

# ASX ANNOUNCEMENT

18 December 2023 | ASX:FHE; OTCQB: FRHYF



## Completion of Waroona Energy Inc acquisition creates WA's largest renewable energy development company

Frontier Energy Limited (ASX: FHE; OTCQB: FRHYF) (Frontier or the Company) is pleased to announce the successful acquisition of Waroona Energy Inc. (TSXV: WHE) (Waroona), creating Western Australia's largest renewable energy development company. Frontier is developing the Bristol Springs Renewable Energy Project (Project) in southwest WA.

In October 2023, Frontier announced<sup>1</sup> an agreement to acquire all outstanding Waroona shares (the Transaction) not held by Frontier (Frontier held ~20% of Waroona) via a Canadian Plan of Arrangement (Share Plan), equivalent to an Australian Scheme of Arrangement.

### HIGHLIGHTS

- **Acquisition of Waroona completed with shareholders voting overwhelming in favour of the Transaction (440,339,196 voting in favour and 1,507 against)**
  - All other conditions necessary to complete the transaction, including a final order approving the Arrangement from the Supreme Court of British Columbia, have been satisfied, and the Transaction has completed
  - Frontier will have 446m shares on issue, with 147m shares being issued to Waroona shareholders
- **Frontier now controls two grid connections, which will be capable of exporting >1GW renewable energy to the grid, and freehold landholding of 868ha ideal for solar, hydrogen and other renewable energy opportunities**
  - Solar development approvals in place for 355MW, ranking the Project as one of Australia's largest solar farms once developed
  - DFS for Stage One, 120MWdc solar development, is nearing completion. Stage One progressing towards Final Investment Decision (FID) in 1H24
- **Cash balance at completion of ~A\$12.3m<sup>2</sup>, fully funding the Company until a Final Investment Decision on Stage One**
- **Communication with all key stakeholders, including, government, local community, first nations, prospective financiers and shareholders to accelerate development is now simplified following completion of the transaction**
- **The Company continues to assess multiple value-added initiatives that potential uplift solar energy valuations, including hydrogen, peaking plant and battery scenarios, with results expected in 1H24**
  - Green hydrogen fuelled peaking power plant study due for delivery in 1Q24
  - The WA government has commenced reviewing the reference technology for Reserve Capacity with early indications that it may change from a heavy-duty open cycle turbine (peaking plants) to batteries<sup>3</sup>
- **The Company aims to create WA's largest vertically integrated renewable energy hub at Bristol Springs**

<sup>1</sup> See ASX Announcement 9 October 2023

<sup>2</sup> Unaudited, as at 13 Dec 2023

<sup>3</sup> <https://www.wa.gov.au/media/42648/download?inline>

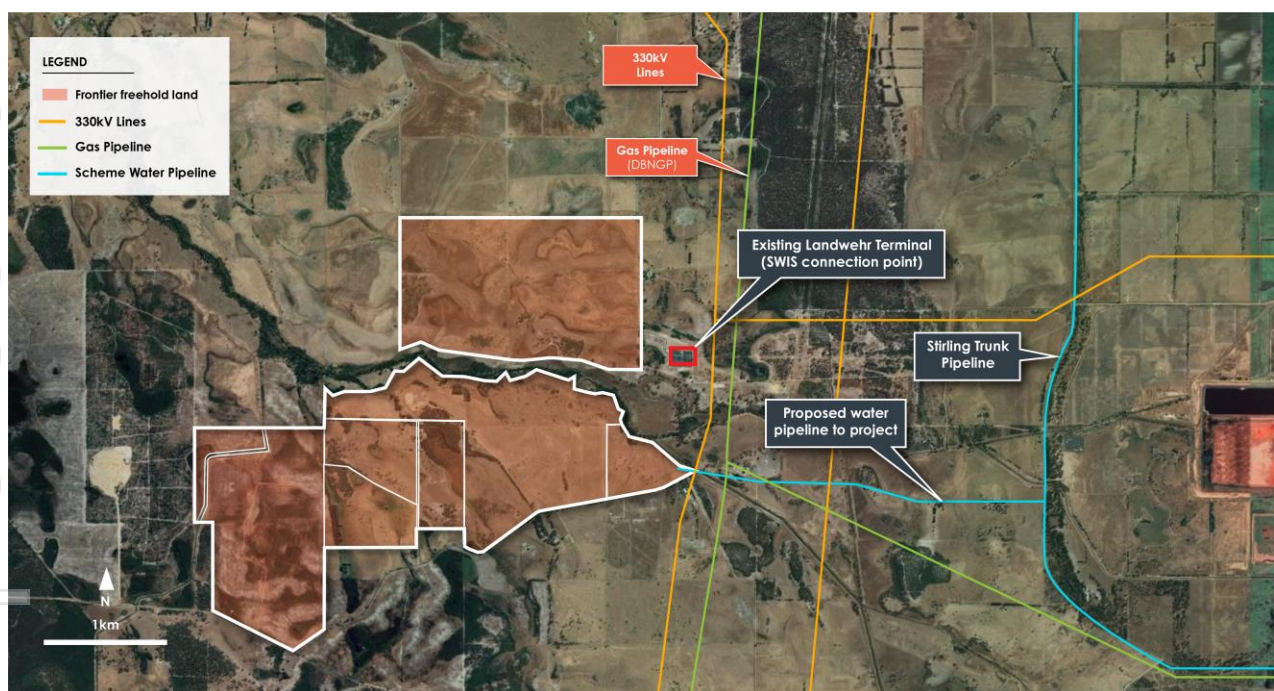
### Managing Director Sam Lee Mohan commented:

"Combining Frontier and Waroona provides the opportunity to develop one of WA's largest solar projects in the fastest and most capital efficient manner, while also creating the critical mass required to secure financing."

With the transaction complete, we are fully focused on moving Stage One towards a Final Investment Decision in 1H24. There will be strong news flow over coming months, including the finalisation of studies and financing activities.

The Company has been assessing a number of strategies that have the potential to add significant value to Stage One development plans, and we continue to assess long term growth opportunities to make the Project one of WA's largest diversified renewable energy hubs.

I thank shareholders for their continued support through 2023 as we look forward to 2024, where we expect development of the project to be in full swing by this time next year."



**Figure 1: Frontier freehold land in Waroona increases to 868ha**

## Frontier completes acquisition of Waroona Energy Inc.

Frontier has completed its previously announced Share Plan with Waroona, resulting in Waroona becoming a subsidiary of Frontier.

The Share Plan was approved at a special meeting of shareholders of Waroona held on 8 December 2023, followed by the issuance of a final order approving the Arrangement from the Supreme Court of British Columbia on 13 December 2023. The formal Management Information Circular issued by Waroona and dated 6 November 2023 as submitted to

Waroona shareholders, the Supreme Court of British Columbia and the relevant Canadian regulatory authorities is attached.

Pursuant to the Share Plan, effective 14 December 2023, each holder of a Waroona common share (the "Waroona Shares") will receive 0.2342 of an ordinary share in the capital of Frontier in exchange for each whole Waroona Share held. This will see the total shares on issue for Frontier to increase to 446 million.

The Waroona Shares are expected to be delisted from the TSX Venture Exchange and the OTCQB Venture Market at the close of trading on 15 December 2023, and new Frontier shares to be issued during the week of 18 December 2023<sup>4</sup>.

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

To learn more about the Company, please visit [www.frontierhe.com](http://www.frontierhe.com), or contact:

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**Martin Stulpner**  
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<sup>4</sup> Timing subject to administrative process



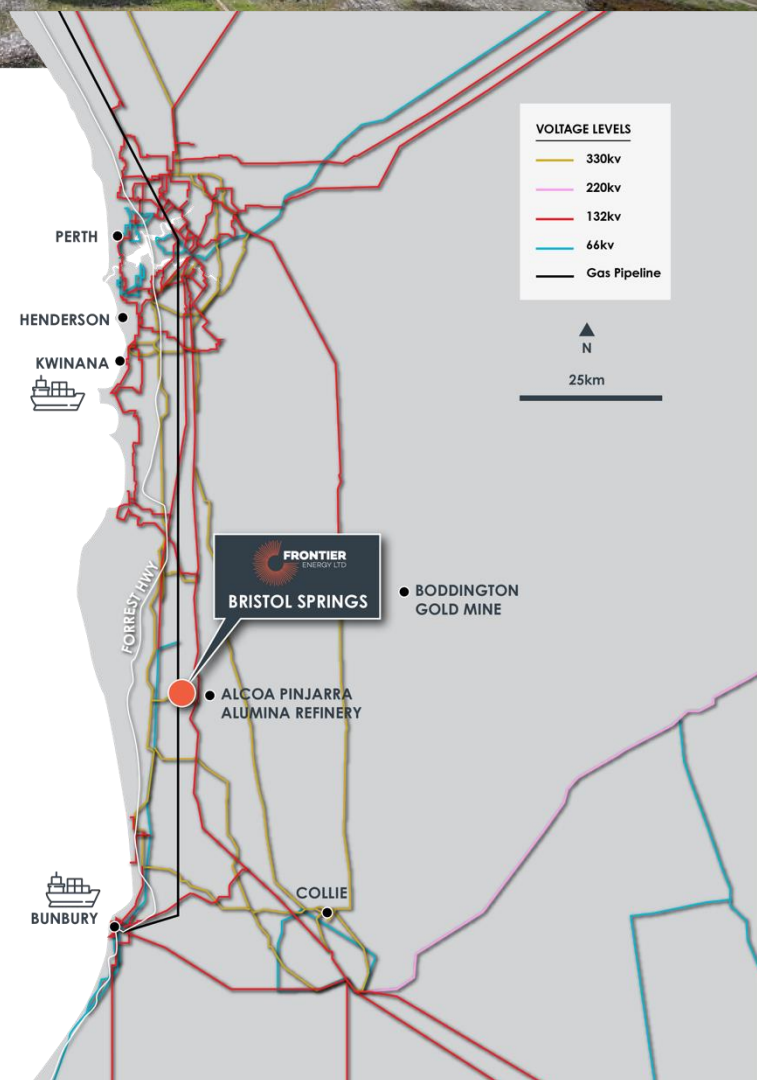
## About Frontier Energy

**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 Study<sup>1</sup> 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.

<sup>1</sup>ASX Announcement 20<sup>th</sup> 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

Level 20, 140 St Georges Terrace  
Perth WA 6000

### Share Registry

Automatic Registry Services  
Level 5, 126 Philip Street  
Sydney NSW 2000

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](https://asx.com.au) and [frontierhe.com](https://frontierhe.com), respectively.



**ARRANGEMENT INVOLVING**

**WAROONA ENERGY INC.**

**and**

**FRONTIER ENERGY LIMITED**

**NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR  
FOR THE SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON DECEMBER 8, 2023 at 11:00 a.m.  
(Vancouver time)**

This management information circular and the accompanying materials require your immediate attention. If you are in doubt as to how to deal with these documents or the matters to which they refer, please consult a professional advisor. If you have any questions or require more information with respect to the procedures for voting, please contact Waroona Energy Inc. at [contact@waroonaenergy.com](mailto:contact@waroonaenergy.com).

**YOUR VOTE IS IMPORTANT. TAKE ACTION AND VOTE TODAY. THE BOARD OF DIRECTORS  
OF WAROONA ENERGY INC. UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE  
FOR THE ARRANGEMENT RESOLUTION SET FORTH IN THIS CIRCULAR**

**November 6, 2023**

## LETTER TO SHAREHOLDERS

November 6, 2023

Dear Waroona Shareholders:

The Board of Directors (the “**Board**”) of Waroona Energy Inc. (the “**Company**” or “**Waroona**”) invites you to attend the special meeting (the “**Meeting**”) of the holders of common shares (the “**Waroona Shares**”) of the Company (the “**Shareholders**”) to be held on December 8, 2023 at 11:00 a.m. (Vancouver time) at Suite 400 – 1681 Chestnut Street, Vancouver, British Columbia.

### The Arrangement

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, pass a special resolution (the “**Arrangement Resolution**”) to approve an arrangement (the “**Arrangement**”), in accordance with the terms of an arrangement agreement entered into by the Company, Frontier Energy Limited (the “**Purchaser**” or “**Frontier**”) on October 6, 2023, (the “**Arrangement Agreement**”), pursuant to which Frontier agreed to acquire all of the issued and outstanding Waroona Shares that it does not already own by way of a statutory plan of arrangement (the “**Plan of Arrangement**”) under section 288 of the *Business Corporations Act* (British Columbia) (“**BCBCA**”). Frontier and Waroona are non-arm’s length parties to each other.

Under the terms of the Arrangement Agreement, each Shareholder (other than Shareholders validly exercising their dissent rights (the “**Dissenting Shareholders**”) and the Purchaser and any of its affiliates) will receive 0.2342 of an ordinary share in the capital of the Purchaser (each ordinary share, a “**Frontier Share**”) for each Waroona Share held (the “**Consideration**”).

Pursuant to the Arrangement, each Waroona Option (whether vested or unvested) outstanding immediately prior to 12:01 a.m. (Vancouver time) (the “**Effective Time**”) on the date the Arrangement becomes effective (the “**Effective Date**”), or such other time on the Effective Date agreed to by Waroona and Frontier, will be deemed unconditionally vested and conditionally exercisable and shall, assuming exercise, be deemed to be transferred to Waroona in exchange for Waroona Shares, which will then participate in the Arrangement in accordance with the Plan of Arrangement. All Waroona Options, regardless of whether they are exercised, will be cancelled at the Effective Time.

Each restricted share unit (each, a “**Waroona RSU**”) of Waroona (whether vested or unvested) outstanding immediately prior to the Effective Time will be deemed to be unconditionally vested and shall be deemed to be assigned and transferred to the Company in exchange for Waroona Shares, which will then participate in the Arrangement in accordance with the Plan of Arrangement. Following such transfer, such Waroona RSUs will immediately be cancelled.

The Consideration represents a premium of 43% to the closing price of the Waroona Shares on the TSX Venture Exchange as at the record date of November 1, 2023. The total equity value pursuant to the Arrangement is approximately A\$56 million] on a fully diluted basis. Frontier and its affiliates currently own approximately 20% of the Waroona Shares. If consummated, the Arrangement would result in the Shareholders owning approximately 31% of Frontier, on a fully diluted basis.

Each member of the Board and the officers and certain shareholders of Waroona, owning in aggregate approximately 8.2% of the outstanding Waroona Shares, have entered into Support and Voting Agreements with Frontier, pursuant to which they have agreed to vote or cause to be voted all of the Waroona Shares held or controlled by them in favour of the Arrangement Resolution.

### Recommendation of the Board and the Special Committee

A special committee of the Board, comprised of non-management directors of the Board (the “**Special Committee**”) has advised the Board that, after careful consideration of such matters as it considered relevant, as more fully described under the heading “*The Arrangement – Reasons for the Arrangement*”

contained in the enclosed Circular, including, among other things, (i) the terms and conditions of the Arrangement Agreement, (ii) the benefits and risks associated with the Arrangement, (iii) other strategic alternatives and options available to the Company, including Waroona's stand-alone business plan, (iv) its evaluation of the Arrangement with management and the Special Committee's legal and financial advisors, including receipt of the Red Cloud Opinion (as defined and discussed in the enclosed Circular), and (v) the impact of the Arrangement on other stakeholders of the Company, the Special Committee has unanimously determined that the Arrangement is in the best interests of Waroona, is fair to Shareholders (other than the Purchaser and its affiliates) and is fair and reasonable to stakeholders whose rights are affected by the Arrangement, and has unanimously recommended to the Board that it authorize and approve Waroona entering into the Arrangement Agreement and the performance of its obligations thereunder and recommend to Shareholders that they vote in favour of the Arrangement Resolution.

The Board, after careful consideration of such matters as it considered relevant, as more fully described under the heading "*The Arrangement – Reasons for the Arrangement*" contained in the enclosed Circular, including, among other things, a thorough review of the Arrangement Agreement, and taking into account the best interests of Waroona, and after evaluating the Arrangement with management and Waroona's legal and financial advisors, including receipt of the Red Cloud Opinion, and upon the unanimous recommendation of the Special Committee, the Board has unanimously determined the Arrangement is in the best interests of Waroona and is fair to Shareholders (other than the Purchaser and its affiliates) and that it is advisable and in the best interests of Waroona to approve the entering into and execution and delivery of the Arrangement Agreement and the performance of its obligations thereunder, and has unanimously approved the Arrangement. **Accordingly, the Board unanimously recommends that the Shareholders vote FOR the Arrangement.**

### **Required Approvals**

The Arrangement is subject to customary closing conditions, including Shareholder approval, TSXV approval, court approval and applicable government approvals by the relevant authorities. The Arrangement will not proceed if such approvals are not obtained.

The Board has set the close of business on November 1, 2023 (the "**Record Date**") as the record date for determining the Shareholders who are entitled to receive notice of, and to vote at, the Meeting. Only Shareholders shown on the relevant security register at the close of business on that date, or their proxyholders, will be entitled to attend the Meeting and vote on the Arrangement Resolution. Each registered Shareholder whose name is entered on the securities register of the Company at the close of business on the Record Date is entitled to one vote for each Waroona Share registered in his, her or its name. The holders of option to purchase Waroona Shares are not entitled to vote at the Meeting.

In order to become effective, the Arrangement Resolution must be approved by: (i) at least 66 2/3% of the votes cast at the Meeting by Shareholders either in person or represented by proxy at the Meeting and entitled to vote thereat; and (ii) a simple majority of the votes cast by the Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat, excluding the votes cast by such Shareholders that are required to be excluded pursuant to MI 61-101 (being Frontier and its affiliates, and certain directors of Waroona).

### **VOTE YOUR WAROONA SHARES TODAY FOR THE ARRANGEMENT RESOLUTION**

The Board and management have decided to conduct the Meeting in person at Suite 400 – 1681 Chestnut Street, Vancouver, British Columbia, V6J 4M6. Registered Shareholders and duly appointed proxyholders will be able to vote and ask questions at the Meeting by following the instructions set out in the Circular. Beneficial Shareholders who have not duly appointed themselves as proxyholders (pursuant to the process summarized in the Circular) may attend the Meeting as guests. Guests may attend but cannot vote at the Meeting or ask questions. Beneficial Shareholders should follow the instructions provided by their Intermediary to ensure their vote is counted at the Meeting and should arrange for their Intermediary to complete the necessary steps to ensure that they receive the Consideration for their Waroona Shares as soon as possible following completion of the Arrangement.



Your vote is very important regardless of the number of Waroona Shares you own. If you are a registered Shareholder and you are unable to attend the Meeting, we encourage you to complete, sign, date and return the applicable proxy accompanying the Circular so that your Waroona Shares can be voted at the Meeting (or at any adjournments or postponements thereof) in accordance with your instructions. To be effective, the enclosed proxy must be received by Waroona's transfer agent, Computershare Investor Services Inc. ("**Computershare**"), according to the instructions on the proxy, not later than 11:00 a.m. (Vancouver time) on December 6, 2023, or not later than 48 hours (other than a Saturday, Sunday or holiday in British Columbia) immediately preceding the time of the Meeting (as it may be adjourned or postponed from time to time). Voting by proxy will not prevent you from voting at the Meeting if you attend the Meeting, but will ensure that your vote will be counted if you are unable to attend.

A Shareholder who wishes to appoint a person other than the management nominees identified on the form of proxy or voting instruction form ("**VIF**"), as applicable, to represent him, her or it at the Meeting may do so by inserting such person's name in the blank space provided in the form of proxy or VIF, as applicable, and following the instructions for submitting such form of proxy or VIF, as applicable.

If you are a Registered Shareholder, we encourage you to complete, sign, date and return the enclosed Letter of Transmittal in accordance with the instructions set out therein and in the Circular, together with your share certificate(s) or DRS advice statement(s) representing your Waroona Shares, to the Depositary (as defined in the accompanying Circular) at the address specified in the Letter of Transmittal. The Letter of Transmittal contains other procedural information and should be reviewed carefully.

### **Closing**

If the Shareholders approve the Arrangement at the Meeting, it is currently anticipated that the Arrangement will be completed in the fourth quarter of 2023, subject to obtaining approval of the Supreme Court of British Columbia and certain regulatory approvals, as well as the satisfaction or waiver of the other closing conditions contained in the Arrangement Agreement.

### **Shareholder Questions**

Full details of the Arrangement are set out in the accompanying Notice of Special Meeting of Shareholders and in the Circular. The Circular describes the Arrangement and includes certain additional information to assist you in considering how to vote on the proposed Arrangement Resolution, including certain risk factors relating to the completion of the Arrangement. **You should carefully review and consider all of the information in the Circular, including any documents incorporated by reference herein. If you require assistance, consult your financial, legal, tax or other professional advisor.**

Shareholders who have questions or need assistance with voting their Waroona Shares should contact the Company at [contact@waroonaenergy.com](mailto:contact@waroonaenergy.com).

On behalf of the Board and the Special Committee, I thank all Shareholders for their continued support and we look forward to receiving your endorsement for this transaction at the Meeting.

Yours very truly,

(signed) "*Tony Wonnacott*"

Chairman  
Waroona Energy Inc.

## NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting (the "**Meeting**") of holders (the "**Shareholders**") of common shares ("**Waroona Shares**") of Waroona Energy Inc. (the "**Company**" or "**Waroona**") will be held at Suite 400 – 1681 Chestnut Street, Vancouver, British Columbia, V6J 4M6, for the following purposes:

1. in accordance with the interim order of the Supreme Court of British Columbia (the "**Court**") dated November 6, 2023 (the "**Interim Order**"), for Shareholders to consider and, if deemed advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in Appendix A to the accompanying management information circular of Waroona dated November 6, 2023 (the "**Circular**"), approving a plan of arrangement (the "**Arrangement**") involving Waroona and Frontier Energy Limited (the "**Purchaser**" or "**Frontier**") and the Shareholders under Section 288 of the *Business Corporations Act* (British Columbia), all as more particularly described in the Circular; and
2. to transact such further or other business as may properly come before the Meeting and any adjournments or postponements thereof.

The completion of the Arrangement is conditional upon, among other things, the approval of the Arrangement Resolution by the Shareholders and the receipt of all regulatory and court approvals.

Specific details of the matters to be put before the Meeting are set forth in the Circular.

**The Board of Directors of Waroona (the "Board") unanimously recommends that the Shareholders vote FOR the Arrangement Resolution.**

Pursuant to the Interim Order, the record date is November 1, 2023 (the "**Record Date**") for determining Shareholders who are entitled to receive notice of and to vote at the Meeting. Only registered Shareholders as of November 1, 2023 are entitled to receive notice of the Meeting ("**Notice of Meeting**") and to attend and vote at the Meeting. This Notice of Meeting is accompanied by the Circular, proxy forms and, for registered holders of Waroona Shares ("**Registered Shareholders**"), a letter of transmittal.

The Board and management have decided to conduct the Meeting in person. Registered Shareholders and duly appointed proxyholders will be able to vote in real time and ask questions at the Meeting by following the instructions set out in the Circular. Beneficial holders of Waroona Shares (the "**Beneficial Shareholders**") who have not duly appointed themselves as proxyholders may attend the Meeting as guests. Guests may attend but cannot vote at the Meeting or ask questions.

**In order to vote by proxy, Registered Shareholders must fill out the form of proxy.**

Registered Shareholders who are unable to attend the Meeting are encouraged to read, complete, sign, date and return the applicable enclosed form(s) of proxy in accordance with the instructions set out therein and in the Circular. In order to be valid for use at the Meeting, proxies must be received by our transfer agent, Computershare, by 11:00 a.m. (Vancouver time) on December 6, 2023 or at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting in the event of any adjournment or postponement thereof.

Registered Shareholders and duly appointed proxyholders will be able to attend and vote at the Meeting. A Shareholder who wishes to appoint a person other than the management nominees identified on the applicable form(s) of proxy or voting instruction form ("**VIF**"), as applicable, to represent him, her or it at the Meeting may do so by inserting such person's name in the blank space provided in the applicable form(s) of proxy or VIF, as applicable, and following the instructions for submitting such form of proxy or VIF, as applicable.

