



# ICON ENERGY LIMITED

ABN 61 058 454 569

---

**Registered Office:**

Level 4, 19 Arbour Court  
ROBINA TOWN CENTRE QLD 4230 AUSTRALIA  
(PO Box 3366)

**Ph:** (07) 5562 0077

**Fax:** (07) 5562 0011

**Web:** [www.iconenergy.com](http://www.iconenergy.com)

**Email:** [icon@iconenergy.com](mailto:icon@iconenergy.com)

---

11 September 2008

**The Manager**

**Company Announcements Office  
Australian Securities Exchange Limited  
20 Bridge Street  
Sydney NSW 2000**

Dear Sir

Icon Energy Limited submits its half-yearly financial statements as per the attached documents.

**Ray McNamara  
Executive Director/Company Secretary  
Icon Energy Limited**

**ICON ENERGY LIMITED and its Controlled Entities**

# **Icon Energy Limited**

**ABN 61 058 454 569**

**Interim Financial Report  
30 June 2008**

**ICON ENERGY LIMITED and its Controlled Entities**

**ICON ENERGY LIMITED ABN 61 058 454 569**

**INTERIM FINANCIAL REPORT**

**Table of Contents**

|   |    |
|---|----|
| Directors' Report                           | 3  |
| Lead Auditor's Independence Declaration     | 7  |
| Consolidated Income Statement               | 8  |
| Consolidated Balance Sheet                  | 9  |
| Consolidated Statement of Changes in Equity | 10 |
| Consolidated Cash Flow Statement            | 11 |
| Notes to the financial statements           | 12 |
| Directors' Declaration                      | 16 |
| Independent Review Report to Members        | 17 |

## ICON ENERGY LIMITED and its Controlled Entities

### Directors' Report

The directors present their report together with the consolidated financial report of Icon Energy Limited ("Icon") and its controlled entities for the half-year ended 30 June 2008.

#### Directors

The names of directors who held office during or since the end of the half-year:

| <u>Name of Non-Executive Director</u>        | <u>Period of Directorship</u> |
|--|-------------------------------|
| Martin Pyecroft (Chairman)                   | Director since 24/01/1997     |
| Stephen Michael Barry                        | Director since 05/01/1993     |
| <u>Name of Executive Directors</u>           |                               |
| Raymond Swinburn James (Managing Director)   | Director since 01/02/1993     |
| Raymond Patrick McNamara (Company Secretary) | Director since 09/07/2007     |

