



**ICON ENERGY LIMITED**  
ABN 61 058 454 569  
*energy for the future - the future of energy*

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21st November 2008

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Sir

**Icon Energy Limited Announces an Extraordinary General Meeting**

A notice of an Extraordinary General Meeting for Icon Energy Limited, to be held on the 23<sup>rd</sup> December 2008, is attached. The meeting will be held at the Southport Yacht Club, MacArthur Parade, Main Beach Queensland. The meeting will commence at 11:00 am Queensland time. A sample proxy form is attached for your information.

Yours sincerely

Ray McNamara  
Executive Director/Company Secretary  
Icon Energy Limited



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**ICON ENERGY LIMITED ABN 61 058 454 569**  
**NOTICE OF EXTRAORDINARY GENERAL MEETING**

Notice is given that an Extraordinary General Meeting (EGM) of shareholders of Icon Energy Limited (Icon Energy) will be held at the Southport Yacht Club, Macarthur Parade, Main Beach, Queensland 4217 on 23 December 2008 commencing at 11:00 am (Queensland time).

**ITEMS FOR APPROVAL**

**1. Ratification of Shares Issued (June Placement)**

To consider and, if thought fit, pass the following resolution as an ordinary resolution of Icon Energy:

*"That, for the purposes of ASX Listing Rule 7.4, and for all other purposes, Icon Energy ratifies the issue of 16,000,000 fully paid ordinary shares to sophisticated and institutional investors on 11 June 2008, on the terms described in the Explanatory Statement which forms part of this Notice of Meeting."*

**Voting Exclusion Statement**

In accordance with ASX Listing Rule 14.11, Icon Energy will disregard any votes cast on Resolution 1 by persons or entities who participated in the institutional placement undertaken in June 2008, and their associates.

However, Icon Energy need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

**2. Ratification of Shares Issued (September Placement)**

To consider and, if thought fit, pass the following resolution as an ordinary resolution of Icon Energy:

*"That, for the purposes of ASX Listing Rule 7.4, and for all other purposes, Icon Energy ratifies the issue of 14,300,000 fully paid ordinary shares to sophisticated and institutional investors on 9 September 2008, on the terms described in the Explanatory Statement which forms part of this Notice of Meeting."*

**Voting Exclusion Statement**

In accordance with ASX Listing Rule 14.11, Icon Energy will disregard any votes cast on Resolution 2 by persons or entities who participated in the institutional placement undertaken in September 2008, and their associates.

However, Icon Energy need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

### **3. Approval of Issue of Convertible Securities**

To consider and, if thought fit, pass the following resolution as an ordinary resolution of Icon Energy:

*“That, subject to receipt of a waiver from ASX Limited from ASX Listing Rule 7.3.2 and the approval of Resolution 4, for the purposes of ASX Listing Rules 7.1 and 7.3, and for all other purposes, the issue of Convertible Notes with an aggregate face value of up to \$20,000,000 over twenty equal tranches to Pacific Capital Value Limited (or its nominee(s)) pursuant to a Subscription Agreement between Icon Energy and Pacific Capital Value Limited, on the terms described in the Explanatory Statement which forms part of this Notice of Meeting, is approved.”*

#### **Voting Exclusion Statement**

In accordance with ASX Listing Rule 14.11, Icon Energy will disregard any votes cast on Resolution 3 by Pacific Capital Value Limited and its associates or any person who might obtain a benefit except a benefit solely in the capacity as a shareholder.

However, Icon Energy need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

### **4. Approval for the Issue of Options to Mr Ray James in Consideration for Security given by Mr James (only to be exercised upon Icon Energy’s default under the Subscription Agreement)**

To consider and, if thought fit, pass the following resolution as an ordinary resolution of Icon Energy:

*“That, conditional upon Resolution 3 being approved and in consideration for the security of 7,000,000 fully paid ordinary shares provided by Mr Ray James as required by the Subscription Agreement between Icon Energy and Pacific Capital Value Limited, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the issue of 7,000,000 options, which may convert to ordinary shares on a one-for-one basis each with a nil exercise price and an expiry date of the final maturity date as defined in the Subscription Agreement, to Mr Ray James, Managing Director of Icon Energy, or to his nominee, on the terms described in the Explanatory Statement which forms part of this Notice of Meeting, is approved.”*

#### **Voting Exclusion Statement**

In accordance with ASX Listing Rule 14.11, Icon Energy will disregard any votes cast on Resolution 4 by Mr Ray James and his associates.

However, Icon Energy need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

### **5. Approval of Issue of Shares to Mr Ray James in respect of a Short-Term Incentive payable for performance during the period ended 30 June 2008**

To consider and, if thought fit, pass the following resolution as an ordinary resolution of the shareholders of Icon Energy:

*“That, as part payment of a short-term incentive payable by Icon Energy in respect of performance during the period ended 30 June 2008, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the issue of 918,919 fully paid ordinary shares for nil financial consideration to Mr Ray James, Managing Director of Icon Energy, or to his nominee on the terms described in the Explanatory Statement which forms part of this Notice of Meeting, is approved.”*

### **Voting Exclusion Statement**

In accordance with ASX Listing Rule 14.11, Icon Energy will disregard any votes cast on Resolution 5 by Mr Ray James and his associates.

However, Icon Energy need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

### **6. Approval of Issue of Shares to Dr Ray McNamara in respect of a Short-Term Incentive payable for performance during the period ended 30 June 2008**

To consider and, if thought fit, pass the following resolution as an ordinary resolution of Icon Energy:

*"That, as part payment of a short-term incentive payable by Icon Energy in respect of performance during the period ended 30 June 2008, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the issue of 315,315 fully paid ordinary shares for nil financial consideration to Dr Ray McNamara, an Executive Director of Icon Energy, or to his nominee, on the terms described in the Explanatory Statement which forms part of this Notice of Meeting, is approved."*

### **Voting Exclusion Statement**

In accordance with ASX Listing Rule 14.11, Icon Energy will disregard any votes cast on Resolution 6 by Dr Ray McNamara and his associates.

However, Icon Energy need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

### **7. Approval of Issue of Shares to Mr John Quayle in respect of a Short-Term Incentive payable for performance during the period ended 30 June 2008**

To consider and, if thought fit, pass the following resolution as an ordinary resolution of Icon Energy:

*"That, as part payment of a short-term incentive payable by Icon Energy in respect of performance during the period ended 30 June 2008, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the issue of 210,210 fully paid ordinary shares for nil financial consideration to Mr John Quayle, Business Development Manager for Icon Energy, or to his nominee, on the terms described in the Explanatory Statement which forms part of this Notice of Meeting, is approved."*

### **Voting Exclusion Statement**

In accordance with ASX Listing Rule 14.11, Icon Energy will disregard any votes cast on Resolution 7 by Mr John Quayle and his associates and any person who might obtain a benefit except a benefit solely in the capacity as a shareholder.

However, Icon Energy need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

**8. Approval of Issue of Shares to Mr Stephen Barry as part consideration of his Directors' Fee payable**

To consider and, if thought fit, pass the following resolution as an ordinary resolution of Icon Energy:

*"That, as part payment of directors' fees payable by Icon Energy in respect of the period ended 31 December 2008, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the issue of 120,120 fully paid ordinary shares in lieu of financial consideration of \$40,000 to Mr Stephen Barry, Director of Icon Energy, or to his nominee, on the terms described in the Explanatory Statement which forms part of this Notice of Meeting, is approved."*

**Voting Exclusion Statement**

In accordance with ASX Listing Rule 14.11, Icon Energy will disregard any votes cast on Resolution 8 by Mr Stephen Barry and his associates and any person who might obtain a benefit except a benefit solely in the capacity as a shareholder.

However, Icon Energy need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

**9. Approval of Icon Energy Limited Performance Rights Plan**

To consider and, if thought fit, pass the following resolution as an ordinary resolution of the shareholders of Icon Energy:

*"That, for the purposes of Exception 9 of ASX Listing Rule 7.2, section 260C(4) of the Corporations Act, and for all other purposes, approval is hereby given for all shares issued or acquired (as the case may be) under the "Icon Energy Limited Performance Rights Plan" which is to be constituted and administered in accordance with the Terms and Conditions of the "Icon Energy Limited Performance Rights Plan" which are tabled by the Chairman at the Meeting and marked "A" for identification purposes."*

**Voting Exclusion Statement**

In accordance with ASX Listing Rule 14.11, Icon Energy will disregard any votes cast on Resolution 9 by any Director of Icon Energy and their associates.

