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**FRONTIER**  
ENERGY LTD

# Annual Report

**31 DECEMBER 2022**

ABN 64 139 522 553

## Corporate Information

### Directors

Mr Grant Davey - Executive Chairman  
Mr Samuel Lee Mohan – Managing Director  
Mr Chris Bath - Executive Director  
Ms Dixie Marshall - Non-Executive Director  
Ms Amanda Reid – Non-Executive Director

### Company Secretary

Ms Catherine Anderson

### Registered Office and Principal Place of Business

Level 20, 140 St Georges Terrace  
Perth WA 6000  
Tel: +61 8 6117 0479

### Share Registry

Automic Registry Services  
Level 5, 126 Philip Street  
Sydney NSW 2000  
Tel: +61 2 9698 5414

### Auditors

Ernst & Young  
11 Mounts Bay Road  
PERTH WA 6000  
Tel: +61 8 9429 2222

### Website

<https://frontierhe.com/>

### Securities Exchange Listing

Australian Securities Exchange – code FHE  
OTCQX® market United States – code FRHYF

### Frontier Energy Limited

ABN 64 139 522 553



## Contents

Managing Directors Report	4
Environmental, Social and Governance	6
Directors' Report	
Review of Activities	8
Remuneration Report (audited)	20
Auditor's Independence Declaration	28
Financial Report	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	29
Consolidated Statement of Financial Position	30
Consolidated Statement of Changes in Equity	31
Consolidated Statement of Cash Flows	33
Consolidated Notes to the Financial Statements	34
Directors' Declaration	62
Independent Auditor's Report	63
ASX Additional Information	68

I am pleased to provide this review during my first year in the role as Managing Director & Chief Executive Officer.

The Frontier executive and management team has delivered exceptionally well on the Company's strategy of building a renewable energy and low-cost green hydrogen company. During the year, Frontier achieved significant milestones in the Company's short history, namely reaching feasibility and completing Front End Engineering Design on the Company's Bristol Springs Solar Hydrogen Project ("BSS Project" or the "Project").

Frontier has reached a critical inflection point for its BSS Project, having completed front-end engineering for the 114MW solar farm and pre-FEED on the hydrogen plant and having commenced the commercialisation process. With over three months of commercialisation activity under our belt (at the time of writing) and activities now rapidly ramping up, Frontier is completely focused on securing offtake for its targeted production of 4.4 million kilograms per annum of green hydrogen.

### BSS Project

During the year, Frontier's BSS Project activities progressed with engineering, pre-procurement, permitting planning, site surveys and commercialisation. Market engagement for preferred Engineering, Procurement and Construction contractors, including supply of solar modules, inverters, transformers, electrolyser and other essential balance of plant equipment were engaged for feasibility and constructability assessments. Significant engineering effort has been dedicated to ensuring the efficient design, equipment selection and integration specifications of the hydrogen production plant were appropriate to meet required safety standards. The engineering required to complete this has been substantial, expanding the scope initially anticipated as we progress this first-of-its-kind facility. Pre-selection of equipment progressed through engagement of multiple vendors during pre-FEED works, in preparation for publication of the Definitive Feasibility Study, expected to be released in quarter one of 2023.

These key achievements delivered by Frontier over 2022 extend well beyond funding and engineering and include the key commercialisation requirements detailed below.

DATE	KEY ACHIEVEMENT
12 May 2022	Multiple water solutions found eliminating major costs
25 May 2022	Alkaline technology selection for green hydrogen production
2 August 2022	Land options to increase land holdings by 651 hectares
4 August 2022	Pre-feasibility study demonstrating low-cost hydrogen production at \$2.83/kg
14 September 2022	Water access confirmed
9 November 2022	Appointment of Smart Energy Council for net-zero certification
23 November 2022	Lead Agency status granted by WA State Government
6 December 2023	Completion of strategic land acquisition

Clearly, it has been an extremely progressive year for Frontier. The competitive strengths of the Project, particularly driven by its location, really sets us apart from existing and emerging competitors. During the year we took full advantage of the critical infrastructure by securing a water connection off the Water Corporation's Stirling Trunk Main and progressed the electricity grid connection onto the South West Interconnected System. These vital connections significantly reduced capital expenditure allowing the Company to achieve a globally competitive production cost of green hydrogen at \$2.83/kg. This outcome has truly positioned the Company to progress commercialisation discussions with the main objective for 2023 of securing a credible foundation customer.

### Hydrogen Refuelling Station

During the year, Frontier announced that the Company has placed an order for a hydrogen refuelling station (HRS). The order was placed with ENGV, who will work with IVYS Inc. and PDC Machines Inc., a partnership that has recently delivered the first hydrogen refuelling station in Australia. The development of this project will be the first of its kind in Western Australia, with targeted construction commencement in FY23.

Once constructed, the HRS will be capable of refuelling approximately twenty hydrogen fuel cell vehicles per day. The HRS will be the first publicly available station in Western Australia and will include onsite production of hydrogen. I look forward to progressing the HRS in FY23 as it is a key building block to our vertical integration strategy.

### Sustainability

Earlier this year, we announced that in line with stakeholder expectations, Frontier commenced multiple Environmental, Sustainability and Governance (ESG) initiatives. Recognising the importance of setting a high standard in all our ESG activities and reporting, we formed a Sustainability Committee, put in place a Sustainability Committee Charter and are aiming to release an inaugural Sustainability Report in mid-2023. I am pleased to be working alongside Committee Chair, Ms Amanda Reid, a Non-Executive Director of Frontier, as we venture towards achieving our ESG goals for FY23.

### Summary

In summary, FY22 has been an exceptional year in the short history of our Company. As we move into FY23 our priority focus will be on securing offtake with a credible foundation customer.

I would like to express my thanks to the Frontier Board, staff and management team. 2022 was an extremely challenging year as we emerged from COVID and navigating through an industry that is in its infancy. I would also like to acknowledge the support from the WA Government, through JTSI in awarding our project 'Lead Agency' status and for recognising the importance of the Project to the State. I would also like to thank our shareholders for their ongoing support, and I look forward to Frontier building on our achievements and delivering another successful year in 2023.

Sam Lee Mohan  
Managing Director & CEO



### Our Approach to Sustainability

***We care for our community, environment, and all stakeholders, by delivering safe, reliable, and sustainable clean energy solutions***

Being sustainable is becoming more and more important every year. At Frontier, we have a real opportunity to contribute to the global movement of mitigating climate change and transitioning to net zero carbon emissions by developing the Bristol Springs Project.

In 2015, world leaders at the UN Climate Change Conference (COP21) in Paris reached a breakthrough agreement known as the "Paris Agreement". The objective of this agreement is to work together at a global level to tackle climate change and its negative impacts and set up long term goals to "substantially reduce global greenhouse gas emissions to limit the global temperature increase in this century to 2 degrees Celsius while pursuing efforts to limit the increase even further to 1.5 degrees"<sup>1</sup>.

Transitioning to net-zero carbon emissions is one of the greatest challenges our world will face. It calls for a complete transformation of how the world operates. *The energy sector is the source of around three-quarters of carbon emissions today and is the key to avoiding the worst effects of climate change*<sup>2</sup>. Replacing high carbon emitting energy sources such as coal, gas and oil-fired power with renewable energy sources, such as solar and green hydrogen, will significantly reduce carbon emissions.

In addition to Frontier's mission to deliver sustainable clean energy solutions, Frontier recognises the importance of setting high standards and integrating other sustainability considerations into our decision-making, and has commenced integrating environmental, social and governance (ESG) initiatives into our business planning and operations.

### Sustainability Charter, Committee and Policy

To ensure sustainability standards are set from the highest levels, the Company has implemented a Sustainability Committee Charter (Charter) and formed a Sustainability Committee (Committee).

The Charter describes the purpose and responsibilities of the Committee as a sub-committee of the Board. Its role is to help fulfil the Board's responsibilities in relation to ESG matters arising out of the Company's activities and sustainability management.

The Committee consist of three directors, with the majority being Non-Executive Directors. The members of the Committee are:

- Committee Chair: Amanda Reid, Non-Executive Director
- Member: Dixie Marshall, Non-Executive Director
- Member: Sam Lee Mohan, Managing Director

Sustainability Committee Chair, Ms Amanda Reid commented:

*"The establishment of the Sustainability Committee, appointment of an ESG Manager and development of the Company's inaugural Sustainability Report this year strongly reflect Frontier Energy's sustainable and ethical best practice approach to everything we do."*

*As a clean energy solution company, how we look after our community and the environment is at the forefront of all of our decisions. It is a responsibility we want to ensure we deliver on consistently."*

<sup>1</sup> Ref - United Nations (2022) The Paris Agreement, <https://www.un.org/en/climatechange/paris-agreement>

<sup>2</sup> Ref: United Nations (2022) For a livable climate: Net-zero commitments must be backed by credible action, <https://www.un.org/en/climatechange/net-zero-coalition>



To further strengthen Frontier's approach to sustainability, Frontier has employed an ESG Manager, Ms Amy Sullivan. Ms Sullivan is responsible for managing the Company's day to day sustainability operations and execute direction from the Sustainability Committee. Ms Sullivan has 20 years of environmental, approvals, community engagement and sustainability experience.

Frontier has also formalised a Sustainability Policy to outline the Company's sustainability objectives. The Sustainability Policy applies to all directors, employees, contractors, and relevant suppliers. The Sustainability Policy empowers these groups to implement continuous improvement and sustainable practices in everyday tasks, and to establish the responsibilities for implementing sustainable systems.

### **Materiality Assessment**

The next stage of our sustainability journey is to understand what's important to Frontier and its stakeholders. This process involves undertaking a materiality assessment. Frontier has commenced this process, guided by the Global Reporting Initiatives Sustainability Standards (GRI Standards). The process involves identifying our key stakeholders and undertaking a peer review of our competitor's and our customer's ESG performance and reporting, then holding a holding a materiality assessment workshop with Frontier leadership team.

This workshop involved using the information collected together with industry trends to establish a list of sustainability topics considered most significant to the business and its stakeholders. These material sustainability topics will be the focus of Frontier's sustainability initiatives and the basis of its inaugural Sustainability Report. The material topics will be revisited regularly and amended to reflect the Company's progress towards construction and operations.

### **Community Engagement**

Frontier commenced its community engagement program and held its first Community information session in November 2022 at the Waroona Bowling Club. This was a chance for the community to engage with the company's Managing Director Sam Lee Mohan and board members, Amanda Reid and Dixie Marshall. Mr Lee Mohan provided an outline of the solar and proposed green hydrogen facility and the environmental and social benefits of the proposed development. Further community engagement events are planned for 2023.

### **Environmental surveys**

Understanding the environment where we propose to operate is important to Frontier. It enables us to establish what key features or species inhabit the project area. Frontier commenced its ecological surveys by engaging Biota Environmental Sciences to undertake a flora and fauna survey of the Bristol Springs Project, including the solar farm, the transmission line corridor and the proposed sites for the green hydrogen facility.



The Directors present their report together with the consolidated financial statements of the Group comprising Frontier Energy Limited (the "Company") and its subsidiaries for the year ended 31 December 2022.

### Review of activities

On 23 February 2022 the Company completed the acquisition of Bristol Springs Solar Pty Ltd, which owned the Bristol Spring's Solar Project, a large-scale solar energy project designed to produce 114MWdc of electricity. Following completion of this acquisition, the Company completed a capital raising of \$8 million and re-commenced trading on the ASX on 3 March 2022.

#### Bristol Springs Project

The Bristol Spring's Project (BSS Project or the Project) is a large, utility-scale renewable energy project located 11km from the rural town of Waroona, 60km from the major population centre of Bunbury and only 120km from the Perth Central Business District.

The Project is surrounded by world class existing infrastructure, including roads, power infrastructure, one of Australia's largest natural gas pipelines as well as a highly skilled local workforce, which give the Project a major competitive advantage compared to many other regional renewable energy projects. The location of this surrounding infrastructure relative to the Project is illustrated in Figure 1 below.

Following acquisition of the Project, the Company completed further technical work to progress the solar farm development. A geotechnical report was completed in June 2022 to assess soil, rock and groundwater conditions across the site, targeting key infrastructure locations, as well as assess the site for stormwater disposal design. Work was also undertaken to test electrical resistivity and thermal conductivity. The results of this work will feed into pre-construction works.

During the year the Company, in conjunction with Western Power, completed a review of the proposed 330kV substation location and the 330kV overhead line route between the Project and Western Power's Landwehr Terminal with a view to ensuring optimum cost and that operability and expansion capability are not adversely affected by the various solar expansion options being proposed. The Company will finalise the cable route and substation location as part of securing the Access Offer from Western Power.

The Company engaged Xodus Group (part of the Subsea 7 Group of companies), to complete a Hydrogen Pre-Feasibility Study (PFS or Study) as well as assess the growth potential via the Expansion Study.

Results of the Pre-Feasibility Study<sup>3</sup> indicate that due to the Project's location, the initial capital required and time to first green hydrogen production is both cheaper and quicker than originally anticipated.

#### Highlights of the PFS

- Stage One assumes 114MW solar farm (initial capital - \$166.3m), powering a 36.6MW alkaline electrolyser (initial capital - \$69.9m), for annualised hydrogen production of 4.4 million kg;
- Total costs (inclusive of capital) are forecast at \$2.83 per kg of hydrogen produced, ranking the Project in the lowest cost quartile of green hydrogen development projects in Australia; and

<sup>3</sup> Refer ASX Announcement dated 4 August 2022





- The driver for the low cost and quick development timeline is the world class infrastructure surrounding the Project.

### Expansion Study

The Expansion Study outlined potential future renewable energy production, including the viability of wind, battery and solar expansion solutions. The Expansion Study concluded that solar was the optimal expansion outcome. Importantly, the Expansion study highlighted expansion can occur gradually, due to the significant supporting infrastructure surrounding the Project.

