

Directors' Report

for the year ended 30 June 2021

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 2021 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	Non-executive Director	Director since 01/02/1993
Dr Keith Hillless AM	Non-executive Director	Director since 03/04/2009
Howard Lu	Non-executive Director	Director since 07/01/2011 Retired 30/11/2020

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.

On 30 November 2020 Director Howard Lu retired from the Board after many years of service to the company. Icon would like to note and thank him for his valued contribution made to the company.

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.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Asset Impairments

Icon Energy presents its financial statements which have been prepared in accordance with the *Corporations Act 2001* which requires the company to comply with Australian Accounting Standards. Those standards require the Group to perform an impairment assessment on the carrying value of the “Exploration and evaluation expenditure” assets when indicators of impairment arise.

In summary:

- AASB 6 *Exploration for and Evaluation of Mineral Resources* lists a number of factors which might lead to an impairment. Specifically, the value of “exploration and evaluation expenditure” should be assessed for impairment where
 - **“substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned”.**
- Icon Energy requires funding for further work to take place on its tenements.
- The carrying value of the “Exploration and evaluation expenditure” must therefore be assessed for impairment in order to comply with Australian Accounting Standards.
- The impairment can be reversed in the Group’s financial statements at an appropriate time in the future if the fair value of the tenement increases.

The impairment has been conducted to comply with Australian Accounting Standards. The impairment does not affect the potential prospectivity of the tenements themselves and does not affect any existing resource certification. Icon Energy continues to seek funding and/or joint venturers to continue work on its tenements.

ATP 855 Cooper-Eromanga Basin Queensland

- During the year Icon conducted operations to rehabilitate five wells in the tenement. COVID delays on sourcing equipment was costly and slow and the operation was suspended after two wells were successfully plugged.
- The rehabilitation of the remaining three wells, has been deferred for 3 years.
- This past year has not been an opportune time to raise funds for investment in fossil fuel markets. Worldwide reports of gas shortages and rising prices are beginning to bite and once again optimism is returning for gas exploration.
- Talks are continuing with several potential partners and interest in our tenement is strong.
- Icon supports and continues to advance opportunities which move towards blue hydrogen and carbon zero outcomes.
- Icon's working interest in ATP 855 remains secure under the eight Potential Commercial Areas (PCAs) 172 to 179 which do not expire until 29th October 2032.

PEP 170, 172 and 173 Gippsland Basin Victoria

- Icon has not advanced activity in this tenement while the new regulations are waiting on finalisation and Ministerial approval before any final decision can be made.

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

- PRLs cover a total area of 857 km². Icon has a 33.33% interest in the post-Permian section.
- To comply with AASB 6, exploration expenditure for PRLs was impaired to nil. 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.
- Wakefield No1 well remains cased and suspended for testing.

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 2020 Annual General Meeting on 2 December 2020 with all resolutions adopted.

EVENTS AFTER THE BALANCE DATE

Icon issued a placement of 60,000,000 ordinary shares on 29th September 2021, to raise \$600,000 at one cent per share for working capital.

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

CORPORATE STRATEGIES AND FUTURE DEVELOPMENTS

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

FINANCIAL POSITION

The consolidated loss after tax for the Company and its controlled entities for the financial year ended 30 June 2021 was \$6,919,302 (2020: \$2,949,536 loss).

DIVIDENDS

The Directors recommend that no dividend be paid by the Company. No dividends have been declared or paid by the Company since the end of the previous financial year (30 June 2020: Nil).

Directors' Report

for the year ended 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 24 of this Annual Report.

SHARES UNDER OPTION

No options have been granted since the end of the previous financial year (2020: Nil). At the date of this report there are no options over unissued ordinary shares.

COMPANY SECRETARY

During the year ended 30 June 2021, 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.

MEETINGS OF DIRECTORS

During the financial period, sixteen meetings of Directors and 6 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	16	16	-	-	-	-
S M Barry	16	16	4	4	2	2
K Hillless	16	16	4	4	2	2
H Lu	5	5	-	-	-	-

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 2021 Annual Report.

The Directors 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 2021 or to the date of this Report.

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

The total premium expense for the year was \$48,043 (30 June 2020: \$33,004).

NON-AUDIT SERVICES

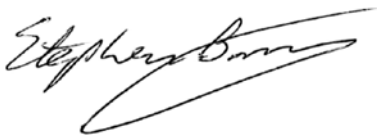
The auditors did not perform any non-audit services during the year.

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 30 and forms part of the Directors' Report for the period ended 30 June 2021. 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

14 October 2021



R S James

Director

14 October 2021

Remuneration Report – Audited

for the year ended 30 June 2021

Key Points

- No short-term incentives or long-term incentives were issued by Icon for the 2020-2021 financial year.
- There are no performance rights issued to executives or staff which might vest in the future.
- Executive salary increases for 2020-2021 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 2021. The information provided in this report has been audited as required by the *Corporations Act 2001* (Cth) and forms part of the Directors' Report. This Remuneration Report sets out remuneration information for Icon Energy's Key Management Personnel (KMPs) including the following persons who were Non-Executive Directors and senior executives during the financial year:

Table 1: Icon Energy's Key Management Personnel

Name	Position Held
Non-Executive Directors	
Stephen Barry	Chairman
Dr Keith Hillless	Director
Howard Lu	Director – Retired 30 November 2020
Ray James	Director
Executive Directors & Senior Managers	
Natalia Fraser	Chief Financial Officer and Company Secretary

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 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. Since 2014, the Board has determined that Non-Executive Directors are paid a base fee of \$70,000 per annum together with the payment of additional fees to Directors serving on Board Committees to recognise their contribution to the Company together with superannuation. An additional \$7,500 per annum per Committee is paid to Committee members and \$8,500 per annum per Committee for the Chairmen of the Committees.