However, Icon Energy need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**10. Grant of Performance Rights to Mr Ray James under the Icon Energy Limited Performance Rights Plan**

To consider and, if thought fit, pass the following resolution as an ordinary resolution of Icon Energy:

*"That, subject to the approval of Resolution 9, for the purposes of ASX Listing Rule 10.14, and for all other purposes, in respect of both his short-term and long-term at-risk remuneration for the performance periods ending 30 June 2009 and 31 December 2009 (respectively), the grant to Mr Ray James, Managing Director, of up to 1,240,541 Performance Rights for nil financial consideration which, subject to the achievement of performance conditions, may convert to ordinary shares in the capital of Icon Energy Limited on a one-for-one basis, under the Icon Energy Limited Performance Rights Plan, on the terms described in the Explanatory Statement which forms part of this Notice of Meeting, is approved."*

### **Voting Exclusion Statement**

In accordance with ASX Listing Rule 14.11, Icon Energy will disregard any votes cast on Resolution 10 by any Director of Icon Energy and their associates.

However, Icon Energy need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **11. Grant of Performance Rights to Dr Ray McNamara under the Icon Energy Limited Performance Rights Plan**

To consider and, if thought fit, pass the following resolution as an ordinary resolution of Icon Energy:

*"That, subject to the approval of Resolution 9, for the purposes of ASX Listing Rule 10.14, and for all other purposes, in respect of both his short-term and long-term at-risk remuneration for the performance periods ending 30 June 2009 and 31 December 2009 (respectively), the grant to Dr Ray McNamara, Executive Director, of up to 816,816 Performance Rights for nil financial consideration which, subject to the achievement of performance conditions, may convert to ordinary shares in the capital of Icon Energy Limited on a one-for-one basis, under the Icon Energy Limited Performance Rights Plan, on the terms described in the Explanatory Statement which forms part of this Notice of Meeting, is approved."*

### **Voting Exclusion Statement**

In accordance with ASX Listing Rule 14.11, Icon Energy will disregard any votes cast on Resolution 11 by any Director of Icon Energy and their associates.

However, Icon Energy need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By order of the Board



Dr R McNamara  
Director & Company Secretary  
14 November 2008



## **EXPLANATORY STATEMENT**

This Explanatory Statement has been prepared for the information of shareholders of Icon Energy (Shareholders) in relation to the business to be conducted at Icon Energy's December 2008 Extraordinary General Meeting (EGM).

The purpose of this Explanatory Statement is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the resolutions. The Directors recommend that Shareholders read this Explanatory Statement before determining whether or not to support the resolutions.

All of the resolutions to be voted on are ordinary resolutions. An ordinary resolution requires a simple majority of votes cast by shareholders entitled to vote on the resolution.

*As at the date of this Explanatory Memorandum, there were 312,796,906 ordinary shares (quoted on ASX) on issue in the capital of Icon Energy and 20,000,000 options with an expiry of 31 December 2008.*

## **ORDINARY BUSINESS**

### **Resolution 1: Ratification of Shares Issued (Placement) on 11 June 2008**

Under ASX Listing Rule 7.1, a company must obtain shareholder approval if it wants to issue more than 15% of its equity securities. ASX Listing Rule 7.4.2 provides that shareholders may approve an issue of securities after the fact so that the securities issued are regarded as having been made with approval for the purpose of ASX Listing Rule 7.1.

Accordingly, Resolution 1 is seeking ratification for 16,000,000 fully paid ordinary shares which were issued on 11 June 2008 (without Shareholder approval). The shares were issued following an institutional placement to sophisticated investors (as defined in the Corporations Act) which was announced to the ASX on 4 June 2008. The funds raised are to be used to fund the ongoing administration of Icon Energy and to enable commencement of the dewatering testing operations of the Coal Bed Methane wells drilled in ATP 626P. 5,000,000 of the shares issued were in respect for part of an agency agreement settlement to secure a Memorandum of Understanding and Gas Sales Agreement to develop the gas reserves in ATP 626P (ATP 626P).

### **Legislative Requirements**

The issue of these shares was within the 15% limit permitted by ASX Listing Rule 7.1. Nevertheless, Icon Energy is requesting that Shareholders ratify the issue of the shares the subject of Resolution 1 for the purpose of ASX Listing Rule 7.4, so that Icon Energy will have the flexibility to issue further securities under ASX Listing Rule 7.1 if the need or opportunity arises.

For the purposes of ASX Listing Rule 7.5, the following information is provided:

- 16,000,000 shares were issued in total.
- The shares were issued as follows:
  - 4,000,000 shares at \$0.075 per share;
  - 11,000,000 shares at \$0.201 per share; and
  - 1,000,000 shares at \$0.29 per share.
- The shares were ordinary fully paid shares.
- The shares were issued on 11 June 2008.
- The shares were allotted to institutional investors following a placement.
- Total funds raised were \$2,801,000. To date, approximately \$1 million has been used on acquiring equipment (such as a pump, down hole tubing, casing, gas methane test tools). The remaining funds will be used to enable the commencement of the dewatering testing operations of the Coal Bed Methane wells drilled in ATP 626P and to fund the ongoing administration of Icon Energy (ie as working capital).
- A Voting Exclusion Statement is set out under Resolution 1 in the Notice of Meeting.

The Directors unanimously recommend that Shareholders vote in favour of this Resolution.

## **Resolution 2: Ratification of Shares Issued (Placement) on 9 September 2008**

Under ASX Listing Rule 7.1, a company must obtain shareholder approval if it wants to issue more than 15% of its equity securities. ASX Listing Rule 7.4.2 provides that shareholders may approve an issue of securities after the fact so that the securities issued are regarded as having been made with approval for the purpose of ASX Listing Rule 7.1.

Accordingly, Resolution 2 is seeking ratification for 14,300,000 fully paid ordinary shares which were issued on 9 September 2008 (without Shareholder approval). The shares were issued following an institutional placement to sophisticated investors (as defined in the Corporations Act) which was announced to the ASX on 2 September 2008. The funds raised will be used to fund the drilling of new Coal Bed Methane wells in ATP 626P as detailed in Stage 2 of Icon Energy's exploration program (announced to the ASX on 25 August 2008). Stage 2 is to establish production flow rates for gas, permeability and gas content measures and while initially planned to commence in the fourth quarter of 2008, due to the unavailability of the rig (as announced to the ASX on 31 October 2008), it is now planned to commence in the first quarter of 2009.

### **Legislative Requirements**

The issue of these shares was within the 15% limit permitted by ASX Listing Rule 7.1. Nevertheless, Icon Energy is requesting that Shareholders ratify the issue of the shares the subject of Resolution 2 for the purpose of ASX Listing Rule 7.4, so that Icon Energy will have the flexibility to issue further securities under ASX Listing Rule 7.1 if the need or opportunity arises.

For the purposes of ASX Listing Rule 7.5, the following information is provided:

- 14,300,000 shares were issued in total.
- The shares were issued at \$0.19 per share.
- The shares were ordinary fully paid shares.
- The shares were issued on 9 September 2008.
- The shares were allotted to institutional investors following a placement.
- Funds raised were \$2,717,000, and will be used to fund the drilling of new Coal Bed Methane wells in ATP 626P as detailed in Stage 2 of Icon Energy's exploration program announced to the ASX on 25 August 2008.
- A Voting Exclusion Statement is set out under Resolution 2 in the Notice of Meeting.

The Directors unanimously recommend that Shareholders vote in favour of this Resolution.

## **Resolution 3: Approval of Issue of Convertible Notes**

Resolution 3 is conditional upon the approval of Resolution 4.

Icon Energy proposes to issue a series of Convertible Notes to Pacific Capital Value Limited (Purchaser) under a Non-Interest Bearing Convertible Security in return for an aggregate loan facility of \$20,000,000 for Icon Energy (Principal Amount).

The terms of the Convertible Notes are explained below and a full summary of the Convertible Notes is set out in Attachment A to this Explanatory Memorandum.

