

Directors' Report

for the year ended 30 June 2022

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

PRINCIPAL ACTIVITIES

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

DIRECTORS

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

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

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

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

REVIEW OF OPERATIONS

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

ATP 855 Cooper-Eromanga Basin Queensland

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

PEP 170, 172 and 173 Gippsland Basin Victoria

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

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

- PRLs cover a total area of 857 km². Icon has a 33.33% interest in the post-Permian section.
- No operations took place in the last year, and none have been proposed by the Joint Venture Operator for the coming year.

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

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ATP 594 Cooper-Eromanga Basin Queensland

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

Corporate

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

EVENTS AFTER THE BALANCE DATE

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

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

CORPORATE STRATEGIES AND FUTURE DEVELOPMENTS

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

FINANCIAL POSITION

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

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

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

SHARES UNDER OPTION

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

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

DIVIDENDS

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

REMUNERATION REPORT

The Remuneration Report for the financial period which forms part of the Director's Report can be found on page 26 of this Annual Report.

COMPANY SECRETARY

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

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

MEETINGS OF DIRECTORS

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

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

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ENVIRONMENTAL REGULATION

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

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

DIRECTORS AND AUDITORS INDEMNIFICATION

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

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

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

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

NON-AUDIT SERVICES

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

There are no officers of the Company who are former audit partners of Crowe.

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

The lead auditor's independence declaration is set out on page 32 and forms part of the Directors' Report for the period ended 30 June 2022. Crowe continues in office in accordance with Section 327 of the *Corporations Act 2001*.

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



S M Barry
Chairman
30 September 2022



R S James
Director
30 September 2022

Remuneration Report – Audited

for the year ended 30 June 2022

Key Points

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

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

Table 1: Icon Energy's Key Management Personnel

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

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

1. REMUNERATION FRAMEWORK

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

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

2. ROLE OF THE REMUNERATION, NOMINATIONS AND SUCCESSION COMMITTEE

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

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

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

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

Non-Executive Directors

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

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

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

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

Executive Managers and Senior Management

Executive and Senior Managers are remunerated through a combination of:

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

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

Remuneration Report – Audited

for the year ended 30 June 2022

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

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

4. FIXED REMUNERATION

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

5. SHORT-TERM INCENTIVES

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

6. LONG-TERM INCENTIVES

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

7. SERVICE AGREEMENTS

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

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

Table 2: Service Agreements with Executive Directors and Senior Managers

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

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

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

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

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

(ii) Other Benefits represent accrued annual leave during the year.

(iii) Long-term employee benefits represent only the long service leave accrued during the year.

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

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

	Short Term		Post-employment	Long-term Employee Benefits (ii)	Total
	Salaries & Fees (i)	Other Benefits	Superannuation		
	\$	\$	\$	\$	\$
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.

Remuneration Report – Audited

for the year ended 30 June 2022

9. DIRECTORS' AND SENIOR MANAGERMENTS' INTERESTS

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

Shareholdings

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

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

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

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

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

2021	Balance 1.07.2020	Employee Performance Rights Plan	Purchases	Options Exercised	Sold	Other changes	Balance 30.06.2021
	Number	Number	Number	Number	Number	Number	Number
Directors							
Stephen Barry*	1,653,593	-	-	-	-	-	1,653,593
Keith 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	239,774	-	-	-	-	-	239,774
	43,286,104	-	-	-	-	16,068,181	27,217,923

Transactions with Directors and Director Related Entities

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

10. SHARE OPTIONS

Options Granted to Directors and Key Management Personnel of the Company

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

Options Held by Key Management Personnel

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

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

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

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

**Options acquired through the Rights Issue to the shareholders.

There were no options outstanding as at 30 June 2021.

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

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

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

End of Remuneration Report (audited)