Proxies must be deposited with Computershare no later than 11:00 a.m. (Vancouver time) on December 6, 2023 (or if the Meeting is postponed or adjourned, by no later than 48 hours prior to the time of such postponed or adjourned meeting, excluding Saturdays, Sundays and holidays). Voting by proxy will not prevent you from voting at the Meeting if you attend the Meeting but will ensure that your vote will be counted if you are unable to attend. Beneficial Shareholders should carefully follow the instructions of their Intermediaries to ensure that their Waroona Shares are voted at the Meeting in accordance with such Shareholder's instructions. Please refer to the section in the Circular entitled "*INFORMATION CONCERNING THE MEETING – Proxies and Voting – Voting by Beneficial Shareholders*" for information on how to vote your securities if you are a Beneficial Shareholder.

The form of proxy and the VIF confers discretionary authority with respect to: (i) amendments or variations to the matters of business to be considered at the Meeting; and (ii) other matters that may properly come before the Meeting. As of the date hereof, the management of Waroona knows of no amendments, variations or other matters to come before the Meeting other than the matters set forth in this Notice of Meeting. Shareholders who are planning on returning the accompanying form of proxy or VIF are encouraged to review the Circular carefully before submitting the proxy form or VIF. **It is the intention of the persons named in the enclosed form of proxy or VIF, if not expressly directed otherwise in such form of proxy or VIF, to vote FOR the Arrangement Resolution.**

Pursuant to and in accordance with the Interim Order and the provisions of sections 237 to 247 of the *Business Corporations Act* (British Columbia) ("**BCBCA**") (as may be modified or supplemented by the Interim Order, the Plan of Arrangement and any other order of the Court), each Registered Shareholder has been granted the right to dissent in respect of the Arrangement Resolution and the dissent rights are described in the accompanying Circular. To exercise such right, Registered Shareholders must (i) deliver a written notice of dissent to the Arrangement Resolution to Waroona, by mail to Waroona Energy Inc., addressed to the attention of the Corporate Secretary, c/o DLA Piper (Canada) LLP, Suite 2700 – 1133 Melville Street, Vancouver, British Columbia, V6E 4E5, attn: Ruby Chan, or by email to [ruby.chan@dlapiper.com](mailto:ruby.chan@dlapiper.com), by not later than 4:00 p.m. (Vancouver time) on December 6, 2023 or two business days prior to any adjournment or postponement of the Meeting, (ii) not have voted in favour of the Arrangement Resolution, and (iii) have otherwise complied with the provisions of section 238 of the BCBCA, as modified and supplemented by the Interim Order the Plan of Arrangement and any other order of the Court. The right to dissent is described in the accompanying Circular and the texts of the Plan of Arrangement, Interim Order and sections 237 to 247 of the BCBCA are set forth in Appendix B – "*Plan of Arrangement*", Appendix C – "*Interim Order*" and Appendix K – "*Dissent Provisions of the BCBCA*", respectively, to the accompanying Circular.

Failure to strictly comply with the requirements set forth in sections 237 to 247 of the BCBCA, as may be modified and supplemented by the Interim Order, the Plan of Arrangement and any other order of the Court, will result in the loss of any right of dissent.

If you have any questions or require any assistance in completing your proxy, please contact the Company at [contact@waroonaenergy.com](mailto:contact@waroonaenergy.com).

Dated at Vancouver, British Columbia as of the 6 day of November, 2023.

**BY ORDER OF THE BOARD OF DIRECTORS OF WAROONA ENERGY INC.**

(signed) "*Tony Wonnacott*"

Chairman  
Waroona Energy Inc.



## FREQUENTLY ASKED QUESTIONS ABOUT THE MEETING

*Following are some questions that you, as a Shareholder, may have relating to the Meeting and answers to those questions. These questions and answers do not provide all of the information relating to the Meeting or the matters to be considered at the Meeting and are qualified in their entirety by the more detailed information contained elsewhere in this Circular. You are urged to read this Circular in its entirety before making a decision related to your Waroona Shares. All capitalized terms used herein have the meanings ascribed to them in the "Glossary of Terms" in the Circular.*

**Q: What am I voting on?**

A: You are being asked to consider and, if deemed acceptable, to vote **FOR** the Arrangement Resolution, which provides for, among other things, Frontier acquiring all of the issued and outstanding Waroona Shares that it does not already own. Pursuant to the Arrangement, Shareholders (other than Dissenting Shareholders (as defined herein), the Purchaser and any of its respective affiliates) will be entitled to receive 0.2342 of a Frontier Share (the "**Consideration**") for each Waroona Share held. Frontier and Waroona are non-arm's length parties to each other.

**Q: When and where is the Meeting?**

A: The Meeting will take place in person on December 8, 2023 at 11:00 a.m. (Vancouver time) at Suite 400 – 1681 Chestnut Street, Vancouver, British Columbia.

**Q: Who is soliciting my proxy?**

A: Your proxy is being solicited by management of Waroona. This Circular is furnished in connection with that solicitation. The solicitation of proxies for the Meeting will be made primarily by mail, but proxies may also be solicited personally or by telephone, email, internet, facsimile transmission or other electronic or other means of communication by directors, officers, employees, agents or other representatives of Waroona.

If you have questions or need assistance completing your form of proxy or voting instruction form, please contact the Company at [contact@waroonaenergy.com](mailto:contact@waroonaenergy.com).

**Q: Am I a Registered Shareholder or a Beneficial Shareholder?**

A: Registered Shareholders hold Waroona Shares registered in their names and such Waroona Shares are generally evidenced by a share certificate or DRS advice ("**DRS Advice**"). However, most holders of Waroona Shares beneficially own their Waroona Shares through an Intermediary. If your Waroona Shares appear on an account statement provided by your bank, broker or financial advisor, you are, in all likelihood, a Beneficial Shareholder. Beneficial Shareholders should carefully follow the instructions of their Intermediaries, in addition to the instructions set forth in the Circular, to ensure that their Waroona Shares are voted at the Meeting in accordance with their instructions.

If you have questions or need assistance completing your form of proxy or voting instruction form, please contact the Company at [contact@waroonaenergy.com](mailto:contact@waroonaenergy.com).

**Q: Who can attend and vote at the Meeting and what is the quorum for the Meeting?**

A: Only registered holders of Waroona Shares of record as of the close of business November 1, 2023, the Record Date for the Meeting, are entitled to receive notice of and to attend, and vote at, the Meeting or any adjournment(s) or postponement(s) of the Meeting.

For all purposes contemplated by this Circular, the quorum for the transaction of business at a meeting of Shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the Meeting. Registered

Shareholders and their proxyholders who vote at the Meeting are deemed to be present at the Meeting for all purposes, including quorum.

**Q: What is a Plan of Arrangement?**

A: A plan of arrangement is a statutory procedure under Canadian corporate law that allows companies to carry out transactions with the approval of their shareholders and the Court. The Plan of Arrangement (as defined herein) you are being asked to consider will provide for, among other things, the acquisition by Frontier, of all the issued and outstanding Waroona Shares that it does not already own.

**Q: How many Waroona Securities are entitled to vote?**

A: As of November 1, 2023, there were 737,979,415 Waroona Shares outstanding and entitled to vote at the Meeting (737,979,415 Waroona Shares as at the date hereof). You are entitled to one vote for each Waroona Share that you own.

**Q: What will I receive in the Arrangement?**

**A: *Shareholders***

Shareholders (other than Dissenting Shareholders, the Purchaser, or any of its affiliates) will be entitled to receive 0.2342 of a Frontier Share for each Waroona Share held.

***Optionholders***

Each Waroona Option outstanding immediately prior to the Effective Time will be deemed unconditionally vested and conditionally exercisable and shall, assuming exercise, be deemed to be transferred to the Company in exchange for Waroona Shares, which will then participate in the Arrangement in accordance with the Plan of Arrangement. All Waroona Options, regardless of whether they are exercised, will be cancelled at the Effective Time.

***Holders of Waroona RSUs***

Each restricted share unit (each, a “**Waroona RSU**”) of Waroona outstanding immediately prior to the Effective Time will be deemed to be unconditionally vested and shall be deemed to be assigned and transferred to the Company in exchange for Waroona Shares, which will then participate in the Arrangement in accordance with the Plan of Arrangement and such Waroona RSU shall immediately be cancelled.

***Holders of Waroona Warrants***

Each Waroona Share purchase warrant (each, a “**Waroona Warrant**”) outstanding immediately prior to the Effective Time shall, in accordance with the terms of each such Waroona Warrant, without any further act or formality by the holder thereof, be exercisable for a Frontier Share on equivalent terms, as applicable, to the Waroona Warrant previously held, subject to adjusting the number of Frontier Shares underlying the Waroona Warrant and the exercise price thereof in accordance with the Exchange Ratio.

**Q: If I receive Frontier Shares, where can I trade them?**

A: The Frontier Shares trade on the ASX and OTCQB.

It is expected that the Consideration Shares be listed for trading on the ASX on closing of the Arrangement.

In accordance with the procedures set out in the Letter of Transmittal, Shareholders will be issued a holding statement representing the Frontier Shares to which they are entitled on the uncertificated issuer sponsored subregister of Frontier on the facilities of the ASX.

See “*Exchange of Waroona Shares*” in this Circular.

**Q: Do I need to send my Waroona Share certificates or DRS Advices to vote?**

A: You are not required to send your certificate(s) or DRS Advice(s) representing Waroona Shares to validly cast your vote in respect of the Arrangement Resolution.

We encourage Registered Shareholders to complete, sign, date and return the enclosed Letter of Transmittal, together with their Waroona Share certificate(s) or DRS Advice(s) representing Waroona Shares (if applicable) by courier or registered mail, as soon as possible, as this will assist in arranging for the prompt exchange of their Waroona Shares if the Arrangement is completed.

Where Waroona Shares are evidenced only by a DRS Advice, there is no requirement to first obtain a share certificate for those Waroona Shares. Only a properly completed and duly executed Letter of Transmittal, accompanied by the applicable DRS Advice(s), is required to be delivered to the Depositary in order to surrender those Waroona Shares under the Arrangement.

*Do not send your Letter of Transmittal and share certificate(s)/DRS Advice(s) to Waroona.*

**Q: When can I expect to receive the Consideration for my Securities?**

**A: *Shareholders***

Assuming completion of the Arrangement, if you hold your Waroona Shares through an Intermediary, then you are not required to take any action and the Consideration you are entitled to receive will be delivered to your Intermediary through procedures in place for such purposes between CDS & Co. or similar entities and such Intermediaries. You should contact your Intermediary if you have any questions regarding this process.

In the case of Registered Shareholders, as soon as practical after the Effective Date, assuming due delivery of the required documentation, including the applicable certificates or DRS Advice representing Waroona Shares and a duly and properly completed Letter of Transmittal, Frontier will cause the Depositary to forward the certificate(s)/DRS Advice, as applicable, representing Frontier Shares, to which the Registered Shareholder is entitled by first class mail, at the offices of the Depositary or by wire transfer.

The method used to deliver the Letter of Transmittal and any accompanying certificates representing Waroona Shares is at the option and risk of the Registered Shareholder, and delivery will be deemed effective only when such documents are actually received. Waroona recommends that the necessary documentation be hand delivered to the Depositary at its office(s) specified on the last page of the Letter of Transmittal, and a receipt obtained; otherwise the use of registered mail with return receipt requested, properly insured, is recommended.

A Shareholder whose Waroona Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in depositing those Waroona Shares.

***Holders of Waroona Options and Waroona RSUs***

On the Effective Date of the Arrangement, Frontier will cause the consideration, net of withholding Taxes in the case of exercised Waroona Options (if applicable), that such holders are entitled to receive under the Arrangement to be transferred to holders of Waroona Options, and Waroona



RSUs. Such transfer will be made: (i) pursuant to the normal payroll practices and procedures of the Company, or (ii) by cheque or similar means, delivered to such holders, as reflected on the register maintained by the Company, (iii) by delivery of Waroona Shares in accordance with the Plan of Arrangement, as applicable.

**Q: As a Shareholder, what happens if I submit my Letter of Transmittal and the associated documentation, including my Share certificate(s) and the Arrangement Resolution is not approved or the Arrangement is not completed?**

A: If the Arrangement Resolution is not approved or if the Arrangement is not otherwise completed, your certificate(s) and any other documentation associated with your ownership of Waroona Shares will be returned promptly to you by the Depositary.

**Q: What vote is required at the Meeting to approve the Arrangement Resolution?**

A: In order to become effective, the Arrangement must be approved by: (i) at least 66 2/3% of the votes cast at the Meeting by Shareholders either in person or represented by proxy at the Meeting and entitled to vote thereat; and (ii) a simple majority of the votes cast by the Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat, excluding the votes cast by such Shareholders that are required to be excluded pursuant to MI 61-101 (being Frontier and its affiliates, and certain directors of Waroona).

**Q: What voting rights do Waroona Shares carry? How many votes do I have?**

A: As at the Record Date, a total of 737,979,415 Waroona Shares were issued and outstanding. You are entitled to receive notice of, and vote at the Meeting or at any adjournment or postponement thereof, if you were a holder of Waroona Shares on the Record Date. Each Shareholder whose name is entered on the securities register of Waroona as at the close of business on the Record Date is entitled to one vote for each Waroona Share registered in his, her or its name in respect of the Arrangement Resolution. No other securityholders of Waroona, other than the Shareholders, are entitled to vote at the Meeting.

**Q: How do I vote?**

A: Registered Shareholders can vote in the following ways:

- **By Mail:** Please complete, sign and return the enclosed form(s) of proxy by mail to:  
Computershare Investor Services Inc.  
100 University Ave, 8<sup>th</sup> Floor  
Toronto, Ontario M5J 2Y1
- **By Telephone:** Registered Shareholders based in Canada or the United States may vote by telephone by calling toll free 1-866-732-VOTE (8683). You will need to enter your 15-digit control number (located on the bottom left corner of the first page of the form of proxy) to identify yourself as a Registered Shareholder on the telephone voting system.
- **Internet Voting:** You may vote over the internet by going to [www.investorvote.com](http://www.investorvote.com). You will need to enter your 15-digit control number (located on the bottom left corner of the first page of the form of proxy) to identify yourself as a Registered Shareholder on the voting website.

See also "When is the cut-off time for delivery of proxies and internet and telephone voting?" below.

You may also vote before the Meeting by completing your voting instruction form in accordance with the instructions provided therein. The persons named in the forms of proxy and voting instruction form are our directors and/or officers. **However, as further described herein, you may**

**choose another person to act as your proxyholder, including someone who is not a Shareholder, by inserting such person's name in the space provided in the form of proxy or voting instruction form.**

On the form of proxy, you may indicate either how you want your proxyholder to vote your Waroona Shares, or you can let your proxyholder decide for you. If you have specified on the form of proxy how you want your Waroona Shares to be voted on a particular matter (by marking **FOR** or **AGAINST**), then your proxyholder must vote your Waroona Shares accordingly. If you have not specified on the form of proxy how you want your Waroona Shares to be voted on a particular matter, then your proxyholder can vote your Waroona Shares as he, she or it sees fit. **Unless contrary instructions are provided, the voting rights attached to the Waroona Shares represented by proxies received by the management of Waroona will be voted IN FAVOUR OF the Arrangement Resolution.**

**The form of proxy confers discretionary authority with respect to: (i) amendments or variations to the matters of business to be considered at the Meeting; and (ii) other matters that may properly come before the Meeting.** As of the date of this Circular, the management of Waroona is not aware of any amendments, variations or other matters to come before the Meeting, other than the matters set forth in the Notice of Meeting included in this Circular. If, however, other matters properly come before the Meeting, the persons named in the form of proxy and voting instruction form will vote on them in accordance with their judgment, pursuant to the discretionary authority conferred upon them by the form of proxy with respect to such matters.

Beneficial Shareholders should carefully follow all instructions provided by their Intermediaries to ensure that their Waroona Shares are voted at the Meeting. Beneficial Shareholders who have not arranged for the due appointment of themselves as proxyholder (in accordance with the process summarized in the Circular) will not be able to vote at the Meeting. See "*Proxies and Voting – Voting by Beneficial Shareholders*".

**Q: As a holder of Waroona Shares, how do I ensure that all of my securities are voted?**

A: If you are voting by mail, telephone or internet, please ensure that you complete the voting procedure by using the control number found on the form of proxy for your Waroona Shares.

**Q: How will the votes be counted?**

A: Computershare, Waroona's transfer agent, counts and tabulates the proxies. Proxies are counted and tabulated by the transfer agent in such a manner as to preserve the confidentiality of the voting instructions of Registered Shareholders, subject to a limited number of exceptions.

**Q: How do I appoint a third party as my proxyholder?**

A: A Registered Shareholder has the right to appoint a person (who need not be a Shareholder) to represent the Registered Shareholder at the Meeting other than the persons named in the accompanying Proxy as proxyholders. To exercise this right, the Registered Shareholder must insert the name of such Person's nominee in the space provided in the accompanying form of proxy or complete another appropriate form of proxy permitted by law, and in either case send or deliver the completed Proxy to our transfer agent, Computershare, as described in the Circular.

If you are a Beneficial Shareholder, the VIF will name the same persons as the Company's proxy to represent your Waroona Shares at the Meeting. You have the right to appoint a person (who need not be a Shareholder of the Company), other than any of the persons designated in the VIF, to represent your Waroona Shares at the Meeting and that person may be you. To appoint yourself or a person other than any of those designated in the VIF as the proxyholder for your Waroona Shares, you must print the applicable name in the space provided on your VIF and return your

completed VIF to Broadridge by mail or facsimile or by phone or over the internet, in accordance with Broadridge's instructions and well in advance of the Meeting.

**Q: How to ask questions at the Meeting?**

A: Any Registered Shareholder or a duly appointed proxyholder is eligible to ask questions at the Meeting.

**Q: What if I return my proxy but do not mark it to show how I wish to vote?**

A: If your proxy is signed and dated and returned without specifying your choice or is returned specifying both choices, your Waroona Shares will be voted **FOR** the Arrangement Resolution in accordance with the recommendation of the Board.

**Q: When is the cut-off time for delivery of proxies and internet and telephone voting?**

A: Proxies sent by mail or courier must be delivered to Computershare not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment or postponement thereof. In this case, assuming no adjournment or postponement, the proxy-cut off time is 11:00 a.m. (Vancouver time) on December 6, 2023. Online votes submitted via the internet at [www.investorvote.com](http://www.investorvote.com) and votes submitted by telephone by calling toll free 1-866-732-VOTE (8683) must also be submitted by 11:00 a.m. (Vancouver time) on December 6, 2023.

Beneficial Shareholders should complete and return their VIF well in advance of the Meeting, in accordance with the instructions in the VIF.

**Q: As a Shareholder, can I revoke my proxy or change my vote after I have submitted a signed proxy?**

A: Yes. If you want to revoke your proxy (or proxies) after you have delivered it (them), you can do so by (a) attending the Meeting and voting as a Registered Shareholder at the Record Date, (b) signing a proxy (or proxies) bearing a later date and returning such form(s) at any time before the proxy cut-off time, (c) by signing a written statement which indicates, clearly, that you want to revoke your proxy or proxies and delivering this signed written statement to the registered office of Waroona by email to [contact@waroonaenergy.com](mailto:contact@waroonaenergy.com) no later than 11:00 a.m. (Vancouver time) on December 6, 2023, or (d) in any other manner permitted by law.

Your proxy (or proxies) will only be revoked pursuant to (b) above if such proxy bearing a later date is received no later than 11:00 a.m. (Vancouver time) on December 6, 2023 (or if the Meeting is postponed or adjourned, by no later than 48 hours prior to the time of such postponed or adjourned meeting, excluding Saturdays, Sundays and holidays). If you revoke your proxy (or proxies) and do not replace it (or them) with another that is properly deposited before the proxy cut-off time, you can still vote your Waroona Shares, but to do so you must attend and vote at the Meeting.

Registered Shareholders attending the Meeting have the right to vote in person and, if he or she does so, his or her form of proxy is nullified with respect to the matters such person votes upon at the Meeting and any subsequent matters thereafter voted upon at the Meeting or any adjournment thereof.

If you are a Beneficial Shareholder and wish to revoke previously provided voting instructions, you should contact your Intermediary to discuss whether this is possible and what procedures you need to follow. The change or revocation of voting instructions by a Beneficial Shareholder can take several days or longer to complete and, accordingly, any such action should be completed well in advance of the deadline given in the proxy or VIF by the Intermediary or its service company to ensure it is effective.



**Q: What is the recommendation of the Board of Directors?**

A: After taking into consideration the recommendation of the Special Committee and such other matters as it considered relevant, including the factors described under the heading “*The Arrangement – Reasons for the Arrangement*”, the directors have unanimously concluded that the Arrangement is in the best interests of the Company and recommend that Shareholders vote **FOR** the Arrangement Resolution to approve the Arrangement.

**Q: Why is the Board of Directors making this recommendation?**

A: In reaching their conclusion that the Arrangement is in the best interests of the Company, the Board considered and relied upon a number of factors, including those described under the heading “*The Arrangement – Reasons for the Arrangement*.”

**Q: In addition to the approval of Shareholders, are there any other approvals required for the Arrangement?**

A: Yes, the Arrangement requires the approval of the Court and also is subject to certain Key Regulatory Approvals, including the Investment Canada Act Approval (as such terms are defined herein). See “*The Arrangement – Court Approval of the Arrangement*” and “*The Arrangement – Regulatory Approvals*” in this Circular.

**Q: Do any directors or executive officers of Waroona have any interests in the Arrangement that are different from, or in addition to, those of the Shareholders?**

A: In considering the recommendation of the Board to vote in favour of the matters discussed in this Circular, Shareholders should be aware that some of the directors and senior officers of Waroona have interests in the Arrangement that are different from, or in addition to, the interests of Shareholders generally. See “*The Arrangement – Interests of Certain Persons in the Arrangement*” in this Circular.

**Q: Will the Waroona Shares continue to be listed on the TSXV and the OTCQB after the Arrangement is completed?**

A: No. If the Arrangement is completed, Frontier will acquire all of the outstanding Waroona Shares and Waroona will become a subsidiary of Frontier. Following the completion of the Arrangement, it is expected that the Waroona Shares will be delisted from the TSXV and the OTCQB and former Shareholders (“**Former Shareholders**”) who have received Consideration will hold Frontier Shares, which are listed on the ASX and OTCQB.

**Q: How will I know when the Arrangement will be implemented?**

A: The Effective Date will occur upon satisfaction or waiver of all of the conditions to the completion of the Arrangement. If the Required Shareholder Approval is obtained at the Meeting, the Effective Date is expected to occur in the fourth quarter of 2023. On the Effective Date, Waroona and Frontier will publicly announce that the conditions are satisfied or waived and that the Arrangement has been completed.

**Q: Are there risks I should consider in deciding whether to vote for the Arrangement Resolution?**

A: Yes. Shareholders should carefully consider the risk factors relating to the Arrangement. Some of these risks include, but are not limited to: (i) there can be no certainty that all conditions precedent to the Arrangement will be satisfied; (ii) the Investment Canada Act Approval (as defined herein) may not be obtained or, if obtained, may not be obtained on a favourable basis; (iii) market price of the Waroona Shares and Frontier Shares may be materially adversely affected if the Arrangement

is not completed; (iv) the Arrangement Agreement may be terminated in certain circumstances; (v) the completion of the Arrangement depends on certain conditions, including receipt of the Investment Canada Act Approval, and is therefore uncertain; (vi) restrictions from pursuing business opportunities; (vii) risks related to integration of Waroona's and Frontier's existing businesses; (viii) the Frontier Shares issued in connection with the Arrangement may have a market value different than expected; and (ix) directors and officers of Waroona have interests in the Arrangement that may be different from those of Shareholders generally. See "*Risk Factors - Risks Related to the Arrangement*" in this Circular.

**Q: What are the Canadian income tax consequences of the Arrangement?**

A: For a summary of certain material Canadian income tax consequences of the Arrangement, see "*Certain Canadian Federal Income Tax Considerations for Shareholders*" in this Circular. Such summary is not intended to be legal or tax advice to any particular Shareholders. Shareholders should consult their own tax and investment advisors with respect to their particular circumstances.