### Pre-FEED<sup>4</sup>

The Company completed Pre-Front End Engineering Design (Pre-FEED) relating to the proposed hydrogen facility to be built at the BSS Project. The Pre-FEED study was completed to provide a higher level of definition from the pre-feasibility study. The hydrogen production plant project cost estimate was completed to a Class 4 level of certainty and confirmed the operating and capital costs were in-line with the Pre-Feasibility Study. The Pre-FEED also included potential for compression and storage, which was completed to Class 5 level of certainty.

The outcome of the Pre-Feed work was as follows:

- Operating costs estimates for the hydrogen facility total \$3.69 million per annum compared to \$3.5 million pa in the PFS or a 5% increase. These costs relate to direct operating costs only and excludes the cost to acquire additional electrons from the power grid;
- Capital costs for the construction of a 36.6MW facility and associated infrastructure were estimated at \$71.7 million, compared to \$69.8 million in the PFS or a 3% increase; and
- Pre-FEED did not find any technical barriers to development of the Project.

Development of the Project is now well advanced and Stage One of the development is designed to produce 114MWdc of renewable electricity powering a 36.6MW alkaline electrolyser for annualised hydrogen production of 4.4 million kg.

### Water Access

Following completion of the Study, the Company, in consultation with Water Corporation, assessed the preferred option to access water for the Project and concluded it is via the existing Stirling Trunk Main pipeline (scheme water). Accessing the existing pipeline was the clear choice given the minimal capital and operating costs associated with this choice, simplicity, timeline for access as well as environmental and regulatory considerations.

### Pre-Certification Assessment for the Project to Produce Zero Carbon Hydrogen

Hydrogen Australia, a division of the Smart Energy Council, has commenced pre-certification of the Project. Pre-certification by Hydrogen Australia gives assurance to all stakeholders, including partners, shareholders, financiers and prospective offtakers, that the production process at the facility can deliver zero carbon hydrogen, also referred to as green hydrogen. The pre-certification process is anticipated to be completed by 2Q2023.

### Collaboration Agreement

The Company and Waroona Energy Pty Ltd ("Waroona Energy") signed an agreement for collaboration on their respective projects. Waroona Energy is developing a 241MW solar farm adjacent to Frontier's BSS Project (refer Figure 1). The objective of this Agreement is to enable open dialog between the companies, ultimately allowing for shared discussions with stakeholders regarding renewable energy in the region.

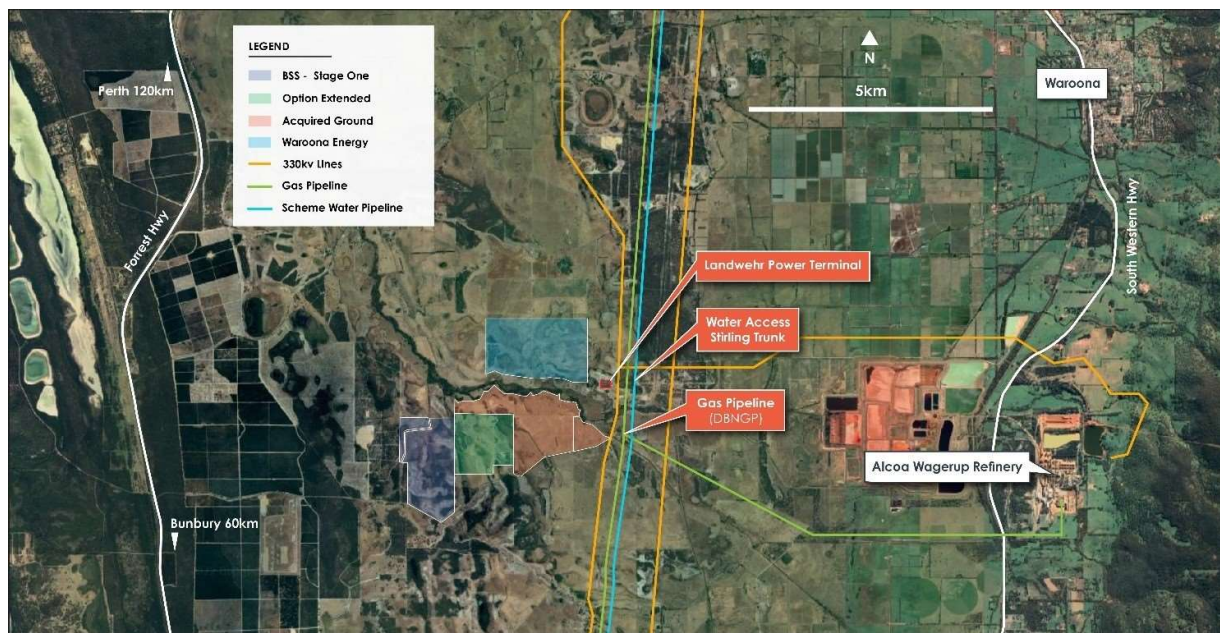
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<sup>4</sup> Refer ASX Announcement dated 19 December 2022



### Land Acquisition

The Company has exercised options to acquire land parcels as well as extend land option agreements for the most strategic land identified (Figure 1) for both Stage One development (114Mw) and the Company's renewable energy expansion strategy. The Company continues to assess additional land opportunities in the region as part of its strategy for +1GW of renewable energy.



**Figure 1 Project location and surrounding infrastructure**

In December 2022 the Sellers of two significant land parcels agreed to vary the settlement date under the contract for sale of land from 31 December 2022 to 30 November 2023, with Frontier agreeing to pay in total \$240,000 to extend the settlement date.

A summary of the current land being acquired and land under option is set out in the Table below:

Landowner	Option Expiry	Purchase price \$	Status
Galtis Pty Ltd	Q3 2023	520,000	Good Standing
Zaxgames Pty Ltd	Q3 2023	600,000	Good Standing
V R Nominees Pty Ltd	-	4,187,650	Settlement 30 November 2023
R A Pitter	-	612,350	Settlement 30 November 2023
Ranger Loaders Pty Ltd	Q3 2024	396,094	Good Standing

### Lead Agency Status

The Western Australian Government has awarded the BSS Project lead agency status. This status recognises the importance of the Project for the development of the renewable energy industry in Western Australia, including the development of a green hydrogen industry. The Lead Agency Framework is designed to ensure proponents can be guided effectively through approvals processes. Lead Agency Case Management support, as confirmed for BSSP, is only awarded to projects that are of significance to the State.

### Metallum Resources Inc

FHE's subsidiary, Ophiolite Holdings Pty Ltd, holds approximately 45.5% of the shares in Metallum Resources Inc ("MZN"). MZN is a Canadian company listed on the TSX Venture Exchange ("TSXV") that is developing the Superior Lake Zinc and Copper Project (the "Superior Lake Project") in Ontario, Canada.

The Superior Lake Project ranks as the highest grade zinc project in North America with a resource of 2.35 Mt at 17.9% Zn, 0.9% Cu, 0.4 g/t Au and 34 g/t Ag.

In May 2022, the Company announced further updated economics for the Superior Lake Project following significant strengthening in commodity prices. Based on updated assumptions, the Superior Lake Project's NPV<sub>8</sub> Pre-tax has increased to \$383M (previously \$175.8M) whilst the average EBITDA has increased to \$102M per annum (previously \$67.6M), refer MZN news release dated 17 May 2022. On April 21, 2022, the Company closed a private placement financing by issuing 87,371,674 units at CAD0.06 per unit, raising gross proceeds of \$5,242,300. Each unit consists of one common share and one warrant entitling the holder to purchase one additional common share of the Company at CAD0.14 up to two years from closing.

MZN and Pays Plat First Nation have signed a Negotiation Agreement (the "Agreement") to advance the development of the Superior Lake Zinc and Copper Project. This Agreement outlines the negotiating terms for an Impact Benefit Agreement which is the final agreement required before mine development can commence.

On 19 October 2022, MZN announced it had entered into a binding letter agreement which sets out the principal terms upon which MZN will acquire all the issued and outstanding securities of Waroona Energy Pty Ltd ("Waroona"). Waroona owns, indirectly through a wholly owned subsidiary, a renewable energy project located in Western Australia. On 6 December 2022 MZN announced it had entered into a definitive share exchange agreement as part of this transaction, which is subject to a number of conditions typical for a transaction of this nature, including regulatory approvals and the approval of Metallum shareholders.

### Financial Performance and Financial Position

At 31 December 2022 the Group had cash reserves of \$13,455,335, which includes \$3,748,286 held by MZN.

### Funding and Capital Management

On 19 October 2022 the Company completed a \$10 million placement following strong support from institutional and high-net-worth investors. Executive Chair Grant Davey subscribed for \$1 million of the Placement, with completion of the placement of Director Shares subject to shareholder approval, which will be sought at the Company's annual general meeting to be held no later than 31 May 2023.

### Material business risks

#### *Offtake and commercialisation*

The Company's ability to successfully develop and commercialise the BSS Project may be affected by numerous factors including but not limited to macro-economic conditions, obtaining required approvals, securing customer offtakes, delays in commissioning or ramp up, the plant not performing in accordance with expectations and cost overruns.

If the Company is unable to mitigate these factors this could result in delays in the development of the BSS Project or the Company not realising the development plans for the BSS Project, which would have a material adverse effect on the Company's business, financial performance and prospects.

### *Future capital requirements*

The development of the BSS Project will require substantial expenditure, particularly with respect to the construction of the BSS Project.

No decision has been made in relation to funding the BSS Project development. Subject to making a final investment decision with respect to the development of the BSS Project, the Company will require additional funding to commence construction activities.

Although the Company believes that additional funding can be obtained, no assurances can be given that the Company will be able to raise this additional funding, which may be a combination of debt and/or equity financing. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be potentially dilutive to Shareholders depending on their participation in any equity raising. Debt financing, if available, may involve certain restrictions on operating activities or other financings.

The Company's ability to raise further equity or debt, and the terms of such transactions, will vary according to a number of factors, including the results achieved by the Company, stock market conditions, the overall risk appetite of investors along with access to credit markets and other funding sources.

An inability to obtain the required additional finance as and when required would delay progress on the development of the BSS Project, which would have a material adverse effect on the Company's business, financial performance and prospects.

### *Loss of key personnel*

The Company relies heavily on the abilities of key employees and management. The Company's performance is reliant on its ability to both retain and attract skilled individuals and to appropriately incentivise them. Although the Company expects to be able to attract and retain skilled and experienced personnel, there can be no assurance that it will be able to do so. The Company intends to mitigate these risks by entering into service contracts with any new employees and, where appropriate, may utilise existing and establish new employee incentive plans to encourage employees' loyalty to the Company.

### *Reliance on third party providers*

There is a risk that goods and services that are required for the BSS Project's development are difficult to procure, or will not be delivered on time or to the necessary quality or expected cost which may affect the operation of the BSS Project. The Company does not have in place formal written contracts with all of its key suppliers. The deterioration of any such key relationships or a change in the circumstances or requirements of the key suppliers, or market conditions generally, could therefore have significant operational and financial implications for the Company. Moreover, a failure by any one of those suppliers to perform their services, or a disruption to the supply chain, may have an adverse effect on the operations of the Company and its financial performance.



### *Changes in energy policy*

Investors in the WEM are reliant on stable policy settings by State and Federal Governments. The Australian renewable energy market is currently in its infancy stage of development. Due to the current low cost of producing electricity via traditional coal fired generation, the commercialisation of renewable energy projects currently relies heavily, and is dependent upon, obtaining Government subsidies and grants sufficient to achieve a competitive cost per watt of renewable energy produced.

The government policies for Australia's renewable energy industry are uncertain. This may reduce new investment in the renewable energy industry in Australia which could reduce the number of available new business prospects for the Company.

Business performance may be impacted by changes in the design and rules of the existing energy market and the uncertainty that arises from debate in relation to the energy market's future design and rules. These changes may result from orderly rules change processes or in response to political imperatives of the government or agencies of government from time to time.

### *Construction*

There is a risk that the BSS Project may not proceed as planned. This could be the result of matters within or outside the Company's control. Examples may include weather events, natural disasters, contractor risk, regulatory intervention or failure to obtain or retain suitably qualified expertise. The occurrence of any such event could result in the BSS Project costing more or not proceeding as planned, including delayed completion, commissioning or failure to perform to technical specifications.

Assets under construction are exposed to risks associated with the BSS Project not being completed on time, on budget, in accordance with specifications, or at all, which could impact the applicable PPAs, including a failure to achieve required milestones under the PPA. Any delays in or failure of construction or increases in costs may adversely affect the yield of the investment and consequently impact the Company's operating and financial performance.



## Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are set out below.