### Use of Funds: ATP 626P (Surat Basin, Queensland)

The monies received by Icon Energy are to be applied to fund Icon Energy's 2009 drilling program and in particular, the development of Icon Energy's coal seam gas resources at ATP 626P (currently estimated at 5.4 trillion cubic feet (TCF) of gas). Icon's core business is now focused on developing the resources so they can be recertified as coal bed methane gas reserves in ATP 626P. Icon Energy holds a working interest in ATP 626P of 100%. The estimate of 5.4 TCF of gas initially in place was in accordance with the Standards Pertaining to Estimating and Auditing of Oil and Gas Reserves prescribed by the Society of Petroleum Engineers and was independently audited (the opinion being released to the ASX on 25 August 2008).

Based on the initial analytical results from ATP 626P, Icon Energy has decided to develop the resource in four stages. Icon Energy intends to apply the funds to carry out Stages 2 and 3 of the program of works

for ATP 626P as announced to the ASX on 25 August 2008 and modified in the Report on Third Quarter Activities announced to the ASX on 31 October 2008. This work plan is described below.

### *Stage 2*

This stage involves:

- Three pilot-test wells to be drilled around Lydia No. 1 and with Lydia No. 1 as a monitor. These test wells are to be drilled, cored, completed and put on production. In addition, the evaporation pond will be constructed over this period. The Board expects that this configuration will allow Icon Energy to identify reserves at the 2P and 3P levels and will justify a feasibility program for the construction of the pipeline so as to deliver gas to market.

This stage is expected to be commenced in February 2009 subject to rig availability and to be completed by April 2009 with dewatering by June-July 2009.

### *Stage 3*

This stages involves up to a further 19 well program to enable Icon Energy to move the status of its exploration rights to production licences as required by the Queensland Department of Mines and Energy.

#### *Stage 3, Phase 1*

- Three pilot wells (coring wells) which are strategically placed in the block so as to meet the requirements to apply for "Potential Commercial Area" licences from the Department of Natural Resources.
- An additional six pilot wells (coring wells) to be located in positions as a result of information obtained from the three pilot test wells in Stage 3 described immediately above. This should assist to meet the requirements to apply for additional "Potential Commercial Area" licences from the Department of Natural Resources.

ATP 626 has a total of 30 Graticular Boundary Systems and so has the possibility of 10 "Potential Commercial Areas".

#### *Stage 3, Phase 2*

This phase will consist of 2 well pilot programs as follows:

- Goondiwindi pilot area (5 wells and an evaporation pond); and
- Stitch pilot area (4 wells and an evaporation pond) with Stitch 1 as part of this pilot program.

These stages are expected to be completed progressively from April-May 2009 through to the end of 2010.

Shareholders should note that there are many exogenous variables as to execution of an exploring entity's proposed drilling program and these include: rig availability (as explained in Icon Energy's ASX announcement 31 October 2008), weather conditions, findings from pilot programs and the resultant analysis that needs to take place.

In addition to the requirements imposed by the ASX Listing Rules, Icon Energy undertakes to, on a quarterly basis or as otherwise required by ASX, provide a detailed report on its progress in relation to developing ATP 626P and the extent to which it has used the funds received from the issue of Convertible Notes as approved by Shareholders.

#### Commercial Terms of Convertible Notes

Icon Energy has agreed the enter into a Subscription Agreement with the Purchaser (Agreement), the terms of which are conditional upon Shareholder approval being obtained for the purpose of ASX Listing Rule 7.1. The Board considers that the Principal Amount provided under the Subscription Agreement is on favourable commercial terms for Icon Energy, having regard to the tight constraints currently in global equity markets, in that there is:

- a zero coupon rate;
- no negative pledge required by Icon Energy;
- limited restriction on future equity raisings in the capital of Icon Energy (the restriction being limited to other forms of equity like convertible securities); and
- no subordination of any of Icon Energy's existing financing facilities.

If approved, up to twenty Convertible Notes each with a face value of A\$1,000,000 and on the terms described within this Notice of Meeting, will be issued to the Purchaser in consideration for the Principal Amount. Under the Agreement, the Purchaser has undertaken not to acquire relevant interests in the capital of Icon Energy exceeding 15%. The Purchaser is not currently a Shareholder of Icon Energy nor has any relevant interests in the capital of Icon Energy.

The Agreement requires Icon Energy to ensure at least A\$1,000,000 of the proceeds from the issue of the Convertible Notes is placed in an escrow account. This means that these monies cannot be used by Icon Energy whilst the Purchaser holds Convertible Notes (which have been neither converted or redeemed).

In addition, the Agreement requires Icon Energy to arrange for 7,000,000 fully paid ordinary shares in the capital of Icon Energy to be provided as security until the Final Maturity Date, being three years from the issue of the Tranche 1 Convertible Notes (Loan Shares). As evidence of his commitment to the long-term success of Icon Energy, the Loan Shares are to be offered by Icon Energy's Managing Director, Mr Ray James. In return for these Loan Shares, Icon Energy will pay Mr James an interest payment (on arm's length (commercial) terms) and grant Mr James 7,000,000 options, the specific terms of which are subject to shareholder approval at this EGM for the purposes of ASX Listing Rule 10.11 and are set out under Resolution 4.

Finally, under the terms of the Agreement, Icon Energy must pay the Purchaser a structuring fee equal to 8.0% of each respective Tranche upon drawdown of each respective Tranche and payable at the time of drawdown on each respective Tranche. Therefore, \$800,000 (in aggregate) will be paid to the Purchaser in respect of the Tranches 1-10 and if Icon Energy exercises its call option in respect of Tranches 11-20, an additional \$800,000 (in aggregate) will be paid to the Purchaser. Whilst separate to the Agreement, Icon Energy must also pay to unrelated third parties additional borrowing costs equal to 3.0% of each respective Tranche upon drawdown of each respective Tranche and payable at the time of drawdown on each respective Tranche (ie \$300,000 (in aggregate) in respect of Tranches 1-10 and \$300,000 (in aggregate) in respect of Tranches 11-20).

### **Legislative Requirements**

ASX Listing Rule 7.1 provides that Shareholder approval is required for an issue of securities if the securities will, when aggregated with all the securities issued by Icon Energy during the previous 12 months, exceed 15% of the number of the shares on issue at the commencement of that 12 month period.

In compliance with the information requirements of ASX Listing Rule 7.3, Shareholders are advised of the following particulars in relation to the allotment of Convertible Notes.

#### (LR 7.3.5) The terms of the securities

##### *Tranches*

Under the Agreement, the Purchaser will undertake to subscribe, and subject to receipt of a waiver from ASX from ASX Listing Rule 7.3.2, Icon Energy undertakes to issue, the first ten tranches (Tranches 1-10) of Convertible Notes within 9 months from the date of the Tranche 1 subscription (expected to be immediately after Shareholder approval is obtained).

Icon Energy has a call option on the second ten tranches (Tranche 11-20) of Convertible Notes (Options).

Each tranche of Convertible Notes has a face value of A\$1,000,000.

Given the large expense to drill each well (estimated at approximately \$1.1 million per well) and the size of the ATP 626P tenement (in excess of 150 wells), the Board believes that the funds from Tranches 1-10

(\$10 million in total) will be absorbed during 2009 as part of the program and drilling of the first wells. The drilling of these wells is part of a broader, 24 well program described above so as to enable Icon Energy to move its exploration rights to production holdings as required by the Queensland Department of Mines and Energy. After the drilling of the first wells are completed (at the same time the monies from the Tranches 1-10 have been used), the Board expects an indication as to whether the drilling program of ATP 626P will generally meet initial expectations. Nevertheless, in its governance oversight, the Board will continually monitor the drilling program of ATP 626P and, should the project change materially from initial expectations, Icon Energy:

- o will accept a 'break fee' payable to the Purchaser in respect of any unsubscribed tranches from Tranches 1-10, such fee being \$25,000 per unsubscribed tranche; and/or
- o will not exercise its Options in respect of Tranches 11-20.

The subscription monies received upon the conversion of Convertible Notes will not be used for any purposes other than the development of Icon Energy's coal seam gas resources at ATP 626P.

#### *Conversion*

Each tranche of the Convertible Notes may be exercised by the Purchaser for a period of 36 months from the date of the issue of the Tranche 1 Notes (Final Maturity Date).

Upon conversion of the Convertible Notes, the Purchaser will be entitled to a number of subscription shares (Subscription Shares), each Subscription Share being one fully paid ordinary share in the capital of Icon Energy, ranking *pari passu* with all other ordinary shares on issue.

#### *Redemption*

Convertible Notes which are not converted must be redeemed by Icon Energy at 100% of the principal amount at the Final Maturity Date.

