

CORPORATE GOVERNANCE STATEMENT

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Icon Energy Head Office

This statement outlines Icon Energy's Corporate Governance practices that were in place during the financial year.

ROLE OF THE BOARD

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

- Establishing corporate governance and ethical standards;
- Appointing and where appropriate, removing the chief executive officer and monitoring his performance;
- Maximising shareholder value by setting objectives and goals;
- Reviewing and ratifying systems of risk management and internal control, codes of conduct and legal compliance;
- Reviewing and ensuring the appropriate composition of the Board;
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- Approving and monitoring financial and other reporting.

The Board has specifically reserved for its decision the following matters:

- The appointment of the Managing Director;
- Approval of the structure of the direct reports to the Managing Director;
- Approval of the overall strategy;
- Approval of annual budgets of the business;
- Delegation of authority;
- Formal determinations that are required by Icon Energy's constitutional documents, by statute or by other external regulation.

The Board maintains the right to make changes to the matters reserved for its decision, subject to the limitations imposed by the constitutional documents and the law.

In particular, the Board has given authority to the Managing Director to achieve the corporate objectives. The Managing Director has the right to make decisions and take actions which, in the Managing Director's judgment, are reasonable and are within the authority given by the Board. The Managing Director continues to be responsible to the Board for the delegated authority and for the performance of the business. The Board monitors the decisions and actions of the Managing Director to ensure that progress is being made towards the corporate objectives, within the authority it has delegated. The Board also oversees the performance of the Company through its Board Committees.

The Managing Director is required to report on progress being made by the Company to the Board and key stakeholders. The Board and its Committees determine the nature and form of information required from the Managing Director, employees or external parties, including the external auditor. Openness and trust are encouraged between individual members of the Board and the Managing Director and other employees. This allows Directors to achieve a better understanding of the business.

During 2013, the Board approved a formal succession planning policy and succession plan for the Managing Director.

ROLE OF MANAGEMENT

Through the Managing Director, the Board has delegated the following key functions to senior executives:

- The recommendation of Icon Energy's business, operational and corporate strategy to the Board for approval and following their approval, implementation;
- The day to day responsibility for complying with all laws and regulations relevant to Icon Energy's operations and business activities;
- The achievement of the corporate objectives set by the Board;
- The development and implementation of the Company's policies and procedures (including risk management and internal control processes); and
- The engagement of suitable staff and contractors so as to effectively discharge the Company's obligations and various strategic, operational and business objectives.

BOARD COMPOSITION

The principles applied to the composition of the Board are:

- The Board should comprise Directors who have a broad cross-section of experience in the petroleum exploration/production industry both in Australia and overseas or should have financial and general management and/or business development experience. Their expertise should encompass the establishment of management strategy and monitoring achievement of these strategies;
- Wherever possible, the Chairman of the Board should be a non-executive Director. The Chairman has the casting vote in all Board decisions;
- The Board should comprise a majority of non-executive Directors. Currently the Board comprises four non-executive Directors and two executive Directors. It is expected that as the Company's

activities expand with the development of its conventional and unconventional gas and other interests, then the number of independent Directors will increase:

- If a Board vacancy exists or where the Board considers that an additional Director is required, that appointment would be made from persons who possess the appropriate expertise and skills determined by the Board. The Remuneration, Nominations and Succession Committee reviews the composition of the Board on a regular basis and conducts a skills gap analysis as part of the exercise to ensure the Board has the right balance of requisite skills and experience. In 2013, a Policy was formalised for the Appointment, Re-election and Termination of a Director of the Company;
- No Director, except the Managing Director, shall hold office for a period in excess of three years, or past the third Annual General Meeting following the Director's appointment, whichever is the longer, without submitting themselves for re-election. At every Annual General Meeting one third of the Directors, or if their number is not a multiple of three, then the number nearest to but not exceeding one third shall retire from office and be eligible for re-election;
- In accordance with the Constitution of the Company the Board should comprise of at least three Directors.

A copy of the Company's Board Charter and the Role of Management can be found in the Corporate Governance Section of the Company's website.

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

The Board considers an Independent Director to be a non-executive Director who meets the criteria for independence included in the Australian Securities Exchange's (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles). The Board has determined that Messrs Stephen Barry, Derek Murphy, Howard Lu and Dr Keith Hilless AM meet the definition of an "independent director" as set out in the ASX Principles.

INDEPENDENT PROFESSIONAL ADVICE

The Directors are entitled to seek independent professional advice at the Company's expense if required in the performance of their duties.

