For personal use only

Icon Energy Limited

ABN 61 058 454 569

FULL YEAR ACCOUNTS

For the year ended
30 June 2022

For personal use only

Icon Energy Limited

ABN 61 058 454 569

FULL YEAR ACCOUNTS

Table of Contents

DIRECTORS’ REPORT

The Directors of Icon Energy Limited (“Icon Energy” or “the Company”) present their report together with the consolidated financial statements of the Company and its controlled entities ("the Group" or "the Consolidated Entity") for the financial year ended 30 June 2022 and the auditor’s report thereon. In order to comply with the provisions of the *Corporations Act 2001*, the Directors of Icon Energy report as follows:

PRINCIPAL ACTIVITIES

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

DIRECTORS

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

Name	Position	First Appointed
Stephen Michael Barry	Non-executive Chairman	Director since 05/01/1993
Raymond Swinburn James	Managing Director	Director since 01/02/1993
Dr Keith Hilless AM	Non-executive Director	Director since 03/04/2009

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

Refer to table 5 of the Remuneration Report for Directors’ interests in shares and performance rights.

REVIEW OF OPERATIONS

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

For personal use only

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

ATP 855 Cooper-Eromanga Basin Queensland

- Icon's working interest in ATP 855 has been subdivided into eight Potential Commercial Areas (PCAs) 172 to 179 which do not expire until 29th October 2032. The obligations under the PCA programs include the obligations under the Later Work Program (LWP)
- The remaining work under the current LWP includes a suite of G&G studies and 300 km2 of new 3D seismic acquisition. At the time of preparation of this report the current LWP is due for renewal on 31 October 2022.
- Icon is currently finalising plans for a 300 km2 seismic survey located around the Keppel No.1 well which penetrated a porous gas zones Permian Epsilon Formation that could not be tested at the time it was drilled. The survey will be utilized to position Keppel No. 2, to test the hypothesis that a special seismic analytical technique can identify extensions of the porous zones in Keppel No.1 and conduct a test of the gas flow from the original discovery.
- The rehabilitation of the remaining three wells, has been deferred for a further 2 years as these wells have been identified as having Carbon Capture and Storage (CCS) potential.
- At the time of preparation of this report, talks are continuing with several potential parties with the aim of joining Icon's appraisal drilling program in the tenement.
- Icon supports and continues to advance opportunities which favour the production of blue hydrogen with carbon zero outcomes.

PEP 170, 172 and 173 Gippsland Basin Victoria

- Icon decided not to accept the offer to renew PEP 172 and 173 and advised the Victorian government of that decision. Icon applied to surrender PEP 170 and consent was given on 16 August 2022.

PRLs 35, 37, 38, 41, 43, 44, 45, 48 and 49 South Australia (PRLs)

- PRLs cover a total area of 857 km^2. Icon has a 33.33% interest in the post-Permian section.
- No operations took place in the last year, and none have been proposed by the Joint Venture Operator for the coming year.

  Icon reports that following a decision by other joint venturers to withdraw from the tenement, Icon determined that it would likewise withdraw from the venture and from the tenement and served a notice on the Operator on 23 August 2022.

For personal use only

ATP 594 Cooper-Eromanga Basin Queensland

- This tenement has expired and is in the process of being relinquished.

Corporate

- Icon Energy held the Company's 2021 Annual General Meeting on 15 December 2021 with all resolutions adopted.

EVENTS AFTER THE BALANCE DATE

A total of 13,243,677 listed options were exercised after the 30 June 2022 but before the expiry date of 12 September 2022 raising a total of $662,183.35.

There has not arisen any other item, transaction, or event of a material or unusual nature likely in the opinion of the Directors, to affect substantially the operations or state of affairs of the Consolidated Entity in subsequent financial years.

CORPORATE STRATEGIES AND FUTURE DEVELOPMENTS

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

FINANCIAL POSITION

The consolidated loss after tax for the Company and its controlled entities for the financial year ended 30 June 2022 was $1,468,076 (2021: $6,919,302 loss).

On 29 September 2021, Icon issued a placement of 60,000,000 ordinary shares at $0.01 per ordinary share to raise $600,000 before costs.

On 12 January 2022, 97,150,302 shares were issued at $0.01 per ordinary share to raise $971,503 before costs according to the Rights Issue Offer. The Rights Issue also included a listed bonus option for every share taken up at $0.05 per share expiring on 12 September 2022.

For personal use only

SHARES UNDER OPTION

On 12 January 2022, a total of 97,150,302 listed Bonus options were issued as per the Rights Issue Offer at the exercise price of $0.05 per option and an expiry date of 12 September 2022. (2021: Nil). 12,750 listed options were progressively exercised during the year and 13,243,677 listed options were exercised after the 30 June 2022 but before the expiry date of 12 September 2022. Option conversion raised a total of $662,821.35.

The Company has no options or other convertible securities on issue at the date of this report

DIVIDENDS

The Directors recommend that no dividend be paid by the Company. No dividends have been declared or paid by the Company since the end of the previous financial year (30 June 2021).

REMUNERATION REPORT

The Remuneration Report for the financial period which forms part of the Director's Report can be found on page 30 of this Annual Report.

COMPANY SECRETARY

During the year ended 30 June 2022, Natalia Fraser was the company secretary. Her details of qualifications and experience are set out in the Board of Directors section of this Annual Report.

As announced to the Australian Stock Exchange, Natalia resigned her position effective 27th September 2022 for health reasons. Icon's Board wishes to acknowledge and thank Natalia for her assistance over nearly 15 years with the company. We wish her well for her future.

MEETINGS OF DIRECTORS

During the financial period, fifteen meetings of Directors and ten committee meetings were held. Attendances at these meetings by each Director were as follows:

	Directors Meetings		Audit and Risk Management Committee Meetings		Remuneration Nominations and Succession Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
R S James	15	15	-	-	-	-
S M Barry	15	15	6	6	4	4
K Hilless	15	14	6	6	4	4

For personal use only

ENVIRONMENTAL REGULATION

The Consolidated Entity's operations are subject to various environmental regulations. The Company has a policy of full compliance, but in most cases exceeding environmental performance obligations. Further information on the Group's environmental performance can be found in the Sustainability section of the 2022 Annual Report.

The Directors regret to report that in the financial year the company obtained from Queensland Treasury a determination of the surety required to be provided in respect of ATP 855 and its Estimated Rehabilitation Cost however failed to apply to the Department of Environment and Science for its determination of the estimated rehabilitation cost prior to the expiry of the ERC on 1 April 2022. Consequently, the company's care and maintenance work was performed at a time when Icon did not have a current ERC determination which is a breach of the act. The Department of Environment and Science has after the end of the financial year issued the company with penalty infringement notices in respect of the breaches totalling $17,231.00 which have been paid. The Directors otherwise are not aware of any environmental breaches nor has the Group been notified of any breaches by any Government Agency during the financial period.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

DIRECTORS AND AUDITORS INDEMNIFICATION

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

The Company has not paid any premiums in respect of any contract insuring the auditor against a liability incurred in the role as an auditor of the Company. In respect of non-audit services, Crowe, the Company's auditor, has the benefit of indemnity to the extent Crowe reasonably relies on information provided by the Company which is true, accurate and complete. No amount has been paid under this indemnity during the period ended 30 June 2022 or to the date of this Report.

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

For personal use only

The total premium expense for the year was $57,652 (30 June 2021: $48,043).

NON-AUDIT SERVICES

The auditors did not perform any non-audit services during the year.
There are no officers of the Company who are former audit partners of Crowe.