**Q: Am I entitled to Dissent Rights?**

A: If you are a Registered Shareholder who duly and validly exercises Dissent Rights in strict compliance with the provisions of Section 237 to 247 of the BCBCA as modified by the Interim Order, the Plan of Arrangement and Final Order, and the Arrangement Resolution is approved, you will be entitled to be paid the fair value of your Waroona Shares calculated as of the close of business on the day before the Arrangement Resolution was adopted. This amount may be the same as, more than or less than value of the Consideration received by the Shareholders under the Arrangement.

If you wish to dissent, you must ensure that a written notice is received by Waroona, addressed to the attention of the Corporate Secretary, c/o DLA Piper (Canada) LLP, Suite 2700 – 1133 Melville Street, Vancouver, British Columbia, V6E 4E5, attn: Ruby Chan, or by email to [ruby.chan@dlapiper.com](mailto:ruby.chan@dlapiper.com), not later than 4:00 p.m. (Vancouver time) two Business Days immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time) as described under "*The Arrangement – Dissenting Shareholders' Rights*".

Failure to comply strictly with the requirements set forth in Division 2 of Part 8 of the BCBCA as modified by the Interim Order and the Plan of Arrangement may result in the loss of any right to dissent. It is strongly suggested that any Shareholder wishing to dissent seek independent legal advice. Be sure to read the section entitled "*The Arrangement – Dissenting Shareholders' Rights*" and consult your own legal advisor if you wish to exercise Dissent Rights.

**Q: Who can I call with questions?**

A: If you have any questions about the information contained in this Circular or require assistance in completing your form of proxy, please contact the Company at [contact@waroonaenergy.com](mailto:contact@waroonaenergy.com). For questions about completing your Letter of Transmittal please contact Depositary by phone at 1-800 564-6253 (within North America) or 1-514-982-7555 (outside North America) or by email at [corporateactions@computershare.com](mailto:corporateactions@computershare.com). See also "*Additional Information*" in this Circular.

If you have questions about deciding how to vote on the Arrangement Resolution, you should contact your own legal, tax, financial or other professional advisor.

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## WAROONA ENERGY INC.

### MANAGEMENT INFORMATION CIRCULAR

#### Introduction

This Management Information Circular (the "Circular") is furnished in connection with the solicitation of proxies by and on behalf of management of Waroona for use at the Meeting and any adjournment or postponement thereof. Other than the management of Waroona and its authorized agents, no Person has been authorized to give any information or make any representation in connection with the Arrangement or any other matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized and should not be relied upon in making a decision as to how to vote on the Arrangement.

These Meeting materials are being sent to Registered Shareholders and Beneficial Shareholders, through Intermediaries.

If you hold Waroona Shares through an Intermediary, you should contact your Intermediary for instructions and assistance in voting and surrendering the Waroona Shares that you beneficially own.

#### Information Contained in this Circular

The information contained in this Circular is given as at November 6, 2023, except where otherwise noted. This Circular does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation.

Information contained in this Circular should not be construed as legal, tax or financial advice and Shareholders, Optionholders, holders of the Waroona RSUs or holders of the Waroona Warrants are urged to consult their own professional advisors in connection therewith.

Except where otherwise expressly provided, all amounts in this Circular are stated and will be paid in Canadian currency.

**THIS CIRCULAR AND THE TRANSACTIONS CONTEMPLATED BY THE ARRANGEMENT AGREEMENT AND THE PLAN OF ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY SECURITIES REGULATORY AUTHORITY NOR HAS ANY SECURITIES REGULATORY AUTHORITY PASSED UPON THE FAIRNESS OR MERITS OF SUCH TRANSACTIONS OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.**

#### Information Concerning the Purchaser

The information concerning the Purchaser and its affiliates contained in this Circular has been provided by the Purchaser for inclusion in this Circular, including the pro forma financial statements contained in Appendix I. Although the Company has no knowledge that any statements contained herein taken from or based on such information provided by the Purchaser are untrue or incomplete, the Company assumes no responsibility for the accuracy of such information, or for any failure by the Purchaser or any of its affiliates or any of their respective representatives to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to the Company, including in respect of the pro forma financial statements. In accordance with the Arrangement Agreement, the Purchaser provided the Company with all necessary information concerning the Purchaser that is required

by law to be included in this Circular and ensured that such information does not contain any misrepresentation concerning the Purchaser or its affiliates.

### Information for U.S. Shareholders

The Frontier Shares to be issued in exchange for Waroona Shares pursuant to the Arrangement will not be registered under the U.S. Securities Act or applicable state securities Laws, and will be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act set forth in Section 3(a)(10) thereof and similar exemptions from registration under applicable state securities Laws. Section 3(a)(10) of the U.S. Securities Act exempts from the general registration requirements under the U.S. Securities Act the issuance of any securities issued in exchange for *bona fide* outstanding securities where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the substantive and procedural fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue such securities have the right to appear and receive timely and adequate notice thereof. The Court is authorized to conduct a hearing at which the substantive and procedural fairness of the terms and conditions of the Arrangement will be considered. Each person entitled to receive Frontier Shares pursuant to the Arrangement will have the right to appear before the Court at the hearing of the Court to give approval of the Arrangement. The Court issued the Interim Order on November 6, 2023 and, subject to the approval of the Arrangement by the Shareholders, a hearing of the application for the Final Order is currently scheduled to take place on December 13, 2023 in the Court at 800 Smithe Street, Vancouver, British Columbia, at 9:45 am (Vancouver Time), or as soon thereafter as counsel may be heard, or at any other date and time and by any other method as the Court may direct. The Final Order will constitute a basis for the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof with respect to the Frontier Shares to be issued to Shareholders in exchange for their Waroona Shares pursuant to the Arrangement. Prior to the hearing on the Final Order, the Court will be informed of this effect of the Final Order.

The Company is a “foreign private issuer” as defined in Rule 405 under the U.S. Securities Act and Rule 3b-4 under the U.S. Exchange Act. The solicitation of proxies from Shareholders by means of this Circular is not subject to the proxy requirements of Section 14(a) of the United States Securities Act of 1934, as amended (the “**U.S. Exchange Act**”), by virtue of an exemption for foreign private issuers. Accordingly, the solicitation contemplated in this Circular is made to Shareholders in the United States in accordance with Canadian corporate laws and Canadian Securities Laws, and this Circular has been prepared in accordance with the disclosure requirements of Canadian Securities Laws. Shareholders in the United States should be aware that disclosure requirements under Canadian laws are different from those applicable to proxy statements, prospectuses and registration statements prepared in accordance with U.S. Laws. The enforcement by Shareholders of rights, claims and civil liabilities under U.S. Securities Laws may be affected adversely by the fact that the Company and Frontier are organized under the laws of a jurisdiction other than the United States, that their officers and directors include residents of countries other than the United States, that some or all of the experts named in this Circular and the documents incorporated by reference herein are residents of countries other than the United States, and that all or substantial portions of the assets of the Company and Frontier and such Persons are, or will be, located outside the United States. As a result, it may be difficult or impossible for Shareholders to effect service of process within the United States upon the Company or Frontier, their respective officers or directors or the experts named herein, or to realize against them upon judgments of U.S. courts predicated upon civil liabilities under the U.S. Securities Laws. In addition, the courts of Canada may not (a) enforce judgments of U.S. courts obtained in actions against such Persons predicated upon civil liabilities under the U.S. Securities Laws or (b) enforce, in original actions, liabilities against such Persons predicated upon civil liabilities under U.S. Securities Laws.

The disposition by Shareholders in the United States of their Waroona Shares as described herein, may have tax consequences both in the United States and in Canada. Such consequences for Shareholders may not be described fully herein. For a general discussion of certain Canadian federal income tax considerations, see “*Certain Canadian Federal Income Tax Considerations for Shareholders*”. Shareholders in the United States, Australia or other foreign jurisdictions and all Optionholders, holders of



Waroona RSUs and holders of Waroona Warrants are advised to consult their independent tax advisors regarding the relevant federal, state, local and foreign tax consequences to them of participating in the Arrangement.

Information concerning the properties and operations of each of the Company and Frontier have been prepared in accordance with the requirements of Canadian Securities Laws, which differ from the requirements of U.S. Securities Laws.

The financial statements and financial information of the Company has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and are subject to Canadian auditing and auditor independence standards, each of which differ in certain material respects from United States generally accepted accounting principles and auditing and auditor independence standards and thus may not be comparable to financial statements and information of United States companies.

Unless otherwise stated, all financial information in Appendix F is derived from the financial statements of Frontier, which were prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the ACA. Frontier's financial statements also comply with International Financial Reporting Standards including interpretations as issued by the International Accounting Standards Board.

The Arrangement and the Frontier Shares to be issued pursuant to the Arrangement have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities regulatory authority of any state of the United States, nor has the United States Securities and Exchange Commission or any securities regulatory authority of any state of the United States passed upon the fairness or the merits of this transaction or upon the accuracy or adequacy of the information contained in this Circular. Any representation to the contrary is an offence.

### **Forward-Looking Statements**

This Circular contains forward-looking statements and forward-looking information within the meaning of applicable Securities Laws and which are based on the currently available competitive, financial and economic data and operating plans of management of the Company as of the date hereof unless otherwise stated. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. The use of any of the words "plans", "expects", "guidance", "projects", "assumes", "budget", "strategy", "scheduled", "estimates", "forecasts", "anticipates", "believes", "intends", "modeled", "targets" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative forms of any of these terms and similar expressions, have been used to identify forward-looking information. More particularly and without limitation, this Circular contains forward-looking statements and information concerning: the Arrangement and the completion thereof; covenants of Waroona and Frontier in relation to the Arrangement; the timing for the implementation of the Arrangement, including the expected Effective Date of the Arrangement; the anticipated benefits of the Arrangement; the principal steps of the Arrangement; the receipt of the necessary securityholder and regulatory approvals; the anticipated tax treatment of the Arrangement for Shareholders; statements made in or information utilized in the Red Cloud Opinion; statements relating to the business of Frontier, Waroona and the Combined Company (as defined herein) after the date of this Circular and prior to, and after, the Effective Time; the strategic vision of Frontier and expectations regarding the synergies between Waroona and Frontier; the impact of the Arrangement on employees and local stakeholders; interests in the Arrangement of directors and senior officers of the Company that are, or may be, different from, or in addition to, the interests of other Shareholders; the strengths, characteristics, market position, and future financial or operating performance and potential of the Combined Company; the de-listing of the Waroona Shares from the TSXV and the OTCQB; Waroona ceasing to be a reporting issuer in Canada following the completion of the Arrangement; Frontier becoming a "Designated Foreign Issuer" following completion of the Arrangement; the liquidity of Frontier Shares following the Effective Time; anticipated developments in the operations of Waroona and Frontier;

expectations regarding the growth of Frontier and the Combined Company; the business prospects and opportunities of Waroona, Frontier and the Combined Company; the future demand for and prices of commodities; the future size and growth of metals markets; the timing and amount of estimated future production of Waroona, Frontier and the Combined Company; expectations regarding costs of production and capital and operating expenditures; expectations regarding the costs and timing of development of projects, and the success of such activities; sales expectations; the timing and possible outcome of pending litigation in future periods; the timing and possible outcome of regulatory and permitting matters; goals; strategies; future growth; planned future acquisitions (other than the Arrangement); the adequacy of financial resources; and other events or conditions that may occur in the future or future plans, projects, objectives, estimates and forecasts, and the timing related thereto.

In respect of the forward-looking statements and information in this Circular, the Company has provided such forward-looking statements and information in reliance on certain assumptions that it believes are reasonable at this time, including assumptions as to the ability of the Parties (as defined herein) to receive, in a timely manner and on satisfactory terms, the necessary regulatory, Court, securityholder and other third party approvals; the listing of the Consideration Shares to be issued in connection with the Arrangement on the ASX; no material adverse change in the market price of solar energy, zinc, copper and other metal prices; the ability of the Parties to satisfy, in a timely manner, the other conditions to the closing of the Arrangement; the Company's and Frontier's ability to obtain all necessary permits, licenses and regulatory approvals for operations in a timely manner; the adequacy of the financial resources of the Company and Frontier; sustained labor stability and availability of equipment; the maintenance of positive relations with local groups; favorable equity and debt capital markets; stability in financial capital markets and other expectations and assumptions which management believes are appropriate and reasonable. The anticipated dates provided in this Circular regarding the Arrangement may change for a number of reasons, including the inability to secure the necessary regulatory, Court, securityholder or other third-party approvals in the time assumed or the need for additional time to satisfy the other conditions to the completion of the Arrangement. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this Circular.

Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Such risks, uncertainties and factors include, among others: the risk that the Arrangement may not close when planned or at all or on the terms and conditions set forth in the Arrangement Agreement; the failure of the Company and Frontier to obtain the necessary regulatory, Court, securityholder and other third party approvals, or to otherwise satisfy the conditions to the completion of the Arrangement, in a timely manner, or at all, may result in the Arrangement not being completed on the proposed terms, or at all; if a third party makes a Superior Proposal (as defined herein), the Arrangement may not be completed; if the Arrangement is not completed, and the Company continues as an independent entity, there are risks that the announcement of the Arrangement and the dedication of substantial resources of the Company to the completion of Arrangement could have an impact on the Company's current business relationships and could have a material adverse effect on the current and future operations, financial condition and prospects of the Company; the failure of the Company to comply with the terms of the Arrangement Agreement may, in certain circumstances involving the Company's fraud or wilful and material breach of the Agreement, result in the Company being required to pay damages to Frontier, the result of which could have a material adverse effect on the Company's financial position and results of operations and its ability to fund growth prospects and current operations; the benefits expected from the Arrangement may not be realized; risks associated with business integration; risks related to competitive conditions; risks related to the operations of the Parties; the risk that actual results of current exploration activities may be different than forecasts; risks related to reclamation activities; the risk that project parameters may change as plans continue to be refined; risks related to changes in laws, regulations and government practices; risks associated with the uncertainty of future prices of metals and currency exchange rates; the risk that plant, equipment or processes may fail to operate as anticipated; risks related to accidents and labour disputes and other risks inherent to the mining and mineral exploration industry; risks associated with delays in obtaining governmental approvals or financing or in the completion of exploration or development activities; risks related to the inherent uncertainty of mineral resource and mineral reserve estimates; risks associated with uncertainties inherent to feasibility and other economic

studies; health, safety and environmental risks; and the risks discussed under the heading “*Risks Related to the Arrangement*”.

Shareholders are cautioned that the foregoing list of factors is not exhaustive. Additional information on other factors that could affect the operations or financial results of the Parties is included in reports filed by the Company with the securities commissions or similar authorities in Canada (which are available under the Company’s SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca)).

The forward-looking statements and information contained in this Circular are made as of the date hereof and the Company and Frontier undertake no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless required by applicable Securities Laws. All forward-looking statements contained in this Circular are expressly qualified in their entirety by the cautionary statements set forth above and in any document incorporated by reference herein.

### Reference to Financial Information and Additional Information

Financial information provided in the Company’s comparative annual financial statements and MD&A for the years ended December 31, 2022 and 2021 and in the Company’s comparative quarterly financial statements and MD&A for the three and six months ended June 30, 2023 and 2022 is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). You can obtain additional documents related to the Company without charge on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). You can also obtain documents related to the Company without charge by visiting the Company’s website at [www.waroonenergy.com](http://www.waroonenergy.com).

### Currency

The Company publishes its consolidated financial statements in Canadian dollars and Frontier publishes its consolidated financial statements in Australian dollars.

Unless otherwise indicated herein, references to “\$”, “C\$” or “Canadian dollars” are to Canadian dollars, and references to “A\$” or “Australian dollars” are to Australian dollars.

The following table sets forth, for each period indicated, the high, low and closing exchange rates for Canadian dollars expressed in Australian dollars. These rates are based on the indicative rate of exchange reported by the Bank of Canada.

	Year ended December 31,		Six months ended June 30,	
	2022	2021	2023	2022
High .....	A\$1.1583	A\$1.1119	A\$1.1408	A\$1.1285
Low .....	A\$1.0555	A\$1.0022	A\$1.0537	A\$1.0555
Closing .....	A\$1.0874	A\$1.0864	A\$1.1346	A\$1.1246

On November 1, 2023, the exchange rate provided by the Bank of Canada was C\$1.00 = A\$1.1316.

### GLOSSARY OF TERMS

In this Circular, the following capitalized words and terms shall have the following meanings:

“**ACA**” means *Corporations Act 2001* (Australia).

“**Acquisition Proposal**” means, other than the transactions contemplated by the Arrangement Agreement, and other than any transaction involving only the Company and/or one or more of its wholly-owned subsidiaries, any offer, proposal or inquiry from any Person or group of Persons (other than the Purchaser or any affiliate of the Purchaser), whether or not in writing and whether or not delivered to the Shareholders, relating to: (a) any direct or indirect acquisition, purchase, disposition (or any lease, royalty, joint venture,

long-term supply agreement or other arrangement having the same economic effect as a sale), through one or more transactions, of (i) the assets of the Company and/or one or more of its subsidiaries that, individually or in the aggregate, constitute 20% or more of the consolidated assets of the Company and its subsidiaries, taken as a whole, or which contribute 20% or more of the consolidated revenue of the Company and its subsidiaries, taken as a whole, or (ii) 20% or more of any voting or equity securities of the Company or 20% or more of any voting or equity securities of any one or more of any of the Company's subsidiaries that, individually or in the aggregate, contribute 20% or more of the consolidated revenues or constitute 20% or more of the fair value of the consolidated assets of the Company and its subsidiaries, taken as a whole (in each case, determined based upon the most recently publicly available consolidated financial statements of the Company); (b) any direct or indirect take-over bid, tender offer, exchange offer, sale or issuance of securities or other transaction that, if consummated, would result in such Person or group of Persons beneficially owning 20% or more of any class of voting, equity or other securities (including securities convertible into or exercisable or exchangeable for securities or equity interests) of the Company or any of its Subsidiaries; or (c) a plan of arrangement, merger, amalgamation, consolidation, share exchange, share reclassification, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or other similar transaction or series of transactions involving the Company or any of its subsidiaries that, if consummated, would result in such Person or group of Persons beneficially owning 20% or more of any class of voting, equity or other securities (including securities convertible into or exercisable or exchangeable for securities or equity interests) of the Company or any of its subsidiaries.

**"AEMO"** means Australian Energy Market Operator.

**"affiliate"** has the meaning ascribed thereto in the NI 45-106.

**"Anti-Corruption Laws"** means the *Corruption of Foreign Public Officials Act* (Canada), the *Canadian Criminal Code*, the *U.S. Foreign Corrupt Practices Act*, and the *U.K. Bribery Act*, and any other anti-bribery or anticorruption laws and similar legislation in other jurisdictions that may be applicable to the relevant Party and its Subsidiaries or its businesses.

**"Arrangement"** means the arrangement under the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto in accordance with the Arrangement Agreement or the Plan of Arrangement or at the direction of the Court in the Final Order (with the prior written consent of the Company and the Purchaser, each acting reasonably).

**"Arrangement Agreement"** or **"Agreement"** means the Arrangement Agreement dated October 6, 2023, between Waroona and Frontier, including the schedules attached thereto and the Company Disclosure Letter, as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

**"Arrangement Resolution"** means the special resolution of the Shareholders approving the Arrangement to be considered at the Meeting, substantially in the form and content of Appendix A hereto.

**"ASIC"** means the Australian Securities & Investments Commission.

**"Associate"** has the meaning ascribed thereto in the Securities Act (British Columbia).

**"ASX"** means the Australian Securities Exchange Ltd.

**"Australian Securities Laws"** means all Australian securities laws and the respective rules and guidance notes of the ASX and any other stock exchange on which securities of the Purchaser are traded.

**"Authorization"** means, with respect to any Person, any authorization, Order, permit, approval, grant, license, registration, consent, right, notification, condition, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decision or decree of, from or required by any Governmental Entity having jurisdiction over the Person.

**"BCBCA"** means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, as promulgated or amended from time to time.

**"Beneficial Shareholder"** means a Person who holds Waroona Shares through an Intermediary or who otherwise does not hold Waroona Shares in the Person's name.

**"Board"** means the board of directors of the Company, as constituted from time to time.

**"Broadridge"** means Broadridge Financial Solutions, Inc.

**"BSS Project"** means the Bristol Springs Solar Project of Frontier.

**"Business Day"** means any day, other than a Saturday, a Sunday or any day on which banks are closed or authorized to be closed for business in Vancouver, British Columbia or Perth, Australia.

**"Canadian Securities Laws"** means the *Securities Act* (British Columbia), together with all other applicable securities Laws, rules and regulations and published policies thereunder or under the securities laws of any other province or territory of Canada.

**"Circular"** means this management information circular, including the Notice of Meeting and all appendices hereto and all documents incorporated by reference herein, and all amendments hereof.

**"Combined Company"** means Frontier after completion of the Arrangement.

**"commercially reasonable efforts"** with respect to either Party means the co-operation of such Party and the use by it of its reasonable efforts consistent with reasonable commercial practice of similarly situated persons without payment or incurrence of unreasonable expense or the requirement to engage in litigation.

**"Company"** or **"Waroona"** means Waroona Energy Inc., a company existing under the BCBCA.

**"Company Change in Recommendation"** has the meaning ascribed thereto in Section 1.1 of the Arrangement Agreement.

**"Company Disclosure Letter"** means the disclosure letter delivered by the Company to the Purchaser on the date of the Arrangement Agreement.

**"Consideration"** means, for each Waroona Share, 0.2342 of a Frontier Share to be issued pursuant to the Arrangement.

**"Consideration Shares"** means the Frontier Shares to be issued as Consideration pursuant to the Arrangement.

**"Court"** means the Supreme Court of British Columbia.

**"CRA"** means the Canada Revenue Agency.

**"Depository"** means Computershare Investor Services Inc.

**"Dissent Procedures"** means the dissent procedures, as described in the Interim Order.

**"Dissent Rights"** means the rights of dissent granted to registered holders of Waroona Shares in respect of the Arrangement under provisions of Division 2 of Part 8 of the BCBCA as modified by the Interim Order and the Plan of Arrangement.

**"Dissent Shares"** means Waroona Shares held by a Dissenting Shareholder and in respect of which the Dissenting Shareholder has validly exercised Dissent Rights.

**"Dissenting Shareholder"** means a registered Shareholder who has duly exercised a Dissent Right and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of Waroona Shares in respect of which Dissent Rights are validly exercised by such Shareholder.

**"DRS Advices"** means the direct registration system advices held by some Shareholders representing their Waroona Shares.

**"Effective Date"** means the date that the Arrangement becomes effective.

**"Effective Time"** means 12:01 a.m. (Vancouver time) on the Effective Date or such other time as agreed to by Waroona and Frontier in writing.

**"ETAC"** means Electricity Transfer Access Contract.

**"Final Order"** means the final order of the Court in a form acceptable to both Frontier and Waroona, each acting reasonably, pursuant to section 291 of the BCBCA, approving the Arrangement, after a hearing upon the procedural and substantive fairness of the terms and conditions of the Arrangement as such order may be affirmed, amended, modified, supplemented or varied by the Court (with the consent of both Frontier and Waroona, each acting reasonably) or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal (provided that any such amendment is acceptable to both Frontier and Waroona, each acting reasonably).

**"Former Shareholder"** means the holders of Waroona Shares immediately prior to the Effective Time.

**"Governmental Entity"** means: (a) any international, multinational, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, minister, ministry, bureau, agency or instrumentality, domestic or foreign; (b) any stock exchange, including the TSXV, ASX and OTCQB, as applicable; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, antitrust, foreign investment, expropriation or taxing authority under or for the account of any of the foregoing.

**"Intermediary"** means, collectively, a broker, investment dealer, bank, trust company, nominee or other intermediary.

**"Interim Order"** means the interim order of the Court made pursuant to Section 291 of the BCBCA providing for, among other things, the calling and holding of the Meeting, as the same may be amended, modified, supplemented or varied by the Court and attached as Appendix C to this Circular.