<b>Mr Grant Davey</b>	<b>Executive Chairman</b>
Appointed 27 February 2018	

Experience and expertise	Mr Davey is an entrepreneur with 30 years of senior management and operational experience in the development, construction and operation of precious metals, base metals, uranium and bulk commodities throughout the world. More recently, he has been involved in venture capital investments in several exploration and mining projects and has been instrumental in the acquisition and development of the Panda Hill niobium project in Tanzania, the Cape Ray gold project in Newfoundland and recently the acquisition of the Kayelekera Uranium mine in Malawi from Paladin Energy Limited. He is a member of the Australian Institute of Company Directors.
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Other directorships	Cradle Resources Limited Lotus Resources Limited Metallum Resources Inc
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<b>Mr Samuel Lee Mohan</b>	<b>Managing Director</b>
Appointed 3 October 2022	

Experience and expertise	Mr Lee Mohan is an accomplished energy executive with over 20 years' experience in the energy and utilities industry. Mr Lee Mohan's experience spans many facets of the industry, from design and construction through to strategic asset management, regulation, policy, commercial and innovation. His previous senior management positions include Global Head of Hydrogen of Xodus Group, a subsidiary of Subsea 7, where he developed and led the Company's overall hydrogen strategy. In this role, he also conceptualised the company's largest hydrogen project, Project MercurHy. Prior to Xodus Group, Mr Lee Mohan spent six years at ATCO, where he was instrumental in developing the company's hydrogen strategy, including the conceptualisation, design and construction of Australia's first green hydrogen microgrid, the Clean Energy Innovation Hub. Mr Lee Mohan earned his MSc in Mechanical Engineering from the University of Portsmouth and an MBA from the Australian Institute of Business.
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Other directorships	Nil
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<b>Mr Chris Bath</b>	<b>Executive Director and Chief Financial Officer</b>
Appointed 1 December 2021	

Experience and expertise	Mr Bath is a Chartered Accountant and member of the Australian Institute of Company Directors, with over 20 years of senior management experience in the energy and resources sector both in Australia and south-east Asia. Mr Bath has broad financial and commercial experience including financial reporting, commercial management, project acquisition, ASX compliance and governance.
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Other directorships	Cradle Resources Limited
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<b>Ms Dixie Marshall</b> <b>Non-Executive Director</b> Appointed 1 December 2021	
Experience and expertise	<p>Ms Marshall has over 38 years' experience in media, advertising, government relations and communications. She has worked across a range of platforms, including television, radio, newspapers, and digital.</p> <p>Ms Marshall is currently the Chief Growth Officer of Marketforce, WA's oldest advertising agency, and previously worked from the Western Australian Government Premier's Office for six years as the Director of Strategic Communications giving a unique insight into government policy. Ms Marshall is Deputy Chair of the WA Football Commissioner and Commissioner of The Australian Sports Commission.</p>
Other directorships	Lotus Resources Limited
<b>Ms Amanda Reid</b> <b>Non-Executive Director</b> Appointed 8 August 2022	
Experience and expertise	<p>Ms Reid has a significant background in government relations providing advice to a wide cross section of companies and organisations for more than 15 years for two national government relations and corporate communications firms. This included five years as Partner at GRA Partners. Ms Marshall was also a senior adviser in previous WA State Governments with responsibility for managing a strategic communications unit.</p> <p>Ms Reid has held non-executive board positions across both private companies and not-for-profit organisations and is a member of the Australian Institute of Company Directors.</p>
Other directorships	Nil
<b>Mr Mike Young</b> <b>Managing Director and Chief Executive Officer</b> Appointed 1 December 2021, Resigned 22 July 2022	
Experience and expertise	<p>Mr Young is a mining executive extensive experience in managing public companies, the delivery of on-time and on-budget feasibility studies, developing and implementing company strategy and maintaining strong relationships with key stakeholders, including governments.</p>
Other directorships	Mr Young is a director of TSX-V listed Standard Uranium Inc.

### Company Secretary

On 10 January 2023, Ms Catherine Anderson was appointed Company Secretary and Mr Chris Bath resigned as Company Secretary.

Ms Anderson (B Juris (Hons), LLB (UWA)) is a legal practitioner admitted in Western Australia and Victoria with over 30 years' experience in both high-level private practice and in-house roles from working in both Melbourne and Perth particularly in the area of capital raisings, corporate acquisitions and structures and regulatory compliance. During her career, Catherine has advised on all aspects

of corporate and commercial law and brings extensive experience over a range of industries, in particular the mining and IT/cyber security sectors.

### Directors' interests

As at the date of this report, the interests of the Directors in the shares and options of the Company were:

	Ordinary Shares		Options over Ordinary shares
	Held directly	Held indirectly	
Mr G Davey	153,848	26,373,244	5,000,000
Mr S Lee Mohan	-	-	7,039,000
Mr C Bath	-	1,923,076	6,645,806
Ms D Marshall	384,615	-	1,000,000
Ms A Reid	-	-	1,000,000

### Principal activities

Frontier Energy is a renewable energy company whose primary focus is the development of an integrated solar and hydrogen production facility. Frontier Energy also has a strategic investment in MZN. MZN owns the Superior Lake Zinc and Copper Project (the "Superior Lake Project"). In December 2022, MZN announced it had entered into a definitive share exchange agreement with Waroona Energy Pty Ltd ("Waroona") and its shareholders, to acquire all the shares in Waroona, which is developing a renewable energy project located in Western Australia. The transaction is subject to regulatory and shareholder approvals.

### Changes in the state of affairs

In February 2022, the Company completed the acquisition of a 100% interest in Bristol Springs Solar Pty Ltd. Bristol Springs Solar Pty Ltd holds a 100% interest in the Bristol Springs Project.

### Subsequent events

No matter or circumstance has arisen since 31 December 2022 that has significantly affected or may significantly affect the Group's operations, the results of those operations, or the group's state of affairs in future financial years.

### Environmental regulations

The Group's activities are subject to significant environmental regulation in respect to any exploration activities undertaken by MZN. The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Group has considered relevant impacts and ensured the Group is compliant with environmental reporting requirements. The directors of the Company are not aware of any breach of environmental legislation for the year under review.

### Dividends

No dividends were paid or declared during the financial year (2021: None). No recommendation for payment of dividends has been made.

## Shares under option

As at the date of this report, the Company has unissued shares under option as follows:

Expiry date	Exercise price	Number
29 January 2024	\$0.22	2,000,000
29 January 2024	\$0.26	2,000,000
31 December 2024	\$0.00	1,777,803
23 February 2025 <sup>1</sup>	\$0.20	7,250,000
23 February 2025 <sup>1</sup>	\$0.25	6,625,000
23 February 2025 <sup>1</sup>	\$0.40	6,625,000
3 October 2025	\$0.20	2,000,000
3 October 2025	\$0.25	2,000,000
3 October 2025	\$0.40	2,000,000
31 December 2026	\$0.00	2,641,000
		<b>34,918,803</b>

<sup>1</sup>ASX escrow restrictions apply for a period of 24 months commencing on the date on which official ASX quotation of the Shares commenced, which was 3 March 2022.

Metallum Resources Inc has the following options over unissued shares:

- 1,000 options with an exercise price of \$8.80, expiry 17 December 2023
- 750,000 options with an exercise price of \$0.15, expiry 14 April 2031

Holders of these options do not have any right, by virtue of the terms of the issue, to participate in any share issue of Metallum or any related body corporate.

### Shares issued on exercise of options

During the financial year, the Company issued ordinary shares of the Company as a result of the exercise of options as follow:

Number	Amount paid on each share
181,885	\$0.00
750,000	\$0.00

## Indemnification and insurance of directors and officers

During the financial year, the Company paid \$40,000 premium in respect of a contract of insurance to insure the Directors and Officers of the Company and related bodies corporate against those liabilities for which insurance is permitted under section 199B of the of the Corporations Act 2001.

The Company has entered into Deeds of Indemnity, Insurance and Access with each director and officer, which in summary, provides for access to corporate records for a period after ceasing to hold office in the Company, the provision of directors and officers Liability Insurance and Indemnity for legal costs incurred by directors in carrying out the business affairs of the Company.

### Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

### Directors' meetings

The following table sets out the number of directors' meetings and the number of meetings attended by each director of the Company during the financial year:

Director	No of eligible meetings to attend	Number attended
Mr G Davey	6	5
Mr S Lee Mohan	1	1
Mr C Bath	6	6
Ms D Marshall	6	5
Ms A Reid	2	2
Mr M Young	4	4

### Non-audit services

Details of amounts paid or payable to the Company's auditor, Ernst & Young, for audit and non-audit services provided during the year are set out in note 26.

The Board is satisfied that the provision of the non-audit services is compatible with general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- (a) all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- (b) none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

### 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.



### Corporate governance

The Directors of the Company support and have adhered to the principles of Corporate Governance. The Company's corporate governance key statements, frameworks, policies and charges are all available on the Company's website at <https://frontierhe.com/corporate-governance/>

### Auditor's independence declaration

The Directors received the Auditor's Independence Declaration, as set out on page 28, from Ernst & Young.

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### Remuneration report (audited)

The Directors present the Remuneration Report (the "Report"), which forms part of the Directors' Report, for the Group for the year ended 31 December 2022 and has been audited in accordance with section 300A of the Corporations Act 2001 and its regulations.

The Report details the remuneration arrangements for Key Management Personnel ("KMP") being the:

- Non-executive directors; and
- Executive directors and senior executives (the "executives")

KMP are those, who directly, or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Group.

Details of KMP are set out below:

Name	Position	Appointed	Resigned
Mr G Davey	Executive Chairman	27/02/2018	-
Mr M Young	Managing Director	1/12/2021	22/07/2022
Mr S Lee Mohan	Managing Director	3/10/2022	-
Mr C Bath	Executive Director	1/12/2021	-
Ms D Marshall	Non-Executive Director	1/12/2021	-
Ms A Reid	Non-Executive Director	8/08/2022	-

### Remuneration and nomination procedures

The Board considers that the Company is not of a size to justify the formation of a remuneration or nomination Committee. The Board is able to address these aspects of the Company's activities and will adhere to the appropriate ethical standards and with the relevant remuneration and nomination procedures.

The Board will review the remuneration policies and packages of all directors and senior executive officers on a periodical basis. However, there was no meeting held in relation to review of remuneration policies and packages during the year. The Board will also periodically review the composition of the Board and make necessary changes to ensure that it comprises persons who have the skill and experience appropriate for the business activities and operations undertaken by the Company.

If a vacancy occurs or if it is considered that the Board would benefit from the services and skills of an additional director, the Board will select and appoint the most suitable candidate. Any such appointee would be required under the Constitution to retire at the next annual general meeting and is eligible for re-election by the shareholders at that meeting.

### Relationship structure

In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

### Non-executive director remuneration

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned

amongst directors is reviewed annually. The Company's Constitution provides that the remuneration of non-executive directors will not be more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration has been set at an amount not to exceed \$450,000 per annum. Fees for non-executive directors are not linked to the performance of the Company.

Each of the non-executive directors receives a fixed fee for their services as directors. There is no direct link between remuneration paid to any of the directors and corporate performance such as bonus payments for achievement of certain key performance indicators. There are no retirement benefits for non-executive directors.

Non-executive directors are encouraged to hold shares in the Company and align their interests with the Company's shareholders. The shares are purchased by the directors at the prevailing market share price.

## Executive remuneration

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- competitive and consistent with market standards;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood;
- Reward superior performance within an objective and measurable incentive framework; and
- acceptable to shareholders.

The Group's approach to remuneration is designed to ensure remuneration is competitive, performance-focused, clearly links appropriate reward with business objectives and is simple to administer and understand by executives and shareholders.

All Executive KMP remuneration comprises the following:

- Fixed (base remuneration):
- At risk component:
  - Short-term incentive (STI) – described further in the table below; and
  - Long-term incentive (LTI) – described further in the table below.

Element	Purpose	Performance metrics	Potential value
Base (fixed) remuneration	Provide a market competitive salary, including superannuation.	Nil	Within industry averages for the position's required skill and experience. Third party advice is sought periodically to ensure these are at or close to market median.
STI	Equity based reward for 12-month performance.	Corporate and project development objectives. Company strategy is set at the Board level and is used to determine the KPIs. STI objectives are set out below in detail.	Up to 40% of base remuneration.
LTI	Alignment with growth in long-term shareholder value over a three-year period.	Achievement of key company objectives, linked to long term performance such as project milestones and share price performance.	Up to 60% of base remuneration.

## Balancing short-term and long-term performance

The Company considers performance-based remuneration to be a critical component of the overall remuneration framework, by providing a remuneration structure that rewards employees for achieving goals that are aligned to the Group's strategy and objectives. Both STIs and LTIs are issued under the Employee Share and Options Plan (**ESOP**).

The purpose of the ESOP is to assist in the reward, retention and motivation of key management personnel, senior executives and other employees ("eligible participants"), link reward to performance and the creation of shareholder value, align the interests of eligible participants more closely with the interests of shareholders and provide an opportunity for eligible participants to share in the future growth in value of the Company.

### Short-term incentives

The STI scheme operates to link performance and reward with key measurable financial and non-financial performance indicators to provide employees with clear and understandable targets that are aligned with the Group's objectives.

STIs are in the form of options which vest on completion of the one-year period. The number of options that vest is determined by assessment of individual performance against stated objectives to determine the percentage of objectives that has been achieved. This percentage is then applied to the options granted in order to determine the number of options that vest. The employee then has three years in which to exercise the options. Each vested STI option represents a right to be issued one share.

The STI performance objectives are communicated to KMPs at the beginning of the twelve-month performance period, with performance evaluations conducted following the end of the respective twelve-month performance period. The STIs related to the development of the Bristol Springs renewable energy project:

1. Safety and environmental
  - Zero fatalities, life changing events and zero major environmental incidents
2. Solar and Wind
  - Land acquisition for expansion
  - FEED complete
  - Solar/renewable expansion studies completed
3. Hydrogen
  - Government support for hydrogen development
  - Techno-economic study completed
  - Expanded H2 strategy defined with agreed targets approved by board
  - Memorandum of understanding or heads of agreement entered into
4. Corporate
  - Attract ESG Fund investment

During the year ended 31 December 2022 the Company issued 3,261,000 STI options, with 1,777,000 options subsequently being cancelled on the resignation during the year of the Company's Managing Director, Mike Young.



## Long-term incentives

The KMP remuneration structure also seeks to drive performance and align with shareholder interests through LTI equity-based remuneration. This involves the issue of options to KMP as LTIs. Subject to performance against agreed vesting criteria, LTIs vest three years from the grant date and expire five years from the grant date. Each vested LTI option represents a right to be issued one share. KMPs are assessed against applicable KPIs on the third anniversary from the date of issue.