(LR 7.3.1) Maximum number of securities Icon Energy is to issue (if known) or the formula for calculating the number of securities Icon Energy is to issue & (LR 7.3.3) The issue price of the securities.

There are up to twenty Tranches of Convertible Notes, each with a face value of A\$1,000,000. The maximum number of securities to be issued is not known as it depends on Icon Energy's trading price over a series of dates.

The number of Subscription Shares that the Purchaser will be entitled to upon conversion of the Convertible Notes shall be equal to:

$$\frac{\text{Principal amount of respective tranche (ie face value) of Convertible Note}}{\text{Applicable Conversion Price}}$$

The Applicable Conversion Price per Subscription Share is at the discretion of the Purchaser and is equal to either:

- i. 125% of the volume weighted average share price (VWAP) of Icon Energy for the 30 days immediately prior to the date for which the tranche of Convertible Notes were subscribed (Fixed Conversion Price); or
- ii. 90% of the VWAP of Icon Energy for any 5 consecutive trading days during the 30 days immediately preceding the respective conversion date of the Convertible Notes (Floating Conversion Price).

#### *By way of an example:*

- i. (Fixed Conversion Price): if the Purchaser wishes to convert its Tranche 3 Convertible Notes on 28 February 2009, and the VWAP of Icon Energy for the period 29 January to 27 February (inclusive) is \$0.20, the Fixed Conversion Price is \$0.25 (being 125% of the VWAP). The face value of the Tranche 3 Convertible Note is \$1,000,000 and so the number of Subscription Shares Icon Energy will issue to the Purchaser is 4,000,000 shares in respect of that Tranche. Based on the current number of shares on issue, this represents approximately 1.28% of the capital of Icon Energy.

- ii. (Floating Conversion Price): if the Purchaser wishes to convert its their Tranche 3 Convertible Notes on 28 February 2009, and the selected VWAP of Icon Energy for five trading days during the period 29 January to 27 February (inclusive) is \$0.15, the Floating Conversion Price is \$0.135 (being 90% of the VWAP). The face value of the Tranche 3 Convertible Note is \$1,000,000 and so the number of Subscription Shares Icon Energy will issue to the Purchaser is 7,407,407 Icon Energy shares in respect of that Tranche. Based on the current number of shares on issue, this represents approximately 2.37% of the capital of Icon Energy.

Shareholders should be aware of the potential dilutive effects of the formula pricing as well as the variable prices at which the Applicable Conversion Price may be determined. This is especially in light of recent volatile conditions on the global equity markets.

The Minimum Conversion Price is fixed at \$0.03. If for any reason the Applicable Conversion Price falls below the Minimum Conversion Price, Icon Energy must at the Purchaser's demand, redeem the Convertible Notes presented for conversion in cash at a redemption amount in accordance with the following formula:

$$R = N \times \{P + [9\% \times P \times (D/365)]\}$$

Where:

R = the redemption amount

D = the number of days elapsed since the date for which the tranche of Convertible Notes were subscribed

N = the number of Convertible Notes presented for conversion

P = the face value of the Convertible Notes presented for conversion

*By way of an example:*

If the Purchaser elected to convert its Tranche 8 Convertible Notes on 31 July 2009 and the Applicable Conversion Price is below \$0.03, and on 20 August 2009 demands that Icon Energy redeem the Convertible Notes, then applying the above formula where 20 days have elapsed and there is one Convertible Note outstanding, Company would have to pay the Purchaser A\$1,004,931.50.

The breakdown of this calculation is as follows (applying the above formula):

R = the redemption amount

D = 20

N = 1

P = A\$1,000,000

$$R = 1 \times \{ \$1,000,000 + [9\% \times \$1,000,000 \times (20/365)] \}$$

*Therefore, R = A1,004,931.50*

(LR 7.3.2) The date by which the entity will issue the securities & (LR 7.3.7) The dates of allotment.

At the time of drafting this Notice, Icon Energy had applied for a waiver from ASX Listing Rule 7.3.2 to issue the securities over the period of 15 months from the EGM. Subject to receipt of this waiver, the Convertible Notes are expected to be issued and allotted progressively over the following 15 months.

(LR 7.3.4) The names of the allottees (if known) or the basis upon which allottees will be identified or selected.

The Convertible Notes will be allotted to the Purchaser, UK based Pacific Capital Value Limited, or their nominee.

(LR 7.3.6) The intended use of the funds raised.

As described in this Explanatory Memorandum, the monies received by Icon Energy will be employed to fund the development of Icon Energy's coal seam gas resources at ATP 626P.

(LR 7.3.8) Voting Exclusion Statement

A Voting Exclusion Statement is set out under Resolution 3 in the Notice of Meeting.

The Directors recommend Shareholders vote in favour of this Resolution.

#### **Resolution 4: Approval of Issue of Options to Mr Ray James**

Resolution 4 is conditional upon the approval of Resolution 3. Capitalised terms below note defined are as defined in the Explanatory Memorandum for Resolution 3.

Under the Agreement, Icon Energy is required to arrange for 7,000,000 fully paid ordinary shares in the capital of Icon Energy to be provided as security for the Purchaser until the Final Maturity Date being three years from the date of issue of the Tranche 1 Convertible Notes. As evidence of his commitment to the long-term success of Icon Energy, which includes acknowledgement of the importance of carrying out the drilling program for ATP 626P and seeking the requisite funding, the Loan Shares are to be offered by Icon Energy's Managing Director, Mr Ray James.

In return for these Loan Shares, Icon Energy has agreed to grant Mr James 7,000,000 options (Options), subject to Shareholder approval. The Options are proposed to be issued to Mr James on the following terms and conditions:

- (a) each Option entitles the holder to one ordinary share in the capital of Icon Energy;
- (b) the Options are non-transferable from the holder;
- (c) the Options are issued to the holder as part consideration for the provision of the Loan Shares;
- (d) the Options are only exercisable by the holder should the Loan Shares be called upon by the Purchaser under the Agreement. The Purchaser is entitled to deal with the Loan Shares at any time from subscription of the Convertible Notes up to the Final Maturity Date in relation to the issuance and conversion of the Convertible Notes;
- (e) the Options are exercisable for nil consideration;
- (f) unexercised Options lapse upon the termination of the Agreement or upon the full conversion of the Notes, whichever is earlier;
- (g) (subject to (k) below) an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised;
- (h) Icon Energy does not intend to seek quotation on ASX of the Options at this stage;
- (i) all shares issued upon exercise of the Options will rank *pari passu* in all respects with Icon Energy's then issued shares. Icon Energy will apply for quotation on ASX of all shares issued upon exercise of the Options;
- (j) there are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options; and
- (k) if at any time the issued capital of Icon Energy is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules.

In addition, whilst the Loan Shares are held as security so that Icon Energy can meet its obligations under the Agreement, the Board has agreed to pay Mr James a structuring security fee (Fee) equal to 11% per annum. The Board considers this Fee to be reasonable in the circumstances in that it is equal to lowest interest rate/minimum coupon rate a commercial third party was going to charge Icon Energy when Icon Energy was recently investigating alternative funding arrangements. Other rates were considerably higher (up to 15%). Interest is to be paid quarterly in arrears and is to be calculated based on the volume weighted average price of all Icon Energy shares as traded on the ASX during the entire quarter (multiplied by the number of Loan Shares).

#### **Legislative Requirements**

For the purposes of section 210 of the Corporations Act, based on other funding arrangements offered by independent third parties, the Board (consisting of the non-interested Directors) has resolved that issue of the Options and the payment of the Fee to Mr James in respect of the Loan Shares is on arm's length terms and reasonable in the circumstances.

Under ASX Listing Rule 10.11, a company must not issue or agree to issue equity securities to a related party without the approval of holders of ordinary securities.

For the purpose of ASX Listing Rule 10.13, the following information is provided to allow Shareholders to assess the proposed issue of Options:

- The maximum number of Options to be issued to Mr Ray James will be 7,000,000. All Options are options over ordinary shares in Icon Energy which may be converted on a one-for-one basis; therefore Mr Ray James may receive up to 7,000,000 shares upon the exercise of all Options. The Options can however only be exercised in specific instances as described in this Explanatory Memorandum.
- The Options will be issued no later than one month after the date of the EGM i.e. no later than 23 January 2009.
- Mr Ray James is an Executive Director.
- The Options will be issued upon the provision by Mr James of the Loan Shares; the Loan Shares are a condition of the Purchaser providing Icon Energy with the Principal Amount as described in Resolution 3. The Options are exercisable for nil consideration and as such no funds will be raised by the issue of shares upon the exercise of Options. While the Options will not be quoted on the ASX, Icon Energy will seek quotation from the ASX of any shares issued as a result of the exercise of these Options.
- A Voting Exclusion Statement is set out under Resolution 4 in the Notice of Meeting.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue the Options to Mr James will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

The Directors, other than Mr James, recommend Shareholders vote in favour of this Resolution.