#### Principal Activities

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

#### Dividends Paid or Recommended

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

#### Review of Operations and Results

##### Australian Operations

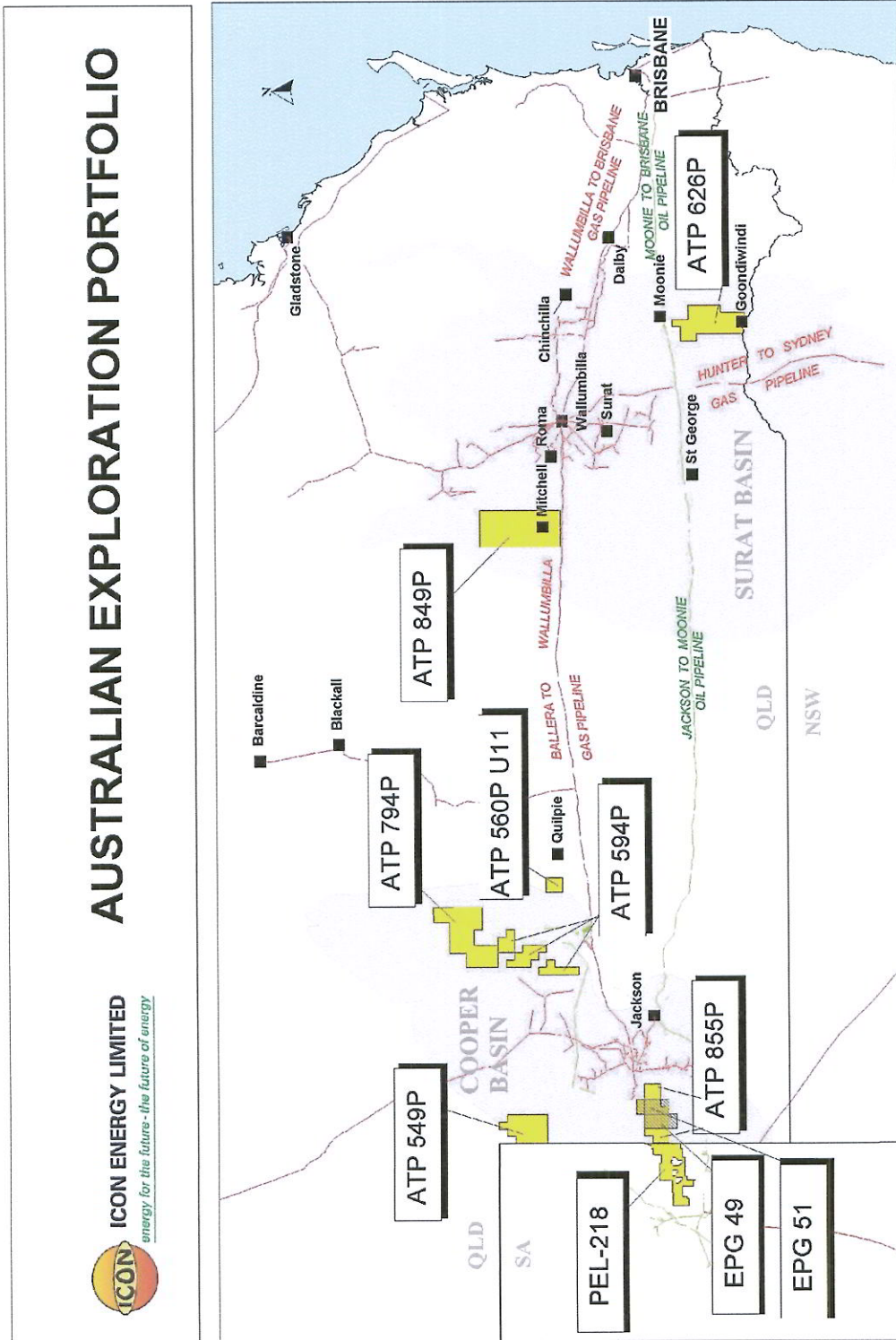
For the first half of the year, Icon continued its strategy of acquiring exploration properties and positioning itself for a sustainable program of exploration and development.

##### Sales and Farmin Agreements

Icon has continued to both increase the exploration tenements in the first half of 2008 and continued its development of the ATP 626P Coal Seam Gas tenement. With the successful tendering for two Geothermal exploration tenements, Icon now has a portfolio of eleven (11) exploration blocks as follows:

| Oil and Gas | Basin                                 | Interest %   | Interest %       |
|-------------|---------------------------------------|--------------|------------------|
|             |                                       | 30 June 2008 | 31 December 2007 |
| ATP 549P    | Cooper Eromanga                       | 33.33%       | 33.33%           |
| ATP 594P    | Cooper Eromanga                       | 50.00%       | 50.00%           |
| ATP 794 P   | Eromanga Regleigh & Springfield Areas | 60.00%       | 60.00%           |
| ATP 794 P   | Eromanga Brightspot area              | 75.00%       | 75.00%           |
| ATP 626P    | Surat                                 | 100.00%      | 100.00%          |
| ATP 849P    | Surat                                 | 80.00%       | 80.00%           |
| ATP 855P    | Cooper Eromanga                       | 80.00%       | 80.00%           |
| PEL 218     | Cooper Eromanga                       | 33.33%       | 33.33%           |
| ATP 560     | Cooper Eromanga                       | 50.50%       | 50.50%           |
| EPG 49      | Cooper Eromanga                       | 100.00%      | -                |
| EPG 51      | Cooper Eromanga                       | 100.00%      | -                |