The vesting criteria for LTIs related to KPIs for the 1 January 2022 – 31 December 2024 performance period are:

1. Solar and Wind
  - o Land acquisition for expansion
  - o Solar construction commenced
  - o Wind and battery definitive feasibility study completed
2. Hydrogen
  - o Hydrogen plan definitive feasibility study completed
  - o Additional hydrogen plan scoping study completed
3. Corporate
  - o Market capitalisation \$250 million
  - o Environmental, Social & Governance (ESG) framework score > 50%

During the year ended 31 December 2022 the Company issued 5,641,000 LTI options, with 3,554,000 options subsequently being cancelled on the resignation during the year of the Company's Managing Director, Mike Young.

Details of all options held by key management personnel of the Group, at the date of this report are shown below.

## Executive employment arrangements

On 1 December 2021, the Company appointed Mr Mike Young as managing director. On 22 July 2022, Mike Young resigned as managing director.

On 3 October 2022, the Company appointed Mr Sam Lee Mohan as managing director. The managing director contract is ongoing until terminated by either party in accordance with the terms of the agreement. Mr Lee Mohan will receive a fixed salary of \$350,000, plus statutory superannuation.

Mr Lee Mohan is eligible to receive an equity incentive award at the Board's discretion and subject to performance against relevant KPIs.

As part of his employment arrangements, Mr Lee was issued a total of 6,000,000 unquoted options with the following vesting and exercise prices:

- o 33.3% vest 12 months from the date of board approval at an exercise price of \$0.20;
- o 33.3% vest 24 months from the date of board approval at an exercise price of \$0.25; and
- o 33.3% vest 24 months from the date of board approval at an exercise price of \$0.40.

On 1 December 2021, the Company appointed Mr Chris Bath as Executive Director. Mr Bath is paid a consulting fee, which was increased from \$120,000 to \$156,000 per annum effective from 1 August 2022.



Effective from 1 August 2022 Grant Davey was appointed as Executive Chairman and accordingly his fee was increased from \$120,000 to \$270,000 per annum.

### Remuneration of Directors and Key Management Personnel

Actual remuneration earned by key management personnel for their services as directors and executives of the Company during the financial year ended 31 December 2022 and 31 December 2021 are set out below.

#### 31 December 2022

Name	Short-term employee benefits		Post-employment benefits Super-annuation	Share-based payment options	Total	Proportion of remuneration performance related
	Salary and fees	Other services				
	\$	\$	\$	\$	\$	%
<b>Directors</b>						
Mr G Davey	200,000	-	-	253,276	453,276	56
Mr M Young	168,479	300	12,554	-	181,333	-
Mr S Lee Mohan	89,813	-	6,875	340,518	437,206	79
Mr C Bath	131,372	-	-	406,397	537,770	76
Ms D Marshall	45,369	-	4,650	50,655	100,674	50
Ms A Reid	17,984	-	1,888	129,625	149,497	87
<b>TOTAL</b>	<b>653,017</b>	<b>300</b>	<b>25,967</b>	<b>1,180,471</b>	<b>1,859,755</b>	<b>63</b>

#### 31 December 2021

Name	Short-term employee benefits		Post-employment benefits Super-annuation	Share-based payment options	Total	Proportion of remuneration performance related
	Salary and fees	Other services				
	\$	\$	\$	\$	\$	%
<b>Directors</b>						
Mr G Davey	120,000	-	-	-	120,000	-
Mr M Young	10,000	-	-	-	10,000	-
Mr C Bath	19,493	-	-	-	19,493	-
Ms D Marshall	3,788	-	379	-	4,167	-
Mr C Knee	39,446	-	-	(10,539)	28,907	-
Mr A Gillman	44,000	-	-	-	44,000	-
<b>TOTAL</b>	<b>236,727</b>	<b>-</b>	<b>379</b>	<b>(10,539)</b>	<b>226,567</b>	<b>-</b>

## Key management personnel equity holdings

## (i) Shareholdings of key management personnel

	Balance held at 1 January 2022	On exercise of options	Shares acquired at market	Balance held at 31 December 2022
<b>Directors</b>				
Mr G Davey	18,850,271	-	7,676,821	26,527,092
Mr M Young <sup>1</sup>	-	-	1,538,461	1,538,461
Mr S Lee Mohan	-	-	-	-
Mr C Bath	-	-	1,923,076	1,923,076
Ms D Marshall	-	-	384,615	384,615
Ms A Reid	-	-	-	-

<sup>1</sup>Resigned 22 July 2022

## (ii) Option holdings of key management personnel

	Balance at 1 January 2022	Granted as remuneration	Exercised	Lapsed	Cancelled	Balance at the end of the year
<b>Directors</b>						
Mr G Davey	-	5,000,000	-	-	-	5,000,000
Mr M Young <sup>1</sup>	-	10,330,999	-	-	(10,330,999)	-
Mr S Lee Mohan	-	7,039,000	-	-	-	7,039,000
Mr C Bath	-	6,662,000	-	-	-	6,662,000
Ms D Marshall	-	1,000,000	-	-	-	1,000,000
Ms A Reid	-	1,000,000	-	-	-	1,000,000
	-	31,031,999	-	-	(10,330,999)	20,701,000

<sup>1</sup>Resigned 22 July 2022

**(iii) Fair value of options of key management personnel**

Name	Grant date	Vesting date	Expiry date	No. of options	Exercise price	Fair value per share
Grant Davey	20/01/2022	20/01/2022	19/01/2025	2,500,000	0.20	0.057
Chris Bath	20/01/2022	20/01/2022	19/01/2025	2,500,000	0.20	0.057
Dixie Marshall	20/01/2022	20/01/2022	19/01/2025	500,000	0.20	0.057
Amanda Reid	02/08/2022	08/08/2022	19/01/2025	500,000	0.20	0.144
Grant Davey	20/01/2022	20/01/2022	19/01/2025	1,250,000	0.25	0.051
Chris Bath	20/01/2022	20/01/2022	19/01/2025	1,250,000	0.25	0.051
Dixie Marshall	20/01/2022	20/01/2022	19/01/2025	250,000	0.25	0.051
Amanda Reid	02/08/2022	08/08/2022	19/01/2025	250,000	0.25	0.130
Grant Davey	20/01/2022	20/01/2022	19/01/2025	1,250,000	0.40	0.037
Chris Bath	20/01/2022	20/01/2022	19/01/2025	1,250,000	0.40	0.037
Dixie Marshall	20/01/2022	20/01/2022	19/01/2025	250,000	0.40	0.037
Amanda Reid	02/08/2022	08/08/2022	19/01/2025	250,000	0.40	0.101
Samuel Lee Mohan	03/10/2022	03/10/2023	03/10/2025	2,000,000	0.20	0.057
Samuel Lee Mohan	03/10/2022	03/10/2024	03/10/2025	2,000,000	0.25	0.051
Samuel Lee Mohan	03/10/2022	03/10/2024	03/10/2025	2,000,000	0.40	0.037
Chris Bath	31/05/2022	31/12/2022	31/12/2024	554,000	-	0.244
Samuel Lee Mohan	31/05/2022	31/12/2022	31/12/2024	485,000	-	0.220
Chris Bath	31/05/2022	31/12/2024	31/12/2026	1,108,000	-	0.240
Samuel Lee Mohan	31/05/2022	31/12/2024	31/12/2026	554,000	-	0.220

**Performance of Frontier Energy Limited**

The table below sets out summary information about the entity's earnings and movements in shareholder wealth for the five years to 31 December 2022.

	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2018
Net loss attributable to owners	(\$5,340,776)	(\$2,590,940)	(\$2,422,158)	(\$7,017,034)	(\$16,244,767)
Share price at end of year <sup>1</sup>	\$0.45	-	\$0.1545	\$1.10	\$3.00
Basic earnings per share (cents per share)	(2.13)	(1.51)	(1.84)	(7.20)	(17.20)

<sup>1</sup>The Company's shares were suspended from trading on 31 December 2021.

### **Other transactions with Key Management Personnel and their related parties**

Mr Grant Davey agreed to acquire 2,380,952 shares at an issue price of \$0.42 each as part of a placement undertaken by the Company in October 2022. The placement is subject to shareholder approval, which will be sought at the Company's next general meeting, which will be held at the latest in May 2023.

### **End of remuneration report.**

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to be "G. Davey", written over a light blue circular stamp.

### **Mr Grant Davey**

Executive Chairman  
Perth, 24 February 2023





**Building a better  
working world**

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## **Auditor's independence declaration to the directors of Frontier Energy Ltd**

As lead auditor for the audit of the financial report of Frontier Energy Ltd for the financial year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Frontier Energy Ltd and the entities it controlled during the financial year.

Ernst & Young

Pierre Dreyer  
Partner  
24 February 2023



## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 \$	2021 \$
Other income	5	124,600	1,373
Amortisation of right-of-use asset	11	(72,959)	-
Depreciation expense	12	(3,725)	(2,996)
Exploration and evaluation expenses		(624,577)	(1,046,946)
Study expenses		(178,235)	-
Accounting, audit and taxation fees		(144,260)	(74,844)
Occupancy expenses		(103,948)	(70,204)
Administrative expenses		(854,644)	(650,337)
Investor Relations		(527,651)	(154,022)
Stakeholder engagement		(258,039)	-
Employee benefit expenses and consultancy fees	6(a)	(1,583,201)	(492,272)
Share based payments	25	(1,818,285)	(591,490)
Business development costs		-	(54,863)
Finance costs		(29,601)	-
Other expenses	6(b)	(74,799)	(11,753)
<b>Loss before income tax</b>		<b>(6,149,324)</b>	<b>(3,148,354)</b>
Income tax expense	8	-	-
<b>Loss for the year</b>		<b>(6,149,324)</b>	<b>(3,148,354)</b>
<b>Other comprehensive loss net of tax</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of foreign operations		64,290	(123,357)
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Changes in fair value of financial assets	10	141,455	107,545
<b>Other Comprehensive (loss)/income for the year</b>		<b>205,745</b>	<b>(15,812)</b>
<b>Total comprehensive loss for the year</b>		<b>(5,943,579)</b>	<b>(3,164,166)</b>
<b>Loss attributable to:</b>			
Owners of the Company		(5,522,389)	(2,494,937)
Non-controlling interests		(626,935)	(653,417)
		<b>(6,149,324)</b>	<b>(3,148,354)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		(5,340,776)	(2,590,940)
Non-controlling interest		(602,803)	(573,226)
		<b>(5,943,579)</b>	<b>(3,164,166)</b>
Basic and diluted loss per share (cents per share)	20 (c)	(2.13)	(1.51)

The above consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

## Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	2022 \$	2021 \$
<b>Current Assets</b>			
Cash and cash equivalents	7	13,455,335	541,347
Trade and other receivables	9	272,536	330,220
<b>Total Current Assets</b>		<b>13,727,871</b>	<b>871,567</b>
<b>Non-Current Assets</b>			
Other financial assets	10	182,057	178,605
Right-of-use asset	11	184,751	-
Property, plant and equipment	12	15,731,866	4,765
Exploration & evaluation assets	13	2,108,781	2,107,920
<b>Total Non-Current Assets</b>		<b>18,207,455</b>	<b>2,291,290</b>
<b>Total Assets</b>		<b>31,935,326</b>	<b>3,162,857</b>
<b>Current Liabilities</b>			
Trade and other payables	14	5,168,609	1,016,217
Provision for annual leave		9,460	-
Lease liability	15	100,000	-
<b>Total Current Liabilities</b>		<b>5,278,069</b>	<b>1,016,217</b>
<b>Non-Current Liabilities</b>			
Lease liability	15	75,277	-
<b>Total Non-Current Liabilities</b>		<b>75,277</b>	<b>-</b>
<b>Total Liabilities</b>		<b>5,353,346</b>	<b>1,016,217</b>
<b>Net Assets</b>		<b>26,581,980</b>	<b>2,146,640</b>
<b>Equity</b>			
Contributed equity	16 (a)	46,465,228	24,744,840
Reserves	17	3,871,185	1,452,910
Non-controlling interests	18	3,232,900	543,382
Accumulated losses	19	(26,987,333)	(24,594,492)
<b>Total Equity</b>		<b>26,581,980</b>	<b>2,146,640</b>

The above consolidated statement of financial position is to be read in conjunction with the accompanying notes

## Consolidated Statement of Changes in Equity

Year ended 31 December 2022

	Contributed equity \$	Accumulated losses \$	Share based payments reserve \$	Foreign currency translation reserve \$	Investment revaluation reserve \$	Non- controlling interest \$	Total \$
<b>Balance at 1 January 2022</b>	<b>24,744,840</b>	<b>(24,594,492)</b>	<b>1,494,474</b>	<b>99,891</b>	<b>(141,455)</b>	<b>543,382</b>	<b>2,146,640</b>
Loss for the year	-	(5,522,389)	-	-	-	(626,935)	(6,149,324)
Foreign exchange translation differences	-	(1,937)	-	40,159	-	26,068	64,290
Reversal of fair value gain on disposal of investment (note 10)	-	-	-	-	141,455	-	141,455
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(5,524,326)</b>	<b>-</b>	<b>40,159</b>	<b>141,455</b>	<b>(600,867)</b>	<b>(5,943,579)</b>
<b>Transactions with owners in their capacity as owners</b>							
Issue of shares (note 16)	17,000,000	-	-	-	-	-	17,000,000
Less: Share issue costs	(864,780)	-	-	-	-	-	(864,780)
Metallum share issue (NCI dilution)	-	2,060,862	-	-	-	3,290,385	5,351,247
Acquisition of Bristol Springs Solar Project	5,416,667	-	1,657,500	-	-	-	7,074,167
Exercise of employee share options	122,852	-	(122,852)	-	-	-	-
Expiry of employee share options	-	997,622	(997,622)	-	-	-	-
Share based payments (note 17(a))	45,649	73,001	1,699,635	-	-	-	1,818,285
<b>At 31 December 2022</b>	<b>46,465,228</b>	<b>(26,987,333)</b>	<b>3,731,135</b>	<b>140,050</b>	<b>-</b>	<b>3,232,900</b>	<b>26,581,980</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