The Directors are entitled to direct access to employees and Company advisers as may be required.

BOARD COMMITTEES

Two Committees of the Board have been formed to consider and make recommendations to the Board on important areas of decision making. These Committees are the Audit and Risk Management Committee and the Remuneration, Nominations and Succession Committee. Further Committees will be formed if the Board finds a need for them.

Membership of the two standing committees is as follows:

Audit and Risk Management Committee	Remuneration, Nominations and Succession Committee
Keith Hilless AM (Chairman) (Non Executive Director)	Stephen Barry (Chairman) (Non Executive Director)
Stephen Michael Barry (Non Executive Director)	Derek Murphy (Non Executive Director)
Derek Murphy (Non Executive Director)	

BOARD AND COMMITTEE MEMBERS AND MEETINGS

The current Icon Energy Board of Directors consists of four independent Directors and two Executive Directors, the Managing Director and the Chief Financial Officer. The Audit and Risk Management Committee comprises three independent non-executive Directors with at least one member having experience and expertise in financial matters. The Chairman of the Audit and Risk Committee is Dr Keith Hilless AM an independent non-executive Director. The Remuneration, Nominations and Succession Committee consists of two independent non-executive Directors due to the small size of the Company's Board. The Company Chairman is also the Chairman of the Remuneration, Nominations and Succession Committee.

Details of the number of Board and Committee meetings held during the reporting period and their attendees are set out in the Directors' Report. In addition, details of the qualifications and experience of each Board and Committee member are set out in the Directors' Report. The period of office held by each Director is also set out in the Directors' Report.

AUDIT AND RISK MANAGEMENT COMMITTEE

The purpose of the Committee is to assist the Board in its oversight of:

- The effectiveness of the systems of financial risk management, governance and internal control;
- The integrity of the Group's financial reporting;
- The integrity of the external audit process, including appointment, performance and independence of the external auditor; and
- Identification of potential risks and the establishment and implementation of a risk management system.

The Committee's role is to report to the Board and provide appropriate advice and recommendations on matters relevant to its Charter in order to facilitate decision making by the Board.

The Audit and Risk Management Committee has in place a formal charter which defines the Committee's function, composition, mode of operation, authority and responsibilities. The Managing Director, Chief Financial Officer and External Auditor are invited to attend Committee meetings, at the discretion of the Committee.

The charter of the Audit and Risk Management Committee can be found in the Corporate Governance section on the Company's website.

REMUNERATION, NOMINATIONS AND SUCCESSION COMMITTEE

While larger companies may allocate the responsibilities for remuneration, nominations and succession to separate committees, the Board has determined that a company of Icon Energy's size is better served by having one Committee with responsibility for all of these functions. The Committee meets at least two to three times a year and in fact met four times in the reporting year.

The Remuneration, Nomination and Succession Committee reviews and makes recommendations to the Board on the following matters:

- The appointment and performance of the Managing Director;
- The remuneration structure for the Managing Director and other senior employees of the Company;
- The Company's recruitment, retention and termination policies and procedures for senior management;
- Staff and executive incentive schemes;
- Board performance assessment and skills analysis;
- Board and management succession planning; and
- Staff superannuation arrangements.

The charter of the Remuneration, Nomination and

Succession Committee can be found in the Corporate Governance Section on the Company's website.

BOARD AND SENIOR EXECUTIVE REMUNERATION

Remuneration levels and terms of employment for Executive Directors and Senior Executives are formalised in individual Director Service Agreements.

Details of the structure of and amounts paid to non-executive Directors, executive Directors and other senior executives are contained in the Remuneration Report which forms part of the Directors' Report. The Remuneration Report also describes the nature of the relationship between the performance of Icon Energy and remuneration paid to senior executives.

Following the 2011 Annual General Meeting (**AGM**), the Company undertook a comprehensive review of the remuneration strategy and framework for the Managing Director and Senior Executives. At the 2012 AGM, the new Short Term and Long Term Incentive Plans were approved by shareholders.

PERFORMANCE EVALUATION

A formal performance evaluation of the Board, each Committee of the Board, the Chairman and individual Directors was undertaken during the 2012 reporting period and findings were discussed at the July 2012 Board meeting and Remuneration, Nomination and Succession Committee meeting. As part of that review, the Board reviewed its composition and skills set to ensure it has the necessary skills to pursue the Company's strategic objectives. In 2013, the Board and each of the Board Committees reviewed their performance against criteria set down in the Board and Committee Charters.