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

The lead auditor's independence declaration is set out on page 36 and forms part of the Directors' Report for the period ended 30 June 2022. Crowe continues in office in accordance with Section 327 of the *Corporations Act 2001*.

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

S M Barry
Chairman
30 September 2022

R S James
Director
30 September 2022

For personal use only

Key Points

- **No short-term incentives or long-term incentives were issued by Icon for the 2021-2022 financial year.**
- **There are no performance rights issued to executives or staff which might vest in the future.**
- **Executive salary increases for 2021-2022 were restricted to CPI increases.**

The Directors of Icon Energy Limited present this Remuneration Report for the Consolidated Entity for the year ended 30 June 2022. The information provided in this report has been audited as required by the *Corporations Act 2001 (Cth)* and forms part of the Directors' Report. This Remuneration Report sets out remuneration information for Icon Energy's Key Management Personnel (KMPs) including the following persons who were Non-Executive Directors and senior executives during the financial year:

Table 1: Icon Energy's Key Management Personnel

Name	Position Held
Non-Executive Directors	
Stephen Barry	Chairman
Dr Keith Hilless	Director
Ray James	Director
Senior Managers	
Natalia Fraser	Chief Financial Officer and Company Secretary*

***As disclosed to the Australian stock exchange, Natalia Fraser resigned her position on 27 September 2022 due to health reasons.**

1. REMUNERATION FRAMEWORK

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

- Executive and Senior Managers receive competitive and reasonable market-based levels of base remuneration;
- Bonuses and other incentives for Employees and Executives and Senior Managers who perform well in their duties are only payable if they are approved by the Board and in the case of proposed issues of shares or other securities to Directors, by shareholders as well.

2. ROLE OF THE REMUNERATION, NOMINATIONS AND SUCCESSION COMMITTEE

The Remuneration, Nominations and Succession Committee is responsible for making recommendations to the Board on remuneration policies. The Committee, where necessary, obtains independent advice on the remuneration packages offered to potential employees. The Company's

For personal use only

broad remuneration policy ensures that each remuneration package is properly aligned to the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Remuneration, Nominations and Succession Committee Charter sets out the Board's policy for the nomination and appointment of directors and the process for the evaluation of the performance of senior executives. The Corporate Governance Statement provides further information on the role of the Committee.

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

Non-Executive Directors

Fees paid to Non-Executive Directors reflect the demands made on, and responsibilities of, such directors. Non-Executive Directors' fees are reviewed by the Board on an annual basis. In 2018 the Board determined to reduce base fees by 20% in view of the low share price. Thereafter, Non-Executive Directors are paid a base fee of $56,000 per annum together with the payment of additional fees to Directors serving on Board Committees to recognise their contribution to the Company together with superannuation. The Chairman's remuneration has been set at $72,000 per annum plus Committee fees and superannuation. An additional $6,000 per annum per Committee is paid to Committee members and $6,800 per annum per Committee for the Chairmen of the Committees.

Since Mr James' service agreement as Managing Director expired on 31 December 2019, Mr James remained a director of the company with additional duties as directed by the Board. Therefore, the Board determined a remuneration for Mr James of $111,124 per annum plus superannuation.

The Board decided to reduce these fees by 20% effective from 1 January 2018 having regard to the low share price. This arrangement has been in place for the year ended 30 June 2022.

The maximum total amount available for payment of all Non-Executive Director fees is $500,000 per annum which was approved by shareholders at the 2010 Annual General Meeting. The total amount of fees actually paid to Non-Executive Directors during the financial year was $284,596. Non-Executive Directors do not receive performance-based remuneration.

Executive Managers and Senior Management

Executive and Senior Managers are remunerated through a combination of:

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

In November 2017, the company's Performance Rights Plan ("Plan") expired. The Plan provided for the granting of appropriately structured short and long-term incentives to employees (including Executive Directors) in addition to their fixed remuneration.

For personal use only

Since 2017, the Board decided not to seek shareholder approval for any new plan.

There were no remuneration consultants used by the Company during the year ended 30 June 2022 or in the prior year.

4. FIXED REMUNERATION

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

5. SHORT-TERM INCENTIVES

The Company did not issue Short-term Incentives (STI) for the 2021-22 year.

6. LONG-TERM INCENTIVES

The Company did not issue Long-term Incentives (LTI) for the 2021-22 year.

7. SERVICE AGREEMENTS

The Company has a policy that service agreements with Executive and Senior Managers should be limited in term and include termination clauses of between two and twelve months. The Company may make a payment in lieu of notice equal to the base amount prescribed in the service agreement for a specified period, and in respect of Executive Directors subject to the limits prescribed by section 200G of the *Corporations Act 2001*, or that determined by the Board and subject to shareholder approval at the time. In addition, accrued statutory benefits and superannuation benefits are payable.

Details of the service agreements/contracts in force during the 2021/2022 financial year appear in the table below.

Table 2: Service Agreements with Executive Directors and Senior Managers

Name of Executive	Date of Contract	Termination by Icon (without cause)	Termination by employee	Termination Payments (where terminated by Company)	STI & LTI Entitlements not applicable
N Fraser	29-Aug-19	2 months	2 months	Payment in lieu of notice based on FR	

For personal use only

For personal use only

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

Table 3: Directors and Key Management Personnel Remuneration for the year ended 30 June 2022

	Short Term		Post-employment			
	Salaries & Fees (i)	**Other Benefits (ii)**	**Superannuation**	**Long-term Employee Benefits (iii)**	**Termination Benefits (iv)**	**Total**
	$	**$**	**$**	**$**		**$**
Non-executive Directors						
Stephen Barry	84,800	-	8,480	-	-	93,280
Keith Hilless	62,800	-	6,280	-	-	69,080
Ray James	111,124	-	11,112	-	-	122,236
Executive Directors and Senior Managers						
Natalia Fraser	113,951	2,091	11,395	2,053	-	129,490
Total	**372,675**	**2,091**	**37,267**	**2,053**	**-**	**414,086**

(i) Salaries & Fees include annual leave paid during the year.
(ii) Other Benefits represent accrued annual leave during the year.
(iii) Long-term employee benefits represent only the long service leave accrued during the year.
(iv) Termination Benefits include annual leave paid out at termination and payment in lieu of notice as per employees' Service Agreements.

Table 4: Directors and Key Management Personnel Remuneration for the year ended 30 June 2021

	Short Term		Post-employment		
	Salaries & Fees (i)	**Other Benefits**	**Superannuation**	**Long-term Employee Benefits (ii)**	**Total**
	$	**$**	**$**	**$**	**$**
Non-executive Directors					
Stephen Barry	84,800	-	8,056	-	92,856
Keith Hilless	62,800	-	5,966	-	68,766
Howard Lu	28,000	-	2,660	-	30,660
Ray James	111,124	-	10,557	-	121,681
Senior Managers					
Natalia Fraser	113,428	-	10,177	1,711	125,316
Total	**400,152**	**-**	**37,416**	**1,711**	**439,279**

(i) Salaries & Fees include annual leave paid during the year.
(ii) Long-term employee benefits represent only the long service leave accrued during the year.