## Consolidated Statement of Changes in Equity

Year ended 31 December 2021

	Contributed equity \$	Accumulated losses \$	Share based payments reserve \$	Foreign currency translation reserve \$	Investment revaluation reserve \$	Non- controlling interest \$	Total \$
<b>Balance at 1 January 2021</b>	<b>24,168,590</b>	<b>(23,515,644)</b>	<b>2,886,321</b>	<b>303,439</b>	<b>(249,000)</b>	<b>(865,416)</b>	<b>2,728,290</b>
Loss for the year	-	(2,494,937)	-	-	-	(653,417)	(3,148,354)
Foreign exchange translation differences	-	-	-	(203,548)	-	80,191	(123,357)
Change in fair value of financial assets (note 10)	-	-	-	-	107,545	-	107,545
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(2,494,937)</b>	<b>-</b>	<b>(203,548)</b>	<b>107,545</b>	<b>(573,226)</b>	<b>(3,164,166)</b>
<b>Transactions with owners in their capacity as owners</b>							
Issue of shares (note 16)	175,000	-	-	-	-	-	175,000
Acquisition of NCI (note 18)	-	(47,401)	-	-	-	1,575,099	1,527,698
Metallum share based payment	-	-	-	-	-	381,956	381,956
Metallum share issue (NCI dilution)	-	263,359	-	-	-	24,969	288,328
Share based payments (note 17(a))	-	-	209,534	-	-	-	209,534
Options expired	-	1,200,131	(1,200,131)	-	-	-	-
Exercise of employee share options	401,250	-	(401,250)	-	-	-	-
<b>At 31 December 2021</b>	<b>24,744,840</b>	<b>(24,594,492)</b>	<b>1,494,474</b>	<b>99,891</b>	<b>(141,455)</b>	<b>543,382</b>	<b>2,146,640</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

## Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 \$	2021 \$
<b>Operating Activities</b>			
Payments to suppliers and employees (inclusive of GST)		(4,223,077)	(957,612)
Interest received		83,418	1,373
Interest paid		(17,567)	-
Payments for exploration activities and evaluation activities		(531,082)	(1,181,376)
Payments for studies		(178,235)	-
<b>Net cash outflow from operating activities</b>	7	<b>(4,866,543)</b>	<b>(2,137,615)</b>
<b>Investing Activities</b>			
Purchase of property, plant and equipment		(3,828,986)	(145,407)
R&D tax incentive received		62,882	-
Proceeds from sale of investment in listed shares		250,734	-
Payments for security deposits		(177,057)	-
<b>Net cash outflow from investing activities</b>		<b>(3,692,427)</b>	<b>(145,407)</b>
<b>Financing Activities</b>			
Lease payments		(82,433)	-
Transaction with NCI		-	1,930,256
Proceeds from issue of shares		22,730,942	175,000
Capital raising costs		(1,162,865)	-
<b>Net cash inflow from financing activities</b>		<b>21,485,644</b>	<b>2,105,256</b>
Net increase/(decrease) in cash and cash equivalents		12,926,674	(177,766)
Effects of exchange rate changes on cash and cash equivalents		(12,686)	(103,101)
Cash and cash equivalents at the beginning of the year		541,347	822,214
<b>Cash and cash equivalents at the end of the year</b>	7	<b>13,455,335</b>	<b>541,347</b>

The above consolidated statement of cash flows is to be read in conjunction with the accompanying notes

## 1. Corporate information

The consolidated financial statements of Frontier Energy Limited (the **Company** or **FHE**) and its subsidiaries (the **Group**) were authorised for issue in accordance with a resolution of the directors on 24 February 2023. FHE is a for profit company limited by shares incorporated and domiciled in Australia and whose shares are publicly traded on the Australian stock Exchange and has a secondary listing on the OTCQX® (OTC) market in the United States.

The nature of the operations and principal activities of the Group are described in the Directors Report.

The registered office is Level 20, 140 St Georges Terrace, Perth WA 6000.

## 2. Summary of significant accounting policies

### (a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis except for certain financial assets which have been measured at fair value through profit and loss. Certain comparative figures have been reclassified to be consistent with current period presentation.

The financial report is presented in Australian dollars.

### (b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and also International Financial Reporting Standards (IFRS) as issued by the international Accounting Standards Board.

#### **Adoption of new accounting standards**

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company during the financial year.

### (c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Frontier Energy Limited and its subsidiaries (the Group) as at the end of the reporting period. Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed or has rights to variable returns from his involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls and investee if, and only if, the Group has all of the following:

- power over the investee
- exposure or rights to variable returns from its involvement with the investee
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. When the Group has less than a majority of the voting, or similar, rights of an investor, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangements with the other vote holders of the investee
- rights arising from other contractual arrangements
- the Group's voting rights and potential voting rights.

The relevant activities are those which significantly affect the subsidiary's returns. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Group has the existing rights to direct the relevant activities of a subsidiary.



**(c) Basis of consolidation (continued)**

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit loss and other comprehensive income from that date the Group gains control until the date the Group ceases to control the subsidiary. Where the Group's interest is less than 100 per cent, the interest attributable to outside shareholders is reflected in non-controlling interest (NCI).

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the NCIs, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary without a loss of control is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it de recognises the related assets, liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

**(d) Foreign currency translation**

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent entity's functional currency and the Group's presentation currency.

Transactions in foreign currencies are initially recorded by each entity in the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. All differences are taken to the statement of profit or loss and other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

**(e) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(f) Exploration and evaluation assets**

Exploration and evaluation assets arising out of acquisition of an area of interest are capitalised as part of Exploration and Evaluation Asset. Subsequent exploration expenditure is expensed as incurred.

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward at cost where rights to tenure of the area are current and:

- it is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; and/or
- exploration and evaluation activities are continuing in an area of interest but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty exists as to the future viability of an area the value of the area of interest is written off to the profit and loss or provided against.

**(f) Exploration and evaluation assets (continued)****Impairment**

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment on a regular basis or whenever impairment indicators are present. When information becomes available suggesting that the recovery of expenditure which had previously been capitalised is unlikely or that the Group no longer holds tenure, the relevant capitalised amount is written off to the profit or loss in the period when the new information becomes available.

**(g) Property, plant and equipment**

Construction work in progress is stated at cost, net of accumulated impairment losses, if any. Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Plant & equipment	20% per annum
Computer equipment	20% per annum

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit and loss.

**(h) Government grants**

Government grants are recognised where there is a reasonable assurance the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over periods that relates to the costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it reduces the carrying amount of the asset. The grant is then recognised on the profit or loss over the useful life of the depreciable asset by way of a reduced depreciation charge.

**(i) Non-current assets and disposal groups held for sale**

Non-current assets, or disposal groups, comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell.

**(j) Income tax**

Current income tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rights and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided for using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences except to the extent that it is probable that future tax profits will be available against which deductible temporary differences and unused tax losses or tax credits can be utilised.

**(j) Income tax (continued)**

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry forward tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient tax profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will be available to allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting date.

**(k) Earnings per share**

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent entity adjusted for cost of servicing equity, the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised and other non-discriminatory changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential order shares; adjusted for any bonus element.

**(l) Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value less costs of disposal (FVLCD). In such cases the asset is tested for impairment as part of the cash generating unit (CGU) to which it belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset or CGU. In determining FVLCD recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**(m) Share-based payments**

Equity-settled share-based payments are measured at fair value at the date of grant.

Option fair value is measured by use of the Black-Scholes option pricing model. At the end of each reporting period the Company revises its estimate of expected life of the options issued. The number of equity instruments expected to vest has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of equity instruments that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

**(n) Lease liabilities and right-of-use assets*****The Group as a lessee***

The Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use

The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

***Measurement and recognition of leases as a lessee***

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentive received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

**(o) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**(p) Issued capital**

Issued and paid-up capital is recognised at the fair value of the consideration received by the Company. any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in the proceeds received.

**(q) Other taxes**

Revenues, expenses, and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(r) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets****Initial recognition and measurement**

Financial assets are classified, at initial recognition, and subsequently measured at fair value through profit and loss.

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified as follows:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit and loss

**Financial assets at fair value through profit and loss**

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading purposes of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being recognised in the profit or loss.

**Derecognition**

Financial assets are derecognised where the contractual rights to receipts of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risk and benefits associated with the asset.

**(r) Financial instruments (continued)****Financial liabilities****Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss, or loans and borrowing and payables as appropriate.

All financial liabilities are recognised at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

**Subsequent measurement**

For the purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit and loss
- Financial liabilities at amortised cost (trade and other payables)

After initial recognition, loans and borrowings and trade payables are subsequently measured at amortised cost.

**Financial liabilities at fair value through profit and loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

**Financial liabilities at amortised cost (loans and borrowings and trade and other payables)**

After initial recognition interest bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method. Gains losses are recognised in statement profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

Gains and losses are recognised in the statement of profit and loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

**Derecognition**

Financial liabilities are derecognised where the related obligations are either discharged, cancelled, or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**3. Critical accounting estimates and judgements**

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities in the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified a number of areas where significant judgments, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below.



### 3. Critical accounting estimates and judgements (continued)

#### Investment in MZN

FHE's subsidiary, Ophiolite Holdings Pty Ltd ("OPH"), holds approximately 45.5% of the shares in Metallum Resources Inc (MZN). The Group holds an 87.5% interest in OPH, giving it an indirect interest in MZN of 39.8%. Since April 2022 through to 3 October 2022 the Group had two of four directors on the Board and subsequently following the resignation of MZN's CEO has two of three directors on the Board. The Group has dominant voting rights relative to the dispersion of other shareholders of MZN and has concluded that it controls MZN.

#### Share based payment transactions

The Group measures the cost of equity settled share-based payments with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model.

#### Exploration and evaluation costs carried forward

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached stage that permits a reasonable assessment of the existence of reserves.

Estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely the relevant capitalised amount is written off to the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

### 4. Segment information

The Group operates in two geographical and business segments, being mineral exploration in Canada, via its subsidiary Metallum, and renewable energy in Australia.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. For the current reporting period, the Group's activities were renewable energy within Australia and mineral exploration within Canada.

	Operating Loss		Total Assets		Total Liabilities	
	31/12/2022 \$	31/12/2021 \$	31/12/2022 \$	31/12/2021 \$	31/12/2022 \$	31/12/2021 \$
Renewable energy	(4,599,361)	-	26,014,534	-	5,217,225	-
Mineral exploration	(1,549,963)	(3,148,354)	5,920,792	3,162,857	136,121	1,016,217
	(6,149,324)	(3,148,354)	31,935,326	3,162,857	5,353,346	1,016,217

	31 December 2022 \$	31 December 2021 \$
<b>5. Other income</b>		
Gain on sale of investments in equity instruments at FVTOCI	1,734	-
Gain on debtor settlement	20,396	-
Interest income calculated using effective interest method	102,470	1,373
	<u>124,600</u>	<u>1,373</u>
<b>6. Other expenses</b>		
(a) Employee benefit expenses and consultancy fees includes the following specific expenses:		
Director salaries and consulting fees	678,984	226,567
Salary and wages	515,588	148,626
Other consultants	388,629	117,079
	<u>1,583,201</u>	<u>492,272</u>
(b) Other expenses include the following:		
Foreign exchange loss	(201)	11,753
Land option fees expired	75,000	-
	<u>74,799</u>	<u>11,753</u>
<b>7. Cash and cash equivalents</b>		
Cash at bank and on hand	<u>13,455,335</u>	<u>541,347</u>
<b>Reconciliation of loss for the year to net cash flows used in operating activities:</b>	<b>2022 \$</b>	<b>2021 \$</b>
Loss for the year	(6,149,324)	(3,148,354)
Non-cash expenses:		
Amortisation of right-of-use asset	72,959	-
Depreciation	3,725	2,996
Share based payments	1,818,285	591,490
Net exchange differences	(190)	(242,423)
Changes in assets and liabilities:		
(Increase)/decrease in:		
Trade and other receivables	(59,984)	(37,066)
Prepayments	(53,363)	(84,616)
Security deposits	66,060	(71,060)
Increase/(decrease) in:		
Trade and other payables	(880,342)	824,938
Accruals	316,011	26,480
Provision for employee entitlements	(380)	-
Net cash flows used in operating activities	<u>(4,866,543)</u>	<u>(2,137,615)</u>

	31 December 2022	31 December 2021
	\$	\$

## 8. Income tax

### (a) Income tax expense/(benefit)

The income tax(benefit) for the year differs from the prima facie tax as follows:

<b>Loss for year</b>	(6,149,324)	(3,148,354)
At statutory income tax rate of 30% (2021:30%)	(1,844,797)	(944,506)
Non-deductible expenses	545,425	40,131
Deferred tax assets not brought to account	1,299,372	904,375
<b>Total income tax expense</b>	-	-

### (b) Deferred tax assets and liabilities

Deferred income tax at balance date relates to the following:

Deferred tax asset:

- Tax Losses	7,406,045	5,944,460
- Deferred tax assets not brought to account	(7,406,045)	(5,944,460)
	-	-

The benefit of deferred tax assets not brought to account will only be brought to account if (i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised; (ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and (iii) no changes in tax legislation adversely affect the Group in realising the benefit.

	31 December 2022	31 December 2021
	\$	\$

## 9. Trade and other receivables

Trade debtors	9,839	2,315
Other debtors and prepayments	123,015	248,789
GST recoverable	139,682	79,116
	272,536	330,220

	31 December 2022	31 December 2021
	\$	\$
<b>10. Other financial assets</b>		
Security deposits	182,057	71,060
Financial assets at FVTOCI	-	107,545
	<u>182,057</u>	<u>178,605</u>

**Financial assets at fair value through other comprehensive income***Listed securities – Shares*

Opening balance	107,545	-
Disposal of investment	(250,734)	-
Gain on sale of investments	1,734	-
Fair value movement	<u>141,455</u>	<u>107,545</u>
Closing balance	<u>-</u>	<u>107,545</u>

The Group held 8,300,000 shares in Athena Resources Limited ("AHN"), which is listed on the Australian Securities Exchange (ASX: AHN). AHN's shares were suspended from trading in August 2019 and the financial assets were revalued to zero at 31 December 2020. However, on 2 November 2021 the suspension in trading in AHN shares was lifted. The AHN shares closed at \$0.013 on 31 December 2021.