#### **Resolutions 5 to 7: Approval of Issue of Shares to Executive Management**

Resolutions 5, 6 and 7 seek Shareholder approval to issue shares to two Executive Directors, Mr Ray James and Dr Ray McNamara and an additional Executive Manager, Mr John Quayle, in respect of a discretionary bonus awarded in respect of Icon Energy's performance for the period ended 2008.

#### Outline of Icon Energy's performance for the 12 month period ended 30 June 2008

Icon Energy has previously enunciated that its long term strategic objective is to increase shareholder value through systematic, scaled production increases in coal bed methane and selective oil exploration activities.

Highlights achieved by Icon Energy during the 12 month period ended 30 June 2008 included:

- the drilling of three wells as part of Icon Energy's coal seam methane gas exploration projects (the wells being Lydia No.1, Natasha No.1 and Stitch No. 1);
- the successful application of the two geothermal blocks GLR 2007/11 and GLR 2007/12; and
- senior management appointments, including Chief Geologist, Mr Harry Duerden in April 2008 (and the work in progress to secure the appointment of Chief Operating Officer, Mr Larry Brown in July 2008).

Shareholder value was improved dramatically over this period with the share price growth as follows:

- \$0.043 (29 June 2007)
- \$0.405 (11 June 2008) (high)
- \$0.265 (30 June 2008)

#### Background to the Discretionary Bonus for the 12 month period ended 30 June 2008

At its October 2008 Meeting, the Remuneration Committee recommended, and the Board (consisting of the non-interested Non-Executive Directors) approved, the payment of cash bonuses to certain members of the Management team (as a short-term incentive (STI)) in respect of performance against the achievement of certain corporate and personal key performance indicators.

Based on the exceptionally strong performance of Icon Energy specifically attributable to the efforts of Management during the 12 month period, the Remuneration Committee recommended, and the Board approved, the payment of an additional bonus, payable in Icon Energy shares, subject to Shareholder approval. This bonus is further to the anticipated cash bonus as an STI.

The Board believes that the issue of the shares to Management not only rewards these individuals for their exceptional past performance, but continues to act as an incentive so as to align their interests with those of other Shareholders of Icon Energy.

The shares are ordinary fully paid shares which are to be issued for nil consideration.

*How was the number of shares determined?*

Having regard to independent remuneration advice as to the market norm for structure and quantum of STI payable within the energy industry, the Remuneration Committee resolved that the following discretionary bonuses were paid to the nominated recipients (payable as Icon Energy shares):

- Mr Ray James, Managing Director: \$306,000 worth of Icon Energy shares
- Dr Ray McNamara, Executive Director: \$105,000 worth of Icon Energy shares
- Mr John Quayle, Business Development Manager: \$70,000 worth of Icon Energy shares

In order to determine the total number of shares to be issued, the 'discretionary bonus' was divided by the 20 trading days' volume weighted average share price of all Icon Energy shares as traded on the ASX for the period up to and including 30 June 2008 (VWAP). The VWAP has been independently calculated at \$0.3330 (4 dpl).

Therefore, the share issues as proposed are as follows:

- Mr Ray James, Managing Director: 918,919 shares
- Dr Ray McNamara, Executive Director: 315,315 shares
- Mr John Quayle, Business Development Manager, 210,210 shares

#### Icon Energy Remuneration Philosophy

During October 2008, Icon Energy formalised a Remuneration Philosophy in conjunction with independent advisors having specific regard to Icon Energy's current and future perceived key business drivers. The Remuneration Philosophy is available on Icon Energy's website ([www.iconenergy.com](http://www.iconenergy.com)) under "Investor Information" and "Remuneration".

The Remuneration Philosophy confirms Icon Energy's practices for future periods. It recognises that a STI is payable to Management by Icon Energy via a combination of cash and equity and ought to reflect the achievement of a number of short term goals established on an annual basis.

The *target* total reward mix has been set following an independent review of Icon Energy's remuneration arrangements, which have been set by reference to Icon Energy's aspirational category of ASX listed entities with a market capitalisation of \$300 million+.

	Fixed	At-Risk	
	FR (fixed remuneration)	STI % of FR	LTI % of FR
Managing Director ( <i>Ray James</i> )	100	50	50
Executive ( <i>incl. Ray McNamara/John Quayle</i> )	100	40	40
Senior Management	100	30	20
Others	100	10	-

Despite the fact that the Remuneration Philosophy was formalised after 30 June 2008, Icon Energy makes the following observations in respect of the STI paid, coupled with the discretionary bonus:

- These awards align with the desire to remunerate STI via a mix of cash and equity.
- These payments are within the general guidelines of the target total reward mix above (suggesting that, in the absence of the discretionary bonus, the cash bonus paid in isolation was well below market practice in respect of STI).

The Board confirms that, with respect to at-risk remuneration, its intention is to ensure that clear and focused performance targets are set for all employees as these are critical to the success of Icon Energy and the creation of Shareholder value.

### **General Legislative Requirements**

For the purposes of section 211(1) of the Corporations Act, the Board (consisting of the non-interested Non-Executive Directors) has resolved that the remuneration to the Directors who are related parties to Icon Energy is reasonable in the circumstances based on:

- Icon Energy's exceptional performance during the 12 month period ending 30 June 2008;
- the responsibilities of Management; and
- an independent review of Icon Energy's remuneration arrangements, having regard to both the quantum of STI payable and the delivery of the STI via a mix of cash and equity.

### **Resolution 5 (Issue to Mr Ray James): Specific Legislative Requirements**

Under ASX Listing Rule 10.11 and Exception 10 to ASX Listing Rule 10.12, a company must not issue or agree to issue equity securities to a related party without the approval of holders of ordinary securities.

For the purpose of ASX Listing Rule 10.13, the following information is provided to allow Shareholders to assess the proposed issue of shares:

- 918,919 shares are to be issued to Mr Ray James or his nominee.
- the shares will be issued no later than 1 month after the date of the EGM i.e. not later than 23 January 2009, and it is anticipated that the shares will be issued on the day after the EGM.
- Mr Ray James is an Executive Director of Icon Energy.
- The shares will be issued for nil financial consideration, as part of the Director's remuneration for the 12 month period ending 30 June 2008. As such, no funds will be raised from this issue.
- A Voting Exclusion Statement is set out under Resolution 5 in the Notice of Meeting.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the above options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue the above shares to Mr Ray James will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1

The Non-Executive Directors recommend Shareholders vote in favour of this Resolution.

### **Resolution 6 (Issue to Dr Ray McNamara): Specific Legislative Requirements**

Under ASX Listing Rule 10.11 and Exception 10 to ASX Listing Rule 10.12, a company must not issue or agree to issue equity securities to a related party without the approval of holders of ordinary securities.

For the purpose of ASX Listing Rule 10.13, the following information is provided to allow Shareholders to assess the proposed issue of shares:

- 315,315 shares are to be issued to Dr Ray McNamara or his nominee.
- the shares will be issued no later than 1 month after the date of the EGM i.e. not later than 23 January 2009, and it is anticipated that the shares will be issued on the day after the EGM.
- Dr Ray McNamara is an Executive Director of Icon Energy.
- The shares will be issued for nil financial consideration, as part of the Director's remuneration for the 12 month period ending 30 June 2008. As such, no funds will be raised from this issue.
- A Voting Exclusion Statement is set out under Resolution 6 in the Notice of Meeting.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the above shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the above shares to Dr Ray McNamara will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1

The Non-Executive Directors recommend Shareholders vote in favour of this Resolution.

### **Resolution 7 (Issue to Mr John Quayle): Specific Legislative Requirements**

Subject to the exceptions set out in ASX Listing Rule 7.2, under ASX Listing Rule 7.1, a company can not issue (or agree to issue) more than 15% of its equity securities in any 12 month period.