The Managing Director and senior executives participate in annual performance reviews. Performance is measured against key performance indicators relevant to the Company's strategic, operational and business objectives and to each of the Managing Director's and senior executive's specific roles.

A performance evaluation for the Managing Director and senior executives was undertaken for the current reporting period in accordance with the process set by the Remuneration, Nomination and Succession Committee and as approved by the Board.

A summary of the performance evaluation process can be viewed in the corporate governance section of the Company's website.

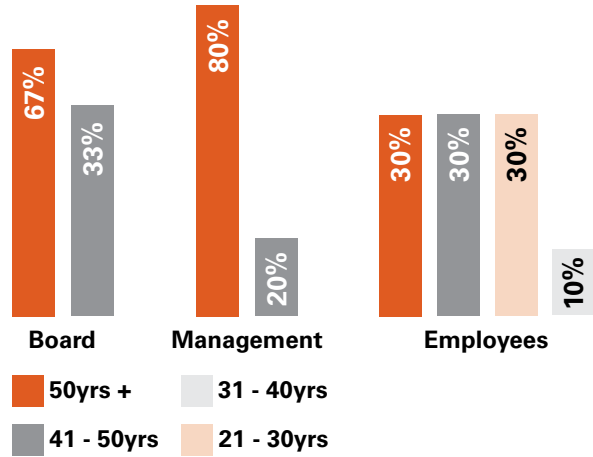
BOARD DIVERSITY

In 2013, Icon Energy Limited continued its commitment to diversity in the workplace by promoting its Diversity Policy. This policy applies to all Icon Energy Limited

employees, including contractors and consultants acting on the Company's behalf, and includes the recruitment and selection process, terms and conditions of employment including pay, promotion, work assignment, and training as well as any other aspect of employment. Details of the policy are set out under the Corporate Governance section on the Company's website.

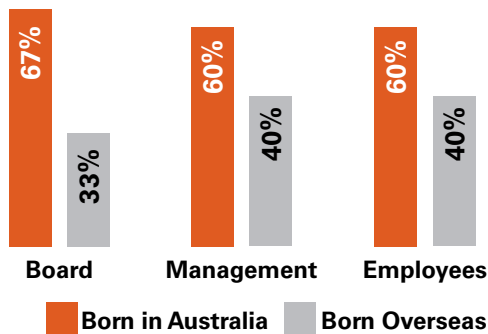
The Diversity Policy includes a commitment to establishing measurable objectives for gender diversity. The 2012/13 objectives were measured as follows:

2012/13 Objectives	Results
<ul style="list-style-type: none"> To include in the Remuneration, Nomination and Succession Committee Charter responsibility for diversity, including an annual review and report on the relative proportion of women and men in the workforce at all levels of the Company 	In Place
<ul style="list-style-type: none"> To support and promote the Company's diversity policy, including, where reasonably practicable, identification of additional suitably qualified external female candidates 	In Place
<ul style="list-style-type: none"> To ensure that candidate lists for permanent employee positions are recognisably diverse by age, sex or ethnicity 	In Place
<ul style="list-style-type: none"> To ensure that in the interview process for each executive position there is, where reasonably practicable, at least one appropriately qualified female candidate 	In Place
<ul style="list-style-type: none"> To consider diversity when reviewing board succession plans with the aim to improve gender representation and diversity 	In Place



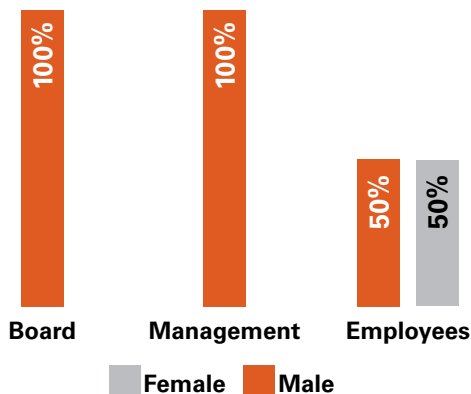
2013/14 OBJECTIVES

- To support and promote the Company's diversity policy, including, where reasonably practicable, identification of additional suitably qualified external female candidates;
- To ensure that candidate lists for permanent employee positions are recognisably diverse by age, sex or ethnicity;
- To ensure that in the interview process for each executive position there is, where reasonably practicable, at least one appropriately qualified female candidate;
- To consider diversity when reviewing board succession plans with the aim to improve gender representation and diversity ;
- To increase the representation of women in senior management roles;
- To ensure the voluntary turnover in female employees is no greater than organisation turnover levels.