The Group sold its holdings in AHN on 16 June 2022 at \$0.031 per share for gross consideration of \$253,267 less \$2,533 in brokerage costs, representing a gain on sale of \$1,734. The balance of \$141,455 in the investment revaluation reserve was derecognised upon sale of the asset.

The Company's financial assets are measured by "Level 1" fair value measurements – meaning that they are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. There was no change in level of financial assets or financial instruments during the year.

	31 December 2022	31 December 2021
	\$	\$
<b>11. Right-of-use asset</b>		
Land right-of-use	257,710	-
Less: Accumulated depreciation	<u>(72,959)</u>	<u>-</u>
	<u>184,751</u>	<u>-</u>

	31 December 2022 \$	31 December 2021 \$
<b>12. Property, plant &amp; equipment</b>		
Land	5,658,323	-
Land options	1,592,604	-
Bristol Springs Solar Project in progress	8,024,842	-
Bristol Springs Hydrogen Project in progress	455,000	-
Plant and equipment – at cost	13,576	13,519
Accumulated depreciation	(12,479)	(8,754)
Closing Balance	15,731,866	4,765

**Movement in property, plant and equipment****Cost**

At 1 January	13,519	176,643
Assets written off	-	(166,290)
Additions	15,730,826	3,166
Closing balance	15,744,345	13,519

**Accumulated depreciation**

At 1 January	(8,754)	(172,048)
Disposals	-	166,290
Depreciation	(3,725)	(2,996)
	(12,479)	(8,754)

**Additions comprise the following:**

Bristol Springs Solar Project in progress <sup>1</sup>	8,024,899
Bristol Springs Hydrogen Project in progress	455,000
Land <sup>2</sup>	5,658,323
Land Options <sup>3</sup>	1,592,604
Total additions	15,730,826

**12. Property, plant & equipment (continued)**

<sup>1</sup>On 23 February 2022 the Group acquired 100% of the shares in Bristol Springs Solar Pty Ltd. The acquisition has been treated as an asset acquisition via the issue of equity under AASB 2 *Share Based Payments*. The below outlines the consideration and identifiable assets and liabilities acquired:

Consideration	\$
41,666,667 Consideration Shares with a fair value of \$0.13	5,416,667
12,750,000 Tranche A Performance Shares with a fair value of \$0.13	<u>1,657,500</u>
	7,074,167
<b>Assets and liabilities acquired</b>	
Cash and cash equivalents	8,427
Trade and other receivables	5,096
Property, Plant & Equipment	301,957
Trade and Other Payables	<u>(10,000)</u>
<b>Net assets acquired</b>	305,480
<b>Bristol Springs Solar Project construction work in progress acquired</b>	<u>6,768,687</u>

In addition to the Consideration Shares, Tranche A and Tranche B Performance shares were issued as consideration for the acquisition of Bristol Springs Solar Pty Ltd. Both Tranche A and Tranche B shares are subject to separate non-vesting conditions.

Tranche A non-vesting conditions are not under the control of the entity and as such have been recognised on acquisition date.

Tranche B non-vesting conditions are considered under control of the entity and as such the recognition as part of the cost of the acquisition is delayed until the condition for conversion crystallises.

Furthermore, \$1,319,094 of expenditure relating to the Bristol Springs Solar Project in progress has been capitalised as it was necessarily incurred in the development of the asset.

A government grant of \$62,882 received for research and development has been deducted from the total cost capitalised for the Bristol Springs Solar Project.

<sup>2</sup>On 1 August 2022 the Group entered into option agreements ("**Options**") to purchase land ("**Properties**") in Wagerup, Western Australia. The consideration paid for the Options was \$75,000. The Options were subsequently exercised by the Group on 30 November 2022 and as a result contracts were executed for the Sale of Land by Offer and Acceptance ("**Contracts**"). To exercise the Options, the Group was required to pay deposits of \$405,000 ("**Deposits**"). A summary of payments made can be found below:

	\$
Purchase Price	4,800,000
Deposit of 10%	480,000
Less: Option Fee	<u>(75,000)</u>
Payment	405,000

The remaining balance payable for the Properties was originally required to be settled on 31 December 2022. However, a Variation of Contract for Sale of Land by Offer and Acceptance was executed on 21 December 2022 for both Properties ("**Variation**"). Under the Variation, the parties to the Contracts agreed to amend the settlement date for both Properties to 30 November 2023 and as part of this variation, a further non-refundable sum of \$240,000 was paid, being in addition to the purchase price of both Properties.



**12. Property, plant & equipment (continued)**

<sup>3</sup> As part of the acquisition of Bristol Springs Solar Pty Ltd, the Group has acquired an exclusive option to purchase the land from Ranger Loaders Pty Ltd during the five-year period from the completion of the acquisition at a fixed value of \$5,000,000. A first option fee of \$1,500,000 was payable on entry into the Option Deed. Amounts have also been paid to acquire options over additional land parcels.

	31 December 2022	31 December 2021
	\$	\$

**13. Exploration & evaluation assets**

Opening Balance	2,107,920	1,999,983
Foreign exchange adjustment	861	107,937
Closing Balance	2,108,781	2,107,920

**14. Trade and other payables**

Trade creditors	459,760	606,272
Sundry creditors and accruals	374,491	58,480
Other payables <sup>1</sup>	4,334,358	351,465
	5,168,609	1,016,217

<sup>1</sup>Includes \$4,320,000 payable as consideration for the purchase of land in Wagerup, Western Australia. Settlement to occur on 30 November 2023.

	31 December 2022	31 December 2021
	\$	\$

**15. Lease liability**

Lease liability land - current	50,000	-
Interest	6,816	-
Payment – principal	(82,433)	-
Payment – interest	(6,816)	-
Movement from non-current to current	132,433	-
	100,000	-
Lease liability land – non-current	207,710	-
Interest	10,751	-
Payment – interest	(10,751)	-
Movement from non-current to current	(132,433)	-
	75,277	-

		31 December 2022	31 December 2021
		\$	\$
<b>16. Issued capital</b>			
<b>(a) Share capital</b>			
292,477,893 (2021: 166,561,155) ordinary shares fully paid		46,465,228	24,744,840
		<b>No. of shares</b>	<b>\$</b>
<b>(b) Movement in ordinary shares on issue</b>			
<b>Date</b>	<b>Details</b>		
1 January 2021	Opening balance	162,102,822	24,168,590
6 January 2021	Issued shares	1,458,333	175,000
Various	Issued shares on conversion of ESS options	3,000,000	401,250
31 December 2021	Closing balance	166,561,155	24,744,840
1 January 2022	Opening balance	166,561,155	24,744,840
23 February 2022	Shares issued	61,538,462	8,000,000
23 February 2022	Shares issued for BSS acquisition <sup>1</sup>	41,666,667	5,416,667
23 February 2022	Share issue costs	-	(314,530)
21 June 2022	Shares issued in consideration of consultancy services	351,153	45,649
24 October 2022	Shares issued	21,428,571	9,000,000
24 October 2022	Share issue costs	-	(550,250)
Various	Issued shares on conversion of ESS options	931,885	122,852
31 December 2022	Closing balance	292,477,893	46,465,228

<sup>1</sup>Escrowed shares 24 months from quotation

**(c) Terms and conditions of contributed equity**

All shares issued or on issue are fully paid ordinary shares with the right to receive dividends as declared and, in the event of winding up the Company, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

**(d) Capital risk management**

When managing capital, management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The Company does not have a defined share buy-back plan. No dividends were paid or declared in the years ending 2022 and 2021. The Group is not subject to any externally imposed capital requirements.

	31 December 2022	31 December 2021
	\$	\$

**17. Reserves**

	Note		
<b>Reserves</b>			
Share based payments reserve	(a)	3,731,135	1,494,474
Investment revaluation reserve	(b)	-	(141,455)
Foreign currency translation reserve	(c)	140,050	99,891
Balance at the end of the year		<u>3,871,185</u>	<u>1,452,910</u>

**(a) Share based payments reserve**

Balance at the beginning of the year	1,494,474	2,886,321
Share based payments to directors, executives and suppliers	1,699,635	209,534
Acquisition of Bristol Springs Solar Project <sup>1</sup>	1,657,500	-
Exercise of Employee Share Scheme options	(122,852)	(401,250)
Expiry of Employee Share Scheme options	<u>(997,622)</u>	<u>(1,200,131)</u>
Balance at the end of the year	<u>3,731,135</u>	<u>1,494,474</u>

<sup>1</sup>12,750,000 Tranche A Performance Shares with a fair value of \$0.13 were issued as consideration for the acquisition of Bristol Springs Solar Pty Ltd in addition to Consideration Shares and Tranche B Performance Shares. The Tranche A non-vesting conditions are not under the control of the entity and as such have been recognised on acquisition date.

The share-based payments reserve is used to recognise the fair value of options issued and shares granted to directors, executives and suppliers as share-based payments.

	Number of Options	\$
<b>2022</b>		
Balance at 1 January 2022	9,822,779	1,494,474
Employee and contractor	66,940,999	3,357,135
Less options cancelled	(14,330,999)	(997,622)
Less options exercised	<u>(931,885)</u>	<u>(122,852)</u>
Balance at 31 December 2022	<b>61,500,894</b>	<b>3,731,135</b>

All options expenses are recognised over the expected vesting period with reference to the probability that any vesting criteria hurdles will be successfully completed.

During the year ended 31 December 2022, the Company issued 31,499,999 unlisted options to directors, executives, and suppliers, and 9,941,000 unlisted options to directors, executives and employees under the Company's Employee Securities and Incentive Plan. The fair value of the options was estimated using a Black-Scholes option pricing model. The Company total share-based payment expense of \$1,699,635 for the current year has been recognised in relation to both these options issued during the period as well as unlisted options issued in prior periods which vest over varying time periods.

	31 December 2022	31 December 2021
	\$	\$
<b>17. Reserves (continued)</b>		
<b>(b) Investment revaluation reserve</b>		
Balance at the beginning of the year	(141,455)	(249,000)
Change in investment revaluation reserve	141,455	107,545
Balance at the end of the year	-	(141,455)

The Group held 8,300,000 shares in Athena Resources Limited ("AHN"), which is listed on the Australian Securities Exchange (ASX: AHN). AHN's shares were suspended from trading in August 2019 and the financial assets were revalued to zero at 31 December 2020. However, on 2 November 2021 the suspension in trading in AHN shares was lifted. The AHN shares closed at \$0.013 on 31 December 2021.

The Group sold its holdings in AHN on 16 June 2022 at \$0.031 per share for gross consideration of \$253,267 less \$2,533 in brokerage costs, representing a gain on sale of \$1,734.

	31 December 2022	31 December 2021
	\$	\$
<b>(c) Foreign currency translation reserve</b>		
Balance at the beginning of the year	99,891	303,439
Change in translation reserve	40,159	(203,548)
Balance at the end of the year	140,050	99,891

The foreign currency translation reserve represents the cumulative gain and losses arising on the revaluation of subsidiaries with functional currencies other than Australian Dollars that have been recognised in other comprehensive income.

	31 December 2022	31 December 2021
	\$	\$
<b>18. Non-controlling interest</b>		
Opening Balance	543,382	(865,416)
NCI on acquisition of MZN	-	1,575,099
NCI - share of loss	(626,935)	(653,417)
NCI - MZN dilution	3,290,385	24,969
NCI - MZN share based payment	-	381,956
NCI on share of foreign exchange	26,068	80,191
	3,232,900	543,382

#### NCI on acquisition of MZN

In September 2020, FHE announced that it had entered into a definitive agreement to vend its interests in the Superior Lake Zinc Project ("Project") into the TSXV listed company CROPS Inc. (TSXV: COPS) (subsequently renamed Metallum Resources Inc., TSXV: MZN).

**18. Non-controlling interest (continued)**

The sale of the Project to MZN completed on 1 April 2021 and resulted in the issue of 128 million MZN shares to subsidiary Ophiolite Holdings Pty Ltd, representing approximately 66.8% of MZN's share capital post completion of the sale transaction.

The disposal of the Project to MZN in its legal form was a transaction whereby MZN acquired the Project in exchange for cash and shares, however the substance of the transaction is that FHE obtained control of MZN through the share issue, resulting in MZN being consolidated into the financial statements of the Group.

**NCI – MZN dilution**

During the period, MZN issued additional shares, resulting in dilution of OPH's interest from 67% to approximately 45.5% and the Group's interest in MZN reducing from 58.6% to approximately 40%.

As per AASB 10 *Consolidated Financial Statements*, management believes that the Company's voting rights appear to be sufficient to allow the Company to make the judgement that it has power over MZN because:

- The Company has dominant voting rights relative to the size and dispersion of holdings of the MZN vote holders
- The Company's existing rights give it the current ability to direct relevant activities that most significantly affect MZN's returns
- Decisions at a board level are based on majority voting
- It's unlikely that all the remaining shareholders would act together to outvote the Company, in absence of any arrangements in place.