While the issue of these shares would fall under the 15% limit permitted by ASX Listing Rule 7.1, Icon Energy is requesting that Shareholders approve the issue of the shares the subject of Resolution 7 so that Icon Energy will have the flexibility to issue further securities under ASX Listing Rule 7.1 if the need or opportunity arises.

For the purpose of ASX Listing Rule 7.3, the following information is provided to allow Shareholders to assess the proposed issue of shares:

- 210,210 shares are to be issued to Mr John Quayle or his nominee.
- the shares will be issued no later than 3 months after the date of the EGM i.e. not later than 23 March 2009, and it is anticipated that the shares will be issued on the day after the EGM.
- The shares will be issued for nil financial consideration, as part of the Manager's remuneration for the 12 month period ending 30 June 2008. As such, no funds will be raised from this issue.
- The shares are ordinary fully paid shares in the capital of Icon Energy and are unrestricted in all respects.
- A Voting Exclusion Statement is set out under Resolution 7 in the Notice of Meeting.

The Non-Executive Directors, with the Executive Directors abstaining, recommend Shareholders vote in favour of this Resolution.

### **Resolution 8: Approval of Issue of Shares to Mr Stephen Barry (as part consideration of his Directors' Fee payable)**

For the year ended 31 December 2007, Stephen Barry was paid \$35,390 for his services as a Non-Executive Director of Icon Energy (comprising \$33,000 in fees plus superannuation). Mr Barry has served as a Director of Company since 1993 and is Chairman of Icon Energy's Audit & Risk Management Committee and a Member of the Remuneration Committee.

For the purposes of ASX Listing Rule 10.17, the maximum pool payable to Non-Executive Directors as approved by Shareholders is \$250,000 and strictly in accordance with best governance practices, Non-Executive Directors are not entitled to receive incentive based remuneration. For the year ended 31 December 2008, it is expected that \$88,390 will be payable in total to Non-Executive Directors (2007: \$81,070).

During the year, Icon Energy commissioned an independent review of its remuneration arrangements with both Management and Directors and it was highlighted to the Board that Icon Energy was remunerating its Non-Executive Directors well below market norm. So as to attract and retain talented personnel (including Directors), the Board anticipates remuneration paid by Icon Energy would be set with a 'middle-of-the market' approach, having regard to comparable roles and industry peers wherever practicable.

Nevertheless, so as to remunerate within the median percentile of available data, while Icon Energy recognises it needs to increase the fees payable to Mr Barry (to the equivalent of \$110,000 plus superannuation), Mr Barry and the Board are conscious of the cash resources available to Icon Energy. Therefore, Subject to Shareholder approval, Mr Barry has agreed to receive \$40,000 of his director's fees payable in Icon Energy shares.

As a Director, Mr Barry has access to considerable strategic and commercially sensitive information pertaining to Icon Energy and as such, the disposal of any shares by Mr Barry will be restricted in practice due to the 'inside information' provisions of the Corporations Act and Icon Energy's Share Trading Policy.

*How was the number of shares determined?*

In order to determine the total number of shares to be issued the fee sacrifice component (\$40,000) was divided by the 20 trading days' volume weighted average share price of all Icon Energy shares as traded on the ASX for the period up to and including 30 June 2008 (VWAP). The VWAP has been independently calculated at \$0.3330 (4 dp).

This equates to 120,120 shares.

Shareholders should note that while not directly attributable to the period in reference (1 January 2008 to 31 December 2008), the VWAP (to 30 June 2008) has been employed since it is consistent with the VWAP for all other remuneration based calculations proposed to this Meeting. In addition, it spans the period of time during when the Icon Energy share price was at its historical high levels and there is the most conservative remuneration divisor Icon Energy can suggest.

### **Specific Legislative Requirements**

Under ASX Listing Rule 10.11 and Exception 10 to ASX Listing Rule 10.12, a company must not issue or agree to issue equity securities to a related party without the approval of holders of ordinary securities.

For the purpose of ASX Listing Rule 10.13, the following information is provided to allow Shareholders to assess the proposed issue of shares:

- 120,120 shares are to be issued to Mr Stephen Barry or his nominee.
- The shares will be issued no later than 1 month after the date of the EGM i.e. not later than 23 January 2009, and it is anticipated that the shares will be issued on the day after the EGM.
- Mr Stephen Barry is a Non-Executive Director of Icon Energy.
- The shares will be issued in lieu of cash payable to Mr Barry as part of his Directors' fees for the 12 month period ending 31 December 2008. As such, no funds will be raised from this issue.
- A Voting Exclusion Statement is set out under Resolution 8 in the Notice of Meeting.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the above shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the above shares to Mr Stephen Barry will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1

The Directors, with Mr Barry abstaining, recommend Shareholders vote in favour of this Resolution.

### **Resolution 9: Approval of Icon Energy Limited Performance Rights Plan**

#### Icon Energy Limited Remuneration Philosophy: General

The Board believes that an equity-based incentive is a key component of the "at-risk" remuneration arrangements for employees. To date, Icon Energy has paid its short-term bonus as cash and granted long-term incentives to employees in the form of share options under the Staff Share Incentive Option Plan (SISOP).

The Board believes that in order to attract and retain talented executives and provide an incentive which continues to align employees with Icon Energy's strategies over varying timeframes, a flexible equity-based plan should be established to allow the Board to grant different types of performance-based awards depending upon the prevailing circumstances and having regard to market practices generally.

Accordingly, the Board wishes to establish the Performance Rights Plan (Plan). Under the Plan, Icon Energy will be able to grant appropriately structured short, medium and long-term incentive awards to employees (including Executive Directors).

The Board has decided, as a distinct change from the prior SISOP, to grant performance rights for the following reasons:

- the grant of performance rights is in accordance with acceptable market practice;
- the grant of performance rights can have a minimal dilutionary effect on the issued share capital of Icon Energy;
- the grant of performance rights can reward executives for their performance; and
- vested performance rights can create recognisable value to executives, which when granted under transparent and robust performance conditions, containing stretch elements, ensure real Shareholder value creation.

The Plan has been designed so that it is an integral component of Icon Energy's Remuneration Philosophy. Given Icon Energy's stage of development and available cash resources as an exploration

entity, generally, Icon Energy proposes to employ the Plan to deliver 70% of the total of any short-term incentive (with the remainder payable in cash) as well as 100% of the total of any long-term incentive. Icon Energy's Remuneration Philosophy has been designed in conjunction with independent advisors having specific regard to Icon Energy's current and future perceived key business drivers and is available on Icon Energy's website ([www.iconenergy.com](http://www.iconenergy.com)) under "Investor Information" and "Remuneration".

#### Performance Rights Plan: Overview

The proposed Plan Terms and Conditions are available on Icon Energy's website ([www.iconenergy.com](http://www.iconenergy.com)) under "Investor Information" and "Remuneration" and a summary of the Plan is set out below.

The Plan will provide the Board with flexibility to give incentives to employees in the form of performance rights (Performance Rights) which will vest on the satisfaction of appropriate performance hurdles. Vested Performance Rights are then retained as restricted shares until a future point in time. Incentive awards will generally be granted to employees for nil consideration.

Clear and focused performance hurdles for employees are critical to the success of Icon Energy. Therefore, the Board will determine the performance hurdles to be applied to incentive awards taking into account Icon Energy's strategies and to ensure benefits are only delivered under the Plan where Icon Energy's performance has materially improved. Generally, incentive awards granted for which performance hurdles are not met, will lapse. In this way, incentive awards under the Plan will align employees' interests with those of shareholders. Vesting of any Performance Rights for the purposes of a qualifying reason (such as death, total and permanent disability and retirement) will be at the absolute discretion of the Board.

Details of the performance hurdles determined by the Board for incentive awards under the Plan for the initial awards are set out in Icon Energy's Remuneration Philosophy and also will be set out in Icon Energy's annual Remuneration Report (contained in the Annual Report). Grants of incentive awards under the Plan to Executive Directors are set out later in this Explanatory Memorandum and will also be detailed in the Remuneration Report.

Vested Performance Rights are expected to convert to deferred shares (Deferred Shares) on a one-for-one basis; Deferred Shares will continue to be held under the Plan subject to a disposal restriction until such time as the employee elects for a holding lock to be released. Owning shares subject to disposal restrictions will encourage employee participants to build and maintain their Icon Energy shareholding and to allow (where available) continual deferral of income tax by the participant. Otherwise, the Terms & Conditions permit at the absolute and unfettered discretion of the Board, vested Performance Rights to be cancelled and a cash amount equal to the prevailing market price be paid to the participant.