These permits are shown on the following diagram



**ICON ENERGY LIMITED and its Controlled Entities**  
**Directors' Report (Continued)**

**ATP 626P**

The bulk of Icon's resources are dedicated to the development of the Coal Seam Gas resources at ATP 626P. The key developments for this half-year are:

- (i) Icon finalised the drilling of three coal seam gas wells;
- (ii) Icon entered into a memorandum of understanding for the sale of up to 300PJs of gas over the next fifteen (15) years;
- (iii) Icon recruited a geological and engineering team to plan the development of the gas resource;
- (iv) Icon's plans include a 24 well exploration program and a 149 well development program. Both programs are to be revised as more information comes to hand. The 24 well exploration program will be undertaken in three stages. Stage 1 involves the testing of Stitch No.1 . Stage 2 is a three well pilot program centred around Lydia No.1. The final stage includes core drilling and appraisal drilling over the entire block to establish commercial reserves.

Icon currently estimates its gas in place (GIP) resource to be 5.43TCF or 5,430 PJ.

This resource is often referred to as Petroleum Initially in Place (PIIP). The drilling and testing program currently underway is aimed at defining the reservoir characteristics to enable calculations to be made to quantify the volume of 1P, 2P and 3P reserves within the permit.

In the absence of this data, but using conservative assumptions, the prospective gas resource independently estimated for the 5.43 TCF (PIIP) estimate is in the range of as little as 430 PJ to 2050 PJ. Icon believes this range to be conservative, as other modelling assumptions result in higher values. Icon's appraisal program over the next 9-10 months is designed to provide actual data to confirm these number estimates by moving the prospective resource categorisation to a proven gas reserve.

**USA Operations**

Bayou Choctaw Leases (CLK Energy Inc.) continue to perform below our expectations. Production continues from the Morley Cyprus and Wilbert Leases, but at limited volumes. Icon participated in a workover of the Wilbert No. 10 well in the first half of this year. Our operator and farmin partner continues to suffer liquidity problems and is seeking to sell its interest. Oil prices remain over \$US 100.00 per barrel and gas prices in Louisiana are in the range of \$US8.50 - \$US11.00 per MCF. When Icon negotiated the Bayou Choctaw Lease, oil was priced at \$US12.00 per barrel and gas at \$US1.90. The potential of this field still presents excellent value opportunities for Icon.

Icon' Board believes that the prospects for the US operations are good but are dependent on resolving the current problems with the operator.

Lease interests held in Bayou Choctaw area Louisiana USA:

|                   |           | Interest %<br>30 June<br>2008 | Interest %<br>31 December<br>2007 |
|-------------------|-----------|-------------------------------|-----------------------------------|
| Victory Financial | Louisiana | 38.50%                        | 38.50%                            |
| Victory Financial | Louisiana | 19.00%                        | 19.00%                            |
| Wilbert's         | Louisiana | 13.20%                        | 13.20%                            |

**Financial position**

Icon enters the second half of the 2008 financial year in a healthy financial position.

The cash balance as at 30 June 2008 is approximately \$2.6m. During the half-year Icon raised additional capital through private placements. These placements successfully raised \$2,800,000 which was applied to funding Icon's administration and operation expenses and forms the basis for the completion of the Stage 1 Appraisal Drilling in ATP 626P Program. Subsequent to the end of the half-year, Icon has raised a further \$2.7m by way of private placement. These funds will enable the company to complete Stage 1 of its planned development program and commence Stage 2 of that program in ATP 626 and the seismic data acquisition program in PEL 218 in South Australia.

**ICON ENERGY LIMITED and its Controlled Entities**

**Directors' Report (Continued)**

**Significant Changes in State of Affairs**

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

**Auditor's Declaration**

The lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001* is set out on page 7 for the half-year ended 30 June 2008.

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



Director .....