	31 December 2022 \$	31 December 2021 \$
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**19. Accumulated losses****Accumulated losses**

Balance at the beginning of the year	(24,594,492)	(23,515,644)
Net loss for the year	(5,522,389)	(2,494,937)
Metallum share-based payments	71,064	-
Gain on change of NCI ownership	2,060,862	215,958
Transfer of share-based payments reserve - expired unexercised options	997,622	1,200,131
Balance at the end of the year	<u>(26,987,333)</u>	<u>(24,594,492)</u>

**20. Loss per share****(a) Reconciliation of earnings used in calculating loss per share**

Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted loss per share	(5,522,389)	(2,494,937)
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**20. Loss per share (continued)**

	31 December 2022 Number of shares	31 December 2021 Number of shares
<b>(b) Weighted average number of shares used as the denominator</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	259,554,260	165,002,250
<b>(c) Basic and diluted loss per share – cents per share</b>	(2.13)	(1.51)

At the end of the 2022 financial year, the Group had 36,000,894 unissued shares under option (2021: 9,822,779), refer note 25. During the 2022 financial year the Group's unissued shares under option were anti-dilutive.

**(d) Information on the classification of options/ unissued shares**

As the Company has made a loss for the year ended 31 December 2022, all options on issue and unissued shares could potentially dilute basic loss per share in the future.

**21. Dividends**

No dividends were paid during the financial year (2021: Nil). No recommendation for payment of dividends has been made (2021: Nil).

**22. Commitments****(a) Exploration commitments**

The Group has expenditure commitments in order to maintain rights of tenure for mining tenements held by a subsidiary.

	31 December 2022 \$	31 December 2021 \$
0 to 1 year	-	186,539
1 to 5 years	-	-
5+ years	-	-
	-	186,539

**(b) Executive and shared services commitments are as follows:**

	31 December 2022 \$	31 December 2021 \$
0 to 1 year	270,000	270,000
1 to 5 years	-	247,500
5+ years	-	-
	270,000	517,500



## 23. Financial instruments

### (a) Financial risk management objectives

The Group's principal financial instruments comprise an investment in a listed company (note 10), receivables, payables, cash and short-term deposits. The Company manages its exposure to key financial risk in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets while protecting future financial security.

	31 December 2022 \$	31 December 2021 \$
<b>Financial assets</b>		
Cash and cash equivalents	13,455,335	541,347
Trade and other receivables	272,536	223,672
Other financial assets	182,057	178,605
	<u>13,909,928</u>	<u>943,624</u>
<b>Financial liabilities</b>		
Trade and other payables	5,168,609	957,737
Lease liability	175,277	-
	<u>5,343,886</u>	<u>957,737</u>

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group does not speculate in the trading of derivative instruments. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates.

Ageing analysis of and monitoring of receivables are used to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

### (b) Market risk management

#### *Interest rate risk*

The Company's exposure to risks of changes in market interest rates relates primarily to the Company's cash balances. The Company constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternatives financing positions and the mix of fixed and variable interest rates. As the Company has no interest bearing borrowing its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits.

## 23. Financial instruments (continued)

## (b) Market risk management (continued)

2022	Floating Interest Rate	Fixed Interest Rate		Non-Interest Bearing	Total	Weighted Effective Interest Rate
	\$	1 Year or Less	1 to 5 Years	\$	\$	
<b>Financial Assets</b>						
Cash	9,328,490	3,265,806	-	861,039	13,455,335	2.17%
Trade and other receivables	-	-	-	272,536	272,536	N/A
Other financial assets	-	-	-	182,057	182,057	N/A
<b>Total Financial Assets</b>	<b>9,328,490</b>	<b>3,265,806</b>	<b>-</b>	<b>1,315,632</b>	<b>13,909,928</b>	
<b>Financial Liabilities</b>						
Trade and other payables	-	-	-	5,168,609	5,168,609	N/A
Lease liability	-	100,000	75,277	-	175,277	8%
<b>Total Financial Liabilities</b>	<b>-</b>	<b>100,000</b>	<b>75,277</b>	<b>5,168,609</b>	<b>5,343,886</b>	

2021	Floating Interest Rate	Fixed Interest Rate		Non-Interest Bearing	Total	Weighted Effective Interest Rate
	\$	1 Year or Less	1 to 5 Years	\$	\$	
<b>Financial Assets</b>						
Cash	468,962	-	-	72,385	541,347	0.01%
Trade and other receivables	-	-	-	81,431	81,431	NA
Other financial assets	-	-	-	178,605	178,605	NA
<b>Total Financial Assets</b>	<b>468,962</b>	<b>-</b>	<b>-</b>	<b>332,421</b>	<b>801,383</b>	<b>-</b>
<b>Financial Liabilities</b>						
Trade and other payables	-	-	-	957,737	957,737	NA
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>957,737</b>	<b>957,737</b>	<b>NA</b>

*Foreign currency risk*

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the Group's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The Group does not believe that foreign currency risk is material.

## 23. Financial instruments (continued)

### (c) Equity price risk management

The Group held 8,300,000 shares in Athena Resources Limited ("AHN"), which is listed on the Australian Securities Exchange (ASX: AHN). AHN's shares were suspended from trading in August 2019 and the financial assets were revalued to zero at 31 December 2020. However, on 2 November 2021 the suspension in trading in AHN shares was lifted. The AHN shares closed at \$0.013 on 31 December 2021.

The Group sold its holdings in AHN on 16 June 2022 at \$0.031 per share for gross consideration of \$253,267 less \$2,533 in brokerage costs, representing a gain on sale of \$1,734.

### (d) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and term deposits, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

#### *Maturities of financial liabilities*

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

The tables below have been drawn up based on the undiscounted cash flows (including both interest and principal cash flows expected) using contractual maturities of financial assets and the earliest date on which the Group can be required to pay financial liabilities. Amounts for financial assets include interest earned on those assets except where it is anticipated the cash flow will occur in a different period.

	31 December 2022				31 December 2021			
	≤6 months \$	6 – 12 months \$	1-5 Years \$	Total \$	≤6 months \$	6 – 12 months \$	1-5 Years \$	Total \$
<i>Financial liabilities</i>								
Trade and other payables	610,293	4,558,316	-	5,168,609	957,737	-	-	957,737
Lease liability	-	100,000	100,000	200,000	-	-	-	-
<b>Total Financial Liabilities</b>	<b>610,293</b>	<b>4,658,316</b>	<b>100,000</b>	<b>5,368,609</b>	<b>957,737</b>	<b>-</b>	<b>-</b>	<b>957,737</b>

### (e) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's potential concentration of credit risk consists mainly of cash deposits with banks. The Group's short-term cash surpluses are placed with banks that have investment grade ratings. The maximum credit risk exposure relating to the financial assets is represented by the carrying value as at the balance sheet date. The Group considers the credit standing of counterparties when making deposits to manage the credit risk.

Considering the nature of the business at present none of such liabilities are past due, the Group believes that the credit risk is not material to the Group's operations.

## 23. Financial instruments (continued)

### (f) Fair value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values.

The Group's financial assets (refer note 10) are measured by "Level 1" fair value measurements – meaning that they are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. There was no change in level of financial assets or financial instruments during the year.

## 24. Key management personnel

### (a) Details of key management personnel

Directors

The following persons were directors of Frontier Energy Limited during the financial year:

Mr G Davey	Executive Chairman
Mr S Lee Mohan	Managing Director (appointed 3 October 2022)
Mr C Bath	Executive Director
Ms D Marshall	Non-Executive Director
Ms A Reid	Non-Executive Director (appointed 8 August 2022)
Mr M Young	Managing Director and CEO (resigned 22 July 2022)

### (b) Compensation of Key Management Personnel

	31 December 2022 \$	31 December 2021 \$
Short-term benefits	653,317	236,727
Post-employment benefits	25,967	379
Share-based payments	1,180,471	(10,539)
	<u>1,859,755</u>	<u>226,567</u>

### (c) Loans to Key Management Personnel

There were no loans to key management personnel during the current or previous financial year.

**24. Key management personnel (continued)****(d) Interest held by Key Management Personnel under the Employee Share and Option Plan**

Share options held by key management personnel under the Company's Employee Share and Options Plan (ESOP).

Name	Type	Grant date	Vesting date	No. of options	Total expense recognised
Grant Davey	Management options @ 20c	20/01/2022	20/01/2022	2,500,000	143,498
Chris Bath	Management options @ 20c	20/01/2022	20/01/2022	2,500,000	143,498
Dixie Marshall	Management options @ 20c	20/01/2022	20/01/2022	500,000	28,700
Amanda Reid	Management options @ 20c	02/08/2022	08/08/2022	500,000	72,000
Grant Davey	Management options @ 25c	20/01/2022	20/01/2022	1,250,000	63,303
Chris Bath	Management options @ 25c	20/01/2022	20/01/2022	1,250,000	63,303
Dixie Marshall	Management options @ 25c	20/01/2022	20/01/2022	250,000	12,661
Amanda Reid	Management options @ 25c	02/08/2022	08/08/2022	250,000	32,500
Grant Davey	Management options @ 40c	20/01/2022	20/01/2022	1,250,000	46,475
Chris Bath	Management options @ 40c	20/01/2022	20/01/2022	1,250,000	46,475
Dixie Marshall	Management options @ 40c	20/01/2022	20/01/2022	250,000	9,295
Amanda Reid	Management options @ 40c	02/08/2022	08/08/2022	250,000	25,125
Samuel Lee Mohan	CEO options @ 20c	03/10/2022	03/10/2023	2,000,000	122,405
Samuel Lee Mohan	CEO options @ 25c	03/10/2022	03/10/2024	2,000,000	56,736
Samuel Lee Mohan	CEO options @ 40c	03/10/2022	03/10/2024	2,000,000	46,752
Chris Bath	STI	31/05/2022	31/12/2022	554,000	135,176
Samuel Lee Mohan	STI	31/05/2022	31/12/2022	485,000	106,700
Chris Bath	LTI	31/05/2022	31/12/2024	1,108,000	17,945
Samuel Lee Mohan	LTI	31/05/2022	31/12/2024	554,000	7,924
<b>TOTAL</b>				<b>20,701,000</b>	<b>1,180,471</b>

**(e) Transactions with related parties**

Mr Grant Davey is a director and shareholder of Matador Capital Pty Ltd (Matador). The Company makes payments to Matador under a Shared Services Agreement in which Matador provides office space, general office costs, bookkeeping services, short-term working capital and technical exploration and geological staff to the Company. The services provided by Matador are recovered from the Company on a cost-plus basis. As at 31 December 2022 the Company had an amount outstanding in trade creditors of \$124,215 (2021: \$47,853) for services rendered under this arrangement to Matador.

## 25. Share based payments

### (a) Recognised share-based payments expense

The expense recognised for services received during the year is shown in the table below:

	2022	2021
Expense arising from equity-settled share-based payments	258,072	374,000

### (b) Employee share option plan

The purpose of the Employee Share and Option Plan ("ESOP") is to assist in the reward, retention and motivation of key management personnel, senior executives and other employees ("eligible participants"), link reward to performance and the creation of shareholder value, align the interests of eligible participants more closely with the interests of shareholders and provide an opportunity for eligible participants to share in the future growth in value of the Company.

ESOP grants are delivered in the form of share options which vest over periods as determined by the Board of Directors. The Board sets both short term ("STI") and long term ("LTI") incentives to be satisfied by the issue of options under the ESOP.

#### Vesting conditions of the STI and LTI

##### Short-term incentives

Vesting of the STI's is dependent on completion of targets set and assessed by the Board. For options issued in the previous financial year, these vesting conditions included: obtaining project financing; all permits, licenses and approval in place necessary to commence construction; completion of a Bankable Feasibility Study in with the economics materially in line with the Restart Study; and enter into binding offtakes.

##### Long-term incentives

Vesting of the LTI's is dependent on completion of targets set and assessed by the Board. For options issued in the previous financial year, these vesting conditions include: project development; share price performance; and extension to the life of mine.

**25. Share based payments (continued)****(b) Employee share option plan (continued)**

The following table represents the Company's outstanding balance of options as at 31 December 2022:

Grant date	Vesting date	Expiry date	Exercise price	Number of options	Options lapsed / forfeited	Options exercised	Number of options at the end of year	
							On issue	Vested
23/02/2018	23/02/2019	23/02/2022	\$0.30	666,666	(666,666)	-	-	-
23/02/2018	23/02/2020	23/02/2022	\$0.30	666,667	(666,667)	-	-	-
23/02/2018	23/02/2021	23/02/2022	\$0.30	666,667	(666,667)	-	-	-
15/03/2019	15/03/2019	15/03/2022	\$0.60	2,000,000	(2,000,000)	-	-	-
15/07/2019	15/07/2019	01/07/2022	-	181,885	-	(181,885)	-	-
15/07/2019	15/07/2019	01/07/2024	-	890,894	-	-	890,894	890,894
26/06/2020	26/09/2020	26/06/2023	-	750,000	-	(750,000)	-	-
29/01/2021	29/01/2021	29/01/2024	\$0.22	2,000,000	-	-	2,000,000	2,000,000
29/01/2021	29/01/2021	29/01/2024	\$0.26	2,000,000	-	-	2,000,000	2,000,000
20/01/2022	20/01/2023	19/01/2025	\$0.25	3,000,000	-	-	3,000,000	-
20/01/2022	20/07/2023	19/01/2025	\$0.40	3,000,000	-	-	3,000,000	-
20/01/2022	20/01/2022	19/01/2025	\$0.20	6,750,000	-	-	6,750,000	6,750,000
20/01/2022	20/01/2022	19/01/2025	\$0.25	3,375,000	-	-	3,375,000	3,375,000
20/01/2022	20/01/2022	19/01/2025	\$0.40	3,375,000	-	-	3,375,000	3,375,000
20/01/2022	20/01/2023	19/01/2025	\$0.20	1,666,667	(1,666,667)	-	-	-
20/01/2022	20/01/2024	19/01/2025	\$0.25	1,666,666	(1,666,666)	-	-	-
20/01/2022	20/01/2024	19/01/2025	\$0.40	1,666,666	(1,666,666)	-	-	-
31/05/2022	31/12/2022	31/12/2024	-	3,746,000	(1,777,000)	-	1,969,000	1,969,000
31/05/2022	31/12/2024	31/12/2026	-	6,195,000	(3,554,000)	-	2,641,000	-
02/08/2022	08/08/2022	19/01/2025	\$0.20	500,000	-	-	500,000	500,000
02/08/2022	08/08/2022	19/01/2025	\$0.25	250,000	-	-	250,000	250,000
02/08/2022	08/08/2022	19/01/2025	\$0.40	250,000	-	-	250,000	250,000
03/10/2022	03/10/2023	03/10/2025	\$0.20	2,000,000	-	-	2,000,000	-
03/10/2022	03/10/2024	03/10/2025	\$0.25	2,000,000	-	-	2,000,000	-
03/10/2022	03/10/2024	03/10/2025	\$0.40	2,000,000	-	-	2,000,000	-
<b>Total</b>				51,263,778	(14,330,999)	(931,885)	36,000,894	21,359,894