**"Investment Canada Act"** means the *Investment Canada Act* (Canada) and the regulations enacted thereunder.

**"Investment Canada Act Approval"** means, with respect to the transactions contemplated by the Arrangement, the following: either (i) the Minister has not sent to the Purchaser (or to its subsidiary) a notice under subsection 25.2(1) of the Investment Canada Act and the Governor in Council has not made an order under subsection 25.3(1) of the Investment Canada Act in relation to the transactions contemplated by the Arrangement or, (ii) if such a notice has been sent or such an order has been made, the Purchaser (or its subsidiary) has subsequently received (A) a notice under paragraph 25.2(4)(a) of the Investment Canada Act indicating that a review of the transactions contemplated by the Arrangement on grounds of national security will not be made, (B) a notice under paragraph 25.3(6)(b) of the Investment Canada Act indicating that no further action will be taken in respect of the transactions contemplated by the Arrangement or (C)



an order under paragraph 25.4(1)(b) authorizing the transactions contemplated by the Arrangement on terms and conditions that are acceptable to the Purchaser.

**“Key Regulatory Approvals”** means those sanctions, rulings, consents, orders, exemptions, permits and other approvals of Governmental Entities, necessary or deemed advisable by the Purchaser, acting reasonably, to proceed with the transactions contemplated by this Agreement and the Plan of Arrangement, including but not limited to (i) in relation to the Company, the grant of the Interim Order and the Final Order and approval of the TSXV, and (ii) the Investment Canada Act Approval.

**“Law” or “Laws”** means, with respect to any Person, any applicable laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgments, injunctions, determinations, awards, decrees or other legally binding requirements, whether domestic or foreign, and the terms and conditions of any Authorization of or from any Governmental Entity, and, for greater certainty, includes Canadian Securities Laws, U.S. Securities Laws and Australian Securities Laws.

**“Letter of Transmittal”** means the letter of transmittal to be sent to the Shareholders for use in connection with the Arrangement.

**“Locked-up Shareholders”** means the directors and officers and certain shareholders of the Company who have entered into Support and Voting Agreements.

**“LOI”** means the letter of intent dated August 31, 2023 between the Purchaser and the Company.

**“Meeting”** means the special meeting of the Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution.

**“Minister”** has the meaning ascribed thereto at Section 3 of the Investment Canada Act.

**“Frontier Material Adverse Effect”** has the meaning ascribed to the term “Purchaser Material Adverse Effect” in Section 1.1 of the Arrangement Agreement.

**“Frontier Material Subsidiaries”** means Superior Mining Pty Ltd (Australian Company Number 623 056 566), Bristol Springs Solar Pty Ltd (Australian Company Number 632 676 932) and Ophiolite Holdings Pty Ltd (Australian Company Number 617 182 966).

**“Frontier Shares”** means ordinary shares in the capital of Frontier.

**“Frontier Shareholders”** means holders of Frontier Shares.

**“MI 61-101”** means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

**“NI 43-101”** means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

**“NI 45-106”** means National Instrument 45-106 – *Prospectus Exemptions*.

**“NI 52-109”** means National Instrument 52-109 – *Certification of Disclosure in Issuers’ Annual and Interim Filings*.

**“NOBO”** means “non-objecting beneficial owners” and refers to Beneficial Shareholders who have not objected to their nominee disclosing certain ownership information about themselves to the Company.

**“OBO”** means “objecting beneficial owners” and refers to those non-registered holders who have objected to their nominee disclosing ownership information about themselves to the Company.

**"Optionholders"** means the holder of Waroona Options.

**"Order"** means all judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, injunctions, orders, decisions, rulings, determinations, awards or decrees of any Governmental Entity (in each case, whether temporary, preliminary or permanent).

**"ordinary course of business"**, **"ordinary course of business consistent with past practice"**, or any similar reference, means, with respect to an action taken by a person, that such action is consistent with the past practices of such person and is taken in the ordinary course of the normal day-to-day business and operations of such person; provided that in any event such action is not unreasonable or unusual.

**"OTCQB"** means the OTCQB Venture Market.

**"Outside Date"** means December 31, 2023, or such later date as may be agreed to in writing by the Parties.

**"Parties"** means Waroona and Frontier and **"Party"** means any of them.

**"Person"** includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including a Governmental Entity), syndicate or other entity, whether or not having legal status.

**"Plan of Arrangement"** means the plan of arrangement in the form of Appendix B and any amendments or variations thereto made in accordance with the provisions of the Arrangement Agreement or the Plan of Arrangement or at the direction of the Court (with the prior written consent of Waroona and Frontier, each acting reasonably) in the Final Order.

**"PPAs"** means Power Purchase Agreements.

**"Purchaser"** or **"Frontier"** means Frontier Energy Limited, a company existing under the laws of Australia.

**"Record Date"** means the record date for determining the Shareholders entitled to receive notice of and to vote at the Meeting, being the close of business on November 1, 2023 (Vancouver time) pursuant to the Interim Order.

**"Red Cloud"** means Red Cloud Securities Inc.

**"Red Cloud Opinion"** means the opinion of Red Cloud, dated November 3, 2023, to the Special Committee of the Board, as to the fairness, from a financial point of view, and as of the date of the opinion, to holders of Waroona Shares (other than Frontier and its affiliates) of the Arrangement. The full text of Red Cloud's written opinion, dated November 3, 2023, which describes the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken, is attached as Appendix E to this Circular.

**"Registered Shareholder"** means a registered holder of Waroona Shares as recorded in the shareholder register of the Company.

**"Representatives"** has the meaning ascribed thereto in Section 1.1 of the Arrangement Agreement.

**"Required Shareholder Approval"** means the approval of the Arrangement Resolution by: (i) at least 66 2/3% of the votes cast at the Meeting by Shareholders either in person or represented by proxy at the Meeting and entitled to vote thereat; and (ii) a simple majority of the votes cast by the Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat, excluding the votes cast by such Shareholders that are required to be excluded pursuant to MI 61-101 (being Frontier and its affiliates, and certain directors of Waroona).

**"SEC"** means the United States Securities and Exchange Commission.

**"Securities Act"** means the *Securities Act* (British Columbia) and the rules, regulations and published policies made thereunder.

**"Securities Authorities"** means the applicable securities commissions or other securities regulatory authorities in each of the provinces and territories of Canada and the SEC.

**"Securities Laws"** means the Securities Act, together with all other applicable Canadian provincial securities laws, the U.S. Securities Act, the U.S. Exchange Act, and applicable securities laws of the United States and the states thereof, and the rules and regulations and published policies of the securities authorities thereunder, as now in effect and as they may be promulgated or amended from time to time.

**"SEDAR+"** means the means the system for the transmission of documents known as the System for Electronic Data Analysis and Retrieval + as outlined in National Instrument 13-103 - *System for Electronic Data Analysis and Retrieval + (SEDAR+)*, which can be accessed online at [www.sedarplus.ca](http://www.sedarplus.ca).

**"Shareholders"** means the holders of Waroona Shares.

**"Site"** means the lands on which the Waroona Solar Project will be developed located at both: (i) the property known as 981 Buller Road, Waroona, more particularly described as Lot 24 on Deposited Plan 59266, Certificate of Title Volume 2700 Folio 487; and (ii) Lot 25 on Deposited Plan 59266, Certificate of Title Volume 2700 Folio 488.

**"Special Committee"** means the special committee of the Company's Board, the members of which are independent other than in respect of holding Waroona Options and Waroona RSUs that will be eligible for accelerated vesting pursuant to the terms of the Waroona Incentive Plan and the Plan of Arrangement, as further described in this Circular.

**"subsidiary" or "Subsidiary"** means, with respect to a specified body corporate, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified body corporate and shall include any body corporate, partnership, joint venture or other entity over which such specified body corporate exercises direction or control or which is in a like relation to a subsidiary.

**"Superior Lake Project"** means the Super Lake Copper and Zinc Project located in the Province of Ontario, consisting of the Pick Lake deposit.

**"Superior Proposal"** means a *bona fide* written Acquisition Proposal to acquire 100% of the outstanding Waroona Shares or all or substantially all of the assets of the Company and its subsidiaries on a consolidated basis made by an arm's length third party after the date of the Arrangement Agreement:

- (a) that did not result from or involve a breach of the Arrangement Agreement or any agreement between the Person making such Acquisition Proposal and the Company;
- (b) that is as of the date that the Company provides a Superior Proposal Notice to the Purchaser, not subject to any financing condition and in respect of which adequate arrangements have been made in respect of any financing required to the satisfaction of the Board, acting in good faith (after receipt of advice from its financial advisors and its outside legal counsel);
- (c) that is, as of the date that the Company provides a Superior Proposal Notice to the Purchaser, not subject to a due diligence and/or access condition;

- (d) that is reasonably capable of being consummated without undue delay, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the Person or group of Persons making such Acquisition Proposal; and
- (e) in respect of which the Board and the Special Committee determines in good faith, after consultation with its outside financial and legal advisors, and after taking into account all the terms and conditions of such Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal, would, if consummated in accordance with its terms (but without assuming away the risk of noncompletion), result in a transaction that is more favourable, from a financial point of view, to the Shareholders, than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to Section 5.6(h)) of the Arrangement Agreement.

**“Superior Proposal Notice”** has the meaning ascribed thereto in Section 5.6(g)(iii) of the Arrangement Agreement.

**“Support and Voting Agreements”** means the Support and Voting Agreements dated October 6, 2023 and made between the Frontier and the Locked-Up Shareholders setting forth the terms and conditions on which the Locked-Up Shareholders have agreed to vote their Waroona Shares in favour of the Arrangement Resolution.

**“Tax Act”** means the *Income Tax Act* (Canada), as amended from time to time.

**“Taxes”** means (i) any taxes, duties, fees, premiums, assessments, imposts, levies and other like charges imposed by any Governmental Entity, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, windfall, royalty, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and antidumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other pension plan premiums or contributions imposed by any Governmental Entity; and (ii) any liability for the payment of any amounts of the type described in clause (i) as a result of any express or implied obligation to indemnify any other Person, as a result of being a transferee or successor in interest to any party, or as a result of any statute or otherwise (including, for greater certainty, under Sections 159 and 160 of the Tax Act).

**“TSXV”** means the TSX Venture Exchange.

**“U.S. Exchange Act”** means the *United States Securities Exchange Act of 1934*, as amended.

**“U.S. Securities Act”** means the *United States Securities Act of 1933*, as amended.

**“U.S. Securities Laws”** means federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder.

**“VWAP”** means volume weighted average price.

**“Waroona Material Adverse Effect”** has the meaning ascribed to the term “*Company Material Adverse Effect*” in Section 1.1 of the Arrangement Agreement.

**“Waroona Material Contract”** has the meaning ascribed to the term “*Company Material Contract*” in Section 1.1 of the Arrangement Agreement.

**“Waroona Options”** means outstanding stock options to purchase Waroona Shares granted under the Waroona Incentive Plan.

**“Waroona Incentive Plan”** means the “rolling” 10% long-term incentive plan of the Company dated February 13, 2023, as the same may be amended, supplemented or otherwise modified from time to time.

**“Waroona RSUs”** means outstanding restricted share units granted under the Waroona Incentive Plan.

**“Waroona Shares”** means common shares in the capital of Waroona.

**“Waroona Solar Project”** means the solar farm project to be constructed on the Site, which will comprise of an industrial-scale PV installation using single-axis solar technology.

**“Waroona Warrants”** means outstanding common share purchase warrants in the capital of Waroona.

**“WEM”** means the Wholesale Electricity Market in Western Australia.

**“Western Power”** means the operator of the electricity transmission and distribution system in the southwest of Western Australia, the South West Interconnected System known as the “SWIS”.

## SUMMARY

The following information is a summary of the contents of this Circular. This summary is provided for convenience only and the information contained in this summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information and financial data and statements contained elsewhere in this Circular or incorporated by reference herein. Capitalized terms in this summary have the meaning set out in the "Glossary of Terms" or as set out herein. The full text of the Arrangement Agreement is available under the Company's profile on SEDAR+ ([www.sedarplus.ca](http://www.sedarplus.ca)).

**Date, Time and Place of The Meeting** The Meeting will be held on December 8, 2023 at 11:00 a.m. (Vancouver time) at Suite 400 – 1681 Chestnut Street, Vancouver, British Columbia.

**The Record Date** The Record Date for determining the Shareholders entitled to receive notice of and to vote at the Meeting is as of the close of business (Vancouver time) on November 1, 2023.

**Purpose of the Meeting** At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, the Arrangement Resolution. The approval of the Arrangement Resolution will require approval by: (i) at least 66 2/3% of the votes cast at the Meeting by Shareholders either in person or represented by proxy at the Meeting and entitled to vote thereat; and (ii) a simple majority of the votes cast by the Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat, excluding the votes cast by such Shareholders that are required to be excluded pursuant to MI 61-101 (being Frontier and its affiliates, and certain directors of Waroona) (the "**Required Shareholder Approval**").

**The Arrangement** The purpose of the Arrangement is to effect the acquisition by Frontier of the Company. Frontier and Waroona are non-arm's length parties to each other. If the Arrangement Resolution is approved with the Required Shareholder Approval and all other conditions to the closing of the Arrangement are satisfied or waived, the Arrangement will be implemented by way of a court-approved plan of arrangement under the BCBCA.

*The following summarizes the steps which will occur under the Plan of Arrangement on the Effective Date, if all conditions to the completion of the Arrangement have been satisfied or waived. The following description of steps is qualified in its entirety by reference to the full text of the Plan of Arrangement attached as Appendix B to this Circular:*

Commencing at the Effective Time, each of the following events shall occur and shall be deemed to occur on and subject to the terms set out in the Plan of Arrangement:

- (a) each Company RSU outstanding immediately prior to the Effective Time (whether vested or unvested) shall, in accordance with the terms of the Company Incentive Plan, be deemed to be unconditionally vested, and such Company RSU shall, without any further action by or on behalf of a holder the Company RSU, be deemed to be assigned and transferred by such holder to the Company (free and clear of all Liens) in exchange for the RSU Consideration, with each Company Share comprising the RSU Consideration having an issue price per share equal to the Company Share Value and being issued as fully paid and non-assessable common shares in the authorized share structure of the Company, and such



Company Shares will be added to the Company's central securities register in the name of such holder of Company RSUs;

- (b) (i) each holder of Company RSUs shall cease to be a holder of such Company RSUs (ii) each such holder's name shall be removed from each applicable register maintained by Company, (iii) all agreements relating to the Company RSUs shall be terminated and shall be of no further force and effect, and (iv) each such holder shall thereafter have only the right to receive, from the amount held in escrow by the Depositary or the Company, the consideration to which they are entitled to receive pursuant to the Plan of Arrangement, at the time and in the manner specified therein;
- (c) each Company Option outstanding immediately prior to the Effective Time (whether vested or unvested) shall, notwithstanding the terms of the Company Incentive Plan, be deemed to be unconditionally vested and exercisable, and such Company Option shall, without any further action by or on behalf of a holder of Company Options:
  - (i) with respect to each In-the-Money Company Option outstanding at the Effective Time, shall be, and shall be deemed to be, exercised and surrendered to the Company for cancellation and the holder thereof shall receive, in respect of each such surrendered In-the-Money Company Option, the Option Consideration, with each Company Share comprising the Option Consideration having an issue price per share equal to the Company Share Value and being issued as fully paid and non-assessable common shares in the authorized share structure of the Company, and such Company Shares will be added to the Company's central securities register in the name of such holder of Company Options; and
  - (ii) each Out-of-the-Money Company Option outstanding at the Effective Time, shall be, and shall be deemed to be, surrendered to the Company for cancellation for no consideration;
- (d) (i) each holder of Company Options shall cease to be a holder of such Company Options (ii) each such holder's name shall be removed from each applicable register maintained by Company, (iii) all agreements relating to the Company Options shall be terminated and shall be of no further force and effect, and (iv) each such holder shall thereafter have only the right to receive, from the amount held in escrow by the Depositary or the Company, the consideration to which they are entitled to receive pursuant to the Plan of Arrangement at the time and in the manner specified therein;
- (e) the Company Incentive Plan and all agreements relating thereto shall be terminated and shall be of no further force and effect;

- (f) each Company Warrant issued and outstanding immediately before the Effective Time shall, in accordance with the terms of each such Company Warrant, without any further act or formality by the holder thereof, be exercisable for a Purchaser Share on equivalent terms, as applicable, to the Company Warrant previously held subject to adjusting the number of Purchaser Shares underlying the Company Warrant and exercise price therefore in accordance with the Exchange Ratio;
- (g) each of the Company Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred without any further act or formality to the Purchaser (free and clear of all Liens) in consideration for a debt claim against the Purchaser for the amount determined under Article 4 of the Plan of Arrangement, and:
- (i) such Dissenting Shareholders shall cease to be the holders of such Company Shares and to have any rights as holders of such Company Shares other than the right to be paid fair value for such Company Shares;
  - (ii) such Dissenting Shareholders' names shall be removed as the holders of such Company Shares from the registers of Company Shares maintained by or on behalf of Company; and
  - (iii) the Purchaser shall be deemed to be the transferee of such Company Shares free and clear of all Liens, and the Purchaser shall be entered in the registers of Company Shares maintained by or on behalf of Company, as the holder of such Company Shares;
- (h) each Company Share outstanding immediately prior to the Effective Time (other than Company Shares held by a Dissenting Shareholder who has validly exercised their Dissent Right, the Purchaser or any of its affiliates, but including those Company Shares issued pursuant to Sections (a) and (c)(i) above) shall, without any further action by or on behalf of a holder of Company Shares, be deemed to be assigned and transferred by the holder thereof to the Purchaser (free and clear of all Liens) in exchange for the Share Consideration from the Purchaser, and:
- (i) the holders of such Company Shares shall cease to be the holders thereof and to have any rights as holders of such Company Shares other than the right to be paid the Consideration by the Depositary in accordance with this Plan of Arrangement;
  - (ii) such holders' names shall be removed from the register of the Company Shares maintained by or on behalf of the Company; and

- (iii) the Purchaser shall be deemed to be the transferee of such Company Shares (free and clear of all Liens) and the Purchaser shall be entered in the register of the Company Shares maintained by or on behalf of the Company;

it being expressly provided that the events provided for above will be deemed to occur on the Effective Date, notwithstanding that certain procedures related thereto may not be completed until after the Effective Date.

On completion of the Arrangement, the Company will be a subsidiary of Frontier.

See "*The Arrangement – Effect and Details of the Arrangement– General*" in this Circular.

**Effect of the Arrangement**

Pursuant to the Arrangement, all of the issued and outstanding Waroona Shares (other than Waroona Shares held by a Dissenting Shareholder who has validly exercised their Dissent Right or the Purchaser or any of its respective affiliates) will be transferred to Frontier in exchange for the Consideration.

See also "*The Arrangement – Effect and Details of the Arrangement*".

**Effect on Waroona Shares**

Pursuant to the Arrangement, all Waroona Shares (other than Waroona Shares held by a Dissenting Shareholder who has validly exercised their Dissent Right, the Purchaser or any of its affiliates) will be transferred to Frontier in exchange for 0.2342 of an ordinary share in the capital of the Purchaser (each a "**Frontier Share**") for each Waroona Share held (the "**Consideration**").

See also "*The Arrangement – Effect and Details of the Arrangement*".

**Effect on Waroona Options**

Each Waroona Option outstanding immediately prior to the Effective Time will be deemed unconditionally vested and conditionally exercisable and shall, assuming exercise, be deemed to be transferred to the Company in exchange for Waroona Shares, which will then participate in the Arrangement in accordance with the Plan of Arrangement. All Waroona Options, regardless of whether they are exercised, will be cancelled at the Effective Time.

As at the date hereof, an aggregate of 31,250,000 Waroona Options are outstanding.

See also "*The Arrangement – Effect and Details of the Arrangement*".

**Effect on Waroona RSUs**

Each Waroona RSU outstanding immediately prior to the Effective Time will be deemed to be unconditionally vested and shall be deemed to be assigned and transferred to the Company in exchange for Waroona Shares, which will then participate in the Arrangement in accordance with the Plan of Arrangement. Following such transfer, such Waroona RSU shall immediately be cancelled.

As at the date hereof, an aggregate of 29,140,084 Waroona RSUs are outstanding.

See also “*The Arrangement – Effect and Details of the Arrangement*”.

### **Extinction of Rights**

To the extent a Former Shareholder has not surrendered Waroona Shares to the Depositary in the manner described in this Circular on or before the date that is six years after the Effective Date (the “**Final Proscription Date**”), then: (a) the Consideration that such Former Shareholder was entitled to receive shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the applicable consideration for the Waroona Shares pursuant the Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser, the Company or Frontier, as applicable, for no consideration; (b) the Consideration that such Former Shareholder was entitled to receive shall be delivered to the Purchaser or Frontier, as applicable, by the Depositary; (c) the certificates formerly representing Waroona Shares shall cease to represent a right or claim of any kind or nature as of such Final Proscription Date; and (d) any payment made by way of cheque by the Depositary pursuant to the Plan of Arrangement that has not been deposited or has been returned to the Depositary or that otherwise remains unclaimed, in each case, on or before the Final Proscription Date shall cease to represent a right or claim of any kind or nature.

### **Recommendation of the Board**

#### **Recommendation of the Board and the Special Committee**

The Special Committee has advised the Board that, after careful consideration of such matters as it considered relevant, as more fully described under the heading “*The Arrangement – Reasons for the Arrangement*”, including, among other things, (i) the terms and conditions of the Arrangement Agreement, (ii) the benefits and risks associated with the Arrangement, (iii) other strategic alternatives and options available to the Company, including Waroona’s stand-alone business plan, (iv) its evaluation of the Arrangement with management and the Company’s legal and financial advisors, including receipt of the Red Cloud Opinion, and (v) the impact of the Arrangement on other stakeholders of the Company, the Special Committee has unanimously determined that the Arrangement is in the best interests of Waroona, is fair to Shareholders (other than the Purchaser and its affiliates) and is fair and reasonable to stakeholders whose rights are affected by the Arrangement, and has unanimously recommended to the Board that it (A) authorize and approve Waroona entering into the Arrangement Agreement, (B) **recommend that Shareholders vote FOR the Arrangement Resolution** and (C) authorize and approve the performance by Waroona of its obligations under the Arrangement Agreement.

The Board, after careful consideration of such matters as it considered relevant, as more fully described under the heading “*The Arrangement – Reasons for the Arrangement*”, including, among other things, a thorough review of the Arrangement Agreement, and taking into account the best interests of Waroona, and after evaluating the Arrangement with management and Waroona’s legal and financial advisors, including receipt of the Red Cloud Opinion, and upon the unanimous recommendation of the Special Committee, the Board has unanimously determined the Arrangement is in the best interests of Waroona and is fair to Shareholders (other than the Purchaser and its affiliates) and that it is advisable and in the best interests of Waroona to approve the entering into and execution and delivery of the Arrangement Agreement and the performance of its obligations thereunder and certain related matters, and has unanimously approved the Arrangement. **Accordingly, the Board unanimously recommends that the Shareholders vote FOR the Arrangement.**

See "*The Arrangement – Background to the Arrangement*" in this Circular.

**Background to the Arrangement**

The Arrangement Agreement is the result of negotiations between representatives of Waroona and Frontier and their respective legal advisors, as more fully described herein. A summary of the material events, meetings, negotiations and discussions between representatives of Waroona and Frontier that preceded the execution and public announcement of the Arrangement Agreement on October 6, 2023 is included in this Circular under the heading "*The Arrangement – Background to the Arrangement*".

**Reasons for the Arrangement**

In the course of their evaluation, the Board carefully considered a variety of factors with respect to the Arrangement including, among others, the following:

***Significant Premium to Waroona Shareholders*** – The Consideration represents a premium of 52.4% and 46.8% to the closing price and the 10-day VWAP, respectively, of Waroona's shares on the TSXV prior to the announcement of the Arrangement on September 5, 2023.

***Ability to Participate in Future Potential Growth of Combined Entity*** – By receiving Frontier Shares under the Arrangement, Shareholders will have an opportunity to retain exposure to the Waroona Solar Project. Moreover, Frontier has the financial means and the technical capacity to maximize the long-term potential of the Waroona Solar Project.