Ray James  
Managing Director

Signed at Robina, 9 September 2008

## ICON ENERGY LIMITED and its Controlled Entities



### 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, during the half-year ended 30 June 2008 there has been:

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

*WHK Horwath*

WHK Horwath

*M. D. Cole*

RQ COLE  
Principal

Brisbane, 9 September 2008

*Liability Limited by a scheme approved under Professional Standards Legislation*

*Total Financial Solutions*



Horwath refers to Horwath International Association, a Swiss entity.  
Each member of the Association is a separate and independent legal entity.

Member Horwath International  
WHK Horwath Brisbane  
Level 16, WHK Horwath Centre 120 Edward Street  
Brisbane Queensland 4000 Australia  
GPO Box 736 Brisbane Queensland 4001 Australia  
Telephone +61 7 3233 3555 Facsimile +61 7 3210 6183  
Email [info.bri@whkhorwath.com.au](mailto:info.bri@whkhorwath.com.au) [www.whkhorwath.com.au](http://www.whkhorwath.com.au)  
A WHK Group firm

**CONSOLIDATED INCOME STATEMENT**  
**ICON ENERGY AND ITS CONTROLLED ENTITIES FOR THE HALF-YEAR ENDED 30 JUNE 2008**

|  | Note | CONSOLIDATED          |                       |
|--|------|-----------------------|-----------------------|
|  |      | 30 JUNE<br>2008<br>\$ | 30 JUNE<br>2007<br>\$ |
| Revenue                                      |      | 14,648                | 70,091                |
| Less: Cost of sales                          |      | (60,038)              | (111,879)             |
| Gross Loss                                   |      | (45,390)              | (41,788)              |
| Other income                                 |      | 67,463                | 4,518,964             |
| Administration expenses                      |      | (781,508)             | (556,649)             |
| Depreciation and amortisation                |      | (28,182)              | (9,426)               |
| Employee benefits and expenses               |      | (325,853)             | (27,528)              |
| Occupancy expenses                           |      | (80,017)              | (39,572)              |
| Impairment of exploration expenditure        |      | -                     | (49,419)              |
| Finance costs                                |      | (9,654)               | (2,379)               |
| <b>Profit/(Loss) before income tax</b>       |      | <b>(1,203,141)</b>    | <b>3,792,203</b>      |
| Income tax expense                           |      | -                     | -                     |
| <b>Profit/(Loss) for the year</b>            | 2    | <b>(1,203,141)</b>    | <b>3,792,203</b>      |
| Basic earnings per share (cents per share)   |      | (0.42)                | 1.35                  |
| Diluted earnings per share (cents per share) |      | (0.36)                | 1.25                  |

*The accompanying notes form part of these financial statements.*

**CONSOLIDATED BALANCE SHEET**  
**ICON ENERGY AND ITS CONTROLLED ENTITIES AS AT 30 JUNE 2008**

|                                |   | CONSOLIDATED          |                           |
|--------------------------------|---|-----------------------|---------------------------|
|                                |   | 30 JUNE<br>2008<br>\$ | 31 DECEMBER<br>2007<br>\$ |
| <b>CURRENT ASSETS</b>          |   |                       |                           |
|                                |   | 2,622,365             | 1,462,259                 |
|                                |   | 59,611                | 685,370                   |
|                                |   | 29,944                | 30,223                    |
|                                |   | <b>2,711,920</b>      | <b>2,177,852</b>          |
| <b>NON-CURRENT ASSETS</b>      |   |                       |                           |
|                                |   | 293,951               | 218,092                   |
|                                | 4 | 8,059,547             | 8,188,848                 |
|                                |   | <b>8,353,498</b>      | <b>8,406,940</b>          |
|                                |   | <b>11,065,418</b>     | <b>10,584,792</b>         |
| <b>CURRENT LIABILITIES</b>     |   |                       |                           |
|                                |   | 147,896               | 1,057,367                 |
|                                | 5 | 36,064                | 32,619                    |
|                                |   | 227,619               | 153,619                   |
|                                |   | <b>411,579</b>        | <b>1,243,605</b>          |
| <b>NON-CURRENT LIABILITIES</b> |   |                       |                           |
|                                | 5 | 149,597               | 168,490                   |
|                                |   | 81,284                | 81,284                    |
|                                |   | <b>230,881</b>        | <b>249,774</b>            |
|                                |   | <b>642,460</b>        | <b>1,493,379</b>          |
|                                |   | <b>10,422,958</b>     | <b>9,091,413</b>          |
| <b>EQUITY</b>                  |   |                       |                           |
|                                | 6 | 29,152,737            | 26,351,737                |
|                                |   | (3,107,842)           | (2,841,528)               |
|                                |   | (15,621,937)          | (14,418,796)              |
|                                |   | <b>10,422,958</b>     | <b>9,091,413</b>          |