For personal use only

9. DIRECTORS' AND SENIOR MANAGEMENTS' INTERESTS

As at 30 June 2022, the interests of the Directors and senior management or entities associated with them in shares and options of Icon Energy Limited are:

Shareholdings

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

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

2022	Balance 1.07.2021	Employee Performance Rights Plan	Purchases	Options Exercised	Sold	Other changes**	Balance 30.06.2022
	Number	Number	Number	Number	Number	Number	Number
	Directors						
Stephen Barry*	1,653,593	-	-	-	-	826,796	2,480,389
Keith Hilless	93,227	-	-	-	-	46,613	139,840
Raymond James*	25,231,329	-	-	-	-	12,615,664	37,846,993
Senior Management							
Natalia Fraser	239,774	-	-	-	-	119,887	359,661
	27,217,923	**-**	**-**	**-**	**-**	**13,608,960**	**40,826,883**

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

**Shares purchased through the Rights Issue to the shareholders.

2021	Balance 1.07.2020	Employee Performance Rights Plan	Purchases	Options Exercised	Sold	Other changes	Balance 30.06.2021
	Number	Number	Number	Number	Number	Number	Number
Directors							
Stephen Barry*	1,653,593	-	-	-	-	-	1,653,593
Keith Hilless	93,227	-	-	-	-	-	93,227
Howard Lu	16,068,181	-	-	-	-	16,068,181	-
Raymond James*	25,231,329	-	-	-	-	-	25,231,329
Senior Management							
Natalia Fraser	239,774	-	-	-	-	-	239,774
	43,286,104	-	-	-	-	**16,068,181**	**27,217,923**

For personal use only

Transactions with Directors and Director Related Entities

As at 30 June 2022, legal fees paid in the ordinary course of business to CKB Associates Lawyers, a firm with which Mr. S Barry has a controlling interest were $19,106 (30 June 2021: $1,224).

10. SHARE OPTIONS

Options Granted to Directors and Key Management Personnel of the Company

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

Options Held by Key Management Personnel

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

Table 6: Options held by Directors and Executive and Senior Managers

2022	Balance 1.07.2021	Employee Performance Rights Plan	Purchases	Options Exercised	Sold	Other changes**	Balance 30.06.2022
	Number	Number	Number	Number	Number	Number	Number
Directors							
Stephen Barry*	-	-	-	-	-	826,796	826,796
Keith Hilless	-	-	-	-	-	46,613	46,613
Raymond James*	-	-	-	-	-	12,615,664	12,615,664
Senior Management							
Natalia Fraser	-	-	-	-	-	119,887	119,887
	-	**-**	**-**	**-**	**-**	**13,608,960**	**13,608,960**

*These KMP's options include indirect shareholdings held by their spouse and/or related corporations.
**Options acquired through the Rights Issue to the shareholders.

There were no options outstanding as at 30 June 2021.

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

Table 7: Company's Profit/Loss (after tax)

	30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22
Closing Share Price	0.018	0.014	0.008	0.014	0.014
Dividends paid	-	-	-	-	-
Profit (Loss) after tax	($4,037,191)	($31,372,498)	($2,949,536)	(6,919,302)	(1,468,076)

End of Remuneration Report (audited)

For personal use only

Crowe Brisbane
ABN 79 981 227 862
Level 16 120 Edward Street
Brisbane QLD 4000
Australia
Tel +61 7 3233 3555
Fax +61 7 3233 3567
www.crowe.com.au

Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* to the Directors of Icon Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2022, there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Icon Energy Limited and the entity it controlled during the financial year.

Crowe Brisbane

Crowe Brisbane

Sean McGurk

Sean McGurk
Partner

Date: 30 September 2022

Liability limited by a scheme approved under Professional Standards Legislation.

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

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Brisbane, an affiliate of Findex (Aust) Pty Ltd.

© 2022 Findex (Aust) Pty Ltd

For personal use only

Crowe Brisbane
ABN 79 981 227 862
Level 16 120 Edward Street
Brisbane QLD 4000
Australia
Main +61 (07) 3233 3555
Fax +61 (07) 3233 3567
www.crowe.com.au

Independent Auditor's Report

To the Members of Icon Energy Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Icon Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit of loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(a) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended.

(b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that Authority to Prospect (ATP 855) expires on 31 October 2022, that an application for renewal will be made on 4 October 2022 and that the directors expect that ATP 855 will be renewed. As stated in Note 1 these conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. Except for the matter described in the Material Uncertainty related to Going Concern section, we have determined that there are no other key audit matters to be communicated in our report.

Liability limited by a scheme approved under Professional Standards Legislation.

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

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd. Services are provided by Crowe Brisbane, an affiliate of Findex (Aust) Pty Ltd.

© 2022 Findex (Aust) Pty Ltd

For personal use only

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Director's Report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our

auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Group or business activities within the entity to express an opinion on the group financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Icon Energy Limited, for the year ended 30 June 2022, complies with *Section 300A* of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Crowe Brisbane

Crowe Brisbane

Sean McGurk

Sean McGurk

Partner

Date: 30 September 2022

For personal use only

For personal use only

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1) The financial statements and notes, as set out on pages 41 to 63, are in accordance with the *Corporations Act 2001* and other mandatory professional reporting requirements and:
   a) comply with Accounting Standards, with International Financial Reporting Standards, as stated in note 1 to the financial statements and *Corporations Regulations 2001*; and
   b) give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the consolidated entity;
2) The Board received a Declaration in accordance with the Section 295A of the *Corporations Act 2001*, that:
   a) the financial records of the Company for the financial period have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   b) the financial statements and the accompanying notes referred to in Section 295(3)(b) of the *Corporations Act 2001*, for the financial year comply with the accounting standards;
   c) the financial statements and notes for the financial period comply with the Accounting Standards; and
   d) the financial statements and notes for the financial period give a true and fair view.
3) In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they come due and payable;

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

Stephen Barry
Chairman
30 September 2022

For personal use only

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	30 June 2022 $	30 June 2021 $
Continuing operations			
Interest received and other income	**2a**	**1,948**	113,744
Administration expenses	**4**	**(612,516)**	(619,819)
Depreciation and amortisation expense		**(374,766)**	(82,773)
Employee benefits and expenses		**(211,585)**	(217,467)
Profit on sale of current assets	**2b**	**21,078**	-
Impairment expense	**2c**	**-**	(5,807,557)
Write down of inventories	**6**	**18,965**	(153,765)
Tenement expenditure		**(305,989)**	(143,842)
Finance costs	**8**	**(5,211)**	(7,823)
Loss before income tax		**(1,468,076)**	**(6,919,302)**
Income tax expense	**3**	**-**	-
Loss for the year from continuing operations		**(1,468,076)**	**(6,919,302)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss		**-**	**-**
Total other comprehensive loss for the year, net of tax		**-**	-
Total comprehensive loss for the year		**(1,468,076)**	**(6,919,302)**
Earnings per share			
From continuing operations			
Basic and diluted loss per share (cents per share)	**12**	**(0.21)**	(1.16)

The accompanying notes form part of these financial statements.

For personal use only

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	NOTES	30 June 2022 $	30 June 2021 $
CURRENT ASSETS			
Cash and cash equivalents	5	**1,845,450**	1,581,687
Trade and other receivables		**2,118**	22,806
Prepayments		**80,483**	56,784
TOTAL CURRENT ASSETS		**1,928,051**	**1,661,277**
NON-CURRENT ASSETS			
Property, plant and equipment		**19,689**	20,985
Exploration and evaluation expenditure	7	**4,296,230**	3,910,950
Performance guarantee bonds		**756,220**	756,220
Right-of-use asset	8	**37,905**	118,905
TOTAL NON-CURRENT ASSETS		**5,110,044**	**4,807,060**
TOTAL ASSETS		**7,038,095**	**6,468,337**
CURRENT LIABILITIES			
Trade and other payables		**96,501**	138,680
Employee benefits		**87,235**	76,604
Lease liabilities	8	**41,315**	75,973
TOTAL CURRENT LIABILITIES		**225,051**	**291,257**
NON-CURRENT LIABILITIES			
Lease liabilities	8	**-**	47,497
Provisions	9	**5,031,976**	4,353,713
TOTAL NON-CURRENT LIABILITIES		**5,031,976**	**4,401,210**
TOTAL LIABILITIES		**5,257,027**	**4,692,467**
NET ASSETS		**1,781,068**	**1,775,870**
EQUITY			
Issued capital	10	**103,458,324**	101,985,050
Accumulated losses		**(101,677,256)**	(100,209,180)
TOTAL EQUITY		**1,781,068**	**1,775,870**

The accompanying notes form part of these financial statements.

