Maloney	1,010,000	0.44	
19. Mr. David Goldberg	1,000,148	0.43	
20. Mr. Peter James Kraehenbuhl	1,000,000	0.43	
Total		55,857,877	24.28

Mining Tenements

The company held interest in the following mining tenements at 31 December 2004.

Oil and Gas	*Basin*	*Interest %*
WA 331P	Browse	100.00
EP423	Carnarvon	100.00
TP/21	Carnarvon	100.00
ATP 549P	Cooper - Eromanga	33.33
ATP 589P	Cooper - Eromanga Regleigh & Springfield Areas	60.00
ATP 589P	Cooper - Eromanga Brightspot area	75.00
ATP 594P	Cooper - Eromanga	50.00*
ATP 626P	Surat	100.00
ATP765 Applic	Cooper - Eromanga	100.00
ATP766 Applic	Cooper - Eromanga	100.00

* This will increase to 100.00% upon Ministerial approval.

Lease interests held in Bayou Choctaw area Louisiana USA

VFL North	Louisiana	38.50
VFL South	Louisiana	19.00
Wilberts	Louisiana	13.20
Zig Zag	Louisiana	13.20

COMPANY PARTICULARS

DIRECTORS

Martin Pyecroft	Chairman
Raymond S James	Managing Director
Stephen M Barry	

COMPANY SECRETARY

John B Cummins

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LEGAL ADVISORS

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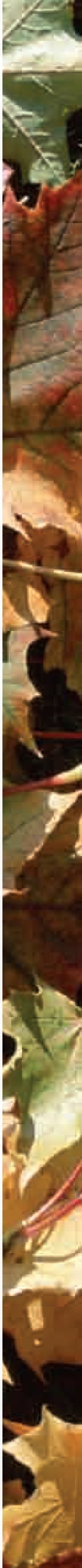
STOCK EXCHANGE LISTING

Australian Stock Exchange – ASX Code ICN
Home Branch BrisbaneHome Branch Brisbane



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