Depending on the terms of the invitation made by the Board, awards under the Plan may be delivered to participants through the issue of shares or on-market acquisitions, at the discretion of the Board.

Participants holding Performance Rights under the Plan are not entitled to participate in new issues of shares, bonus issues or any other pro-rata issue to Icon Energy Shareholders. Once participants hold Deferred Shares under the Plan, they may however participate in new issues of shares, bonus issues or any other pro-rata issue to Icon Energy Shareholders. In the event of any reconstruction of the share capital of Icon Energy (including consolidation, subdivision, reduction, capital return, buy back or cancellation), the terms of the Performance Rights and the entitlements of participants will be reconstructed accordingly in a manner that does not result in additional benefits being conferred on participants that are not conferred on Icon Energy Shareholders. However, in all other respects, the terms for the conversion of vested Performance Rights will remain unchanged.

In the event of a change of control (where an entity assumes a relevant interest (voting power) equal to 50% or more in the share capital of Icon Energy, Performance Rights may be converted to shares regardless of whether or not the vesting conditions have been met and in the case of Deferred Shares, any disposal restrictions removed.

Participants holding Deferred Shares acquired under the Plan will have the same rights as ordinary shareholders (generally being the right to vote at general meetings, be paid dividends and with respect to any reconstruction of capital) and shares allocated under the Plan will be quoted on the ASX. Icon Energy will not seek official quotation on the ASX of any Performance Rights.

No security interests (such as charges or mortgages) can be held against any Plan security (be it Performance Rights or Deferred Shares).

The quantum of awards granted to each employee under the Plan will be determined taking into account the employee's role, seniority and contribution to Icon Energy, consistent with Icon Energy's Remuneration Philosophy.

### Legislative Requirements

Section 260C(4) of the Corporations Act, which applies to Icon Energy, permits Icon Energy to provide financial assistance to persons for the purpose of acquiring shares in Icon Energy under an employee share scheme provided shareholder approval is obtained.

Under Exception 9 of ASX Listing Rule 7.2, an issue of securities under an employee incentive scheme is an exception to ASX Listing Rule 7.1 (which contains the restrictions relating to issues exceeding 15% of the issued capital of a listed company in the 12 months before the date of issue) if, within three years before the date of the issue, shareholders have approved the issue of shares as an exception to ASX Listing Rule 7.1.

Given this resolution is seeking approval of the Plan, no securities have been issued under the Plan to date.

A Voting Exclusion Statement is set out under Resolution 9 in the Notice of Meeting.

### Resolutions 10 and 11: Grant of Performance Rights to Mr Ray James and Dr Ray McNamara under the Icon Energy Limited Performance Rights Plan

Resolutions 10 and 11 seek Shareholder approval to issue Performance Rights to two Executive Directors, Mr Ray James and Dr Ray McNamara under the terms and conditions of the Icon Energy Limited Performance Rights Plan (Plan) for which Icon Energy is seeking approval under Resolution 9.

[Details about the grant of Performance Rights to the Executive Directors under the FY2009 Executive Award](#)

#### How was the number of Performance Rights determined?

As published in Icon Energy's Remuneration Report, the target total reward mix with respect to the Managing Director and his direct reports is as follows:

	Fixed	At-Risk	
	FR (salary plus super)	STI % of FR	LTI % of FR
Managing Director ( <i>Ray James</i> )	100	50	50
Executive ( <i>incl. Ray McNamara</i> )	100	40	40

In order to determine the total number of Performance Rights issued, the 'remuneration value' attributable to the LTI component is divided by a number (the divisor) which is intended to represent the value of the Performance Rights. In deriving this divisor number Icon Energy considered contemporary market practices. Observable market practices suggest that there is no one dominant measure employed by ASX listed entities. The two common measures (a Black-Scholes methodology or derivative, thereof versus a value weighted average share price (VWAP)) used are in fact extremes. Nevertheless, the Board has had regard to best practice advocated by institutional and governance commentators, has elected to employ a 20 trading day VWAP immediately preceding the Base Date (1 July 2008) (\$0.3330) (4 dpl).

Therefore:

- in respect of his STI, 50% {STI Remuneration Value} of Ray James' Total Fixed Remuneration x 70%\* is divided by \$0.3330 to determine the number of Performance Rights to be granted.
- in respect of his LTI, 50% {LTI Remuneration Value} of Ray James' Total Fixed Remuneration is divided by \$0.3330 to determine the number of Performance Rights to be granted.

- in respect of his STI, 50% {STI Remuneration Value} of Ray McNamara's Total Fixed Remuneration x 70%\* is divided by \$0.3330 to determine the number of Performance Rights to be granted.
- in respect of his LTI, 50% {LTI Remuneration Value} of Ray McNamara's Total Fixed Remuneration is divided by \$0.3330 to determine the number of Performance Rights to be granted.

\* As per Icon Energy's Remuneration Philosophy, 70% of the total of any short-term incentive is payable in Performance Rights (with the remainder payable in cash).

The Board wishes to grant Performance Rights to Mr Ray James and Dr Ray McNamara determined by the above methodology as follows:

Mr Ray James, Managing Director (Resolution 10)

1,240,541 Performance Rights (being the summation of 510,811 Performance Rights in respect of his STI and 729,730 Performance Rights in respect of his LTI), which may convert on a one-for-one basis to ordinary shares upon achievement of Vesting Conditions (described below).

Dr Ray McNamara, Executive Director (Resolution 11)

816,816 Performance Rights (being the summation of 336,336 Performance Rights in respect of his STI and 480,480 Performance Rights in respect of his LTI), which may convert on a one-for-one basis to ordinary shares upon achievement of Vesting Conditions (described below).

Vesting Conditions

The first limb of the vesting conditions for the FY2009 LTI Award to key executives will be a dual test against pre-determined strategic objectives and attainment of a pre-determined market capitalisation (Vesting Conditions). The Board considered it appropriate to have a dual test since:

- strategic objective rewards achievement against Board approved targets/plan. The target is within management's influence, thereby focusing executives on Icon Energy's key business drivers; while
- a market capitalisation component provides both an additional challenging test (where reward is only delivered for strengthening Icon Energy's position comparable to its peers) plus transparency for external stakeholders.

The Board believes that the dual tests, if achieved, will demonstrably aid the creation of shareholder value.

Each Vesting Condition is weighted evenly and vesting details are as follows:

Strategic Objectives Target (50%)		Market Capitalisation Target (50%)	
Strategic Objectives against Target*	Performance Rights to be Granted	Market Capitalisation against Target**	Performance Rights to be Granted
2 objectives achieved	50%	83.33% achieved	75%
3 objectives achieved	75%	Between > 83.33% and 100% achieved	1% for each 1 percentile increase
4 objectives achieved	100%	100% achieved	100%
		116.66% achieved	125%

\* Target is the following four Board approved strategic objectives to be achieved by 31 December 2009:

- add one exploration block to existing portfolio exploration blocks or commence an exploration program on an existing tenement other than ATP 626;
- obtain a farm-in partner with the capital and capabilities or raise capital and equity to establish 3P reserves in a tenement to enable the future development of full-scale gas or oil production;
- maintain operating control of exploration tenements until reserves are proven; and

- successful completion of a 12 well drilling program in ATP 626 or sufficient wells so as to establish 100PJ reserves.

\*\* Target is market capitalisation of \$300,000,000 as at 1 May 2010.

The second limb of the performance conditions will be continued employment with Icon Energy (weighted evenly) as set out below. This time scale recognises the need to also incentivise top tier management in the medium-term (and acknowledges the tight labour conditions) as well achieves the longer-term objective of retaining these key individuals.

Time	Available Performance Rights to Vest
Base Date + 2 years	50%
Base Date + 3 years	50%

The Base Date will be 1 July each year.

In accordance with sound corporate governance principles, there will be no re-test function for any awards, instead each target has a one-off 'cliff vesting'.