For personal use only

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Ordinary Share Capital (Note 10) $	Accumulated Losses $	Total $
Balance 1 July 2020	101,985,050	(93,289,878)	8,695,172
Total comprehensive income:			
Loss for the year	-	(6,919,302)	(6,919,302)
Other comprehensive loss	-	-	-
Total comprehensive loss for the year	-	(6,919,302)	(6,919,302)
Transactions with owners in their capacity as owners:			
Shares issued	-	-	-
Total transactions with owners	-	-	-
Balance at 30 June 2021 - attributable to owners of parent entity	**101,985,050**	**(100,209,180)**	**1,775,870**
Balance 1 July 2021	**101,985,050**	**(100,209,180)**	**1,775,870**
Total comprehensive income:			
Loss for the year	**-**	**(1,468,076)**	**(1,468,076)**
Other comprehensive loss	**-**	**-**	**-**
Total comprehensive loss for the year	**-**	**(1,468,076)**	**(1,468,076)**
Transactions with owners in their capacity as owners:			
Shares issued	**1,572,141**	**-**	**1,572,141**
Share isuue costs	**(98,867)**	**-**	**(98,867)**
Total transactions with owners	**1,473,274**	**-**	**1,473,274**
Balance at 30 June 2022 - attributable to owners of parent entity	**103,458,324**	**(101,677,256)**	**1,781,068**

The accompanying notes form part of these financial statements.

For personal use only

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	30 June 2022 $ Inflows (Outflows)	30 June 2021 $ Inflows (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		**21,078**	92,565
Cash payments to suppliers and employees		**(837,512)**	(3,880,686)
Interest received		**1,836**	13,121
Government grant received - COVID-19		**-**	50,000
Tenement expenditure		**(301,366)**	(159,555)
Interest expense		**(5,877)**	(7,823)
Net cash used in operating activities	**13**	**(1,121,841)**	**(3,892,378)**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Payments for property, plant & equipment		**(5,091)**	(2,600)
Net cash used in investment activities		**(5,091)**	**(2,600)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		**1,572,141**	-
Capital raising costs		**(98,867)**	-
Payments of lease liabilities	**8**	**(82,579)**	(64,457)
Net cash (used in)/from financing activities		**1,390,695**	(64,457)
Net increase/(decrease) in cash and cash equivalents held		**263,763**	**(3,959,435)**
Cash and cash equivalents at beginning of the financial year		**1,581,687**	**5,541,122**
Cash and cash equivalents at the end of the financial year	**5**	**1,845,450**	**1,581,687**

The accompanying notes form part of these financial statements.

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1 - BASIS OF ACCOUNTING

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

The financial statements cover Icon Energy Limited (the "Company") and its controlled entities as a Consolidated Entity (together referred to as the "Consolidated Entity" or the "Group"). Icon Energy Limited is a listed public company, incorporated and domiciled in Australia.

The Group is a for-profit entity, primarily engaged in the acquisiton, exploration and development of oil and gas assets in Australia.
The financial statements have been prepared on the historical cost basis. All amounts are presented in Australian dollars, unless otherwise noted. This is also the functional currency of the parent.

The financial statements of Icon Energy Limited and its controlled entities comply with all International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

Going concern

The consolidated financial statements have been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group has cash of $1,845,450 at 30 June 2022 and used $1,121,841 of cash in operations for the year ended 30 June 2022.

At 30 June 2022, the Group’s current assets exceed its current liabilities by $1,703,000. Included in non-current liabilities are restoration provisions of $5,031,976 whilst the corresponding exploration and evaluation assets, totaling $4,296,230 are recorded as non-current assets. The Group has a surplus in net assets of $1,781,068 (30 June 2021: $1,775,870) at 30 June 2022.

During the financial period ended 30 June 2022 and/or subsequent to year end, the Group implemented the following working capital management steps:

- On 29 September 2021, the Company made a placement to sophisticated investors of 60,000,000 ordinary shares at an issue price of $0.01 per share raising $600,000.
- The Company made a Rights Issue Offer as announced on 29 November 2021 with the closing date of 5 January 2022 and received valid acceptances to issue 97,150,302 ordinary shares at an issue price of $0.01 per share raising $971,503. The Rights Issue also included a listed bonus option for every share taken up at $0.05 per share expiring on 12 September 2022. 12,750 listed options were progressively exercised during the year and 13,243,677 listed options were exercised after the 30 June 2022 but before the expiry date of 12 September 2022. Option conversion raised a total of $662,821.35.

As at the date of this report, the Group has not secured a joint venturer for any of its tenements.

Authority to Prospect (ATP 855) expires on 31 October 2022. An application for renewal will be made on 4 October 2022 , the directors expect that ATP 855 will be renewed. The financial report and director’s cashflow forecast for the period 1 July 2022 to 30 September 2023 are based on the key assumption that the Group succeds in renewing ATP 855.

The Directors have prepared a cash flow forecast for the period from 1 July 2022 to 30 September 2023 based on the following expenditure:

- $764,000 care and maintenance costs in respect to ATP 855;
- $616,000 Directors Fees and Employees Salaries;
- $707,000 corporate administration costs; and
- $4,000,000 300 km2 of new 3D seismic acquisition in ATP 855.

The cashflow forecast for the period is based on the following key assumptions:

- the Group being successful in its renewal application in respect to ATP 855 which will be submitted on 4 October 2022 ; and
- the Group not being required to perform any significant rehabilitation work in respect to its recent surrender of ATP 594.
- The $4m seismic program will be funded through a capital raising, Farmee contribution or debt financing expected around March April 2023.

In adopting the cashflow forecast, the Directors are confident of :

- complying with all the necessary requirements under the Petroleum and Gas (Production and Safety) Act 2004 for the successful renewal of ATP 855, with no significant additional expenditure being required above that currently budgeted in the cashflow forecast period; and
- no significant expenditure being required for the above matters in respect to the surrender of ATP 594.

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1 - BASIS OF ACCOUNTING (Continued)

The Group's ability to carry out its business plan will be dependent upon the Group being successful with its renewal of ATP 855, and subsequently being able to fund its planned $4m seismic program.

The matters detailed above indicate a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern, and therefore whether the Group will realise its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of assets carrying amount or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

The financial report was authorised for issue by the Board of Directors on 30 September 2022.

Details of Icon Energy Limited accounting policies are included in Note 23.