*The accompanying notes form part of these financial statements.*

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**ICON ENERGY AND ITS CONTROLLED ENTITIES FOR THE HALF-YEAR ENDED 30 JUNE 2008**

| <b>CONSOLIDATED</b>                | <b>Ordinary Share<br/>Capital<br/>\$</b> | <b>Foreign Exchange<br/>Reserve<br/>\$</b> | <b>Accumulated<br/>Losses<br/>\$</b> | <b>Total<br/>\$</b> |
|------------------------------------|--|--|--------------------------------------|---------------------|
| Balance at 1 January 2007          | 25,692,737                               | (2,529,903)                                | (17,617,340)                         | 5,545,494           |
| Shares issued                      | 659,000                                  | -  | -                                    | 659,000             |
| Profit/(Loss) for the period       | -  | -  | 3,792,203                            | 3,792,203           |
| Restatement of functional currency | -  | (211,757)                                  | -                                    | (211,757)           |
| <b>Balance at 30 June 2007</b>     | <b>26,351,737</b>                        | <b>(2,741,660)</b>                         | <b>(13,825,137)</b>                  | <b>9,784,940</b>    |
| Balance at 1 January 2008          | 26,351,737                               | (2,841,528)                                | (14,418,796)                         | 9,091,413           |
| Shares issued                      | 2,801,000                                | -  | -                                    | 2,801,000           |
| Profit/(Loss) for the period       | -  | -  | (1,203,141)                          | (1,203,141)         |
| Restatement of functional currency | -  | (266,314)                                  | -                                    | (266,314)           |
| <b>Balance at 30 June 2008</b>     | <b>29,152,737</b>                        | <b>(3,107,842)</b>                         | <b>(15,621,937)</b>                  | <b>10,422,958</b>   |

*The accompanying notes form part of these financial statements.*

## CASH FLOW STATEMENT

ICON ENERGY AND ITS CONTROLLED ENTITIES FOR THE HALF-YEAR ENDED 30 JUNE 2008

| CONSOLIDATED |            |
|--------------|------------|
| 30 JUNE      | 30 JUNE    |
| 2008         | 2007       |
| \$           | \$         |
| Inflows      | Inflows    |
| (Outflows)   | (Outflows) |

### CASH FLOWS FROM OPERATING ACTIVITIES

|  |                    |                  |
|--|--------------------|------------------|
| Cash receipts from customers             | 17,149             | 75,077           |
| Cash payments to suppliers and employees | (1,901,079)        | (772,397)        |
| Interest received                        | 64,962             | 13,978           |
| Finance costs                            | (9,654)            | (2,379)          |
| Net Cash used in operating activities    | <u>(1,828,622)</u> | <u>(685,721)</u> |

### CASH FLOWS FROM INVESTING ACTIVITIES

|   |                |                  |
|---|----------------|------------------|
| Proceeds from sale of property, plant & equipment | -              | 6,028            |
| Payments for property, plant & equipment          | (104,040)      | -                |
| Payments for deferred mining and exploration      | (142,784)      | (2,719)          |
| Proceeds from sale of non current assets          | 450,000        | 4,050,000        |
| Net Cash from investing activities                | <u>203,176</u> | <u>4,053,309</u> |