***Complementary Businesses and Ability to Capture Scale Benefits*** – The Combined Company is strongly positioned to be one of the first commercial renewable energy projects and green hydrogen producers in Australia, due to the Waroona Solar Project's low operating and initial capital cost for Stage One production, together with significant surrounding infrastructure in place. More importantly, the Company has multiple existing domestic market offtake opportunities that are both accessible and ready for early offtake/consumption of green hydrogen.

***Business and Industry Risks*** – The business, operations, assets, financial condition, operating results and prospects of Waroona are subject to significant uncertainty, including (but not limited to) risks associated with Waroona's dependency on the Superior Lake Project, its material mining property, and the Waroona Solar Project for its future operating revenue, permitting and regulatory approvals, exploration and development risks and commodity price and inflation risks. The Board concluded that the Consideration under the Arrangement is more favourable to Shareholders than continuing with Waroona's current business plan, including the inherent risks associated with ownership of a dual-asset mining and solar energy company, after taking into account the potential for such business plan to generate value for Shareholders through the continued exploration and development of the Superior Lake Project and the potential development of the Waroona Solar Project.

***Robust and Supervised Negotiation Process*** – The Arrangement is the result of a robust negotiation process that included the establishment by the Board of the Special Committee, which received advice from independent advisors throughout the process.

***Red Cloud Opinion*** – The receipt by the Board and the Special Committee of, and the conclusion contained in, the opinion, dated November 3, 2023, of Red Cloud to the Special Committee as to the fairness, from a financial point of view and as of the date of the opinion, to holders of Waroona Shares (other than

Frontier and its affiliates) of the Arrangement, which opinion was based on and subject to various assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken as more fully described under "*The Arrangement – Opinion of Financial Advisor*" in this Circular. The Special Committee considered the fixed fee payable to Red Cloud for its services in connection with its opinion and that Red Cloud was not providing as of the date of Red Cloud's opinion, and had not during the preceding two-year period provided, investment banking, financial advisory or other similar financial services to Waroona unrelated to the Arrangement or to Frontier.

***Ability to Respond to Unsolicited Superior Proposals*** – Subject to the terms of the Arrangement Agreement, the Board will remain able to respond to any unsolicited *bona fide* written proposal that, having regard to all of its terms and conditions, if consummated in accordance with its terms, could reasonably be expected to lead to a Superior Proposal.

***Fairness of the Conditions*** – The Arrangement Agreement provides for certain conditions to completion of the Arrangement, which conditions are not unduly onerous or outside market practice and could reasonably be expected to be satisfied in the judgment of the Board.

***Shareholder and Court Approval*** – The Arrangement is subject to the following Shareholder and Court approvals, which protect Waroona Shareholders:

- The Arrangement Resolution requires approval of: (i) at least 66 2/3% of the votes cast at the Meeting by Shareholders either in person or represented by proxy at the Meeting and entitled to vote thereat; and (ii) a simple majority of the votes cast by the Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat, excluding the votes cast by such Shareholders that are required to be excluded pursuant to MI 61-101 (being Frontier and its affiliates, and certain directors of Waroona); and
- The Arrangement is subject to a determination of the Court that the Arrangement is fair and reasonable, both procedurally and substantively, to Shareholders and other affected Persons.

***Key Regulatory Approvals*** – The completion of the Arrangement is subject to the Company obtaining Key Regulatory Approvals, including the Investment Canada Act Approval.

***Dissent Rights*** – The terms of the Plan of Arrangement provide that Registered Shareholders who oppose the Arrangement may, upon compliance with certain conditions, exercise Dissent Rights and, if ultimately successful, receive fair value for their Waroona Shares (as described in the Plan of Arrangement).

See "*The Arrangement – Reasons for the Arrangement*" in this Circular.

#### **Support and Voting Agreements**

The Locked-up Shareholders have entered into the Support and Voting Agreements with the Purchaser and Frontier pursuant to which they have agreed to vote in favour of the Arrangement Resolution. As of the date hereof,



the Locked-up Shareholders hold approximately 8.2% of the outstanding Waroona Shares that will have voting rights at the Meeting.

See "*The Arrangement – Support and Voting Agreements*" in this Circular.

**Conditions to Completion of the Arrangement**

The implementation of the Arrangement is subject to a number of conditions being satisfied or waived by the Company or the Purchaser, as applicable, at or prior to the Effective Date, including the following:

- (a) approval of the Arrangement Resolution by the Required Shareholder Approval at the Meeting;
- (b) receipt of the Interim Order and the Final Order;
- (c) obtaining the Investment Canada Act Approval;
- (d) the Consideration Shares to be issued pursuant to the Arrangement shall be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof;
- (e) no Governmental Entity of competent jurisdiction located in a jurisdiction where the Company has material assets shall have enacted, issued, promulgated, enforced or entered any Order or Law which is then in effect and has the effect of making the Arrangement illegal or otherwise preventing or prohibiting consummation of the Arrangement;
- (f) the representations and warranties of the Company and the Purchaser contained in the Arrangement Agreement being true and correct as of the Effective Date, subject to certain qualifications;
- (g) compliance in all material respects by the Company and the Purchaser with all covenants required to be performed under the Arrangement Agreement, subject to certain qualifications;
- (h) no Waroona Material Adverse Effect having occurred to the Company;
- (i) no Frontier Material Adverse Effect having occurred to the Purchaser;
- (j) Dissent Rights not having been exercised in respect of more than 5% of the Waroona Shares; and
- (k) there shall be no action or proceeding taken by a Governmental Entity, or by any other third party (as to which, in the case of such other third party, there is a reasonable likelihood of success), that is seeking to:
  - (i) enjoin or prohibit the Purchaser's ability to acquire, hold, or exercise full rights of ownership over, any Waroona Shares, including the right to vote Waroona Shares, or any material assets of the Company; or
  - (ii) materially delay the consummation of the Arrangement, or if the Arrangement is consummated, have a Waroona Material Adverse Effect.

See "*The Arrangement Agreement – Conditions to Closing*" in this Circular.

**Non-Solicitation**

In the Arrangement Agreement, the Company has agreed, subject to certain exceptions, that it will not, directly or indirectly, solicit or participate in any discussions or negotiations regarding a proposal by a third party to acquire the Company or its assets and will give prompt notice to the Purchaser should the Company receive such a proposal or a request for non-public information that it reasonably believes would lead to such a proposal.

**Opinion of Financial Advisor**

The Red Cloud Opinion concluded that, as of the date of such opinion and based on and subject to the various assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken, the Consideration (as set forth in such opinion) provided for pursuant to the Arrangement Agreement was fair, from a financial point of view, to the holders of Waroona Shares (other than Frontier and its affiliates). The Special Committee and the Board considered the fixed fee payable to Red Cloud for its services in connection with its opinion and also considered that Red Cloud was not providing, as of the date of its opinion, and had not, during the two-year period prior to the date of its opinion provided, investment banking, financial advisory or other similar financial services to Waroona unrelated to the Arrangement or to Frontier.

See "*The Arrangement – Opinion of Financial Advisor*" in this Circular and Appendix E for the Red Cloud Opinion.

**Termination of Arrangement Agreement**

The Company and the Purchaser may agree in writing to terminate the Arrangement Agreement and abandon the Arrangement at any time prior to the Arrangement becoming effective. In addition, the Company or the Purchaser may terminate the Arrangement Agreement and abandon the Arrangement at any time prior to the Effective Date if certain specific events occur.

See "*The Arrangement Agreement – Termination of Arrangement Agreement*" in this Circular.

**Letter of Transmittal**

A Letter of Transmittal is enclosed with this Circular. If the Arrangement becomes effective, in order to receive Consideration in exchange for the Deposited Securities to which the Depositing Shareholder is entitled under the Plan of Arrangement, a Depositing Shareholder must deliver the Letter of Transmittal properly completed and duly executed, together with share certificate(s) or DRS Advices representing its Deposited Securities and all other required documents to the Depositary at the address set forth in the Letter of Transmittal. If the Arrangement is not completed, the Letter of Transmittal will be of no effect and the Depositary will return all share certificates or DRS Advices representing the Deposited Securities to the holders thereof as soon as practicable at the address specified in the Letter of Transmittal. Shareholders whose Waroona Shares are registered in the name of an Intermediary must contact their Intermediary to deposit their Deposited Securities.

See "*The Arrangement – Exchange of Waroona Shares*" in this Circular.

**Exchange of Waroona Shares**

**None of Waroona, Frontier or the Depositary are liable for failure to notify Shareholders who do not properly complete their Letter of Transmittal or who otherwise make a deficient deposit with the Depositary.**

### Procedure for Registered Shareholders

A Letter of Transmittal is being mailed, together with this Circular, to each person who was a Registered Shareholder on the Record Date. Each person who is a Registered Shareholder immediately prior to the Effective Time must forward the properly completed and signed Letter of Transmittal, along with the accompanying Waroona Share certificate(s) and/or DRS Advice, if applicable, to the Depositary in order to receive the Consideration Shares to which such Shareholder is entitled under the Arrangement. It is recommended that Registered Shareholders complete, sign and return the Letter of Transmittal, along with the accompanying Waroona Share certificate(s), if applicable, to the Depositary as soon as possible.

For additional information, see "*The Arrangement – Exchange of Waroona Shares - Procedure for Exchange of Waroona Shares - Registered Shareholders*".

### Procedure for Beneficial Shareholders

Shareholders whose Waroona Shares are registered in the name of a broker, investment dealer or other Intermediary should contact that broker, investment dealer or other Intermediary for instructions and assistance in depositing their Waroona Shares with the Depositary. Beneficial Shareholders do not need to return a Letter of Transmittal.

BENEFICIAL SHAREHOLDERS SHOULD CONTACT THEIR BROKER, INVESTMENT DEALER OR OTHER INTERMEDIARY TO CONFIRM THAT THEIR BROKER, INVESTMENT DEALER OR OTHER INTERMEDIARY HAS MADE ARRANGEMENTS TO RECEIVE THE NUMBER OF THE FRONTIER SHARES REQUIRED TO SATISFY THE CONSIDERATION SHARES PAYABLE TO SUCH BENEFICIAL SHAREHOLDER PURSUANT TO THE PLAN OF ARRANGEMENT. THE DEPOSITARY WILL NOT BE INVOLVED IN FACILITATING THIS PROCESS.

For additional information, see "*The Arrangement – Exchange of Waroona Shares - Procedure for Exchange of Waroona Shares - Beneficial Shareholders*".

### **Court Approval of the Arrangement**

Subject to the terms of the Arrangement Agreement and, if the Arrangement Resolution is approved at the Meeting, Waroona will apply to the Court for the Final Order, with such hearing of the application to be held at the courthouse of the Court at 800 Smithe Street, Vancouver, British Columbia on December 13, 2023 at 9:45 a.m. (Vancouver time) or as soon thereafter as counsel may be heard, via teleconference, or at any other date and time and by any other method as the Court may direct. Please see "*The Arrangement – Court Approval of the Arrangement*" as well as the Petition and Notice of Hearing of Petition, attached as Appendix D to this Circular, and the Interim Order, attached as Appendix C to this Circular, for further information on participating or presenting evidence at the hearing for the Final Order. At the hearing, the Court will consider, among other things, the fairness and reasonableness of the Arrangement. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit. If the Court approves the Arrangement with amendments, depending on the nature of the amendments, the Parties may

determine not to complete the transaction contemplated by the Arrangement Agreement.

See “*The Arrangement – Court Approval of the Arrangement*” in this Circular.

### **Stock Exchange Approval**

Frontier Shares are listed on the ASX and OTCQB.

Frontier has obtained a waiver of Listing Rule 7.1 from ASX so that Frontier Shares issued as consideration under the Plan of Arrangement will be excluded for the purposes of Listing Rule 7.1. No further approval from the ASX is required for consummation of the Arrangement, including the listing of the Frontier Shares to be issued under the Arrangement.

### **Regulatory Approvals**

The completion of the Arrangement is subject to certain approvals with respect to the Investment Canada Act.

#### *Investment Canada Act Approval*

Under the Investment Canada Act, certain transactions involving the “acquisition of control” of a Canadian business by a non-Canadian (all as defined in the Investment Canada Act) that exceeds the prescribed financial threshold (a “**Reviewable Transaction**”) are subject to review and cannot be implemented unless the responsible Minister under the Investment Canada Act is satisfied or deemed to be satisfied that the transaction is likely to be of “net benefit” to Canada (a “**Net Benefit Ruling**”). An acquisition of control of a Canadian business that is not a Reviewable Transaction is subject to a notification requirement (“**Notice**”) under Part III of the Investment Canada Act. The transactions contemplated pursuant to the Arrangement do not constitute a Reviewable Transaction under the Investment Canada Act and, as such, do not require a Net Benefit Ruling. However, Waroona’s operating assumption is that Frontier has an obligation to make a Notice filing.

As of the date of this Circular, the review of the Arrangement under the Investment Canada Act is ongoing. It is a condition to closing of the Arrangement that Investment Canada Act Approval be obtained. See “*The Arrangement Agreement - Conditions to Closing*”.

### **Rights of Dissent**

Registered Shareholders are entitled to dissent from the Arrangement Resolution in the manner provided in section 237-247 of the BCBCA, as modified by the Interim Order and the Plan of Arrangement. A Registered Shareholder who wishes to dissent must ensure that: (a) a Notice of Dissent is received by the Company, addressed to the attention of the Corporate Secretary, c/o DLA Piper (Canada) LLP, Suite 2700 – 1133 Melville Street, Vancouver British Columbia, V6E 4E5, Attention: Ruby Chan, or by email to ruby.chan@dlapiper.com, by not later than 4:00 p.m. (Vancouver time) at least two Business Days prior to the date of the Meeting (or any adjournment or postponement of the Meeting); and (b) the Registered Shareholder must have otherwise complied with the Dissent Procedures.

See “*The Arrangement – Dissenting Shareholders’ Rights*” in this Circular.

### **Interests of Certain Directors and Executive Officers of**

In considering the recommendation of the Board, Shareholders should be aware that certain members of the Board and senior officers of Waroona have

**Waroona in the Arrangement**

interests in the Arrangement or may receive benefits that may differ from, or be in addition to, the interests of Shareholders generally.

See “*The Arrangement – Interests of Certain Persons in the Arrangement*” in this Circular.

**Risk Factors**

There is a risk that the Arrangement may not be completed. If the Arrangement is not completed, Waroona will continue to face the risks that it currently faces with respect to its affairs, business and operations and future prospects. Additionally, failure to complete the Arrangement could materially and negatively impact the trading price of the Waroona Shares.

The risk factors described under the heading “*Risk Factors - Risks Related to the Arrangement*” should be carefully considered by Shareholders.

**Income Tax Considerations**

Shareholders should carefully review the tax considerations described in this Circular and are urged to consult their own tax advisors in regard to their particular circumstances. See “*Certain Canadian Federal Income Tax Considerations for Shareholders*” for a discussion of certain Canadian federal income tax considerations.

Shareholders in the United States, Australia or other foreign jurisdictions and all Optionholders, holders of Waroona RSUs and holders of Waroona Warrants are advised to consult their independent tax advisors regarding the relevant federal, state, local and foreign tax consequences to them of participating in the Arrangement.

## INFORMATION CONCERNING THE MEETING

### Purpose of the Meeting

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, the Arrangement Resolution. The approval of the Arrangement Resolution will require the Required Shareholder Approval.

### Date, Time and Place of the Meeting

The Board and management have decided to conduct the Meeting in person at Suite 400 – 1681 Chestnut Street, Vancouver, British Columbia. Registered Shareholders and duly appointed proxyholders will be able to vote and ask questions at the Meeting by following the instructions set out in the Circular. Beneficial Shareholders who have not duly appointed themselves as proxyholders (in accordance with the instructions summarized in this Circular) may attend the Meeting as guests. Guests may attend but cannot vote at the Meeting or ask questions.

### Record Date

Pursuant to the Interim Order, the Record Date for determining persons entitled to receive notice of and vote at the Meeting is November 1, 2023. Shareholders of record as at the close of business (Vancouver time) on November 1, 2023 will be entitled to attend and vote at the Meeting, or any adjournment or postponement thereof, in the manner and subject to the procedures described in this Circular.

### Solicitation of Proxies

The Company is providing this Circular and a form of proxy (the “**Waroona Proxy**”) in connection with management’s solicitation of proxies for use at the Meeting of the Company to be held on December 8, 2023 and at any postponement(s) or adjournment(s) thereof. Unless the context otherwise requires, when we refer in this Circular to the Company, any subsidiaries are also included.

Your proxy is being solicited by management of Waroona. This Circular is furnished in connection with that solicitation. The solicitation of proxies for the Meeting will be made primarily by mail, but proxies may also be solicited personally or by telephone, email, internet, facsimile transmission or other electronic or other means of communication by directors, officers, employees, agents or other representatives of Waroona.

In this Circular, references to “C\$ or \$” are to amounts in Canadian dollars and references to “A\$” are to amounts in Australian dollars unless otherwise indicated.

### Proxies and Voting

#### Voting

Each Registered Shareholder whose name is entered on the securities register of the Company at the close of business on the Record Date is entitled to one vote for each Waroona Share registered in his, her or its name.

In order to become effective, the Arrangement Resolution must be approved by must be approved by: (i) at least 66 2/3% of the votes cast at the Meeting by Shareholders either in person or represented by proxy at the Meeting and entitled to vote thereat; and (ii) a simple majority of the votes cast by the Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat, excluding the votes cast by such Shareholders that are required to be excluded pursuant to MI 61-101 (being Frontier and its affiliates, and certain directors of Waroona).

The manner in which you vote your Waroona Shares depends on whether you are a Registered Shareholder or Beneficial Shareholder. You are a Registered Shareholder if your name appears on your share certificate representing Waroona Shares. Most Shareholders of the Company are Beneficial Shareholders. You are a Beneficial Shareholder if you beneficially own Waroona Shares that are held in the name of an Intermediary such as a bank, a trust company, a securities broker, a trustee or other nominee, and as a result do not have the Waroona Shares registered in your own name.

### ***Appointment and Revocation of Proxies for Registered Shareholder***

Registered Shareholders who are eligible to vote, can vote their Waroona Shares either:

1. in person at the Meeting; or
2. by proxy.

Voting by proxy is the easiest way for Registered Shareholders to cast their vote.

The individuals named in the Waroona Proxy are officers or directors of Waroona. If you are a Registered Shareholder, you have the right to attend the Meeting by live video conference or vote by proxy and to appoint a person or company other than the person designated in the Waroona Proxy, who need not be a Shareholder, to attend by live video conference and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Waroona Proxy or by completing and delivering another suitable form of proxy. If you are a Registered Shareholder you may wish to vote by proxy whether or not you are able to attend the virtual Meeting.

Registered Shareholders electing to submit a Waroona Proxy may do so by:

1. Completing, dating and signing the enclosed Waroona Proxy and returning it to Computershare, by fax within North America at 1-866-249-7775, or by mail or hand delivery at 100 University Avenue, 8th Floor, Toronto, ON M5J 2Y1;
2. Using a touch-tone phone to transmit voting choices at 1-866-732-VOTE (8683) (toll-free in Canada and the United States). Registered Shareholders who choose this option must follow the instructions of the voice response system and refer to the enclosed Waroona Proxy for the Shareholder's account number and the Proxy Control Number; or
3. Transmit voting choices at [www.investorvote.com](http://www.investorvote.com). Registered Shareholders who chose this option must follow the instructions on the website and refer to the enclosed Waroona Proxy for the Shareholder's account number and the Proxy Control Number.

You should ensure that the Waroona Proxy is received at least 48 hours before the Meeting or the adjournment thereof at which the Waroona Proxy is to be used.

Every Waroona Proxy may be revoked by an instrument in writing:

1. executed by the Shareholder or by his/her/their attorney authorized in writing or, where the Shareholder is a company, by a duly authorized officer or attorney of the company; and
2. delivered to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, at which the Waroona Proxy is to be used,

or in any other manner provided by law.

Only Registered Shareholders have the right to revoke their Waroona Proxy. Beneficial Shareholder who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediaries to revoke the Waroona Proxy on their behalf. If you are a Beneficial Shareholder, see "Beneficial Shareholder Voting" below for further information on how to vote your Waroona Shares.

### ***Exercise of Discretion by Proxyholder***

If you vote by proxy, the persons named in the Waroona Proxy will vote or withhold from voting the Waroona Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Waroona Shares will be voted accordingly. The Waroona Proxy confers discretionary authority on the persons named therein with respect to:

- each matter or group of matters identified therein for which a choice is not specified;
- any amendment to or variation of any matter identified therein;
- any other matter that properly comes before the Meeting; and
- exercise of discretion of the proxyholder.

In respect of a matter for which a choice is not specified in the Waroona Proxy, the persons named in the Waroona Proxy will vote the Waroona Shares represented by the Waroona Proxy FOR the approval of such matter. Management of Waroona is not currently aware of any other matters that could come before the Meeting.

### ***Voting by Beneficial Shareholders***

The following information is of significant importance to Shareholders who do not hold Waroona Shares in their own name. Beneficial Shareholders should note that the only Waroona Proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders.

If the Waroona Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Waroona Shares will not be registered in the Shareholder's name on the records of Waroona. Such Waroona Shares will more likely be registered under the name of the Shareholder's Intermediary or an agent of that Intermediary. In Canada, the majority of such Waroona Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). In the United States, a significant portion of Waroona Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks). Every Intermediary has its own mailing procedures and provides its own return instructions to clients. However, most Intermediaries now delegate responsibility for obtaining voting instructions from clients to Broadridge in the Canada and in the United States.

If you are a Beneficial Shareholder, you should carefully follow the instructions on the voting instruction form received from Computershare or Broadridge in order to ensure that your Waroona Shares are voted at the Meeting. The voting instruction form ("VIF") supplied to you will be similar to the Waroona Proxy provided to the Registered Shareholders by Waroona. However, its purpose is limited to instructing the Intermediary on how to vote on your behalf.

The VIF sent by Computershare or Broadridge will name the same persons as the Waroona Proxy to represent you at the Meeting. Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting the Waroona Shares registered in the name of your Intermediary, you, or a person designated by you (who need not be a Shareholder), may attend the Meeting as proxyholder for your Intermediary and vote your Waroona Shares in that capacity. To exercise this right to



attend the meeting by live video conference or appoint a proxyholder of your own choosing, you should insert your own name or the name of the desired representative in the blank space provided in the VIF. Alternatively, you may provide other written instructions requesting that you or your desired representative attend the Meeting as proxyholder for your Intermediary. The completed VIF or other written instructions must then be returned in accordance with the instructions on the form.

If you receive a VIF, you cannot use it to vote the Waroona Shares directly at the Meeting. The VIF must be completed as described above and returned in accordance with its instructions well in advance of the Meeting in order to have the Waroona Shares voted.

### ***Attending the Meeting***

Only Shareholders of record at the Record Date, duly appointed proxyholders, including Beneficial Shareholders who have duly appointed themselves a proxyholder, and other permitted attendees may attend the Meeting. Attending the Meeting allows Registered Shareholders and duly appointed proxyholders, including Beneficial Shareholders who have duly appointed themselves as proxyholder, to ask questions and vote at the Meeting.

Registered Shareholders and Beneficial Shareholders who have duly appointed themselves as proxyholders, and third-party proxyholders attending the Meeting will have an opportunity to ask questions at the Meeting. To ensure fairness for all, the Chair of the Meeting will decide and announce the order of questions to be responded to, and the amount of time allocated to each question. The Chair can reject questions considered inappropriate.

Guests, including Beneficial Shareholders who have not duly appointed themselves as proxyholder, can attend the Meeting as a guest. Guests will not be entitled to vote or ask questions.

Persons with questions regarding the meeting or requiring assistance may call Computershare at the following numbers: 1-800-564-6253 (toll free North America) or 1-514-982-7555 (International).

### **Notice-And-Access**

The Company is not sending this Circular to Registered Shareholders or Beneficial Shareholders using “notice-and-access” as defined under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Our authorized share capital consists of an unlimited number of Waroona Shares without par value.

Any Shareholder of record at the close of business on November 1, 2023 is entitled to vote in person or by proxy at the Meeting. As at the close of business on November 1, 2023, we had issued and outstanding 737,979,415 fully paid and non-assessable Waroona Shares (737,979,415 Waroona Shares as at the date hereof), each Waroona Share entitling the holder thereof to one vote on the Arrangement Resolution.