The Board decided to reduce these fees by 20% effective from 1 January 2018 having regard to the low share price. This arrangement has been in place for the year ended 30 June 2021.

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 \$313,963. 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.

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 2021 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 2020-21 year.

Remuneration Report – Audited

for the year ended 30 June 2021

6. LONG-TERM INCENTIVES

The Company did not issue Long-term Incentives (LTI) for the 2020–21 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 2020/2021 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-20	2 months	2 months	Payment in lieu of notice based on FR	

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

Table 3: Directors and Key Management Personnel Remuneration for the year ended 30 June 2021

	Short Term		Post-employment		Total \$
	Salaries & Fees ⁽ⁱ⁾ \$	Other Benefits \$	Super-annuation \$	Long-term Employee Benefits ⁽ⁱⁱ⁾ \$	
Non-executive Directors					
Stephen Barry	84,800	-	8,056	-	92,856
Keith Hillless	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.

Table 4: Directors and Key Management Personnel Remuneration for the year ended 30 June 2020

	Short Term		Post-employment		Termination Benefits ^(iv)	Total
	Salaries & Fees ⁽ⁱ⁾	Other Benefits ⁽ⁱⁱ⁾	Super-annuation	Long-term Employee Benefits ⁽ⁱⁱⁱ⁾		
	\$	\$	\$	\$	\$	\$
Non-executive Directors						
Stephen Barry	84,400	-	8,056	-	-	92,856
Keith Hillless	62,800	-	5,966	-	-	68,766
Derek Murphy - retired ^(vii)	17,000	-	1,615	-	-	18,615
Howard Lu	56,000	-	5,320	-	-	61,320
Ray James ^(v)	55,562	-	5,278	-	-	60,840
Executive Directors and Senior Managers						
Ray James ^(vi)	265,307	22,500	16,946	4,553	-	309,306
Kevin Jih - retired ^(vii)	79,277	10,000	29,711	1,189	309,314	429,491
Martin Berry - retired ^(viii)	67,943	-	11,677	-	66,080	145,700
Natalia Fraser ^(ix)	93,107	-	8,848	1,458	-	103,410
Total	781,796	32,500	93,414	7,200	375,394	1,290,304

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

(ii) Other Benefits represent car allowance received during the year for Ray James of \$22,500 and for Dr Jih of \$10,000.

(iii) Long-term employee benefits represent only the long service leave accrued during the year. The long service leave is paid when the leave is taken by eligible employees or paid out on cessation of employment to eligible employees. There were payouts on cessation of employment made during the year, \$76,263 to Dr Jih on retirement and \$240,420 to Mr James on expiration of his service agreement.

(iv) Termination Benefits include annual leave paid out at termination and payment in lieu of notice as per employees' Service Agreements.

(v) This represents Mr James' remuneration from 1 January 2019 as a Non-Executive Director.

(vi) This represents Mr James' remuneration as Managing Director and his Executive Services Agreement (reduced from 1/9/2019) for the period to 31 December 2020, including his accrued long service leave.

(vii) This represents Mr Murphy's and Dr Jih's remuneration for the period to 31 August 2019.

(viii) This represents Mr Berry's remuneration for the period to 6 September 2019.

(ix) This represents Ms Fraser's remuneration from 1 September 2019 as a Company Secretary and Chief Financial Officer.

Remuneration Report – Audited

for the year ended 30 June 2021

9. DIRECTORS' AND SENIOR MANagements' INTERESTS

As at 30 June 2021, 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

	Balance 1.07.2020	Employee Performance Rights Plan	Purchases	Options Exercised	Sold	Other changes	Balance 30.06.2021
2021	Number	Number	Number	Number	Number	Number	Number
Directors							
Stephen Barry*	1,653,593	-	-	-	-	-	1,653,593
Keith Hillless	93,227	-	-	-	-	-	93,227
Howard Lu	16,068,181	-	-	-	-	16,068,181	-
Raymond James*	25,231,329	-	-	-	-	-	25,231,329
Senior Management							
Natalia Fraser	239,744	-	-	-	-	-	239,744
	43,286,074	-	-	-	-	16,068,181	27,217,893

	Balance 1.07.2019	Employee Performance Rights Plan	Purchases	Options Exercised	Sold	Other changes	Balance 30.06.2020
2020	Number	Number	Number	Number	Number	Number	Number
Directors							
Stephen Barry*	1,653,593	-	-	-	-	-	1,653,593
Derek Murphy*	650,181	-	-	-	-	650,181	-
Keith Hillless	93,227	-	-	-	-	-	93,227
Howard Lu	16,068,181	-	-	-	-	-	16,068,181
Raymond James*	25,231,329	-	-	-	-	-	25,231,329
Kevin Jih*	1,353,175	-	-	-	1,353,175	-	-
Senior Management							
Martin Berry	296,416	-	-	-	-	296,416	-
Natalia Fraser	-	-	239,744	-	-	-	239,744
	45,346,102	-	239,744	-	1,353,175	946,597	43,286,074

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

Transactions with Directors and Director Related Entities

As at 30 June 2021, 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 \$1,224 (30 June 2020: \$21,820).

10. SHARE OPTIONS

Options Granted to Directors and Key Management Personnel of the Company

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

Options Held by Key Management Personnel

There were no options outstanding at 30 June 2021 or as at 30 June 2020.

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

	30-Jun-17	30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21
Closing Share Price	0.025	0.018	0.014	0.008	0.014
Dividends paid	-	-	-	-	-
Profit (Loss) after tax	(\$5,670,094)	(\$4,037,191)	(\$31,372,498)	(\$2,949,536)	(6,919,302)

- End of Remuneration Report (audited) -