### CASH FLOWS FROM FINANCING ACTIVITIES

|   |                  |                  |
|---|------------------|------------------|
| Proceeds from issue of share capital                    | 2,801,000        | 659,000          |
| Repayment of borrowings                                 | (15,448)         | (5,139)          |
| Net cash from finance activities                        | <u>2,785,552</u> | <u>653,861</u>   |
| Net increase/(decrease) in cash and cash equivalents    | 1,160,106        | 4,021,449        |
| Cash and cash equivalents at beginning of the half-year | 1,462,259        | 115,100          |
| Cash and cash equivalents at the end of the half-year   | <u>2,622,365</u> | <u>4,136,549</u> |

*The accompanying notes form part of these financial statements.*

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2008**  
**ICON ENERGY AND ITS CONTROLLED ENTITIES AS AT 30 JUNE 2008**

**NOTE 1 - STATEMENT OF ACCOUNTING POLICIES**

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2007 and any public announcements made by Icon Energy Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The financial report was authorised for issue by the directors on the 9th September 2008.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the December 2007 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

*Reporting Basis and Conventions*

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied

**NOTE 2 - PROFIT/(LOSS) FOR THE PERIOD**

| CONSOLIDATED    |                 |
|-----------------|-----------------|
| 30 JUNE<br>2008 | 30 JUNE<br>2007 |

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

|   |        |           |
|---|--------|-----------|
| Write-off of capitalised exploration expenditure on areas of interest abandoned during the period | -      | (49,419)  |
| Net gain/(loss) on disposal of assets   | 25,250 | (4,524)   |
| Sale of ATP 765 and 766   | -      | 4,500,000 |

**NOTE 3 - DIVIDENDS**

No dividends have been declared and paid since the end of the previous annual reporting period.

**NOTE 4 - OTHER NON-CURRENT ASSETS**

| CONSOLIDATED     |                     |
|------------------|---------------------|
| 30 JUNE<br>2008  | 31 December<br>2007 |
| 8,059,547        | 8,188,848           |
| <b>8,059,547</b> | <b>8,188,848</b>    |

Exploration and Evaluation Expenditure at cost

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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2008**  
**ICON ENERGY AND ITS CONTROLLED ENTITIES AS AT 30 JUNE 2008**

**NOTE 5 - BORROWINGS**

|                           | CONSOLIDATED    |                     |
|---------------------------|-----------------|---------------------|
|                           | 30 JUNE<br>2008 | 31 December<br>2007 |
| <b>Secured</b>            |                 |                     |
| <b>Current</b>            |                 |                     |
| Hire purchase liabilities | 36,064          | 32,619              |
|                           | <u>36,064</u>   | <u>32,619</u>       |
| <b>Non Current</b>        |                 |                     |
| Hire purchase liability   | 149,597         | 168,490             |
|                           | <u>149,597</u>  | <u>168,490</u>      |

The Hire purchase liabilities are secured by motor vehicles with a book value of \$160,886 as at 30 June 2008 (31 December 2007: \$180,152), are subject to interest rates between 7.95% and 8.35% and repayable in monthly instalments of \$4,057.23, including finance charges.

**NOTE 6 - ISSUED CAPITAL**

*Share Capital*

|   | Number of shares   |                     | 30 June           | 31 December       |
|---|--------------------|---------------------|-------------------|-------------------|
|   | 30 June<br>2008    | 31 December<br>2007 | 2008<br>\$        | 2007<br>\$        |
| <b>Fully Paid Shares</b>                |                    |                     |                   |                   |
| Balance at beginning of the period      | 282,496,906        | 269,846,906         | 26,351,737        | 25,692,737        |
| Shares issued:                          |                    |                     |                   |                   |
| - January 2007 - Shares issued for cash | -                  | 10,000,000          | -                 | 500,000           |
| - April 2007 - Shares issued for cash   | -                  | 2,650,000           | -                 | 159,000           |
| - June 2008 - Shares issued for cash    | 16,000,000         | -                   | 2,801,000         | -                 |
| Balance at the end of the period        | <u>298,496,906</u> | <u>282,496,906</u>  | <u>29,152,737</u> | <u>26,351,737</u> |

