

Corporate Governance Statement

Solid Foundations for Management and Oversight

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

Role of the Board

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;
- Setting objectives and goals;
- Appointing and where appropriate, removing the Managing Director and monitoring the Managing Director's performance;
- Appointing and where appropriate, removing the Company Secretary and monitoring the Company Secretary's performance;
- 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.

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:

- Due diligence conducted prior to the appointment of each Directors has ensured that the Company's Board is comprised of Directors who have a broad cross-section of experience in the petroleum exploration/production industry both in Australia and overseas, have general management and business development experience or legal or financial experience;
- The expertise of the Board encompasses the establishment of management strategy and monitoring achievement of these strategies;
- The Chairman of the Board is a Non-executive Director. The Chairman has the casting vote in all Board decisions;
- The Board comprises of a majority of Non-executive Directors. Currently the Board comprises of three Non-executive Directors and one executive Director;
- If a Board vacancy exists or where the Board considers that an additional Director is required, that appointment would be made from persons who possess the appropriate expertise, skills and sufficient time as 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 accordance with ASX listing rules and individual Director Service Agreements with 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. All relevant information in relation to the re-election of a Director to be determined at an Annual General Meeting is set out in the Notice of Meeting and Explanatory Statements for all shareholders;
- In accordance with the Constitution of the Company, the Board comprises of at least three Directors;
- As at 30 June 2019 five of the six Company Directors were Fellows of and participated in information sessions through the Australian Institute of Company 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 Hillless 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. Additional committees may be formed if the Board sees a need for them.

In September 2019, all Non-executive Directors were invited to stand for appointment or reappointment for each Committee. Members of the two standing Committees were appointed on 26 September 2019 as follows:

Audit and Risk Management Committee

Keith Hillless AM (Chairman, Non-executive Director),
Stephen Barry (Non-executive Director)

Remuneration, Nominations and Succession Committee

Stephen Barry (Chairman, Non-executive Director),
Keith Hillless AM (Non-executive Director)

Board and Committee Members and Meetings

Currently the Board of Directors consists of three independent Directors and the Managing Director, following the retirement of the fourth independent director and the second Executive Director since 31 August 2019. The Audit and Risk Management Committee now comprises two independent Non-executive Directors having experience and expertise in financial matters. The Chairman of the Audit and Risk Committee is Dr Keith Hillless, 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 although there was only one member of a committee namely Mr Barry in the period following Mr Murphy's retirement on 31 August 2019 until the appointment of new committee members on 26 September 2019. 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 review of the Company's 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.

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The Committee last conducted review of the key identified risks for the Company on 26 September 2019. 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 once in each reporting year.

The Remuneration, Nominations 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 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.

The Remuneration, Nomination and Succession Committee reviews the Company's remuneration strategy and framework on an annual basis.

Performance Evaluation

A formal performance evaluation of the Board, each Committee of the Board, the Chairman and individual Directors was last completed on 7 May 2019. As part of that review, the Board reviewed its composition, skills and application of those skills, as well as Board procedures and practices to ensure it has the necessary skills and mechanisms to pursue the Company's strategic objectives.

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.

Diversity

A key goal of the Board and Management is to contribute positively to the success of the Company by promoting a high performance culture that draws on the diverse and relevant experience, skills, expertise, perspectives and the unique personal attributes of its Board members and employees.

As an employer, we are committed to managing diversity by reflecting our Company values of respect, integrity, honesty and personal commitment in maintaining and valuing the differences a diverse workforce brings.

The Company applies its Diversity Policy to all Icon Energy Limited's Directors and employees, including contractors and consultants acting on the Company's behalf. The Policy covers 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.

Key principles of the Diversity Policy include:

- We treat all employees, prospective employees, partners, contractors, consultants and suppliers fairly and equally;
- We promote a corporate culture that values diversity and tolerates differences;
- We recruit employees and Directors impartially from a diverse field of suitably qualified candidates;
- Our recruitment process is designed to ensure that the best people are chosen for the right positions; and
- We provide learning and development strategies and opportunities to develop skills and experience of employees for career advancement.

Details of the Policy are set out under the Corporate Governance section on the Company's website.

Company – wide assessment at 30/6/2019

	Board	Management	Employees
Born in Australia	67%	33%	40%
Born Overseas	33%	67%	60%
Male	100%	100%	60%
Female	–	–	40%
Aged 21 to 30 years	–	–	11%
Aged 31 to 40 years	–	–	33%
Aged 41 to 50 years	17%	–	22%
Aged over 50 years	83%	100%	33%

The Diversity Policy includes a commitment to promoting gender diversity each year. The 2018/19 objectives were measured as follows:

2018-2019 Diversity Objectives	Results
To support and promote the Company's Diversity Policy	In Place
To ensure that candidate lists for permanent employee positions are recognisably diverse by age, sex or ethnicity	In Place
To consider diversity when reviewing Board succession plans with the aim to improve gender representation and diversity	In Place
To increase the representation of women in senior management roles by ensuring that any interview process includes male and female candidates to be interviewed for a senior executive position	To be achieved. No new senior management or any company positions were available in the 2018-19 year
To ensure the voluntary turnover in female employees is no greater than organisation turnover levels	Achieved

2019 – 2020 Diversity Objectives

To support and promote the Company's Diversity Policy, including, the 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 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 by ensuring that any interview process includes male and female candidates to be interviewed for a senior executive position

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 and all corporate governance information, 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:

- 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;
- Compliance with all laws and regulations which govern the Group and its operations;
- Avoidance or management of conflicts of interest.