**25. Share based payments (continued)****(b) Employee share option plan (continued)**

The following table represents Metallum Resources Inc outstanding balance of options as at 31 December 2022:

Grant date	Vesting date	Expiry date	Exercise price	Number of options	Options lapsed / forfeited	Options Issued / exercised	Number of options at the end of year	
							On issue	Vested
20/06/2012	20/06/2012	19/06/2022	\$8.40	23,625	(23,625)	-	-	-
11/07/2012	11/07/2012	10/07/2022	\$8.40	2,500	(2,500)	-	-	-
18/12/2013	18/12/2013	17/12/2023	\$8.80	42,500	(41,500)	-	1,000	1,000
15/04/2021	15/04/2021	14/04/2031	\$0.15	2,950,000	(2,200,000)	-	750,000	750,000
15/12/2021	15/12/2021	14/12/2031	\$0.15	375,000	(375,000)	-	-	-
<b>Total</b>				3,393,625	(2,642,625)	-	751,000	751,000

**Weighted average remaining contractual life of share-based payments**

The weighted average remaining contractual life for the share-based payments outstanding at 31 December 2022 is 2.2 years (2021: 1.3 years). (Metallum 8.28 years (2021: 9.57 years)).

**Range of exercise price of share-based payments**

The range of exercise price for share-based payments outstanding at the end of the year is \$0.00 to \$0.40 (2021: \$0.00 to \$0.60). (Metallum \$0.15 to \$8.80).

**Weighted average fair value of share-based payments**

The weighted average fair value of share-based payments granted during the year was \$0.11 (2021: \$0.093).

**Valuation of share-based payments**

The fair value of the equity-settled share-based payments granted under the ESOP is estimated at the date of grant using a Black and Scholes model, which takes into account factors including the exercise price, volatility of the underline share price, the risk-free interest rate, market price of the underlying share at grant date, historical an expected dividends and the expected life of the option and the probability of fulfilling the required hurdles.

**26. Remuneration of auditors**

Amounts received or due and receivable by the auditors for services provided by the auditor of the Company:

	31 December 2022 \$	31 December 2021 \$
Fees for auditing the statutory financial report of the Company <sup>1</sup>	61,320	38,480
Fees for auditing the statutory financial report of subsidiaries <sup>2</sup>	44,743	38,110
Fees for other assurance and agreed upon procedures <sup>1</sup>	100,288	17,530
	<b>206,351</b>	<b>94,120</b>

<sup>1</sup>Ernst & Young Australia

<sup>2</sup>Smythe LLP

**27. Contingent liabilities**

The directors are not aware of any contingent liabilities as at 31 December 2022 (2021: None).

**28. Parent entity information**

As at, and throughout, the financial year ended 31 December 2022, the parent entity of the Group was Frontier Energy Limited. Details of its financial information is summarised below:

	31 December 2022 \$	31 December 2021 \$
<b>Statement of Financial Position</b>		
<b>Assets</b>		
Current assets	9,881,776	394,100
Non-current assets	178,154	160,966
<b>Total assets</b>	<b>10,059,930</b>	<b>555,066</b>
<b>Liabilities</b>		
Current liabilities	405,945	343,074
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>405,945</b>	<b>343,074</b>
<b>Equity</b>		
Contributed equity	46,465,228	24,744,840
Reserves	3,731,135	1,494,474
Accumulated losses	(40,542,377)	(26,027,322)
<b>Total equity</b>	<b>9,653,986</b>	<b>211,992</b>
	<b>2022 \$</b>	<b>2021 \$</b>
<b>Statement of Comprehensive income</b>		
Loss for the year	(4,160,583)	(1,637,260)
Other comprehensive income	141,455	33,129
<b>Total comprehensive loss for the year</b>	<b>(4,019,128)</b>	<b>(1,604,131)</b>

**Details of controlled entities**

Set out below is a list of material subsidiaries of the Group.

	Country of Incorporation	Percentage Owned %	
		2022	2021
Superior Mining Pty Ltd	Australia	100.0%	100.0%
Ophiolite Holdings Pty Ltd	Australia	87.5%	87.5%
Metallum Resource Inc.	Canada	39.8%	67.0%
Pick Lake Limited	Canada	0%	100.0%

**29. Events occurring after the balance sheet date**

No other matters or circumstance have arisen since 31 December 2022, which has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

In accordance with a resolution of directors of Frontier Energy Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the year ended on the date; and
  - (ii) complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and
- (b) the financial statements and notes also comply with International Financial Reporting Standards;
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2022.

On behalf of the Board.



**Mr Grant Davey**  
Executive Chairman  
24 February 2023



**Building a better  
working world**

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## **Independent auditor's report to the members of Frontier Energy Ltd**

### **Report on the audit of the financial report**

#### **Opinion**

We have audited the financial report of Frontier Energy Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### **Basis for opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

## Acquisition of Bristol Springs Solar Pty Ltd

### Why significant

As disclosed in Note 12 to the consolidated financial statements, on 23 February 2022 (acquisition date), the Group completed the acquisition of a 100% interest in Bristol Springs Solar Pty Ltd.

The transaction has been accounted for as an asset acquisition.

This was considered to be a key audit matter because the acquisition was significant to the Group as well as the complexity and judgement involved in accounting for the acquisition including the determination and measurement of the purchase consideration and the determination of the allocation of the consideration to the assets and liabilities acquired on a relative fair value basis.

### How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ Read the Prospectus to gain an understanding of the key terms of the acquisition;
- ▶ Assessed the Group's determination that the acquisition represented an asset acquisition as well as the appropriate acquisition date;
- ▶ Assessed the fair value of the shares issued as part of the acquisition in determining the purchase consideration and the Group's allocation of the relative fair values of assets and liabilities acquired, including considering whether the valuation methodologies applied were in accordance with Australian Accounting Standards;
- ▶ Reviewed the adequacy of the Group's disclosures in the consolidated financial report relating to this acquisition.

## Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2022 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Frontier Energy Ltd for the year ended 31 December 2022, complies with section 300A of the *Corporations Act 2001*.



## Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



Pierre Dreyer  
Partner  
Perth  
24 February 2023

## 1. Top Twenty shareholders

	Name	Number of Shares	%
1	HSBC Custody Nominees (Australia) Limited	14,228,694	5.67%
2	Davey Holdings (Aus) Pty Ltd <Burnaford A/C>	11,427,000	4.56%
3	J P Morgan Nominees Australia Pty Limited	10,912,292	4.35%
4	Davey Holdings (Aus) Pty Ltd	7,836,258	3.12%
5	Kitara Investments Pty Ltd <Kumova Family A/C>	6,833,868	2.72%
6	Shandong Ishine Mining Industry Co	6,315,130	2.52%
7	Zero Nominees Pty Ltd	5,819,539	2.32%
8	TR Nominees Pty Ltd	5,648,814	2.25%
9	Mrs Pamela Julian Sargood	5,625,000	2.24%
10	Sandhurst Trustees Ltd<JMFG Consol A/C>	4,300,047	1.71%
11	Netwealth Investments Limited <Wrap Services A/C>	4,265,380	1.70%
12	Davey Management (Aus) Pty Ltd <Davey Family Super Fund A/C>	3,919,191	1.56%
13	National Nominees Limited	3,565,002	1.42%
14	Mr James Gardiner	3,500,000	1.40%
15	Glen Lewis Pty Ltd <Samuel McCardel A/C>	3,249,044	1.30%
16	Davey Management (Aus) Pty Ltd <Davey Family Super Fund A/C>	3,190,795	1.27%
17	Celtic Capital Pty Ltd <The Celtic Capital A/C>	3,000,000	1.20%
18	Inconsultare Pty Ltd <Morrison Family S/F A/C>	2,800,000	1.12%
19	Taurus Corporate Services Pty Ltd	2,700,000	1.08%
20	Mrs Sarah Elizabeth McIntyre	2,200,000	0.88%
		<b>111,336,054</b>	<b>44.39%</b>

### Voting rights

The voting rights attached to the ordinary shares of the Company are set out below:

- i. at a meeting of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney; and
- ii. on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

Options do not carry any voting rights.

## 2. Distribution of quoted ordinary shares

Analysis of numbers of ordinary shares by size of holding:

Range	Holders	Total Units
above 0 up to and including 1,000	180	141,336
above 1,000 up to and including 5,000	738	2,024,389
above 5,000 up to and including 10,000	295	2,367,510
above 10,000 up to and including 100,000	622	21,474,722
above 100,000	280	224,803,269
<b>Totals</b>	<b>2,115</b>	<b>250,811,226</b>

## 3. Substantial shareholders

Holder name	No. shares	%
Grant Davey	26,527,092	9.07
Alicia Jane Goyder	20,000,001	6.84

## 4. Performance shares

	No. shares	%
<b>Tranche A</b>		
Alicia Jane Goyder	6,993,167	54.85
Sector One Pty Ltd	3,542,667	27.78
Pearl Clean Energy Pty Ltd	2,214,166	17.37
	<b>12,750,000</b>	<b>100.00</b>
<b>Tranche B</b>		
Alicia Jane Goyder	6,993,167	54.85
Sector One Pty Ltd	3,542,666	27.78
Pearl Clean Energy Pty Ltd	2,214,167	17.37
	<b>12,750,000</b>	<b>100.00</b>

The Performance Shares are comprised of the following two tranches:

- Tranche A: 12,750,000 performance shares that convert into Shares upon the Company or Bristol Springs Solar Pty Ltd having received a binding offer from Western Power to provide the BSS Project with access to the grid which contains the terms of the Electricity Transfer Access Contract; and
- Tranche B: 12,750,000 performance shares that convert into Shares on the date that all approvals have been received, all studies have been completed and a final investment decision is taken in respect of the BSS Project.

## 5. Escrowed securities

The following securities (which are included in the capital structure above) are subject to ASX escrow restrictions for a period of 24 months commencing on the date on which official ASX quotation of the Shares commences.

Class	Number of Restricted Securities
Shares	41,666,667
Performance Shares	25,500,000
Options	24,000,000
• CEO Options	6,000,000
• Director Options	14,500,000
• Lead Manager Options	3,000,000
• Adviser Options	3,000,000

## 6. Unquoted equity securities

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	2	58,607	0.17
above 100,000	15	34,860,196	99.83
<b>Totals</b>	<b>17</b>	<b>34,918,803</b>	<b>100.00</b>

### Unquoted securities by class

Class	Number
Options @\$0.00 EXP 31/12/2024	1,777,803
Options @\$0.20 EXP 23/02/2025	7,250,000
Options @\$0.25 EXP 23/02/2025	6,625,000
Options @\$0.40 EXP 23/02/2025	6,625,000
Options @\$0.20 EXP 03/10/2025	2,000,000
Options @\$0.25 EXP 03/10/2025	2,000,000
Options @\$0.40 EXP 03/10/2025	2,000,000
Options @\$0.00 EXP 31/12/2026	2,641,000

### Unquoted securities > 20% holders

Class	Holder	Number
Options exercisable at \$0.22 on or before 29 January 2024	Sachem Cove Special Opportunities Fund LP	2,000,000
Options exercisable at \$0.26 on or before 29 January 2024	Sachem Cove Special Opportunities Fund LP	2,000,000

Country	Entity	Tenement	Interest	Status
Ontario, Canada	Pick Lake Mining Ltd	117859	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	152325	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	168944	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	169024	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	172104	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	181763	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	198338	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	206270	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	209404	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	264851	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	272321	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	275425	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	284404	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	284407	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	291726	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	311369	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	321021	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	320935	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	343927	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535117	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535108	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535016	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535116	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535119	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535120	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535121	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535106	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535109	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535110	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535111	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535118	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535113	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535115	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535107	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535112	100%	Granted

**ASX Additional Information**  
As at 20 February 2023



Country	Entity	Tenement	Interest	Status
Ontario, Canada	Pick Lake Mining Ltd	535017	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535015	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	101307	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	103721	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	110861	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	110862	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	116128	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	114012	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	128641	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	135278	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	135279	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	135280	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	140125	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	143152	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	157778	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	161749	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	161750	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	161751	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	162597	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	162598	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	162599	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	162600	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	167794	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	175304	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	182220	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	181227	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	187277	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	202441	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	209168	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	214845	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	216569	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	216570	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	216571	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	221892	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	221893	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	229858	100%	Granted

**ASX Additional Information**  
As at 20 February 2023



Country	Entity	Tenement	Interest	Status
Ontario, Canada	Pick Lake Mining Ltd	229859	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	235678	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	236644	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	236645	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	238387	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	242037	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	242038	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	238291	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	238292	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	238293	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	263763	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	264878	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	270269	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	275050	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	282565	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	284423	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	284424	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	300308	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	312363	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	312364	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	318298	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	320958	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	320959	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	342212	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	344450	100%	Granted







## **Registered Office**

Level 20  
140 St Georges Terrace  
Perth WA 6000

**frontierhe.com**

**ASX: FHE**

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