NOTE 2 - LOSS FROM OPERATING ACTIVITIES

Loss from operating activities before income tax includes the following items	CONSOLIDATED ENTITY	
	30 June 2022	30 June 2021
a. Other income	$	$
Interest received	**1,948**	13,067
Government grant income (COVID-19 cash flow boost)	**-**	50,000
Insurance refund received	**-**	40,676
Other income	**-**	10,000
	1,948	**113,744**
b. Gain on sale of current assets		
Proceeds on disposal of inventory	**40,043**	-
Written down value of inventory	**(18,965)**	-
Cost of sale	**-**	-
	21,078	**-**
c. Impairment expense		
Impairment of exploration expenditure	**-**	1,662,567
Impairment of exploration asset	**-**	4,144,990
	-	**5,807,557**
d. Other expenses		
Superannuation	**18,590**	16,771
Audit and review of financial statements - Crowe	**56,900**	60,000

NOTE 3 - INCOME TAX EXPENSE

Loss before tax expense	**(1,468,076)**	(6,919,302)
Prima facie tax payable on loss before income tax at 30% (2020: 30%)	**(440,423)**	(2,075,791)
Increase/(decrease) in income tax expense due to:		
Non deductible expenses	**341**	87
Non-assessable income	**-**	(15,000)
Under/(over) provision in prior year	**-**	12,172
Deferred tax benefits not brought to account	**440,082**	2,078,532
Income Tax attributable to loss before tax	**-**	**-**

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

Tax losses	**66,295,776**	65,160,006
Potential tax benefit	**19,888,733**	19,548,002
Temporary differences		
Other	**67,796**	42,122
Provisions	**5,225,154**	4,589,232
Potential tax benefit	**1,587,885**	1,389,406
Total deferred tax benefits not brought to account	**21,476,618**	20,937,407
Deferred Tax Liabilities		
Mining and exploration costs	**2,231,698**	3,614,558
Total deferred tax liabilities not brought to account	**669,509**	1,084,367
Total deferred tax assets not brought to account - net	**20,807,109**	**19,853,041**

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 4 - KEY MANAGEMENT PERSONNEL REMUNERATION

		CONSOLIDATED ENTITY	
		30 June 2022	**30 June 2021**
(a)	Key management personnel compensation included in employee benefits:	**$**	**$**
	• Short term employee benefits	**374,766**	400,152
	• Long term benefits	**2,053**	1,711
	• Post employment benefits	**37,267**	37,416
	• Termination benefits	**-**	-
		414,086	**439,279**

Remuneration of Directors is disclosed in the administration expenses within the Consolidated Statement of Profit or Loss and other Comprehensive Income whereas other KPMs remuneration - within the emplyee benefits and expenses.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Company or Consolidated Entity since 1 July 2021 and there were no material contracts involving Directors' interests existing at year end.

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the entity's KMP for the year ended 30 June 2022.

(b) **Performance rights provided as remuneration**

There were no performance rights granted as remuneration during the period ended 30 June 2022 (30 June 2021: Nil).

Performance rights holdings

There were no performance rights granted under the executive short-term and long-term incentive scheme that were held during the financial year by Key Management Personnel during the period ended 30 June 2022 (30 June 2021: Nil).

There were options held by Key Management Personnel during the period ended 30 June 2022 (30 June 2021: Nil). Refer to the remuneration report contained in the directors' report for details of the options held by each of the entity's KMP for the year ended 30 June 2022.

(c) **Transactions with Directors and Director Related Entities**

Legal fees paid in the ordinary course of business to CKB Associates Lawyers, a firm which Mr. S Barry has a controlling interest.	**19,106**	**1,224**

There was an oustanding amount of $4,796 (included in the total above) as at 30 June 2022 (30 June 2021: Nil)

NOTE 5 - CASH AND CASH EQUIVALENTS

Cash on hand	**191**	541
Cash at bank	**1,845,259**	1,581,146
	1,845,450	**1,581,687**

NOTE 6 - INVENTORIES

Tenement consumables	**-**	153,765
Add: impairment reversal/(Less: impairment)	**18,965**	(153,765)
Less: inventories sold	**(18,965)**	-
	-	-

In the year ended 30 June 2022, inventories impairment was reversed by $18,965 as a result of sale of this portion of inventory (note 2(b)) in accordance with *AASB 102 Inventories* .

In the year ended 30 June 2021, inventories were impaired by $153,765 as a result of reassessment and an impairment review of inventory.

NOTE 7 - EXPLORATION AND EVALUATION EXPENDITURE

Exploration and Evaluation expenditure at cost	**4,296,230**	**3,910,950**

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 7 - EXPLORATION AND EVALUATION EXPENDITURE (Continued)

Reconciliations

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

Consolidated Entity	**CONSOLIDATED ENTITY**	
	30 June 2022 $	**30 June 2021 $**
Balance at beginning of the year	**3,910,950**	5,573,517
Increase/(decrease) in the restoration asset	**678,262**	4,144,990
Less: Depreciation of restoration asset	**(292,983)**	-
Less: Impairment	**-**	(5,807,557)
Balance at the end of the year	**4,296,230**	**3,910,950**

Exploration and evaluation expenditure is only carried forward if it is expected to be recovered. The ultimate recoupment of these costs is dependent on the successful development and exploitation, or alternatively farmout of the respective areas of interest. 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.

At 30 June 2022, the restoration provision for the remainder of the work was reviewed and increased based on the updated estimate from an independent assessor. Therefore, the corresponding asset was increased by $678,262 (30 June 2021: $4,144,990). Subsequently, the Group assessed its exploration and evaluation assets for impairment and due to substantative expenditure on further exploration being planned, no impairment was recorded and impairment of $57,699 recorded at half year was reversed as at 30 June 2022.

In the prior year, the restoration provision for ATP 855 was reviewed and increased due to the restoration of the remaining four wells being rescheduled to be completed in three years time. An updated estimate for the remainder of the work was acquired. Therefore, the corresponding asset was increased by $4,144,990. Subsequently, the Group assessed its exploration and evaluation assets for impairment and recorded an impairment of $4,144,990

As at 31 June 2022, Icon did not accepted the offer from the Victorian Dept of Earth Resources to take up PEP 170, 172 and 173 tenements in the Gippsland Basin.

At 30 June 2022 ATP 594 was already fully impaired in previous periods and hence no further impairment was required. ATP 594 expired on 16 April 2021, is now in the process of being relinquished and hence has been written off.

Despite the extension of the term of PRLs 35, 37, 38, 41, 43, 44, 45, 48 and 49 until 2024, the joint operation has no budgeted exploration works plan in place to perform exploration activity on these tenements in the future. As a result, this exploration asset has been fully impaired in the period ended 30 June 2021 in order to comply with the mandatory requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources.*

At 30 June 2021, an impairment of $1,662,567 was recorded for PEP 170 and PRLs 35, 37, 38, 41, 43, 44, 45, 48 and 49 .

The impairment of the carrying value of past exploration expenditure does not affect the potential prospectivity of the tenements themselves and does not affect any existing resource certification. The Group continues to seek funding and/or joint venturers to continue work on the ATP 855 tenement.

NOTE 8 - LEASES

This note provides information for leases where the group is a lessee.