The quorum for the transaction of business at the Meeting is two persons who are, or who represent by proxy, Shareholders who, in the aggregate, hold at least 5% of the Waroona Shares entitled to be voted at the Meeting. Shareholders who vote at the Meeting are deemed to be present at the Meeting for all purposes, including quorum.

To the knowledge of the directors or executive officers of the Company as of the date hereof, no person beneficially owns, directly or indirectly, or exercises control or direction over, Waroona Shares collectively carrying 10% or more of the cumulative voting rights of Shareholders at the Meeting, except for the following:

Shareholder Name	Securities so Owned, Controlled or Directed	% of the Class of Outstanding Voting Securities of the Company
Frontier Energy Limited <sup>(1)</sup>	147,615,883 Waroona Shares	20.0%

(1) Such shares are owned or controlled, directly or indirectly, by Frontier Energy Limited and include shares owned by an affiliate of Frontier.

## THE ARRANGEMENT

### Background to the Arrangement

The Arrangement Agreement is the result of a prolonged dialogue between Waroona and Frontier (who are non arm's length parties to each other) exploring a transaction between the two companies that will realize the value of the companies' synergies, and is the direct result of extensive negotiations between representatives of Waroona and Frontier and their respective advisors, as more fully described herein. The following is a summary of the principal events leading up to the public announcement of, and execution of a definitive agreement with respect to, the Arrangement.

On May 16, 2023, Waroona (formerly Metallum Resources Inc.) completed a reverse takeover transaction pursuant to which it acquired the Waroona Solar Project. Following closing of the reverse takeover, Frontier remained a "control person" of Waroona within the meaning of Canadian Securities Laws.

Following closing of the reverse takeover transaction, management of Frontier approached management of Waroona to discuss the possibility of a business combination or similar transaction.

In August 2023, discussions between the respective management and boards of the two companies continued, culminating in the execution of the LOI, which contained confidentiality and exclusivity provisions, effective August 31, 2023.

On September 4, 2023 (local Perth time), Frontier issued a news release announcing execution of the LOI. Waroona issued its news release on September 5, 2023 (following the Canadian statutory holiday on September 4<sup>th</sup>). Both news releases specified that, among other things, the proposed transaction was subject to negotiation and execution of definitive documentation between the parties by October 31, 2023.

During the period from September 5, 2023 to October 6, 2023, the management and legal and financial/tax advisory teams of both parties continued their due diligence investigations and negotiated the terms of a potential transaction between Frontier and Waroona.

On September 8, 2023, the Company engaged Red Cloud to provide an opinion to the Special Committee as to the fairness, from a financial point of view, of the Arrangement to the holders of Waroona Shares (other than Frontier and its affiliates). Red Cloud's compensation under its engagement letter does not depend in whole or in part on any conclusion reached by Red Cloud or on the completion of the Arrangement.

On October 2, 2023, at a meeting of the Special Committee and Board held to evaluate the proposed Arrangement, Red Cloud rendered an oral opinion, which was subsequently confirmed in writing, to the Special Committee and Board to the effect that, as of such date and based on and subject to various assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken, the Arrangement as defined in the Arrangement Agreement was fair, from a financial point of view, to holders of Waroona Shares (other than Frontier and its affiliates).

Accordingly, the Special Committee unanimously recommended that the Board approve the Arrangement Agreement and recommend that the Shareholders vote in favour of the Arrangement Resolution.

After the Board had considered, among other things, the terms of the Arrangement Agreement, the oral Red Cloud Opinion, which was subsequently confirmed in writing, the unanimous recommendation by the Special Committee and the advice of its legal counsel and senior management, and having reviewed other relevant factors, it unanimously approved the Arrangement Agreement and recommended that the Shareholders vote in favour of the Arrangement Resolution.

On October 6, 2023 and October 9, 2023 (local Perth time), respectively, each of Waroona and Frontier disseminated news releases announcing the execution of the definitive Arrangement Agreement.

#### **Recommendation of the Board and the Special Committee**

The Special Committee has advised the Board that, after careful consideration of such matters as it considered relevant, as more fully described under the heading "*The Arrangement – Reasons for the Arrangement*", including, among other things, (i) the terms and conditions of the Arrangement Agreement, (ii) the benefits and risks associated with the Arrangement, (iii) other strategic alternatives and options available to the Company, including Waroona's stand-alone business plan, (iv) its evaluation of the Arrangement with management and the Special Committee's legal and financial advisors, including receipt of the Red Cloud Opinion, and (v) the impact of the Arrangement on other stakeholders of the Company, the Special Committee has unanimously determined that the Arrangement is in the best interests of Waroona, is fair to the Shareholders (other than the Purchaser and its affiliates) and is fair and reasonable to stakeholders whose rights are affected by the Arrangement, and has unanimously recommended to the Board that it authorize and approve the Company's entrance into the Arrangement Agreement and the performance of its obligations thereunder and recommend that Shareholders vote FOR the Arrangement Resolution.

The Board, after careful consideration of such matters as it considered relevant, as more fully described under the heading "*The Arrangement – Reasons for the Arrangement*", including, among other things, a thorough review of the Arrangement Agreement, and taking into account the best interests of Waroona, and after evaluating the Arrangement with management and its legal and financial advisors, including receipt of the Red Cloud Opinion, and upon the unanimous recommendation of the Special Committee, the Board has unanimously determined the Arrangement is in the best interests of Waroona and is fair to Shareholders (other than the Purchaser and its affiliates) and that it is advisable and in the best interests of Waroona to approve the entering into and execution and delivery of the Arrangement Agreement and the performance of its obligations thereunder and certain related matters, and has unanimously approved the Arrangement. **Accordingly, the Board unanimously recommends that Shareholders vote FOR the Arrangement Resolution.** Each director and senior officer of the Company intends to vote any and all of his or her Waroona Shares FOR the Arrangement Resolution.

The Board based its recommendation upon the totality of the information presented to and considered by it in light of the knowledge of the Board members of the business, financial condition and prospects of the Company.

### Reasons for the Arrangement

In evaluating and unanimously approving the Arrangement, the Special Committee and the Board gave careful consideration to the current position and condition and the expected and potential future position and condition of the business of the Company, and all terms of the Arrangement Agreement, including the conditions precedent, representations and warranties and deal protection provisions. The Special Committee and the Board considered a number of factors including, among others, the following:

- **Significant Premium to Waroona Shareholders** – The Consideration represents a premium of 52.4% and 46.8% to the closing price and the 10-day VWAP, respectively, of Waroona's shares on the TSXV prior to the announcement of the Arrangement on September 5, 2023.
- **Ability to Participate in Future Potential Growth of Combined Entity** – By receiving Frontier Shares under the Arrangement, Shareholders will have an opportunity to retain exposure to the Waroona Solar Project. Moreover, Frontier has the financial means and the technical capacity to maximize the long-term potential of the Waroona Solar Project.
- **Complementary Businesses and Ability to Capture Scale Benefits** – The Combined Company is strongly positioned to be one of the first renewable energy projects and green hydrogen producers in Australia, due to the Waroona Solar Project's low operating and initial capital cost for Stage One production, together with significant surrounding infrastructure in place. More importantly, the Company has multiple existing domestic market offtake opportunities that are both accessible and ready for early offtake/consumption of green hydrogen.
- **Business and Industry Risks** – The business, operations, assets, financial condition, operating results and prospects of Waroona are subject to significant uncertainty, including (but not limited to) risks associated with Waroona's dependency on the Superior Lake Project, its material mining property, and the Waroona Solar Project for its future operating revenue, permitting and regulatory approvals, exploration and development risks and commodity price and inflation risks. The Board concluded that the Consideration under the Arrangement is more favourable to Shareholders than continuing with Waroona's current business plan, including the inherent risks associated with ownership of a dual-asset mining and solar energy company, after taking into account the potential for such business plan to generate value for Shareholders through the continued exploration and development of the Superior Lake Project and the potential development of the Waroona Solar Project.
- **Robust and Supervised Negotiation Process** – The Arrangement is the result of a robust negotiation process that included the establishment by the Board of the Special Committee, which received advice from independent advisors throughout the process.
- **Red Cloud Opinion** – The receipt by the Board and the Special Committee of, and the conclusion contained in, the opinion, dated November 3, 2023, of Red Cloud to the Special Committee as to the fairness, from a financial point of view and as of the date of the opinion, to holders of Waroona Shares (other than Frontier and its affiliates) of the Arrangement, which opinion was based on and subject to various assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken as more fully described under "*The Arrangement – Opinion of Financial Advisor*" in this Circular. The Special Committee considered the fixed fee payable to Red Cloud for its services in connection with its opinion and that Red Cloud was not providing as of the date of Red Cloud's opinion, and had not during the preceding two-year period provided, investment banking, financial advisory or other similar financial services to Waroona unrelated to the Arrangement or to Frontier.

- **Ability to Respond to Unsolicited Superior Proposals** – Subject to the terms of the Arrangement Agreement, the Board will remain able to respond to any unsolicited *bona fide* written proposal that, having regard to all of its terms and conditions, if consummated in accordance with its terms, could reasonably be expected to lead to a Superior Proposal.
- **Fairness of the Conditions** – The Arrangement Agreement provides for certain conditions to completion of the Arrangement, which conditions are not unduly onerous or outside market practice and could reasonably be expected to be satisfied in the judgment of the Board.
- **Shareholder and Court Approval** – The Arrangement is subject to the following Shareholder and Court approvals, which protect Waroona Shareholders:
  - The Arrangement Resolution requires approval of: (i) at least 66 2/3% of the votes cast at the Meeting by Shareholders either in person or represented by proxy at the Meeting and entitled to vote thereat; and (ii) a simple majority of the votes cast by the Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat, excluding the votes cast by such Shareholders that are required to be excluded pursuant to MI 61-101 (being Frontier and its affiliates, and certain directors of Waroona); and
  - The Arrangement is subject to a determination of the Court that the Arrangement is fair and reasonable, both procedurally and substantively, to Shareholders and other affected Persons.
- **Key Regulatory Approvals** – The completion of the Arrangement is subject to the Company obtaining Key Regulatory Approvals, including the Investment Canada Act Approval.
- **Dissent Rights** – The terms of the Plan of Arrangement provide that Registered Shareholders who oppose the Arrangement may, upon compliance with certain conditions, exercise Dissent Rights and, if ultimately successful, receive fair value for their Waroona Shares (as described in the Plan of Arrangement).

### Opinion of Financial Advisor

Waroona engaged Red Cloud to evaluate the fairness, from a financial point of view, of the Arrangement pursuant to the terms of the Arrangement Agreement. On October 2, 2023, at a meeting of the Board held to evaluate the proposed Arrangement, Red Cloud rendered an oral opinion, confirmed by delivery of a written opinion dated November 3, 2023, to the Board and the Special Committee to the effect that, as of such date and based on and subject to various assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken, the Arrangement as defined in the Arrangement Agreement was fair, from a financial point of view, to holders of Waroona Shares (other than Frontier and its affiliates).

The full text of Red Cloud's written opinion, dated November 3, 2023, which describes the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken and summarizes the material financial analyses reviewed with the Board and the Special Committee and certain additional information considered by Red Cloud in connection with such opinion, is attached as **Appendix E** to this Circular. Red Cloud's opinion was provided solely for the information of the Board and the Special Committee (solely in their capacities as such), and was only one of many factors considered by the Board and the Special Committee in connection with their evaluation of the Arrangement. **Red Cloud's opinion does not address any terms, aspects or implications of the Arrangement other than the fairness, from a financial point of view, to holders of Waroona Shares (other than Frontier and its affiliates) of the Arrangement as defined in the Arrangement Agreement. Red Cloud's opinion may not be relied upon by any third party or used for any other purpose. Red Cloud expressed no view as to, and its opinion did not address, the underlying business decision of Waroona to effect or enter into the Arrangement, the relative merits of the Arrangement as compared to any alternative business strategies that might exist for Waroona or the effect of any other transaction which**

**Waroona might engage in or consider. Red Cloud's opinion is not intended to be and does not constitute a recommendation as to how the Board, the Special Committee or any securityholder should vote or act on any matters relating to the proposed Arrangement, or otherwise.**

**This summary of Red Cloud's opinion, which securityholders are encouraged to read in its entirety, is qualified in its entirety by the full text of Red Cloud's opinion attached as Appendix E to this Circular.**

The Company initially contacted Red Cloud regarding a potential financial advisory engagement on September 5, 2023 and formally engaged Red Cloud effective as of September 8, 2023. Red Cloud has acted as financial advisor to the Board and Special Committee in connection with the proposed Arrangement with respect to Red Cloud's opinion and will receive an aggregate fixed fee for such services, of which a portion was payable upon execution of the Agreement and a portion was payable upon the delivery of Red Cloud's opinion. In addition, Waroona has agreed to reimburse Red Cloud for Red Cloud's expenses and to indemnify Red Cloud against certain liabilities arising from Red Cloud's engagement.

As the Board and Special Committee were aware, although Red Cloud and its affiliates currently are not providing, and during the two-year period prior to the date of Red Cloud's opinion, have not provided, investment banking, financial advisory or other similar financial services to Waroona unrelated to the proposed Arrangement or to Frontier for which Red Cloud and its affiliates have received compensation, Red Cloud and its affiliates may in the future provide services to Waroona, Frontier and/or their respective affiliates, for which services Red Cloud and its affiliates would expect to receive compensation. In the ordinary course of business, Red Cloud acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have, today, or in the future, positions in the securities of Waroona and Frontier and, from time to time, may have executed or may execute transactions on behalf of Waroona and Frontier or other clients for which it received or may receive compensation. In addition, as an investment dealer, Red Cloud conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including research with respect to Waroona or Frontier and/or their respective affiliates or associates.

### **Support and Voting Agreements**

The Locked-up Shareholders have entered into the Support and Voting Agreements with Frontier pursuant to which they have agreed to vote in favour of the Arrangement Resolution. As of the date hereof, the Locked-up Shareholders hold a total of 60,749,997 Waroona Shares, representing approximately 8.2% of the outstanding Waroona Shares that will have voting rights at the Meeting.

The Locked-up Shareholders have agreed, subject to the terms of the Support and Voting Agreements, among other things: (i) at a meeting of Shareholders of the Company called to vote upon the Arrangement Resolution, or any other transaction contemplated by the Arrangement Agreement, to attend and vote, or cause to be voted, any Waroona Shares in favour of the Arrangement Resolution, the Arrangement and any matter necessary for the consummation of the Arrangement, and against any resolution, action, proposal, transaction or agreement proposed by any other person, that could reasonably be expected to adversely affect or reduce the likelihood of the successful completion of the Arrangement, or delay or interfere with completion of the Arrangement; (ii) no later than ten days prior to a meeting the Locked-up Shareholder is required to vote, or cause to be voted, Waroona Shares, to deliver executed proxies or VIFs, as applicable, in respect of all Waroona Shares beneficially owned by the Locked-up Shareholder, instructing the holder to vote in favour of the Arrangement Resolution and any other matter necessary for the consummation of the Arrangement, and against any matter that would reasonably be expected to adversely affect or reduce the likelihood of the successful completion of the Arrangement or delay or interfere with the completion of the Arrangement; (iii) not to sell or transfer any of their Waroona Shares, directly or indirectly, or any interest therein or grant any voting interest in or otherwise convey, or enter into any agreement or arrangement with respect to a sale or transfer of their Waroona Shares other than pursuant to the Arrangement. The Support and Voting Agreement does not (a) bind a Locked-up Shareholder in his or her capacity as a director or officer of the Company or limit or restrict a Locked-up Shareholder from properly fulfilling his or her fiduciary duties as a director or officer of the Company, or (b)

prevent a Locked-up Shareholder from exercising his or her rights under the Company equity incentives beneficially owned by him or her.

The Support and Voting Agreements will automatically terminate on the earlier of (a) the Effective Time, (b) the date the Arrangement Agreement is terminated in accordance with its terms, (c) the date on which, without consent of the Locked-up Shareholder, the terms of the Arrangement Agreement are varied in a manner that is materially adverse to the Locked-up Shareholder, and (d) the Outside Date.

### Interests of Certain Persons in the Arrangement

The Arrangement constitutes a “business combination” under MI 61-101. Frontier and its affiliates currently own 147,615,883 Waroona Shares, representing approximately 20% of the outstanding Waroona Shares. See “*The Arrangement – Securities Law Matters – Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions*”.

Furthermore, in considering the Arrangement and the recommendation of the Board with respect to the Arrangement, Shareholders should be aware that certain directors and senior officers of the Company have certain interests that are, or may be, different from, or in addition to, the interests of other Shareholders generally, which may present them with actual or potential conflicts of interest in connection with the Arrangement. The Board is aware of these interests and considered them along with the other matters described above in “*The Arrangement – Reasons for the Arrangement*”. These interests include those described below.

### Voting Securities Held By Directors and Senior Officers of the Company

The table below sets out, for each director and senior officer of the Company, the number of Waroona Shares beneficially owned or controlled or directed by each of them and their Associates and affiliates that will be entitled to be voted at the Meeting, as of November 1, 2023.

Name and Position with the Company	Number of Waroona Shares and % of Voting Class <sup>(1)(2)</sup>
Adam Kiley President, CEO & Director	9,781,250 1.3%
Tony Wonnacott Board Chair	1,666,667 0.2%
Mark Hanlon Director	7,500,000 1.0%
Paul Manias Director	0 0.0%
Zenny Custodio Interim CFO	0 0.0%
Jan Urata Corporate Secretary	0 0.0%
<b>TOTAL</b>	<b>18,947,917 2.6%</b>

**Notes:**

- (1) Represents the percentage of votes held taking into account the votes attached to Waroona Shares as of the Record Date.
- (2) Totals rounded to nearest tenth of a percent.

### **Waroona Shares**

As of November 1, 2023, the directors and senior officers of the Company beneficially own, control or direct, directly or indirectly, an aggregate of 18,947,917 Waroona Shares that will be entitled to be voted at the Meeting, representing less than 2.6% of the issued and outstanding Waroona Shares as of the Record Date. Pursuant to the Support and Voting Agreements, the directors and senior officers of the Company agreed with the Purchaser to vote or cause to be voted such Waroona Shares in favour of the Arrangement Resolution.

All of the Waroona Shares owned or controlled by such directors and senior officers of the Company will be treated in the same manner under the Arrangement as Waroona Shares held by any other Shareholder. If the Arrangement is completed, the directors and senior officers of the Company will receive, as a group, in exchange for such Waroona Shares, up to an aggregate of approximately 4,437,451 Frontier Shares.

### **Waroona Options**

As of November 1, 2023, the directors and senior officers of the Company hold Waroona Options exercisable for an aggregate of 17,500,000 Waroona Shares. These Waroona Options have an exercise price of \$0.06 per Waroona Share.

Each Waroona Option outstanding immediately prior to the Effective Time will be deemed unconditionally vested and conditionally exercisable and shall, assuming exercise, be deemed to be transferred to the Company in exchange for Waroona Shares, which will then participate in the Arrangement in accordance with the Plan of Arrangement. All Waroona Options, regardless of whether they are exercised, will be cancelled at the Effective Time.

### **Waroona RSUs**

As of November 1, 2023, the directors and senior officers of the Company hold 18,282,250 Waroona RSUs.

Each Waroona RSU outstanding immediately prior to the Effective Time will be deemed to be unconditionally vested and shall be deemed to be assigned and transferred to the Company in exchange for Waroona Shares, and holders of such Waroona Shares acquired on settlement of Waroona RSUs will then participate in the Arrangement as Shareholders in accordance with the Plan of Arrangement and such Waroona RSU shall immediately be cancelled.

### **Waroona Warrants**

As of November 1, 2023, the directors and senior officers of the Company hold 1,250,000 Waroona Warrants.

Each Waroona Warrant outstanding immediately prior to the Effective Time shall, in accordance with the terms of each such Waroona Warrant, without any further act or formality by the holder thereof, be exercisable for a Frontier Share on equivalent terms, as applicable, to the Waroona Warrant previously held, subject to adjusting the number of Frontier Shares underlying the Waroona Warrant and the exercise price therefore in accordance with the Exchange Ratio.

### **Director and Executive Service Agreements and Compensation Bonus**

The Company has entered into service agreements with the individuals set out below that grant certain benefits to the director or officer upon the occurrence of a "change of control", which will occur upon the completion of the Arrangement.

Pursuant to the executive services agreement dated May 15, 2023 between Adam Kiley (President, CEO & Director) and the Company, upon a termination without cause, Mr. Kiley is entitled to receive a payment



of AUS\$160,000, which is equal to six months' base salary. In addition, all options that may have been granted to Mr. Kiley by the Company will immediately vest upon the occurrence of a "change of control".

Pursuant to the director services agreement dated May 10, 2023 between Tony Wonnacott (Board Chair) and the Company, all options that may have been granted to Mr. Wonnacott by the Company will immediately vest upon the occurrence of a "change of control".

Pursuant to the director services agreement dated May 10, 2023 between Mark Hanlon (Director) and the Company, all options that may have been granted to Mr. Hanlon by the Company will immediately vest upon the occurrence of a "change of control".

Pursuant to the director services agreement dated May 10, 2023 between Paul Manias (Director) and the Company, all options that may have been granted to Mr. Manias by the Company will immediately vest upon the occurrence of a "change of control".

### ***Insurance of Directors and Officers of the Company***

The Arrangement Agreement provides that, prior to the Effective Time, Waroona shall purchase customary "tail" policies of directors' and officers' liability, products and completed operations liability and employment practices liability insurance from a reputable and financially sound insurance carrier and containing terms and conditions no less favourable in the aggregate to the protection provided by the policies maintained by Waroona and its Subsidiaries which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Time and Waroona will, and will cause its Subsidiaries to, maintain such tail policies in effect without any reduction in scope or coverage for six years from the Effective Time; provided, that Waroona and its Subsidiaries shall not be required to pay any amounts in respect of such tail policy coverage prior to the Effective Time and provided further that the cost of such policies shall not exceed 350% of Waroona's current annual aggregate premium for policies currently maintained by Waroona or its Subsidiaries. From and after the Effective Time, Waroona and Frontier, as applicable, has each agreed pursuant to the Arrangement Agreement not to take any action to terminate such directors' and officers' liability insurance or adversely affect the rights of Waroona's present and former directors and officers thereunder.

### **Effect and Details of the Arrangement**

#### ***General***

Pursuant to the Arrangement, all of the issued and outstanding Waroona Shares (other than Waroona Shares held by a Dissenting Shareholder who has validly exercised their Dissent Right and Waroona Shares held by the Purchaser or its respective affiliates) will be transferred to Frontier in exchange for the Consideration.

Pursuant to the Arrangement, each Waroona Option outstanding immediately prior to the Effective Time (whether vested or unvested) will be deemed unconditionally vested and conditionally exercisable and shall, assuming exercise, be deemed to be transferred to Waroona in exchange for Waroona Shares, which will then participate in the Arrangement in accordance with the Plan of Arrangement. All Waroona Options, regardless of whether they are exercised, will be cancelled at the Effective Time.

Pursuant to the Arrangement, each Waroona RSU outstanding immediately prior to the Effective Time (whether vested or unvested) will be deemed to be unconditionally vested and shall be cancelled in exchange for Waroona Shares, which will then participate in the Arrangement in accordance with the Plan of Arrangement.

If the Arrangement Resolution is passed by the Required Shareholder Approval, the Final Order is obtained, the Investment Canada Act Approval is obtained, every other requirement of the BCBCA relating to the Arrangement is complied with and all other conditions disclosed below under "*The Arrangement Agreement*"

— *Conditions to Closing*” are satisfied or waived, the Arrangement will become effective on the Effective Date.

On completion of the Arrangement, the Company will be a subsidiary of Frontier.

### ***Plan of Arrangement***

The following summarizes the steps which will occur under the Plan of Arrangement on the Effective Date, if all conditions to the completion of the Arrangement have been satisfied or waived. The following description of steps is qualified in its entirety by reference to the full text of the Plan of Arrangement, attached as Appendix B to this Circular.