#### Legislative Requirements

Pursuant to the requirements of ASX Listing Rule 10.15, the following information is provided with regard to Resolutions 10 and 11 respectively:

- Mr Ray James is the Managing Director and is an Executive Director of Icon Energy.
- Dr Ray McNamara is an Executive Director of Icon Energy.
- Mr James will be granted up to 1,240,541 Performance Rights for nil financial consideration which, subject to the achievement of performance conditions, may convert to ordinary shares in the capital of Icon Energy on a one-for-one basis. As such, up to 1,240,541 ordinary shares may be allotted to Mr James upon the conversion of vested Performance Rights, for nil financial consideration. Any shares allotted to Mr James may be acquired on market or issued by Icon Energy.
- Dr McNamara will be granted up to 816,816 Performance Rights for nil financial consideration which, subject to the achievement of performance conditions, may convert to ordinary shares in the capital of Icon Energy on a one-for-one basis. As such, up to 816,816 ordinary shares may be allotted to Dr McNamara upon the conversion of vested Performance Rights, for nil financial consideration. Any shares allotted to Dr McNamara may be acquired on market or issued by Icon Energy.
- As this is the first allocation of securities under the Icon Energy Limited Performance Rights Plan, for the purposes of ASX Listing Rule 10.15.4, no person referred to in ASX Listing Rule 10.14 has received any securities under the Plan.
- The Terms and Conditions of the Icon Energy Limited Performance Rights Plan provide that any Director is eligible to participate in particular awards. At this stage, the only Directors who are eligible for participation are the Executive Directors, Mr James and Dr McNamara.
- The Performance Rights will be granted under the terms and conditions of the Icon Energy Limited Performance Rights Plan, to be approved at Icon Energy's 2008 EGM and under the rules of the FY2008 STI Award and FY2009 LTI Award.
- A Voting Exclusion Statement is set out under Resolutions 10 and 11 in the Notice of Meeting.
- There is no loan attaching to the offer under the Plan.
- Details of any securities issued under the FY2008 STI Award and FY2009 LTI Awards will be published in Icon Energy's future annual remuneration reports, including that approval for this issue of securities was obtained under ASX Listing Rule 10.14.
- Icon Energy is expected to allocate the Performance Rights within a week after the EGM but in any event, will be allotted within one year following approval at the EGM, as permitted by ASX Listing Rule 10.15.7.

**Attachment A**  
**Summary of the Terms & Conditions of the Convertible Notes**  
**(Resolution 3)**

Tranches

Under the Subscription Agreement (Agreement) with Pacific Capital Value Limited (Purchaser), the Purchaser will undertake to subscribe, and following receipt from the ASX of a waiver from ASX Listing Rule 7.3.2 Icon Energy undertakes to issue, the first ten tranches (Tranches 1-10) of Convertible Notes within 9 months from the date of the Tranche 1 subscription (expected to be shortly after shareholder approval is obtained at the EGM).

Icon Energy has a call option on the second ten tranches (Tranches 11-20) of Convertible Notes.

Conversion

The Convertible Notes may be converted by the Purchaser for a period of 36 months from the date of the issue of the Tranche 1 Notes (Final Maturity Date).

Upon conversion of the Convertible Notes, the Purchaser will be entitled to a number of subscription shares (Subscription Shares), each Subscription Share being one fully paid ordinary share in the capital of Icon Energy, ranking pari passu with all other ordinary shares on issue.

Redemption

Convertible Notes which are not converted must be redeemed by Icon Energy at 100% of the principal amount in respect of those outstanding Convertible Notes at the Final Maturity Date.

Conversion Terms & Price

The number of Subscription Shares that the Purchaser will be entitled to upon conversion shall be equal to:

$$\frac{\textit{Principal amount of respective tranche (ie face value) of Convertible Note}}{\textit{Applicable Conversion Price}}$$

The Applicable Conversion Price per Subscription Share is at the discretion of the Purchaser and is equal to either:

- i. 125% of the volume weighted average share price (VWAP) of Icon Energy for the 30 days immediately prior to the date for which the tranche of Convertible Notes were subscribed (Fixed Conversion Price); or
- ii. 90% of the VWAP of Icon Energy for any 5 consecutive trading days during the 30 days immediately preceding the respective conversion date of the Convertible Notes (Floating Conversion Price).

The Minimum Conversion Price is \$0.03. If for any reason the Applicable Conversion Price falls below the Minimum Conversion Price, Icon Energy must at the Purchaser's demand, redeem the Convertible Notes presented for conversion in cash at a redemption amount in accordance with the following formula:

$$R = N \times \{P + [9\% \times P \times (D/365)]\}$$

Where:

R = the redemption amount

D = the number of days elapsed since the date for which the tranche of Convertible Notes were subscribed

N = the number of Convertible Notes presented for conversion

P = the face value of the Convertible Notes presented for conversion

### Security

The Agreement requires Icon Energy to ensure at least A\$1,000,000 of the proceeds from the issue of the Convertible Notes is placed in an escrow account (Escrow Amount). The Purchaser will have a fixed and floating charge (granted by Icon Energy) to secure its rights, title and interest with respect to the Escrow Amount.

In addition, Icon Energy must arrange for 7,000,000 fully paid ordinary shares from its key Shareholder (being Icon Energy Managing Director, Mr Ray James) to be held in custody until the Final Maturity Date (Loan Shares).

### Issue of Convertible Notes

The Convertible Notes will be placed to, and purchased by, the Purchaser or its nominee. As a sophisticated investor as defined in section 708(8) of the Corporations Act, no disclosure document need be issued by Icon Energy in respect of the proposed placement.

### Cleansing Notice for Subscription Shares

Shortly after the issue of the Subscription Shares, Icon Energy must give the ASX a notice in accordance with section 708A(5) of the Corporations Act which permits the on-sale of the Subscription Shares without the need for disclosure to investors under Part 6D.2 of the Corporations Act.

### Shareholding Limits

The Purchaser has undertaken not to acquire relevant interests in the capital of Icon Energy exceeding 15%.

### Structuring Fee

Icon Energy will pay the Purchaser a structuring fee equal to 8.0% of each respective Tranche upon drawdown of each respective Tranche and payable at the time of drawdown on each respective Tranche.

(Whilst separate to the Agreement, Icon Energy must also pay to unrelated third parties additional borrowing costs equal to 3.0% of each respective Tranche upon drawdown of each respective Tranche and payable at the time of drawdown on each respective Tranche.)

### Termination

If Icon Energy does not issue the Convertible Notes in accordance with the Subscription Agreement, the Agreement automatically terminates. In the event of termination, Icon Energy must pay a termination fee of A\$25,000 to the Purchaser in respect of each and every Tranche of Convertible Notes from Tranches 1-10 that has not been issued.

If the Purchaser fails to subscribe for any tranches as it is obliged to under the Agreement, Icon Energy has the right to immediately terminate the Agreement and the Escrow Amount will be released (and the fixed and floating charge immediately discharged) and the Loan Shares will be returned to the lender.



# ICON ENERGY LIMITED

ABN 61 058 454 569

*energy for the future - the future of energy*

000001 000 ICN  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Lodge your vote:



### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

### For all enquiries call:

(within Australia) 1300 552 270  
(outside Australia) +61 3 9415 4000

## Proxy Form

For your vote to be effective it must be received by 11.00am (Queensland Time) Sunday 21 December 2008

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.computershare.com](http://www.computershare.com).

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** →



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

- Review your securityholding
- Update your securityholding

**Your secure access information is:**

**SRN/HIN: 19999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark  to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Icon Energy Limited hereby appoint

the Chairman of the Meeting **OR**



**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Extraordinary General Meeting of Icon Energy Limited to be held at the Southport Yacht Club, Macarthur Parade, Main Beach, Queensland on Tuesday, 23 December 2008 at 11.00am (Queensland time) and at any adjournment of that meeting.

**Important for Item/s 9, 10 and 11:** If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Items 9, 10 and 11 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 9, 10 and 11 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of items 9, 10 and 11 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

### STEP 2 Items of Business



**PLEASE NOTE:** If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain		For	Against	Abstain
1. Ratification of Shares Issued (June Placement)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. Approval of Issue of Shares to Mr John Quayle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Ratification of Shares Issued (September Placement)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. Approval of Issue of Shares to Mr Stephen Barry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval of Issue of Convertible Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. Approval of Icon Energy Limited Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval for the Issue of Options to Mr Ray James, for security in the event of default under the Convertible Securities Subscription Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. Grant of Performance Rights to Mr Ray James	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval of Issue of Shares to Mr Ray James	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. Grant of Performance Rights to Dr Ray McNamara	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval of Issue of Shares to Dr Ray McNamara	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

### SIGN

#### Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date \_\_\_\_/\_\_\_\_/\_\_\_\_