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

|                                       | Number of options | Number of options |
|---------------------------------------|-------------------|-------------------|
|                                       | 30 June 2008      | 31 December 2007  |
| <b>Options</b>                        |                   |                   |
| Balance at beginning of the half-year | 20,000,000        | 20,000,000        |
| Options                               | -                 | -                 |
| Options exercised during the year     | -                 | -                 |
| Options issued during the year        | -                 | -                 |
| Balance at the end of the half-year   | <u>20,000,000</u> | <u>20,000,000</u> |

**Terms and conditions for the options are as follows:**

| Exercise date    | Expiry date      | Exercise price   |
|------------------|------------------|--|
| 31 December 2006 | 31 December 2008 | 20% below market average<br>for 5 days prior to exercising |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2008**  
**ICON ENERGY AND ITS CONTROLLED ENTITIES AS AT 30 JUNE 2008**

**NOTE 7 - JOINT VENTURES**

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

| Oil and Gas | Basin                                 | Interest %      | Interest %          |
|-------------|---------------------------------------|-----------------|---------------------|
|             |                                       | 30 June<br>2008 | 31 December<br>2007 |
| ATP 549P    | Cooper Eromanga                       | 33.33%          | 33.33%              |
| ATP 594P    | Cooper Eromanga                       | 50.00%          | 50.00%              |
| ATP 794 P   | Eromanga Regleigh & Springfield Areas | 60.00%          | 60.00%              |
| ATP 794 P   | Eromanga Brightspot area              | 75.00%          | 75.00%              |
| ATP 626P    | Surat                                 | 100.00%         | 100.00%             |
| ATP 849P    | Surat                                 | 80.00%          | 80.00%              |
| ATP 855P    | Cooper Eromanga                       | 80.00%          | 80.00%              |
| PEL 218     | Cooper Eromanga                       | 33.33%          | 33.33%              |
| ATP 560     | Cooper Eromanga                       | 50.50%          | 50.50%              |
| EPG 49      |                                       | 100.00%         | -                   |
| EPG 51      |                                       | 100.00%         | -                   |

Lease interests held in Bayou Choctaw area Louisiana USA

|                           |           |        |        |
|---------------------------|-----------|--------|--------|
| Victory Financial (North) | Louisiana | 38.50% | 38.50% |
| Victory Financial (South) | Louisiana | 19.00% | 19.00% |
| Wilbert's                 | Louisiana | 13.20% | 13.20% |

The consolidated entity's interest in assets employed in the above joint ventures are included in the balance sheet under the following classifications:

|  | CONSOLIDATED     |                     |
|--|------------------|---------------------|
|  | 30 JUNE<br>2008  | 31 December<br>2007 |
| <b>NON CURRENT ASSETS</b>                      |                  |                     |
| Exploration and evaluation expenditure at cost | 4,129,599        | 4,396,833           |
| Total  | <u>4,129,599</u> | <u>4,396,833</u>    |
| Share of total assets in joint venture         | 4,129,599        | 4,396,833           |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2008**  
**ICON ENERGY AND ITS CONTROLLED ENTITIES AS AT 30 JUNE 2008**

**NOTE 8 - SEGMENT INFORMATION**

The Consolidated Entity operates in the oil exploration and petroleum sector, predominantly within Queensland. The majority of its exploration activities are conducted in the Cooper/Eromanga and Surat Basins in Australia and the Bayou Choctaw area in Louisiana USA. Information by geographical segments are as follows:

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

**PRIMARY REPORTING - GEOGRAPHICAL SEGMENTS**

|                        | Australia |           | USA    |        | CONSOLIDATED |           |
|------------------------|-----------|-----------|--------|--------|--------------|-----------|
|                        | 2008      | 2007      | 2008   | 2007   | 2008         | 2007      |
| <b>REVENUE</b>         |           |           |        |        |              |           |
| External - Sales       | -         | -         | 17,149 | 75,077 | 17,149       | 75,077    |
| External - Other       | -         | 4,500,000 | -      | -      | -            | 4,500,000 |
| Total segment revenues | -         | 4,500,000 | 17,149 | 75,077 | 17,149       | 4,575,077 |
| Unallocated revenue    |           |           |        |        | 64,962       | 13,978    |
| Total revenue          |           |           |        |        | 82,111       | 4,589,055 |