The consolidated interim statement of financial position shows the following amounts relating to leases:

Right-of-use asset - Building		
Balance at beginning of the year	**118,905**	115,639
Depreciation charge for the year	**(75,394)**	(74,067)
Reassessment to right-of-use assets	**(5,605)**	77,332
Balance at the end of the year	**37,905**	118,905
Lease liabilities		
Current	**41,315**	75,973
Non-current	**-**	47,497
	41,315	123,470

The consolidated statement of profit or loss shows the following amounts relating to leases:

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 8 - LEASES (Continued)	CONSOLIDATED ENTITY	
	30 June 2022	30 June 2021
	$	$
Depreciation charge of right-of-use assets (included in depreciation expenses)		
Building	**75,394**	74,067
	75,394	74,067
Interest expense (included in finance cost)	**5,211**	7,823
The total cash outflow for leases	**82,579**	64,457

The Group leases its head office building. A renewal of the current lease contract was signed for a further term of one year commencing in February 2022 and ending in February 2023. It is expexcted that the lease will be renewed for another year effective

NOTE 9 - PROVISIONS

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

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

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

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

Consolidated Entity		
Restoration provision		
Current		
Balance at beginning of the year	**-**	**3,490,836**
Decrease in the restoration provision	**-**	**(208,723)**
Restoration expenditure	**-**	**(3,282,113)**
Balance at end of the year	**-**	**-**
Non-Current		
Balance at beginning of the year	**4,353,713**	**-**
Reclassification from current provision	-	**208,723**
Increase in the restoration provision	678,262	4,144,990
Balance at end of the year	**5,031,976**	**4,353,713**

At 30 June 2022 the non-current provision is based on the updated estimate provided by an independent assesser in August 2022 which is based on the actual costs incurred in rehabilitating Redland with consideration of the cost increases in the current market. This is seen as the best estimate of future expected costs to finalise rehabilitation. The liability for restoration is discounted to present value and increased by $678,262, increasing a corresponding asset by the same amount.

The Group had signed a contract to carry out restoration work in the second quarter of the 2020 calendar year but was delayed due to COVID-19 and commenced on 30 December 2020.

As at 30 June 2021, the first well, Halifax No.1, was successfully plugged over the deep gas zones. Originally it was estimated that the entire program for the five wells would take about 35 days if the program proceeded without problems. Problems encountered in Halifax resulted in a significant blow-out in time and costs. The well was suspended for later testing over the Callamurra Sandstone.

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 9 - PROVISIONS (Continued)

The coil tubing unit (CTU) then mobilized to Redland No.1 which was successfully plugged.
The CTU was then repositioned on Halifax to test the gas flow from the Callamurra sandstone. The well head had just been serviced but was found to be leaking a small amount of gas.

As a safety measure, it was decided that the well head should be shut in and the valves removed to Roma for re-conditioning.

The non-current provision at 30 June 2021 is based on the quote provided by an independent assesser which is based on the actual costs incurred in rehabilitating Redland. This is seen as the best estimate of future expected costs to finalise rehabilitation. The liability for restoration is discounted to present value and expensed through profit or loss. The periodic unwinding of the discount is recognised in profit or loss as part of finance costs.

The rehabilitation program in relation to the remaining wells in ATP855 has been deferred.

NOTE 10 - ISSUED CAPITAL

Authorised and Issued Share Capital

Issued share capital 754,769,990 (30 June 2021: 597,606,938) fully paid, no par value ordinary shares.

	30 June 2022		30 June 2021	
Fully Paid Shares	**Number of shares**	**$**	**Number of shares**	**$**
Balance at beginning of the year	**597,606,938**	**101,985,050**	597,606,938	101,985,050
Shares issued - September 2021	60,000,000	600,000	-	-
Shares issued - January 2022	97,150,302	971,503	-	-
Shares issued - Febarury 2022	6,750	338	-	-
Shares issued - March 2022	1,000	50	-	-
Shares issued - June 2022	5,000	250	-	-
Share issue costs	-	(98,867)	-	-
Balance at the end of the year	**754,769,990**	**103,458,324**	**597,606,938**	**101,985,050**

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

NOTE 11 - SHARE BASED PAYMENTS

There were no share based payment during the year ended 30 June 2022.

NOTE 12 - EARNINGS PER SHARE

		CONSOLIDATED ENTITY	
		30 June 2022 $	**30 June 2021 $**
(a)	Reconciliation of Earnings to Net Loss:		
	Net Loss for the year	**(1,468,076)**	(6,919,302)
	Earnings used in the calculation of basic EPS	**(1,468,076)**	(6,919,302)
	Earnings used in the calculation of diluted EPS	**(1,468,076)**	(6,919,302)
(b)	Weighted average number of ordinary shares outstanding during the year used in the calculation of basic EPS.	**688,063,561**	597,606,938
	Adjustment for calculation of diluted earnings per share	**45,242,531**	-
	Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted EPS.	**733,306,092**	597,606,938
	Basic and diluted loss per share (cents per share)	**(0.21)**	(1.16)

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 13 - CASH FLOW INFORMATION

	CONSOLIDATED ENTITY	
Reconciliation of net cash used in operating activities to loss after income tax:	30 June 2022 $	30 June 2021 $
Loss after income tax	**(1,468,076)**	(6,919,302)
Add/(less) non-cash items:		
Depreciation and amortisation	**374,766**	82,773
Impairment expense	**-**	1,662,567
Adjustment for changes in assets and liabilities		
Inventories	**-**	153,765
Prepayments	**(23,699)**	243,216
Trade and other receivables	**20,688**	3,167
Trade and other payables*	**(42,179)**	7,491
Lease libilities	**6,029**	(6,695)
Employee provisions	**10,630**	17,763
Restoration provision	**-**	862,877
Net cash used in operating activities	**(1,121,841)**	**(3,892,378)**

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

NOTE 14 - CAPITAL AND LEASING COMMITMENTS

Work Programme Commitments

The total commitments for work programmes for ATP 855 is as follows:

Exploration expenditure commitments		
• not later than 1 year	**4,000,000**	4,000,000
• later than one year but not later than five years	-	-
	4,000,000	**4,000,000**

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

NOTE 15 - JOINT ARRANGEMENTS AND MINING TENEMENTS HELD

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

Oil and Gas	Basin	Interest % 30 June 2022	Interest % 30 June 2021
ATP 594P*	Cooper Eromanga	**100.00%**	100.00%
ATP 855P	Cooper Eromanga	**100.00%**	100.00%
PRL's 35, 37, 38, 41, 43, 44, 45, 48 and 49 **	Cooper Eromanga	**33.33%**	33.33%
PEP 170***	Gippsland	**100.00%**	100.00%
PEP 172 ***	Gippsland	**100.00%**	100.00%
PEP 173 ***	Gippsland	**100.00%**	100.00%

* ATP 594 expired on 16 April 2021 and is in the process of being relinquished
** Formerly PEL 218 (Post Permian Section). Icon is withdrawing from the tenement and the JV subject to signing of the deed.
*** Icon did not accept the offer to take up PEP 172 and 173 from the Victorian Dept of Earth Resources. Icon applied to surrender PEP 170 and consent was given on 2 August 2022.

The joint operation has no budgeted exploration works plan in place to perform exploration activity on the tenements in the future. As a result, this exploration asset has been fully impaired in previous periods in order to comply with the mandatory requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources* .

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 16 - CONTROLLED ENTITIES

	Country of Incorporation	Date of Incorporation	% Owned 30 June 2022	% Owned 30 June 2021
Parent entity:				
Icon Energy Limited	Australia			
Subsidiaries of Icon Energy Limited:				
Icon Drilling Pty Ltd	Australia	18 Nov 1994	**100**	100

During the year ended 30 June 2021, the Consolidated Entity deregistered its subsidiary Jakabar Pty Ltd.

NOTE 17 - SEGMENT INFORMATION

The Consolidated Entity operates in a single business segment, being the oil and gas exploration and petroleum resources, predominantly within Queensland. This activity is conducted in the Cooper/Eromanga and Surat Basins in Australia, a single geographical segment. This is consistent with reporting to Icon's Board of Directors that reviews internal management reports on at least a monthly basis.