Commencing at the Effective Time, each of the following events shall occur and shall be deemed to occur consecutively in the following order, five minutes apart, except where noted, without any further authorization, act or formality:

- (a) each Company RSU outstanding immediately prior to the Effective Time (whether vested or unvested) shall, in accordance with the terms of the Company Incentive Plan, be deemed to be unconditionally vested, and such Company RSU shall, without any further action by or on behalf of a holder the Company RSU, be deemed to be assigned and transferred by such holder to the Company (free and clear of all Liens) in exchange for the RSU Consideration, with each Company Share comprising the RSU Consideration having an issue price per share equal to the Company Share Value and being issued as fully paid and non-assessable common shares in the authorized share structure of the Company, and such Company Shares will be added to the Company’s central securities register in the name of such holder of Company RSUs;
- (b) (i) each holder of Company RSUs shall cease to be a holder of such Company RSUs (ii) each such holder’s name shall be removed from each applicable register maintained by Company, (iii) all agreements relating to the Company RSUs shall be terminated and shall be of no further force and effect, and (iv) each such holder shall thereafter have only the right to receive, from the amount held in escrow by the Depositary or the Company, the consideration to which they are entitled to receive pursuant to the Plan of Arrangement, at the time and in the manner specified therein;
- (c) each Company Option outstanding immediately prior to the Effective Time (whether vested or unvested) shall, notwithstanding the terms of the Company Incentive Plan, be deemed to be unconditionally vested and exercisable, and such Company Option shall, without any further action by or on behalf of a holder of Company Options:
  - (i) with respect to each In-the-Money Company Option outstanding at the Effective Time, shall be, and shall be deemed to be, exercised and surrendered to the Company for cancellation and the holder thereof shall receive, in respect of each such surrendered In-the-Money Company Option, the Option Consideration, with each Company Share comprising the Option Consideration having an issue price per share equal to the Company Share Value and being issued as fully paid and non-assessable common shares in the authorized share structure of the Company, and such Company Shares will be added to the Company’s central securities register in the name of such holder of Company Options; and
  - (ii) each Out-of-the-Money Company Option outstanding at the Effective Time, shall be, and shall be deemed to be, surrendered to the Company for cancellation for no consideration;

- (d) (i) each holder of Company Options shall cease to be a holder of such Company Options (ii) each such holder's name shall be removed from each applicable register maintained by Company, (iii) all agreements relating to the Company Options shall be terminated and shall be of no further force and effect, and (iv) each such holder shall thereafter have only the right to receive, from the amount held in escrow by the Depositary or the Company, the consideration to which they are entitled to receive pursuant to the Plan of Arrangement at the time and in the manner specified therein;
- (e) the Company Incentive Plan and all agreements relating thereto shall be terminated and shall be of no further force and effect;
- (f) each Company Warrant issued and outstanding immediately before the Effective Time shall, in accordance with the terms of each such Company Warrant, without any further act or formality by the holder thereof, be exercisable for a Purchaser Share on equivalent terms, as applicable, to the Company Warrant previously held subject to adjusting the number of Purchaser Shares underlying the Company Warrant and exercise price therefore in accordance with the Exchange Ratio;
- (g) each of the Company Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred without any further act or formality to the Purchaser (free and clear of all Liens) in consideration for a debt claim against the Purchaser for the amount determined under Article 4 of the Plan of Arrangement, and:
- (i) such Dissenting Shareholders shall cease to be the holders of such Company Shares and to have any rights as holders of such Company Shares other than the right to be paid fair value for such Company Shares;
  - (ii) such Dissenting Shareholders' names shall be removed as the holders of such Company Shares from the registers of Company Shares maintained by or on behalf of Company; and
  - (iii) the Purchaser shall be deemed to be the transferee of such Company Shares free and clear of all Liens, and the Purchaser shall be entered in the registers of Company Shares maintained by or on behalf of Company, as the holder of such Company Shares;
- (h) each Company Share outstanding immediately prior to the Effective Time (other than Company Shares held by a Dissenting Shareholder who has validly exercised their Dissent Right, the Purchaser or any of its affiliates, but including those Company Shares issued pursuant to Sections (a) and (c)(i) above) shall, without any further action by or on behalf of a holder of Company Shares, be deemed to be assigned and transferred by the holder thereof to the Purchaser (free and clear of all Liens) in exchange for the Share Consideration from the Purchaser, and:
- (i) the holders of such Company Shares shall cease to be the holders thereof and to have any rights as holders of such Company Shares other than the right to be paid the Consideration by the Depositary in accordance with this Plan of Arrangement;
  - (ii) such holders' names shall be removed from the register of the Company Shares maintained by or on behalf of the Company; and
  - (iii) the Purchaser shall be deemed to be the transferee of such Company Shares (free and clear of all Liens) and the Purchaser shall be entered in the register of the Company Shares maintained by or on behalf of the Company;

it being expressly provided that the events provided for above will be deemed to occur on the Effective Date, notwithstanding that certain procedures related thereto may not be completed until after the Effective Date.

## **Exchange of Waroona Shares**

### ***Procedure for Exchange of Waroona Shares***

#### ***Registered Shareholders***

A Letter of Transmittal is being mailed, together with this Circular, to each person who was a Registered Shareholder on the Record Date. In order to receive the Consideration Shares to which a Registered Shareholder (other than any Dissenting Shareholder) is entitled if the Arrangement is completed, a Registered Shareholder must complete, sign, date and return the enclosed Letter of Transmittal in accordance with the instructions set out therein and in this Circular. It is recommended that Registered Shareholders complete, sign and return the Letter of Transmittal, along with the accompanying Waroona Share certificate(s), if applicable, and any other required documents or instruments to the Depositary as soon as possible. The Letter of Transmittal is also available from the Depositary, by telephone at: 1-800-564-6253 (toll-free in North America) or 1-514-982-7555 (international); or under Waroona's issuer profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Following receipt of the Final Order and prior to the Effective Date, Frontier will deliver or arrange to be delivered to the Depositary the certificate(s) or other evidence of ownership representing the Consideration Shares required to be issued to the Former Shareholders in accordance with the Plan of Arrangement, which certificate(s) or other evidence of ownership shall be held by the Depositary as agent and nominee for such Former Shareholders for distribution to such Former Shareholders in accordance with the provisions of the Plan of Arrangement.

Receipt by the Depositary of the aggregate Consideration Shares payable by Frontier to the Shareholders under the Arrangement will be deemed to constitute receipt of payment by Registered Shareholders depositing the Waroona Shares.

Upon surrender to the Depositary of the certificate(s) and/or DRS Advice that immediately prior to the Effective Time represented the Waroona Shares, and a duly completed Letter of Transmittal and such other documents as the Depositary may reasonably require, a Former Shareholder (other than a Dissenting Shareholder) will be entitled to receive in exchange therefor, and as soon as practicable after the Effective Time, the Depositary will deliver to such Former Shareholder, a holding statement representing the Consideration Shares to which such Former Shareholder is entitled to receive under the Arrangement on the uncertificated issuer sponsored subregister of Frontier on the facilities of the ASX.

In the event of a transfer of ownership of the Waroona Shares which is not registered in the transfer records of Waroona, as the case may be, a certificate and/or DRS Advice representing the proper number of Waroona Shares shall be delivered to a transferee if the certificate and/or DRS Advice formerly representing such Waroona Shares is presented to the Depositary at its offices, accompanied by the foregoing documents together with all other documents required to evidence and effect such transfer.

Until surrendered, each certificate or DRS Advice that immediately prior to the Effective Time represented the Waroona Shares will, subject to certain exceptions, be deemed at any time after the Effective Time to represent only the right to receive: (a) the aggregate Consideration Shares which the holder is entitled to receive in accordance with the Arrangement, and (b) any dividends or distributions with a record date on or after the Effective Date that are paid or payable prior to the date of receipt of the Letter of Transmittal and surrender of certificates (if applicable) on any Consideration Shares which the holder of such Waroona Shares was entitled to receive under the Arrangement.

The Letter of Transmittal contains complete instructions on how to exchange the certificate(s) representing the Waroona Shares and how Registered Shareholders will receive the Consideration Shares payable to them under the Arrangement.

Registered Shareholders should return properly completed documents, including the Letter of Transmittal, by mail to P.O. Box 7021, 31 Adelaide St E, Toronto, ON, M5C 3H2, Attention: Corporate Actions and by registered mail, hand or courier to 100 University Avenue, 8th Floor, Toronto, ON, M5J 2Y1, Attention: Corporate Actions. Shareholders with questions regarding the deposit of their Waroona Shares should contact the Depositary by telephone at: 1-800-564-6253 (toll-free in North America) or 1-514-982-7555 (international). Further information with respect to the Depositary is set forth in Letter of Transmittal.

In order for Registered Shareholders to receive the Consideration Shares payable to them under the Arrangement as soon as possible after the closing of the Arrangement, Registered Shareholders should submit their Waroona Shares and the Letter of Transmittal as soon as possible.

Registered Shareholders will not actually receive their respective Consideration Shares until the Arrangement is completed and they have returned their properly completed documents, including the Letter of Transmittal and certificate(s) representing their Waroona Shares, if applicable, to the Depositary.

In the event any certificate which immediately before the Effective Time represented one or more outstanding Waroona Shares in respect of which the holder was entitled to receive the Consideration Shares pursuant to the Arrangement are lost, stolen or destroyed, upon the making of an affidavit by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, one or more certificates representing one or more Consideration Shares (and any dividends or distributions with respect thereto) deliverable in accordance with such holder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom the certificate representing Consideration Shares are to be issued shall, as a condition precedent to the issuance thereof, give a bond satisfactory to Frontier and its transfer agent in such sum as Frontier may direct or otherwise indemnify Frontier in a manner satisfactory to Frontier against any claim that may be made against Frontier with respect to the certificate alleged to have been lost, stolen or destroyed.

Where a certificate representing the Waroona Shares has been destroyed, lost or stolen, the Registered Shareholder of that certificate should immediately contact the Depositary by telephone at: 1-800-564-6253 (toll free in North America) or 1-514-982-7555 (international).

#### *Beneficial Shareholders*

Shareholders whose Waroona Shares are registered in the name of a broker, investment dealer or other Intermediary should contact that broker, investment dealer or other intermediary for instructions and assistance in depositing their Waroona Shares with the Depositary. Beneficial Shareholders do not need to return a Letter of Transmittal.

BENEFICIAL SHAREHOLDERS SHOULD CONTACT THEIR BROKER, INVESTMENT DEALER OR OTHER INTERMEDIARY TO CONFIRM THAT THEIR BROKER, INVESTMENT DEALER OR OTHER INTERMEDIARY HAS MADE ARRANGEMENTS TO RECEIVE THE NUMBER OF THE FRONTIER SHARES REQUIRED TO SATISFY THE CONSIDERATION SHARES PAYABLE TO SUCH NON-REGISTERED FRONTIER SHAREHOLDER PURSUANT TO THE ARRANGEMENT. THE DEPOSITARY WILL NOT BE INVOLVED IN FACILITATING THIS PROCESS.

#### *Extinction of Rights*

To the extent a Former Shareholder shall not have surrendered Waroona Shares to the Depositary in the manner described in this Circular on or before the Final Proscription Date, being the date that is six years after the Effective Date, then: (a) the Consideration that such Former Shareholder was entitled to receive

shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the applicable consideration for the Waroona Shares pursuant the Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to Frontier or Waroona, as applicable, for no consideration; (b) the Consideration that such Former Shareholder was entitled to receive shall be delivered to Frontier by the Depositary; (c) the certificates formerly representing Waroona Shares shall cease to represent a right or claim of any kind or nature as of such Final Proscription Date; and (d) any payment made by way of cheque by the Depositary pursuant to the Plan of Arrangement that has not been deposited or has been returned to the Depositary or that otherwise remains unclaimed, in each case, on or before the Final Proscription date shall cease to represent a right or claim of any kind or nature.

*No Fractional Shares to be Issued*

No fractional Frontier Shares will be issued pursuant to the Arrangement. The aggregate number of Frontier Shares to be issued to a Shareholder as consideration under the Plan of Arrangement shall be rounded down to the closest whole number and, no consideration shall be paid in lieu of the issuance of a fractional Frontier Share.

***Procedure for Holders of Waroona Options, Waroona RSUs and Waroona Warrants***

On the Effective Date of the Arrangement, Frontier will cause the Consideration that such holders are entitled to receive under the Arrangement to be transferred to holders of Waroona Options and Waroona RSUs. Holders of Waroona Options and Waroona RSUs do not need to complete a Letter of Transmittal or surrender the certificates representing such securities to the Depositary in order to receive the consideration transferrable to them pursuant to the Arrangement. Pursuant to the Plan of Arrangement, at the Effective Time, holders of Waroona Options and Waroona RSUs shall automatically cease to be holders of such securities and all agreements relating to such securities shall be deemed to be terminated and shall be of no further force and effect.

On the Effective Date of the Arrangement, each Waroona Warrant outstanding immediately prior to the Effective Time shall, in accordance with the terms of each such Waroona Warrant, without any further act or formality by the holder thereof, be exercisable for a Frontier Share on equivalent terms, as applicable, to the Waroona Warrant previously held, subject to adjusting the number of Frontier Shares underlying the Waroona Warrant and the exercise price therefore in accordance with the Exchange Ratio.

**Shareholder Approval of the Arrangement**

At the Meeting, pursuant to the Interim Order, Shareholders will be asked to approve the Arrangement Resolution. The complete text of the Arrangement Resolution to be presented to the Meeting is set forth in Appendix A to this Circular. Each Shareholder as at the Record Date will be entitled to vote on the Arrangement Resolution. The Arrangement Resolution must be approved by: (i) at least 66 2/3% of the votes cast at the Meeting by Shareholders either in person or represented by proxy at the Meeting and entitled to vote thereat; and (ii) a simple majority of the votes cast by the Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat, excluding the votes cast by such Shareholders that are required to be excluded pursuant to MI 61-101 (being Frontier and its affiliates, and certain directors of Waroona).

To the knowledge of Waroona, a total of 164,897,133 Waroona Shares will be excluded from voting on the Arrangement Resolution in accordance with MI 61-101 (being the Waroona Shares held by Frontier and its affiliates, and certain directors of Waroona).

The Arrangement Resolution must receive the Required Shareholder Approval in order for the Company to seek the Final Order and implement the Arrangement on the Effective Date in accordance with the terms of the Final Order.

Holders of Waroona Options, Waroona RSUs and Waroona Warrants are not entitled to vote on the Arrangement Resolution.

## **Court Approval of the Arrangement**

### ***Interim Order***

The Arrangement requires approval by the Court under Section 291 of the BCBCA. Prior to the mailing of this Circular, the Company obtained the Interim Order attached as Appendix C to this Circular, authorizing and directing the Company to call, hold and conduct the Meeting, submit the Arrangement to Shareholders for approval, and other procedural matters, including, but not limited to: (a) the Required Shareholder Approval; (b) the Dissent Rights for Registered Shareholders; (c) the notice requirements with respect to the Court hearing of the application for the Final Order; (d) the ability of the Company to adjourn or postpone the Meeting from time to time in accordance with the terms of the Arrangement Agreement without the need for additional approval of the Court; and (e) the Record Date for the Shareholders entitled to notice of and to vote at the Meeting.

### ***Final Order***

Subject to the terms of the Arrangement Agreement, following the approval of the Arrangement Resolution by Shareholders, the Company intends to make an application to the Court for the Final Order. The application for the Final Order is expected to take place at the courthouse of the Court at 800 Smithe Street, Vancouver, British Columbia on December 13, 2023 at 9:45 a.m. (Vancouver time), or as soon thereafter as counsel may be heard, or at any other date and time and by any other method as the Court may direct. Any Shareholder or other interested party who wishes to participate, appear, to be represented, and to present evidence or arguments at the hearing must file and serve a Response to Petition in the form prescribed by the Supreme Court Civil Rules (British Columbia) together with any evidence or materials that such party intends to present to the Court, on or before 4:00 p.m. (Vancouver time) on December 12, 2023. Service of such notice shall be effected by service upon the solicitors of the Company: DLA Piper (Canada) LLP, Suite 2700 – 1133 Melville Street, Vancouver, British Columbia, V6E 4E5, Attention: J. Brent MacLean. In the event that the hearing is postponed, adjourned or rescheduled then, subject to further direction of the Court, only those persons having previously served a Response to Petition in compliance with the Interim Order will be given notice of the new date. Participation in the Court hearing of the application for the Final Order, including who may participate and present evidence or argument and the procedure for doing so, is subject to the terms of the Interim Order and any subsequent direction of the Court.

The Court has broad discretion under the BCBCA when making orders with respect to plans of arrangement and the Court will consider at the hearing to obtain the Final Order, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks fit. Depending upon the nature of any amendments to the Plan of Arrangement required by the Court, the Company and Frontier may determine not to proceed with the Arrangement.

The Court has been advised prior to the hearing of the application for the Final Order that the Final Order, if granted, will constitute the basis for an exemption from the registration requirements of the U.S. Securities Act, pursuant to Section 3(a)(10) thereof, with respect to the issuance of the Frontier Shares to be issued to Shareholders in exchange for their Waroona Shares pursuant to the Arrangement. Consequently, if the Final Order is granted, the Frontier Shares issuable to Shareholders pursuant to the Arrangement will not require registration under the U.S. Securities Act. See “*The Arrangement – Securities Law Matters – United States Securities Law Matters*”.

For further information regarding the Court hearing and your rights in connection with the Court hearing, see the Petition and Notice of Hearing of Petition attached as Appendix D to this Circular. The Notice of

Hearing of Petition constitutes notice of the Court hearing of the application for the Final Order and is your only notice of the Court hearing.

### **Dissenting Shareholders' Rights**

Registered Shareholders who wish to dissent should take note that strict compliance with the Dissent Procedures is required.

The following is a summary of the provisions of the BCBCA relating to a Registered Shareholder's Dissent Rights in respect of the Arrangement Resolution. It is not a comprehensive statement of such rights and procedures and is qualified in its entirety by the reference to the full text of sections 237 to 247 of the BCBCA (which is attached as Appendix K to this Circular), as modified by the Plan of Arrangement and the Interim Order (which are attached as Appendix B and Appendix C to this Circular, respectively). The Court hearing the application for the Final Order has the discretion to alter the Dissent Rights described herein based on the evidence presented at such hearing.

The statutory provisions dealing with the right of dissent are technical and complex. Any Registered Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of Sections 237 to 247 of the BCBCA, as modified by the Plan of Arrangement, the Interim Order and the Final Order and seek legal advice. Failure to comply strictly with the provisions of Section 237 to 247 of the BCBCA, as modified by the Plan of Arrangement, Interim Order and Final Order, and to adhere to the procedures established therein, may result in the loss of all rights thereunder. The Court hearing the application for the Final Order has the discretion to alter the Dissent Rights described herein based on the evidence presented at such hearing.

Pursuant to the Interim Order, each Registered Shareholder may exercise Dissent Rights in respect of the Arrangement under Sections 237 to 247 of the BCBCA, as modified by the Plan of Arrangement, the Interim Order and the Final Order. Registered Shareholders who duly and validly exercise such Dissent Rights and who:

- are ultimately entitled to be paid fair value for their Dissent Shares will be deemed to have transferred their Dissent Shares to Frontier as of the Effective Time, without any further act or formality and free and clear of all liens, and shall be paid an amount equal to such fair value; or
- for any reason are ultimately not entitled to be paid fair value for their Dissent Shares, will be deemed to have participated in the Arrangement on the same basis as a non-dissenting Shareholder and will receive the Consideration on the same basis as every other non-dissenting Shareholder;

but in no case will Waroona, Frontier, the Depositary or any other person be required to recognize such persons as holding Waroona Shares on or after the Effective Date, and the names of such Dissenting Shareholders will be deleted from the register of Waroona as of the Effective Time. Further, in no circumstance will Waroona, Frontier, or any other person be required to recognize a person exercising Dissent Rights unless such person is a registered holder of those Waroona Shares in respect of which such rights are sought to be exercised. For greater certainty, no Shareholders who vote, or who have instructed a proxyholder to vote, in favour of the Arrangement Resolution shall be entitled to exercise Dissent Rights.

Persons who are Beneficial Shareholders who wish to dissent with respect to their Waroona Shares should be aware that only Registered Shareholders are entitled to dissent with respect to them. A Registered Shareholder such as an Intermediary who holds Waroona Shares as nominee for Beneficial Shareholders, some of whom wish to dissent, must exercise Dissent Rights on behalf of such Beneficial Shareholders with respect to the Waroona Shares held for such Beneficial Shareholders. In such case, the Notice of Dissent (as defined below) should set forth the number of Waroona Shares it covers.



Pursuant to Section 238 of the BCBCA, every Registered Shareholder who duly and validly dissents from the Arrangement Resolution in strict compliance with Section 237 to 247 of the BCBCA, as modified by the Interim Order, the Plan of Arrangement and the Final Order will be entitled to be paid by Frontier the fair value of the Waroona Shares held by such Dissenting Shareholder determined as at the point in time immediately before the passing of the Arrangement Resolution.

To exercise Dissent Rights, a Registered Shareholder must dissent with respect to all Waroona Shares in which the holder owns either a registered or beneficial interest. A Registered Shareholder who wishes to dissent must deliver written notice of dissent (a “**Notice of Dissent**”) to Waroona, addressed to the attention of the Corporate Secretary, c/o DLA Piper (Canada) LLP, Suite 2700 – 1133 Melville Street, Vancouver, British Columbia, V6E 4E5, attn: Ruby Chan, or by email to [ruby.chan@dlapiper.com](mailto:ruby.chan@dlapiper.com), by 4:00 p.m. (Vancouver time) on or before December 6, 2023 (or the Business Day that is two Business Days immediately preceding the Meeting if it is not held on December 8, 2023), and such Notice of Dissent must strictly comply with the requirements of Section 242 of the BCBCA. Any failure by a Shareholder to fully comply may result in the loss of that holder’s Dissent Rights. Beneficial Shareholders who wish to exercise Dissent Rights must arrange for the Registered Shareholder holding their Waroona Shares to deliver the Notice of Dissent.

The delivery of a Notice of Dissent does not deprive a Dissenting Shareholder of the right to vote at the Meeting on the Arrangement Resolution; however, a Dissenting Shareholder is not entitled to exercise the Dissent Rights with respect to any of his or her Waroona Shares if the Dissenting Shareholder votes in favour of the Arrangement Resolution. A vote against the Arrangement Resolution, whether in person or by proxy, does not constitute a Notice of Dissent.

A Registered Shareholder that wishes to exercise Dissent Rights must prepare a separate Notice of Dissent for himself, herself, or itself if dissenting on his, her or its own behalf, and for each other person who beneficially owns Waroona Shares registered in the Dissenting Shareholder’s name and on whose behalf the Dissenting Shareholder is dissenting, and must dissent with respect to all of the Waroona Shares registered in his, her or its name beneficially owned by the Beneficial Shareholder on whose behalf he or she is dissenting. The Notice of Dissent must set out the number of Waroona Shares in respect of which the Notice of Dissent is to be sent (the “**Notice Shares**”) and:

- if such Notice Shares constitute all of the Waroona Shares of which the holder is the registered and beneficial owner and the holder owns no other Waroona Shares beneficially, a statement to that effect;
- if such Notice Shares constitute all of the Waroona Shares of which the holder is both the registered and beneficial owner, but the holder owns additional Waroona Shares beneficially, a statement to that effect and the names of the registered holders of Waroona Shares, the number of Waroona Shares held by each such holder and a statement that written notices of dissent are being or have been sent with respect to such other Waroona Shares; or
- if the Dissent Rights are being exercised by a registered holder of Waroona Shares who is not the beneficial owner of such Waroona Shares, a statement to that effect and the name and address of the beneficial holder of the Waroona Shares and a statement that the registered holder is dissenting with respect to all Waroona Shares of the beneficial holder registered in such registered holder’s name.

It is a condition to Frontier’s obligation to complete the Arrangement that persons holding no more than 5% of the issued and outstanding Waroona Shares shall have validly exercised Dissent Rights (and not withdrawn such exercise). Each of the Locked-up Shareholders has agreed to waive his or her Dissent Rights as a holder of Waroona Shares.