**RESULTS**

|   | Australia   |           | USA      |          | CONSOLIDATED |           |
|---|-------------|-----------|----------|----------|--------------|-----------|
|   | 2008        | 2007      | 2008     | 2007     | 2008         | 2007      |
| Segment Results                                 | (1,210,565) | 3,845,023 | (47,884) | (59,895) | (1,258,449)  | 3,785,128 |
| Unallocated expenses net of unallocated revenue |             |           |          |          | 55,308       | 7,075     |
| Profit/(Loss) before income tax                 |             |           |          |          | (1,203,141)  | 3,792,203 |
| Income tax                                      |             |           |          |          | -            | -         |
| Profit/(Loss) after income tax                  |             |           |          |          | (1,203,141)  | 3,792,203 |

**NOTE 9 - CONTINGENT LIABILITIES**

As noted in the Annual Report 2007, a dispute with a drilling contractor was settled in February 2008, for an amount of \$20,000. As at the date of this report, there is no current litigation or pending or threatened litigation which would not be covered by professional indemnity insurance or has not already been provided for in the accounts of the consolidated entity, or which is likely to have a material effect on the financial performance of the consolidated entity.

**NOTE 10 - EVENTS AFTER BALANCE SHEET DATE**

Subsequent to end of the half-year, Icon has raised a further \$2.7m by way of private placement. These funds will enable the company to complete Stage 1 of its development program and commence Stage 2 of that program in ATP 626 and the seismic data acquisition program in PEL 218 in South Australia.



---

**Registered Office:**  
Level 4, 19 Arbour Court  
ROBINA TOWN CENTRE QLD 4230 AUSTRALIA  
(PO Box 3366)

**Ph:** (07) 5562 0077  
**Fax:** (07) 5562 0011  
**Web:** [www.iconenergy.com](http://www.iconenergy.com)  
**Email:** [icon@iconenergy.com](mailto:icon@iconenergy.com)

---

## **DIRECTORS' DECLARATION**

The directors declare that:

- 1 the financial statements and notes set out on pages 8 to 15:
  - a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
  - b. give a true and fair view of the consolidated entity's financial position as at 30 June 2008 and of its performance for the half-year ended on that date.
- 2 In the directors' opinion there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

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

R S James  
Managing Director

R. P. McNamara  
Executive Director/Company Secretary  
Robina, Brisbane

Signed at Robina, 9 September 2008

**Independent Auditor's Review Report**  
To the Members of Icon Energy Limited

**Report on the Interim Financial Report**

We have reviewed the accompanying half-year financial report of Icon Energy Limited and controlled entities, which comprises the consolidated balance sheet as at 30 June 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the period ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

**Directors' Responsibility for the Interim Financial Report**

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Icon Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

*Liability Limited by a scheme approved under Professional Standards Legislation*

*Total Financial Solutions*

## Independence

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

## Conclusion

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

- a) Giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance and its cash flows for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

*WHK Horwath*

WHK HORWATH

*M. D. Cole*

RUSSELL COLE  
Principal

Brisbane, 9 September 2008.

*Total Financial Solutions*



Horwath refers to Horwath International Association, a Swiss Verein.  
Each member of the Association is a separate and independent legal entity.

Member Horwath International

WHK Horwath Brisbane  
Level 16, WHK Horwath Centre 120 Edward Street  
Brisbane Queensland 4000 Australia  
GPO Box 736 Brisbane Queensland 4001 Australia  
Telephone +61 7 3233 3555 Facsimile +61 7 3210 6183  
Email [info.bri@whkhorwath.com.au](mailto:info.bri@whkhorwath.com.au) [www.whkhorwath.com](http://www.whkhorwath.com)  
A WHK Group firm