	Consolidated Entity 30 June 2022 $	Consolidated Entity 30 June 2021 $
Revenue		
Total segment revenue	**-**	-
Segment loss before income tax	**(1,468,076)**	(6,919,302)
Interest income	**1,948**	13,067
Finance cost	**(5,211)**	(7,823)
Government grant income (COVID-19 cash flow boost)	**-**	50,000
Other Income	**-**	10,000
Depreciation and amortisation of segment assets	**(374,766)**	(82,773)
Gain on sale of non-current assets	**-**	-
Impairment of Assets	**-**	(5,807,557)
Segment Assets	**7,038,095**	6,468,336
Segment Liabilities	**5,257,027**	4,692,467
Other segment information		
Acquisition of non-current segment assets	**5,091**	2,600

NOTE 18 - FINANCIAL INSTRUMENTS

Financial instruments comprise of the following:	NOTE	30 June 2022	30 June 2021
Financial Assets			
Cash and cash equivalents	5	**1,845,450**	1,581,687
Performance guarantee bonds		**756,220**	756,220
Amortised cost			
- Trade and other receivables		**2,118**	22,806
Financial Liabilities			
Held at amortised cost			
- Trade and other payables		**96,501**	138,680

The carrying values of financial assets and financial liabilities held at amortised cost approximate their fair value.

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 18 - FINANCIAL INSTRUMENTS (Continued)

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

The main purpose of non-derivative financial instruments is to raise finance for the Consolidated Entity's operations.

The Consolidated Entity does not have any derivative instruments at 30 June 2022 (30 June 2021: Nil).

Significant Accounting Policies
Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 23 to the financial statements.

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

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

The board of directors review the capital structure on a regular basis. As a part of the review the board considers the cost of capital and the risks associated with each class of capital.

The Consolidated Entity's overall strategy remains unchanged from 2021.

Financial Risk Management
The main risks the Consolidated Entity is exposed to through its financial assets and liabilities are credit risk, liquidity risk and market risk.

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

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

Interest rate risk

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

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

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

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 18 - FINANCIAL INSTRUMENTS (Continued)

Consolidated Entity	NOTE	Weighted Average Interest Rate %	Floating Interest $	Fixed Interest Rate Maturing: Within 1 year $	Fixed Interest Rate Maturing: 1 to 5 years $	Non interest bearing $	Total $
30 June 2022							
Financial assets							
Cash and cash equivalents	**5**	**0.09%**	**1,845,259**	**-**	**-**	**191**	**1,845,451**
Trade and other receivables		**-**	**-**	**-**	**-**	**2,116**	**2,116**
Performance guarantee bonds		**0.20%**	**738,148**	**-**	**-**	**18,072**	**756,220**
Total Financial Assets			**2,583,407**	**-**	**-**	**20,380**	**2,603,787**
Financial liabilities							
Trade and other payables		**-**	**-**	**-**	**-**	**96,501**	**96,501**
Total Financial Liabilities			**-**	**-**	**-**	**96,501**	**96,501**
Consolidated Entity							
30 June 2021							
Financial assets							
Cash and cash equivalents	5	0.01%	1,581,146	-	-	541	1,581,688
Trade and other receivables		-	-	-	-	22,805	22,805
Performance guarantee bonds		0.20%	738,148	-	-	18,072	756,220
Total Financial Assets			2,319,294	-	-	41,418	2,360,712
Financial liabilities							
Trade and other payables		-	-	-	-	138,680	138,680
Total Financial Liabilities			-	-	-	138,680	138,680

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

For personal use only

NOTE 18 - FINANCIAL INSTRUMENTS (Continued)

Cash flow sensitivity analysis for variable rate instruments

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

At 30 June 2022, if the interest rates had increased / decreased by 0.5% from the period-end rates with all other variables held constant, post-tax profit for the year for the Consolidated Entity would have been $7,319 higher/$7,321 lower (30 June 2021: $12,615 higher/$12,731 lower), mainly as a result of the Consolidated Entity's exposure to interest rates on its variable rate cash and cash equivalents.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity enters into legally binding contracts and management monitors the progress of these contracts in accordance with contract values, as a means of mitigating the risk from financial loss.

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

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

(c) Liquidity risk

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

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

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

The following are contractual maturities of financial liabilities:

	Carrying Amount $	Contractual Cashflows $	<1Year $	1-5 Years $
30 June 2022				
Trade and other payables	**96,501**	**96,501**	**96,501**	**-**
Lease liability	**41,315**	**41,315**	**41,315**	**-**
	137,816	**137,816**	**137,816**	**-**
30 June 2021				
Trade and other payables	138,680	138,680	138,680	-
Lease liability	123,470	123,470	75,973	47,497
	262,150	**262,150**	**214,653**	**47,497**

The Consolidated Entity's liquidity risk relating to financial liabilities at 30 June 2022 is limited to the repayment of the trade payables and lease liability. Trade payables are short-term in nature. The Consolidated Entity does not finance exploration activities through debt.

Fair value estimation

The carrying values less provision for impairment of financial assets and financial liabilities of the Consolidated Entity, as stated in the Consolidated Statement of Financial Position and accompanying explanatory notes at 30 June 2022, are a reasonable approximation of their fair values due to the short-term nature of the instruments.

No financial assets and financial liabilities are traded in active markets.

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 19 - RELATED PARTY TRANSACTIONS

- Interests in subsidiaries are disclosed in note 16.
- Transactions with Directors and Director Related Entities are disclosed in note 4.
- There were no other related party transactions during the year ended 30 June 2022 or 30 June 2021.

NOTE 20 - CONTINGENT LIABILITIES

There are no contingent liabilties as at 30 June 2022 (30 June 2021: Nil).

NOTE 21 - EVENTS AFTER BALANCE DATE

A total of 13,243,677 listed options were exercised after the 30 June 2022 but before the expiry date of 12 September 2022 raising a total of $662,183.35.

Otherwise there are no other after balance sheet date events at the date of signing (30 June 2021: Nil).

NOTE 22 - PARENT ENTITY INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 23 for a summary of the significant accounting policies relating to the Consolidated Entity.

Financial position

	30 June 2022 $	30 June 2021 $
Assets		
Current assets	**1,886,253**	1,619,204
Non-current assets	**5,110,044**	4,807,061
Total assets	**6,996,297**	**6,426,265**
Liabilities		
Current liabilities	**225,050**	291,256
Non-current liabilities	**5,031,977**	4,401,212
Total liabilities	**5,257,027**	**4,692,468**
Net Assets	**1,739,269**	**1,733,797**
Equity		
Issued capital	**103,458,324**	101,985,050
Accumulated losses	**(101,719,053)**	(100,251,253)
Total equity	**1,739,271**	**1,733,797**
Financial performance		
Loss for the year	**(1,467,800)**	(6,919,348)
Other comprehensive income	**-**	-
Total comprehensive income	**(1,467,800)**	**(6,919,348)**
Guarantees entered into by the parent entity in relation to the debts of its subsidiaries		
Carrying amount included in current liabilities	**-**	**-**

Contingent liabilities of the parent entity

There are no contingent assets at the date of this report that require disclosure. Contingent liabilties are disclosed in note 20.

The parent entity did not have any contractual commitments for the acquisition of property, plant or equipment as at 30 June 2022 or 30 June 2021.

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 23 - STATEMENT OF ACCOUNTING POLICIES

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

(a) Changes in Accounting Policies

Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. None of these have had a material impact on Consolidate Entity's financial statements.

