

ASX ANNOUNCEMENT

9 October 2023 | ASX:FHE; OTCQB: FRHYF



Frontier signs binding agreement to acquire Waroona Energy, creating a large scale Australian renewable energy company

Frontier Energy Limited (ASX: FHE; OTCQB: FRHYF) (Frontier or the Company) is pleased to announce the signing of a binding agreement with Waroona Energy Inc. (TSXV: WHE) (Waroona), creating one of Australia's largest renewable energy companies, with potential for renewable energy generation in excess of 1GW.

Under the agreement, Frontier will acquire all the Waroona shares (the Transaction) not currently held by Frontier (Frontier already holds ~20% of Waroona) via a Canadian Plan of Arrangement (Share Plan), equivalent to an Australian Scheme of Arrangement. This follows the Letter of Intent signed in September 2023¹.

HIGHLIGHTS

- **Key terms of the Transaction, and timetable to implementation, remain unchanged**
 - Under the Share Plan, Waroona shareholders will receive 1 new Frontier Share for every 4.27 Waroona Shares held on the Share Plan record date
 - Upon implementation, Frontier Shareholders will hold approximately 69% of the Merged Group and Waroona shareholders will hold approximately 31%
- **Offer unanimously recommended by Waroona's Board of Directors**
- **Frontier will hold development approvals for total solar generation capacity of 355MW, with 120MWdc shovel ready, at its renewable energy project site in South West WA**
 - Frontier's 114MW Stage One solar generation capacity combined with Waroona's 241MW solar capacity, provides a potential of 355MW of renewable solar power generation, with development approvals in place
 - Waroona engaged Incite Energy to conduct a DFS for a 120MWdc solar development², to be delivered early 2024
- **Frontier's freehold land footprint increases by more than 50% to 868 hectares**
 - This substantially increases Frontier's Project scale, enabling future renewable energy generation to +1GW of renewable energy generation
- **Strengthened balance sheet including cash of ~\$22 million³**
- **Combined project scale simplifies project financing and negotiations with equity participants, debt financing as well as potentially government grants**
- **Simplified communication with all key stakeholders, including government, local community, prospective financiers and shareholders to accelerate development**

Frontier Managing Director, Sam Lee Mohan, commented: "Frontier shareholders are a step closer to realising significant value from this transaction, with the terms of the Letter of Intent now documented in a binding agreement, with the implementation date remaining December 2023.

¹ FHE ASX Announcement 4 September 2023

² FHE ASX Announcement 5 October 2023

³ At 30 June 2023

Combining Frontier and Waroona sets the scene for a final investment decision in 2024 and provides the opportunity to develop a larger project in the fastest and most capital efficient manner, while also creating the critical mass required to secure financing."

Transaction Summary Update

FHE and Waroona have executed a binding Arrangement Agreement whereby Frontier will acquire 100% of the shares not already held by Frontier via a Plan of Arrangement under the Business Corporations Act (British Columbia) (**Share Plan**), the equivalent of an Australian Scheme of Arrangement under Part 5.1 of the Corporations Act 2001 (Cth). Frontier currently holds ~20% of Waroona.

Under the Share Plan, Frontier will also acquire 100% of shares issued on conversion of options (**Options**) and restricted share units (**RSUs**). Frontier will acquire a total of approximately 622.5m Waroona shares. Waroona Shareholders will receive 1 new Frontier Share for every 4.27 Waroona Shares held on the Share Plan record date.

Upon implementation of the Share Plan, Frontier will have approximately 470.1m Shares on issue. Current Frontier shareholders will hold approximately 69.0% of the Merged Group and Waroona Shareholders will hold approximately 31.0% of the Merged Group.

There are also 91,461,474 Waroona Warrants on issue. Each Warrant is exercisable at C\$0.14 and entitles the holder to one Waroona Share upon the exercise of the Warrant. Frontier and Waroona have agreed for these Warrants to be converted to Frontier options, at a conversion ratio of 4.27, with the exercise price also being converted at a ratio of 4.27. As such, 21,419,549 new Frontier options will be issued, with an exercise price of approximately 68.5c⁴.

The Arrangement Agreement provides for customary deal-protection provisions, including customary representations, warranties, covenants and conditions contained in agreements for transactions of this nature including non-solicitation and lock-up provisions, business restrictions and a no material adverse change clause. The directors and senior officers of Waroona, owning in aggregate approximately 2.5% of Waroona's voting securities, have agreed to vote all the securities they own or control in favour of the Transaction.

Key conditions to implementation of the Share Plan include:

1. Waroona Shareholders approving the Share Plan by a majority of 66.67%;
2. Regulatory approvals in Canada;
3. Canadian Court approval of the Share Plan;
4. No material adverse change or prescribed occurrence occurring in relation to either Waroona or Frontier; and
5. Other conditions customary for a public transaction of this nature.

⁴ At an exchange rate of 0.8727A\$/C\$, Reserve Bank of Canada, 5 Oct 2023

Related parties

Certain directors of Frontier hold Waroona shares and are therefore considered related parties. These related parties will receive Frontier shares for their Waroona shares on an arms' length basis, **on the same terms as other Waroona shareholders**. These directors receive no other benefits.

The Share Plan will involve:

1. The issue of 11,011,581 Plan Shares to Grant Davey, a director of Frontier, via his indirect shareholding in Waroona;
2. The issue of 604,576 Plan Shares to Sam Lee Mohan, a director of Frontier, via his indirect shareholding in Waroona and
3. The issue of 1,150,645 Plan Shares to Chris Bath, a director of Frontier, via his indirect shareholding in Waroona.