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

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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;
- Fostering 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 seeking opportunities to improve health, safety and environmental performance in addressing risks posed by our operations to employees, contractors, the public and the environment;
- Contributing to the conservation of biodiversity and protection of the environment through responsible management of our operations and their impacts;
- Fostering economic and social development of the communities in which we operate;
- Respecting and protecting human rights and dignity at our operations and deal fairly with employees and others;
- Openly and effectively engaging 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.

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 in which share trading is permitted (known as "Trading Windows") and blackout periods when trading is not permitted.

Normally all Icon Energy personnel not in possession of unpublished price-sensitive information may only buy, sell or otherwise deal in Icon Energy's securities during Trading Windows. Normally a Trading Window is opened for a three week period commencing after:

- The announcement of the half yearly financial results;
- The announcement of the annual financial results;
- The announcement of the Quarterly Reports for the March and September quarters;
- 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) and the Managing Director (for the Chairman, Secretary or 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.

Identification of Significant Business Risk

The Board receives comprehensive monthly management reports which enables Directors 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 the manner in which the Group's material operational and business risks are being effectively managed.

All Company policies and procedures were reviewed and updated where appropriate during the financial year.

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;
 - Any 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, Chief Financial Officer and Company Secretary that:

- The declaration provided in accordance with section 295A of the *Corporations Act 2001* 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 Policy which encapsulates the Company's management of material business risks, including economic, environmental, social sustainability and operational 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 is available under the Corporate Governance section on the Company's website. The Disclosure and Communications Policy 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. Responsibility for meeting ASX disclosure requirements and accountability for compliance 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:

- Continuous disclosure to the ASX;
- Email broadcast of all ASX announcements to all email alert subscribers from the Company's website;
- Company's website information updates on all activities;
- Annual reports to shareholders;
- Half-yearly financial reports lodged with the ASX;
- Quarterly reports;
- 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 office if they have any questions on the Company's affairs and participate in the Annual General Meeting by attending and asking questions of the Company's Directors. The Company's external auditors attend the Annual General Meeting each year and any security holder questions are invited by the Chair to be asked at the meeting.

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 8.1(a)(1) 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, rather than three Directors.

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2019 Corporate Governance Checklist

Icon Energy's corporate governance policies conform to the applicable Principles (being those under ASX's 3rd edition of Corporate Governance Principles and Recommendations released on 27 March 2014 and took effect from 1 July 2014). A summary of our disclosure against the Principles are set out below:

Corporate Governance Council Recommendation	Does Icon Energy follow the recommendation?
Principle 1 - Lay solid foundations for management and oversight	
1.1 Disclose roles and responsibilities of board and management	<input checked="" type="checkbox"/>
1.2 Undertake appropriate checks before appointing or electing a person as director	<input checked="" type="checkbox"/>
1.3 Written agreement with each director and senior executive	<input checked="" type="checkbox"/>
1.4 Company Secretary accountable directly to Board	<input checked="" type="checkbox"/>
1.5 Diversity Policy disclosures reported	<input checked="" type="checkbox"/>
1.6 Board performance evaluation undertaken	<input checked="" type="checkbox"/>
1.7 Senior executive performance evaluation undertaken	<input checked="" type="checkbox"/>
Principle 2 - Structure the board to add value	
2.1 Nomination committee requirements met	<input type="checkbox"/>
2.2 Board skills matrix disclosed	<input checked="" type="checkbox"/>
2.3 Director Independence and tenure disclosed	<input checked="" type="checkbox"/>
2.4 Majority of the board are independent directors	<input checked="" type="checkbox"/>
2.5 Chair of the board is an independent director and not the same person as the CEO	<input checked="" type="checkbox"/>
2.6 Director induction and ongoing training program	<input checked="" type="checkbox"/>
Principle 3 - Act ethically and responsibly	
3.1 Code of conduct available on website	<input checked="" type="checkbox"/>
Principle 4 - Safeguard integrity in corporate reporting	
4.1 Audit committee requirements met	<input checked="" type="checkbox"/>
4.2 CEO and CFO Declaration received and the financial statements comply	<input checked="" type="checkbox"/>
4.3 External auditors attend AGM and available to answer questions from securityholders	<input checked="" type="checkbox"/>

Corporate Governance Council Recommendation	Does Icon Energy follow the recommendation?
Principle 5 – Make timely and balanced disclosure	
5.1 Continuous Disclosure Policy available on website	<input checked="" type="checkbox"/>
Principle 6 – Respect the rights of securityholders	
6.1 Corporate and governance information available on website	<input checked="" type="checkbox"/>
6.2 Investor relations program	<input checked="" type="checkbox"/>
6.3 Processes to facilitate and encourage participation at securityholders meetings	<input checked="" type="checkbox"/>
6.4 Electronic securityholder communication functionality	<input checked="" type="checkbox"/>
Principle 7 – Recognise and manage risk	
7.1 Risk committee requirements met	<input checked="" type="checkbox"/>
7.2 Annual review of risk management framework	<input checked="" type="checkbox"/>
7.3 No internal audit function but internal control processes in place	<input checked="" type="checkbox"/>
7.4 Disclosure of material exposure to, and management of, economic, environmental and social sustainability risk	<input checked="" type="checkbox"/>
Principle 8	
8.1 Remuneration committee requirements	<input type="checkbox"/>
8.2 Remuneration practices disclosed	<input checked="" type="checkbox"/>
8.3 Remuneration Policy disclosures regarding equity based remuneration	<input checked="" type="checkbox"/>