ETHICAL STANDARDS

The aim of the Company is to ensure that all Directors, managers and employees act with integrity and promote ethical and responsible behaviour which will enhance the reputation and performance of the Group. The Company has an approved Code of Conduct and Ethics and a Share Trading Policy. A copy of these Policies can be found in the Corporate Governance Section on the Company's website.



CODE OF CONDUCT AND ETHICS

The standard of behaviour required of Icon Energy's Directors and employees, as well as of contractors engaged to perform work on behalf of the Company requires:

- Compliance with all laws and regulations which govern the group and its operations;

- Avoidance and/or management of conflicts of interest;
- Them to act in the best interest of the company and create value for the company's shareholders and stakeholders;
- Them to act honestly and with integrity and fairness in all dealings with each other and third parties.

The Company has a process in place for Directors, employees and third parties to report potential breaches of the Code of Conduct and Ethics.

TRADING IN THE COMPANY'S SECURITIES BY DIRECTORS AND EMPLOYEES

The Board has a formal policy regarding trading in the securities of the Company by Directors and employees. The Company's Share Trading Policy provides for specified periods (known as "Trading Windows") in which share trading is permitted and blackout periods when trading is not permitted. All Icon Energy personnel not in possession of unpublished price-sensitive information may buy, sell or otherwise deal in Icon Energy's securities during Trading Windows which occur in the three week period commencing after:

- The announcement of the half yearly financial results;
- The announcement of the annual financial results;
- The holding of Icon Energy's annual general meeting;
- The company issues a prospectus or a cleansing statement; or
- As the Board otherwise determines.

Under the Policy Directors and Employees who wish to trade in the Company's securities must seek prior clearance in writing from the Chairman (in the case of Directors), the Managing Director (for the Chairman or Secretary) or the Secretary (for other employees). The provisions of the Corporations Act 2001 and the Listing Rules of the ASX require advice to the ASX of any transactions by the Directors in the securities of the Company.

PRINCIPLES OF CONDUCT

Further general principles of conduct under the Company's Code of Conduct and Ethics, include:

- Ethical and responsible business practices;
- Sustainable development considerations and principles integrated into Company decision making;

- Foster economic growth and business development, generate government revenue, provide commercial returns to the industry and contribute to the wealth generated by Australia's natural resource base;
- Health, safety, environmental and community risk management strategies that are based on sound science, transparency and effective communication;
- Continuously seek opportunities to improve health, safety and environmental performance in addressing risks posed by our operations to employees, contractors, the public and the environment;
- Contribute to the conservation of biodiversity and protection of the environment through responsible management of our operations and their impacts;
- Foster economic and social development of the communities in which we operate;
- Respect and protect human rights and dignity at our operations and deal fairly with employees and others;
- Open and effective engagement and reporting with our communities;
- Directors and Executives of the Company shall notify the Chairman or Managing Director before trading in the Company's shares and shall not trade in the shares other than in accordance with the Company's Share Trading Policy.

IDENTIFICATION OF SIGNIFICANT BUSINESS RISK

The Board meets at least every three months and receives comprehensive monthly management reports which enables the Board to identify emerging risk factors and monitor management's response to these risks.

MANAGEMENT OF ENTERPRISE AND OPERATIONAL RISK

The Board has the responsibility for setting the Company's risk management policy.

The Managing Director, in conjunction with senior executives, is responsible for the development, implementation and management of Icon Energy's risk management and internal control framework. The Managing Director reports to the Board on the management of these functions, including as to whether the Group's material operational and business risks are being effectively managed.

In 2013, the Company's Risk Management Policy, framework and procedures were revised following

a company-wide risk management review. Under its charter, the Audit and Risk Management Committee is responsible for:

- Monitoring the establishment and implementation by management of the Company's risk management system;
- Monitoring the effectiveness of the systems of financial risk management, governance and internal control;
- Endorsing a risk management policy which describes the manner in which both risk and the opportunity are identified, assessed, monitored and managed, including how:
 - Significant decisions affecting and changes to, the business are subject to risk assessment;
 - Operational incidents are to be analysed in order to learn from them and successes reviewed in order to repeat them;
 - All acquisitions and divestments of assets are subject to assessment and management;
 - Risks and associated control systems are regularly reviewed; and
 - Performance against risk management plans is monitored and reported upon to the Board.

The Managing Director regularly reports to the Board on the effectiveness of the Company's management of material operational and business risks.

The Board has also received assurance from the Managing Director and the Chief Financial Officer that:

- The declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control; and
- The system is operating effectively in all material aspects in relation to financial reporting risks.