Standards and Interpretations issued but not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting periods. Some of them are available for early adoption at 30 June 2022, but have not been applied in preparing this financial report. The Consolidated Entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Reference	Application date of standard	Impact on Group financial report	Application start date for the Group
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	1 January 2022	This standard amends AASB 101 *Presentation of Financial Statements* to: • Clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period • Specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability • Explain that rights are in existence if covenants are complied with at the end of the reporting period • Introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The impact of application of this Amending Standard that it will have on the Group's consolidated financial statements has not yet been assessed.	30 June 2023
AASB 2021-2 Amendments to AASB 7, AASB 101, AASB 134 Interim Financial Reporting and AASB Practice Statement 2 Making Materiality Judgements– Disclosure of Accounting Policies	1 January 2023	This standard amends AASB 101 *Presentation of Financial Statements* and requires the disclosure of ***material*** accounting policy information, instead of ***significant*** accounting policies.	30 June 2024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 23 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(b) Principles of Consolidation

A controlled entity is any entity controlled by Icon Energy Limited. Control exists where Icon Energy Limited is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A list of controlled entities is contained in Note 16 to the accounts. All controlled entities have a June financial year end.

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

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

(c) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

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

Exploration and evaluation expenditure

The application of the Group's policy for exploration and evaluation discussed in Note 23(g) requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available.

Exploration and evaluation expenditure is assessed for impairment in line with AASB 6 *Exploration for and Evaluation of Mineral Resources*. When the circumstances suggest that the carrying amount of an exploration and evaluation expenditure asset may exceed its recoverable amount, the Group measures any impairment loss and discloses it in the consolidated statement of profit or loss and other comprehensive income. To make the judgement the Group involves independent valuation experts that determine the value as disclosed in note 7. There is therefore the risk that actual values realised may be materially different to those disclosed in these financial statements.

Restoration provision

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

(d) Income Tax

Income tax comprises current and deferred tax.

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

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

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

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

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

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

For personal use only

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 23 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(d) Income Tax (Continued)

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

Icon Energy Limited ("Head entity") and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the ‘stand-alone taxpayer’ approach to allocation. Current tax liabilities/(assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Tax Office that it had formed an income tax consolidated group to apply from 1 July 2008.

(e) Goods and Services Tax

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

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

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

(f) Property, Plant, and Equipment

Property, plant and equipment are brought to account at cost less, where applicable, any accumulated depreciation and accumulated impairment losses. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the asset's employment and subsequent disposal.

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

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

Class of Asset	Depreciation Rate
Plant and equipment	20 – 40%
Leasehold improvements	50%
Right-of-use asset	50%

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

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 23 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(g) Exploration, Evaluation and Development Expenditure

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

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

When commercial production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash-generating unit shall not be larger than the area of interest.

(h) Interests in Joint Arrangements

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

Joint Operations

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

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

(i) Trade Creditors

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

(j) Cash and Cash Equivalents

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

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

(k) Provisions

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

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

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 23 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(k) Provisions (Continued)

Restoration provision

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

Changes in the estimates of restoration costs are dealt with prospectively by recognising an adjustment to the restoration liability and a corresponding adjustment to the asset to which it relates. If any reduction in the restoration liability exceeds the carrying amount of that asset, any excess is recognised in profit or loss. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(l) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

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

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly of office expenses, and income tax assets and liabilities.

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

(m) Comparative Figures

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

(n) Financial Instruments

Recognition

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

Financial assets

AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value Through Profit or Loss (FVTPL). The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The Group’s loans and receivables are classified as amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 23 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(n) Financial Instruments (Continued)

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Impairment

Financial assets

AASB 9 uses an ‘expected credit loss’ (ECL) model. The impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(o) Impairment of Non-Financial Assets

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

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

(p) Foreign Currency Transactions and Balances

Functional and presentation currency

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 23 - STATEMENT OF ACCOUNTING POLICIES (Continued)

(q) Inventories

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

(r) Leases

Leases are recognisd as a right-of-use asset and a corresponding liability.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short term leases and leases of low value assets are recognised in profit and loss on a straight-line basis with a lease term of 12 months or less.

For personal use only

For personal use only

ADDITIONAL SHAREHOLDER INFORMATION

On-market buy-back

There is no on-market buy back transactions during 2021-2022 financial year.

Distribution of Shareholdings

The distribution of ordinary shareholders ranked according to size at 28 September 2022 was as follows:

Range	Total Holders	Units	Capital
1 - 1,000	396	54,452	0.01
1,001 - 5,000	935	3,057,331	0.40
5,001 - 10,000	744	6,267,831	0.82
10,001 - 100,000	1,895	68,435,920	8.91
100,001 - 250,000	314	51,884,785	6.76
Over 250,001	298	638,313,348	83.11
Rounding			- 0.01
TOTAL	**4,582**	**768,013,667**	**100**

Unmarketable Parcels as at 28 September 2022	Minimum Parcel Size	Holders	Units
Minimum $ 500.00 parcel at $ 0.0140 per unit	35,715	3,262	34,176,820

Voting Rights

All ordinary shares carry one vote per share without restriction.

Twenty Largest Ordinary Shareholders

For the names of the twenty largest holders as at 28 September 2022:

Rank	Name	Shares Held	% of Issued Capital
1	HK PROSPEROUS TECHNOLOGY LIMITED	80,318,393	10.46
2	BNP PARIBAS NOMINEES PTY LTD <LGT BANK AG DRP>	62,081,816	8.08
3	RAY JAMES	50,076,937	6.52
4	SABA SUPER PTY LTD <SABA SUPERANNUATION FUND A/C>	45,000,000	5.86
5	MR EDDIE SABA	23,813,067	3.10
6	MR DANIEL SABA	21,000,000	2.73
7	HOWARD LU	16,068,181	2.09
8	CITICORP NOMINEES PTY LIMITED	15,444,440	2.01
9	MRS LILIANA ENZA BAYEH + MR JAMIL BAYEH	15,000,000	1.95
9	WILLATON PROPERTIES PTY LTD	15,000,000	1.95
11	MR KELWYN ROY MCMEIKAN	14,000,000	1.82
12	TAIWAN FRUCTOSE CO LTD	9,000,000	1.17
13	MR CHRISTOPHER G CHANDLER	8,500,000	1.11
14	MR ROBERT CAMERON GALBRAITH	8,025,000	1.04
15	SAMBOR TRADING PTY LTD	7,672,773	1.00
16	MR ANDREW DOWDESWELL <EXPLORATION RESOURCE SS A/C>	7,250,000	0.94
17	IRIS SYDNEY HOLDINGS PTY LTD	6,948,481	0.90
18	JOHN E GILL TRADING PTY LTD	5,861,750	0.76
19	MR IANAKI SEMERDZIEV	5,611,500	0.73
20	MS MALAKY KAZEM	4,705,964	0.61
	Totals: Top 20 holders of FULLY PAID ORDINARY SHARES (TOTAL)	**421,378,302**	**54.87**
	Total Remaining Holders Balance	**346,635,365**	**45.13**

Substantial Holders

Rank	Name	Shares Held	% of Issued Capital
1	HK PROSPEROUS TECHNOLOGY LIMITED	80,318,393	10.46
2	MR EDDIE SABA (HOLDING THROUGH SABA SUPER PTY LTD <SABA SUPERANNUATION FUND A/C>)	71,076,937	9.25
3	RAY JAMES	50,076,937	6.52
4	MR CHING-TANG LI (HOLDING THROUGH BNP PARIBAS NOMINEES PTY LTD <LGT BANK AG DRP>)	39,347,341	5.12
	Totals: Substantial holders of FULLY PAID ORDINARY SHARES	**240,819,608**	**31.35**