Due to their personal interest/benefit as a result of this transaction, Messrs Davey, Lee Mohan and Bath have not, and will not, participate in any Board decisions relating to the Transaction and in this regard, an Independent Board Committee has been established.

The ASX has provided in-principle waiver to Frontier in relation to obtaining approval from its Shareholders for the purposes of Listing Rules 10.1 (in respect of the issue of Plan Shares to Mr Davey) and 10.11 (in respect of the issue of Plan Shares to Messrs Davey, Lee Mohan and Bath).

Indicative Timetable and Next Steps

A Share Plan Booklet containing information in relation to the Share Plan, including the basis for the Waroona Board's unanimous recommendation, is expected to be circulated to Waroona Shareholders in November 2023.

An indicative timetable is set out below, and has not changed since the Letter of Intent*:

Event	Date
Waroona to finalise proxy circular	October 2023
Obtain interim court approval	October 2023
Mail proxy circular	November 2023
Shareholder meeting	December 2023
Second Court Hearing to approve Share Plan	December 2023
Implementation Date	December 2023

*All dates are indicative only and subject to change and regulatory approval.

Farris LLP is acting as legal counsel to Frontier on the Transaction.

Red Cloud Securities Inc. is acting as financial advisor to Waroona, and DLA Piper (Canada) LLP is acting as legal counsel to Waroona.

Authorised for release by Frontier Energy's Board of Directors.

To learn more about the Company, please visit www.frontierhe.com, or contact:

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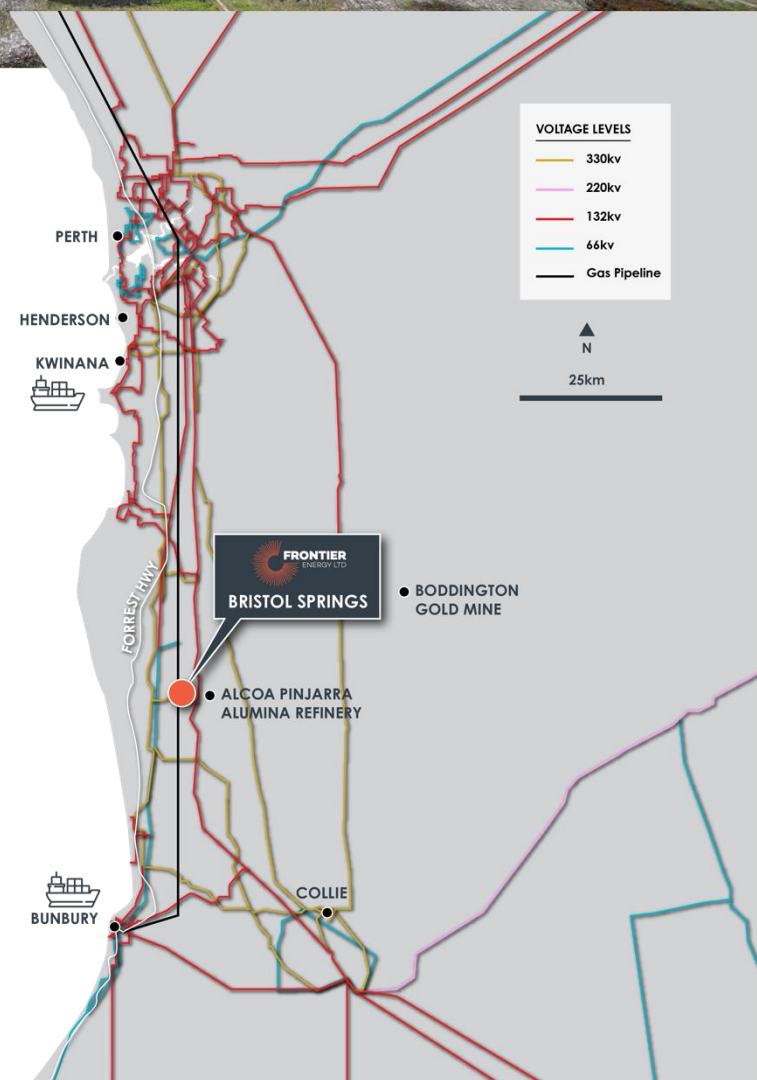
About Frontier Energy

Frontier Energy Ltd (ASX: FHE; OTCQB: FRHYF) is developing the Bristol Springs Renewable Energy Project (the Project) located 120km from Perth in Western Australia.

The Company recently completed a Definitive Feasibility Study¹ that outlined the Project's potential to be both an earlier mover and one of the lowest cost green hydrogen assets in Australia.

The Project benefits from its unique location surrounded by major infrastructure. This reduces operating and capital costs compared to more remote hydrogen projects, whilst also being surrounded by likely early adopters into the hydrogen industry in the transition from fossil fuels.

¹ASX Announcement 20th March 2023



Directors and Management

Mr Sam Lee Mohan
Managing Director

Mr Grant Davey
Executive Chairman

Mr Chris Bath
Executive Director

Ms Dixie Marshall
Non-Executive Director

Ms Amanda Reid
Non-Executive Director

Registered Office

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Share Registry

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For a comprehensive view of information that has been lodged on the ASX online lodgement system and the Company website, please visit asx.com.au and frontierhe.com, respectively.