The Company's Enterprise-wide Risk Management Policy and Crisis Management and Business Continuity Policy which encapsulate the Company's management of material business risks can be found in the Corporate Governance section of the Company's website.

CONTINUOUS DISCLOSURE

The Board has in place a Disclosure and Communications Policy that defines the legal and regulatory obligations, materiality guidelines and reporting process, and is designed to ensure compliance with the continuous and periodic disclosure obligations under the *Corporations Act 2001* and ASX Listing Rules and to ensure accountability at a senior executive level for that compliance. Responsibility for meeting ASX disclosure requirements rests primarily with the Company Secretary.

The Company conducts regular briefings with all staff to ensure they understand the Company's continuous disclosure obligations, and their role in fulfilling them. The Board reviews continuous disclosure matters, if any, at each Board meeting. Copies of Icon Energy Limited's releases to the ASX, investor presentations and Annual Reports are available on the Company's website.

SHAREHOLDER COMMUNICATION

The Disclosure and Communications Policy sets out the manner in which Icon Energy promotes communication with shareholders and other key stakeholders. The Board of Directors ensures that shareholders are fully informed as to any significant Group developments which are generally communicated through:

- Annual reports to shareholders;
- Half-yearly accounts lodged with the ASX;
- Quarterly reports;
- Continuous disclosure to the ASX;
- Notices of shareholder meetings and explanatory notes.

Copies of the above documents are published on the Company's website: www.iconenergy.com.

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

A copy of the Disclosure and Communications Policy can be found in the Corporate Governance Section of the Company's website.

ASX CORPORATE GOVERNANCE COUNCIL PRINCIPLES AND RECOMMENDATIONS

The ASX Corporate Governance Council has recognised that its corporate governance principles and recommendations do not represent a "one size fits all" solution. Icon Energy has considered and, where appropriate, applied the ASX Corporate Governance Recommendations. The following table shows that Icon Energy has adopted all of the ASX Corporate Governance Recommendations with the exception of Recommendation 8.2 which recommends that Remuneration Committees comprise at least three members. The Board of Directors has formed the view that it is more practical for a Company the size of Icon Energy to have a Committee of at least two independent Directors than three Directors.

ASX Corporate Governance Principles and Recommendations		Page Reference	Adopt
Principle 1: Lay solid foundations for management and oversight			
1.1	Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	p 17	✓
1.2	Companies should disclose the process for evaluating the performance of senior executives.	p 19	✓
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	p 17 - 19	✓
Principle 2: Structure the Board to add value			
2.1	A majority of the Board should be independent Directors.	p 18	✓
2.2	The chair should be an independent Director.	p 18	✓
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	p 17-18	✓
2.4	The Board should establish a nomination committee.	p 18-19	✓
2.5	Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.	p 19	✓
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	p 17-19	✓
Principle 3: Promote ethical and responsible decision-making			
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to:		
3.1.1	the practices necessary to maintain confidence in the Company's integrity.	p 20-21	✓
3.1.2	the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders.	p 20-21	✓
3.1.3	the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	p 20-21	✓
3.2	Companies should establish a policy concerning diversity and disclose the policy or summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	p 19-20	✓
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	p 20	✓
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	p 20	✓
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	p 20	✓
Principle 4: Safeguard integrity in financial reporting			
4.1	The Board should establish an audit committee.	p 18-19	✓
4.2	The audit committee should be structured so that it consists of:		
	- only non-executive Directors	p 18-19	✓
	- a majority of independent Directors	p 18-19	✓
	- an independent chair, who is not chair of the Board	p 18-19	✓
	- at least three members.	p 18-19	✓
4.3	The audit committee should have a formal charter.	p 18-19	✓
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	p 18-19	✓
Principle 5: Make timely and balanced disclosure			
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	p 22	✓
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	p 22	✓
Principle 6: Respect the rights of shareholders			
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	p 22	✓
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	p 22	✓
Principle 7: Recognise and manage risk			
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	p 21-22	✓
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	p 21-22	✓
7.3	The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	p 22	✓
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	p 21-22	✓
Principle 8: Remunerate fairly and responsibly			
8.1	The Board should establish a remuneration committee.	p 19	✓
8.2	The remuneration committee should be structured so that it:		
	- consists of a majority of independent directors;	p 19	✓
	- is chaired by an independent director;	p 19	✓
	- has at least three members.	p 19 & 22	X
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	p 19	✓
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	p 19	✓