If the Arrangement Resolution is approved by the Required Shareholder Approval and if Waroona notifies the Dissenting Shareholder of the Company’s intention to act upon the Arrangement Resolution, the

Dissenting Shareholder, if he, she or it wishes to proceed with the dissent, is required, within one month after Waroona gives such notice, to send to Waroona the certificates (if any) representing the Notice Shares and a written statement that requires Waroona to purchase all of the Notice Shares (including a written statement prepared in accordance with Section 244(1)(c) of the BCBCA if the dissent is being exercised by a Registered Shareholder on behalf of a Beneficial Shareholder), whereupon, subject to the provisions of the BCBCA relating to the termination of Dissent Rights, the Shareholder becomes a Dissenting Shareholder, and is bound to sell, and Frontier is bound to purchase, those Waroona Shares. Such Dissenting Shareholder may not vote or exercise or assert any rights of a Shareholder in respect of such Notice Shares, other than the rights set forth in Sections 237 to 247 of the BCBCA, as modified by the Plan of Arrangement, Interim Order and Final Order.

The Dissenting Shareholder and Waroona may agree on the payout value of the Notice Shares; otherwise, either party may apply to the Court to determine the fair value of the Notice Shares. There is no obligation on Waroona or Frontier to make an application to the Court. After a determination of the payout value of the Notice Shares, Frontier must then promptly pay that amount to the Dissenting Shareholder. There can be no assurance that the amount a Dissenting Shareholder may receive as fair value for its Waroona Shares will be more than or equal to the Consideration under the Arrangement. It should be noted that an investment banking opinion as to the fairness, from a financial point of view, of the consideration payable in a transaction such as the Arrangement is not an opinion as to fair value under the BCBCA.

In no circumstances will Waroona, Frontier, the Depositary or any other person be required to recognize a person as a Dissenting Shareholder unless such person is the holder of the Waroona Shares in respect of which Dissent Rights are purported to be exercised immediately prior to the Effective Time of the Arrangement; (i) if such person has voted or instructed a proxyholder to vote the Notice Shares in favour of the Arrangement Resolution; and (ii) unless such person has strictly complied with the procedures for exercising Dissent Rights set out in Sections 237 to 247 of the BCBCA, as modified by the Plan of Arrangement, Interim Order and Final Order, and does not withdraw such person's Notice of Dissent prior to the effective time of the Arrangement.

Dissent Rights with respect to Notice Shares will terminate and cease to apply to the Dissenting Shareholder if, before full payment is made for the Notice Shares, the Arrangement in respect of which the Notice of Dissent was sent is abandoned or by its terms will not proceed, a court permanently enjoins or sets aside the corporate action approved by the Arrangement Resolution, the Dissenting Shareholder votes in favour of the Arrangement Resolution, or the Dissenting Shareholder withdraws the Notice of Dissent with Waroona's written consent. If any of these events occur, Waroona must return the share certificates representing the Waroona Shares to the Dissenting Shareholder and the Dissenting Shareholder regains the ability to vote and exercise its rights as a Shareholder.

If a Dissenting Shareholder fails to strictly comply with the requirements of the Dissent Rights set out in the Interim Order, it will lose its Dissent Rights, Waroona will return to the Dissenting Shareholder the certificates representing the Notice Shares that were delivered to Waroona, if any, and if the Arrangement is completed, that Dissenting Shareholder will be deemed to have participated in the Arrangement on the same terms as a Shareholder.

The discussion above is only a summary of the Dissent Rights, which are technical and complex. A Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of Sections 237 to 247 of the BCBCA, as modified by the Plan of Arrangement, Interim Order and Final Order. Persons who are beneficial holders of Waroona Shares registered in the name of an Intermediary such as a broker, custodian, nominee, other Intermediary, or in some other name, who wish to dissent should be aware that only the registered owner of such Waroona Shares is entitled to dissent.

Waroona suggests that any Shareholder wishing to avail themselves of the Dissent Rights seek their own legal advice as failure to comply strictly with the applicable provisions of the BCBCA, as modified by the Plan of Arrangement, Interim Order and the Final Order may result in the loss of all Dissent Rights. Dissenting Shareholders should note that the exercise of Dissent Rights can be a complex, time-consuming and expensive process.

For a general summary of certain income tax implications to a Dissenting Shareholder, see “*Certain Canadian Federal Income Tax Considerations for Shareholders*”.

### Stock Exchange Delisting and Reporting Issuer Status

The Waroona Shares will be delisted from the TSXV and the OTCQB as soon as practicable following the completion of the Arrangement. Following the Effective Date, it is expected that Frontier will cause the Company to apply to cease to be a reporting issuer under the securities legislation of each of the provinces and territories in Canada under which it is currently a reporting issuer (or equivalent) or take or cause to be taken such other measures as may be appropriate to ensure that the Company is not required to prepare and file continuous disclosure documents.

Under the Securities Act, Frontier will become a reporting issuer upon the completion of the Arrangement and expects to qualify as a “designated foreign issuer” as defined in National Instrument 71-102 – *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* and is subject to the regulatory requirements of ASIC and the ASX. In that regard, Frontier would continue to file various public disclosure documents in accordance with the requirements of ASIC and the ASX. Waroona shareholders should be aware that requirements under Australian laws may differ from requirements under Canadian corporate and securities laws.

### Investment Canada Act Approval

#### *Investment Canada Act*

Under the Investment Canada Act, certain transactions involving the “acquisition of control” of a Canadian business by a non-Canadian (all as defined in the Investment Canada Act) are subject to review and cannot be implemented unless the responsible Minister under the Investment Canada Act is satisfied or deemed to be satisfied that the transaction is likely to be of “net benefit” to Canada. Such a transaction is referred to herein as a “Reviewable Transaction”. The transactions contemplated by the Arrangement do not constitute a Reviewable Transaction under the Investment Canada Act. An acquisition of control of a Canadian business that is not a Reviewable Transaction is subject to a notification requirement, referred to herein as a “Notice” under Part III of the Investment Canada Act. Waroona’s operating assumption is that Frontier has an obligation to make a Notice filing.

Under Part IV.1 of the Investment Canada Act, investments by non-Canadians, including but not limited to transactions for which a Notice is required to be filed, can be made subject to separate review on grounds that the investment could be injurious to national security. Specifically, a non-Canadian investor cannot complete its investment where, prior to closing, the investor has received, at any time after the Minister becomes aware of the transaction until 45 days after the date on which the investor has filed its complete Notice, notice (a “**Possible National Security Notice**”) from the Minister that the investment may be subject to a national security review (a “**National Security Review**”). Where the investor has received a Possible National Security Notice, the Governor in Council has 45 days following the Possible National Security Notice to order a National Security Review upon the recommendation of the Minister and the Minister must send the notice of National Security Review (a “**National Security Order Notice**”) forthwith after the order has been made. Alternatively, the Governor in Council may order a National Security Review at any time after the Minister becomes aware of the transaction until 45 days following filing of a complete Notice and the Minister must send the National Security Order Notice forthwith thereafter and upon receipt of such notice, the investor cannot complete its investment. Where a National Security Review has been ordered, the Minister has 45 days, which period can be extended for an additional 45 days, to determine (i) that the investment would not be injurious to national security, in which case the National Security Review is terminated, or (ii) that (a) the investment would be injurious to national security or (b) the Minister is unable to determine whether the investment would be injurious to national security, in which case ((a) or (b)) the Minister must refer the investment to the Governor in Council for a final determination.

The Governor in Council then has 20 days to decide whether to authorize the investment, which can be on the basis of terms and conditions set by the Governor in Council or undertakings provided by the investor or, in the case of an investment that has not been completed, to prohibit its completion.

While the timeframe for National Security Review can be extended with the consent of the investor, assuming no additional extensions, the entire period of a National Security Review from the initial filing by the investor until completion of the National Security Review can be as long as 200 days.

Frontier filed a Notice dated October 12, 2023, which was certified as a complete Notice by the Foreign Investment Review and Economic Security Branch on October 20, 2023. The Arrangement is not reviewable under Part IV of the Investment Canada Act, but remains subject to a potential National Security Review until December 4, 2023 (being 45 days after the date on which Frontier filed its complete Notice). It is a condition to closing of the Arrangement that Investment Canada Act Approval be obtained. See “*The Arrangement Agreement – Conditions to Closing*”. Pursuant to terms of the Arrangement Agreement, Investment Canada Act Approval will be obtained if the Minister has not sent to Frontier a notice under subsection 25.2(1) of the Investment Canada Act and the Governor in Council has not made an order under subsection 25.3(1) of the Investment Canada Act in relation to the transactions contemplated by the Agreement or, if such a notice has been sent or such an order has been made, the Frontier has subsequently received (A) a notice under paragraph 25.2(4)(a) of the Investment Canada Act indicating that a review of the transactions contemplated by the Agreement on grounds of national security will not be made, (B) a notice under paragraph 25.3(6)(b) of the Investment Canada Act indicating that no further action will be taken in respect of the transactions contemplated by the Agreement or (C) an order under paragraph 25.4(1)(b) authorizing the transactions contemplated by the Agreement on terms and conditions that are acceptable to Frontier.

#### *Revised National Security Guidelines and Policy Statement on Foreign Investment Review and COVID-19*

On March 24, 2021, the Government of Canada issued revised Guidelines on the National Security review of Investments (the “**National Security Guidelines**”). Among other factors, the National Security guidelines state that the Government will take into account the potential impact of a foreign investment on: (i) the supply of critical goods and services to Canadians or the Government of Canada; and (ii) the security of Canada’s critical infrastructure, which includes energy and utilities.

Frontier does not believe that it possesses characteristics that may cause it to be perceived as a national security threat. However, Frontier cannot be assured that no such concerns will arise, and it can offer no assurances that Investment Canada Act Approval will be obtained.

#### *ASX Listing Rule 7.1 Waiver*

Under ASX Listing Rule 7.1, Frontier is generally restricted from issuing shares where this would result in the number of shares on issue increasing by more than 15% in any rolling 12 month period. Various issues of shares are excluded for the purposes of Listing Rule 7.1, including shares issued as consideration under an Australian scheme of arrangement (a mechanism similar in effect to a plan of arrangement). The exclusion does not extend to shares issued as consideration under non-Australian arrangements, such as the Plan of Arrangement. Frontier has obtained a waiver of Listing Rule 7.1 from ASX so that Frontier Shares issued as consideration under the Plan of Arrangement will be excluded for the purposes of Listing Rule 7.1. The effect of the waiver is that Frontier’s share issue capacity will not be eroded as a result of the Plan of Arrangement (and the Frontier Shares issued as consideration under the Plan of Arrangement will, in fact, count towards the base number of Frontier Shares on issue against which the 15% issue limit is calculated).

## ***Other Regulatory Approvals***

### ***Exchange Approval***

The Frontier Shares are listed and posted for trading on the ASX and OTCQB.

Frontier has obtained a waiver of Listing Rule 7.1 from ASX so that Frontier Shares issued as consideration under the Plan of Arrangement will be excluded for the purposes of Listing Rule 7.1. No further approval from the ASX is required for consummation of the Arrangement, including the listing of the Frontier Shares to be issued under the Arrangement.

## **Securities Law Matters**

### ***Canadian Securities Law Matters***

Each Waroona Shareholder is urged to consult such Waroona Shareholder's professional advisors to determine the Canadian conditions and restrictions applicable to trades in Frontier Shares.

The Waroona Shares currently trade on the TSXV and the OTCQB. After the Arrangement, Waroona will become a subsidiary of Frontier. It is expected that, following the completion of the Arrangement, the Waroona Shares will be delisted from the TSXV and OTCQB.

Waroona is a reporting issuer in Alberta and British Columbia, Canada. Frontier expects to apply to the applicable Canadian securities regulators to have Waroona cease to be a reporting issuer.

The Frontier Shares are currently listed for trading on the ASX and OTCQB. It is anticipated that, after the completion of the Arrangement, Frontier will continue to trade on the ASX and OTCQB.

The issue of Frontier Shares pursuant to the Arrangement will constitute distributions of securities which are exempt from the prospectus requirements of Canadian Securities Laws and, subject to the satisfaction of certain conditions, will not be subject to resale restrictions. Recipients of Frontier Shares are urged to obtain legal advice to ensure that their resale of such securities complies with applicable Canadian Securities Laws.

### ***Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions***

Waroona is a reporting issuer in British Columbia and Alberta; and accordingly, the Arrangement is subject to the requirements of MI 61-101.

MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among securityholders, generally requiring enhanced disclosure, approval by a majority of securityholders excluding interested or related parties, independent valuations and, in certain instances, approval and oversight of the transaction by a special committee of independent directors. The protections of MI 61-101 apply to a reporting issuer proposing to carry out a "business combination" (as defined in MI 61-101).

A transaction such as the Arrangement constitutes a "business combination" for purposes of MI 61-101 if, among other things, at the time the Arrangement is agreed to, a "related party" of Waroona, such as a director or senior officer or a 10% shareholder would, as a consequence of the Arrangement, directly or indirectly, acquire Waroona or the business of Waroona.

Since Frontier and its affiliates currently hold 147,615,883 Waroona Shares, representing approximately 20% of the outstanding Waroona Shares, and the Purchaser is making an offer to acquire all of the outstanding Waroona Shares not already held by Frontier and its affiliates, the Arrangement constitutes a "business combination" for the purposes of MI 61-101 and Frontier and its affiliates constitute "related parties" and "interested parties" for purposes of MI 61-101.

### *Minority Approval Requirements*

MI 61-101 requires that, in addition to any other required securityholder approval, a business combination must be approved by a simple majority of the votes cast by “minority” securityholders of each class of affected securities (which in the case of Waroona consists only of Waroona Shares), voting separately as a class. Such “minority” shareholder approval is also required pursuant to TSXV Policy 5.3 *Acquisitions and Dispositions of Non-Cash Assets*.

In relation to the Arrangement and for purposes of the Required Shareholder Approval for the Arrangement, Frontier and its affiliates are excluded for purposes of determining the “minority” shareholders of Waroona.

Furthermore, the accelerated vesting of certain of the Waroona Options and Waroona RSUs in accordance with the Waroona Incentive Plan and the Plan of Arrangement, all as described above under “*The Arrangement – Interests of Certain Persons in the Arrangement*”, may be considered “collateral benefits” received by the applicable directors and senior officers for the purposes of MI 61-101, subject to certain exemptions under MI 61-101.

Following disclosure by each of the directors and senior officers of the number of Waroona securities held by them, the Board has determined that the aforementioned accelerated vesting benefit being received by such related parties, other than Adam Kiley and Mark Hanlon, falls within one of the exemptions to the definition of “collateral benefit” for the purposes of MI 61-101, since this benefit (i) is to be received solely in connection with such related parties’ services as employees or directors of Waroona, (ii) is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to such related parties for their Waroona Shares, as applicable, (iii) is not conditional on such related parties supporting the Arrangement in any manner, and (iv) at the time of the entering into of the Arrangement Agreement, none of such related parties entitled to receive such benefit described above, exercised control or direction over, or beneficially owned, one percent or more of the outstanding Waroona Shares, as calculated in accordance with MI 61-101.

In contrast, each of Messrs. Kiley and Hanlon owns one percent or more of the outstanding Waroona Shares. Because all of the directors own unvested Waroona Options and Waroona RSUs, which will be accelerated in connection with the Arrangement, there are no “independent directors”, within the meaning of MI 61-101, to determine whether the total value of the benefit, as described above, to be received by Messrs. Kiley and Hanlon is less than five percent of the consideration each of them expects to receive for their Waroona Shares pursuant to the Arrangement. While such benefit was not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to such individuals for securities relinquished under the Arrangement and the conferring of such benefit is not conditional on either of such individuals supporting the Arrangement, all Waroona Shares beneficially owned, or over which control or direction is exercised, by Messrs. Kiley and Hanlon will be excluded from voting for the purposes of determining whether minority approval of the Arrangement Resolution has been obtained.

Accordingly, in order to ensure compliance with the requirements under MI 61-101, the votes cast in respect of Waroona Shares that are beneficially owned by Frontier and its affiliates (147,615,883 Waroona Shares), and by Messrs. Kiley and Hanlon (17,281,250 Waroona Shares, and together with the holdings of Frontier and its affiliates, a total of 164,897,133 Waroona Shares), will be excluded for the purpose of determining if the Arrangement Resolution has been approved by the “minority” shareholders. The requirement to obtain the approval of the “minority” shareholders is in addition to the requirement that the Arrangement Resolution must be approved by 66 2/3% of the votes cast at the Meeting by the Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat.

### *Formal Valuation Requirements*

MI 61-101 also provides that, unless an exemption is available, a reporting issuer proposing to carry out a business combination is required to obtain a formal valuation of the affected securities from a qualified independent valuator and to provide the holders of the “affected securities” (as defined in MI 61-101) with a summary of such valuation.

The exemption pursuant to Section 4.4(1)(a) of MI 61-101 [*Issuer Not Listed on Specified Markets*] applies to Waroona in carrying out the Arrangement; and accordingly, no formal valuation pursuant to MI 61-101 is required.

### ***Australian Corporate and Securities Law Matters***

Pursuant to the Plan of Arrangement, Shareholders may receive Frontier Shares in exchange for their Waroona Shares. The rights of Shareholders are currently governed by the BCBCA and by Waroona's articles and notice of articles. Since Frontier is an Australian corporation, the rights of holders of Frontier Shares are governed by the constitution of Frontier, Australian law and in certain respects, the ASX Listing Rules. Although the rights and privileges of shareholders under the BCBCA are in many instances comparable to those under the Australian law and the constitution of Frontier, there are several differences. See Appendix L to this Circular for a comparison of certain of these rights. This summary is not intended to be exhaustive and Shareholders should consult their legal advisors regarding all of the implications of the effects of the Arrangement on such Shareholders' rights.

### ***United States Securities Law Matters***

The following discussion is a general overview of certain requirements of U.S. Securities Laws that may be applicable to Shareholders in the United States who are issued Frontier Shares pursuant to the Arrangement ("**U.S. Shareholders**"). All U.S. Shareholders are urged to consult with their own legal advisor to ensure that any subsequent resale of Frontier Shares issued to them pursuant to the Arrangement complies with applicable U.S. Securities Laws. Further information applicable to U.S. Shareholders is disclosed under the heading "Information for U.S. Shareholders". The following discussion does not address the Canadian Securities Laws that will apply to the issue of Frontier Shares or the resale of these securities by U.S. Shareholders within Canada. U.S. Shareholders reselling their Frontier Shares in Canada must comply with Canadian Securities Laws.

#### ***Status under U.S. Securities Laws***

Each of Waroona and Frontier is currently a "foreign private issuer" as defined under Rule 405 under the U.S. Securities Act and Rule 3b-4 under the U.S. Exchange Act.

The Waroona Shares currently trade on the TSXV and the OTCQB. After the completion of the Arrangement, Waroona will become a subsidiary of Frontier. It is expected that, following the completion of the Arrangement, the Waroona Shares will be delisted from the TSXV and OTCQB.

The Frontier Shares are currently listed for trading on the ASX and OTCQB. It is anticipated that, following the completion of the Arrangement, Frontier will continue to trade on the ASX and OTCQB.

#### ***Exemption from Registration Requirements of the U.S. Securities Act***

The Frontier Shares to be issued in exchange for Waroona Shares pursuant to the Arrangement will not be registered under the U.S. Securities Act or applicable state securities Laws, and will be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act set forth in Section 3(a)(10) thereof and similar exemptions from registration under applicable state securities Laws. Section 3(a)(10) of the U.S. Securities Act exempts from the general registration requirements under the U.S. Securities Act the issuance of any securities issued in exchange for *bona fide* outstanding securities where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the substantive and procedural fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue such securities have the right to appear and receive timely and adequate notice thereof. The Court is authorized to conduct a hearing at which the substantive and procedural fairness of the terms and conditions of the Arrangement will be considered. Accordingly, the Final Order, if

granted by the Court, constitutes a basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the Frontier Shares issued pursuant to the Arrangement.

#### *Resale of Frontier Shares after the Completion of the Arrangement*

The Frontier Shares to be issued pursuant to the Arrangement may be resold without restrictions under the U.S. Securities Act, except by persons who are at the time of resale, or who were within 90 days prior to the resale, "affiliates" (as defined in Rule 144(a)(3) of the U.S. Securities Act) of Frontier. As defined in Rule 144 under the U.S. Securities Act, an "affiliate" of an issuer is a person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the issuer whether through the ownership of voting securities, by contract or otherwise. Persons who are officers, directors or 10% or greater shareholders of an issuer are generally considered to be its "affiliates". Frontier Shares received by such affiliates or former affiliates of Waroona will be subject to certain restrictions on resale imposed by the U.S. Securities Act and may not be resold in the absence of registration under the U.S. Securities Act or an exemption from such registration, if available, such as the exemption provided under Rule 144 or the safe harbor provided by Rule 904 of Regulation S under the U.S. Securities Act.

### **THE ARRANGEMENT AGREEMENT**

The Arrangement will be carried out pursuant to the Arrangement Agreement and the Plan of Arrangement. The following is a summary of the principal terms of the Arrangement Agreement and does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement, which is incorporated by reference herein and has been filed on Waroona's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca), and to the Plan of Arrangement, which is attached hereto as Appendix B. Capitalized terms used but not otherwise defined herein have the meanings set out in the Arrangement Agreement and the Plan of Arrangement.

#### **Representations and Warranties**

The Arrangement Agreement contains certain customary representations and warranties of Waroona relating to: (a) organization and qualification; (b) authority relative to the Arrangement Agreement; (c) Board approvals; (d) consents, and no violation and absence of defaults and conflicts; (e) required approvals; (f) Subsidiaries; (g) compliance with laws and constating documents; (h) authorizations; (i) capitalization; (j) reporting issuer status and stock exchange compliance; (k) U.S. Securities Law matters; (l) filings; (m) comments, reviews and audits from any Securities Authority; (n) financial statements; (o) absence of undisclosed liabilities; (p) environmental matters; (q) indigenous matters; (r) employment matters; (s) absence of certain changes or events; (t) litigation; (u) taxes; (v) books and records; (w) insurance; (x) non-arm's length transactions; (y) employee benefit plans; (z) restrictions on business activities; (aa) material contracts; (bb) real and personal property; (cc) Company mineral rights; (dd) mineral resources; (ee) operational matters; (ff) compliance with corrupt practices legislation; (gg) compliance with sanctions legislation; (hh) intellectual property, data protection and cybersecurity; (ii) brokers fees and expenses; and (jj) the opinion of financial advisor.

The Arrangement Agreement contains certain customary representations and warranties of Frontier relating to: (a) organization and qualification; (b) authority relative to the Arrangement Agreement; (c) consents, and no violation and absence of defaults and conflicts; (d) required approvals; (e) available funds to finance the aggregate cash consideration; (f) Subsidiaries; (g) insolvency; (h) compliance with laws and constating documents; (i) capitalization and stock exchange listing; (j) valid issuance of the Consideration Shares; (k) filings; (l) comments, reviews and audits from any Governmental Authority; (m) financial statements; (n) absence of certain changes or events; (o) litigation; (p) environmental matters; (q) no indigenous claims; (r) non-governmental organizations and community groups; (s) employment matters; (t) taxes; (u) restrictions on business activities; (v) real and personal property; (w) compliance with corrupt practices legislation; (x) compliance with sanctions legislation; (y) Frontier board approval; (z) no vote of the stockholders of Frontier being required in connection with the Arrangement; and (aa) ownership of Waroona Shares.



## Conditions to Closing

### *Mutual Conditions*

The completion of the transactions contemplated by the Arrangement Agreement are subject to the fulfilment, on or before the Effective Time, of a number of conditions including the mutual conditions precedent that:

1. the Arrangement Resolution shall have received the Required Shareholder Approval at the Meeting;
2. the Interim Order and the Final Order shall have been obtained in accordance with the Arrangement Agreement;
3. the Investment Canada Act Approval shall have been satisfied;
4. the Consideration Shares to be issued in the United States pursuant to the Arrangement shall be exempt from the registration requirements under the U.S. Securities Act pursuant to Section 3(a)(10) thereof; and
5. no Governmental Entity of competent jurisdiction located in a jurisdiction where the Company has material assets shall have enacted, issued, promulgated, enforced or entered any Order or Law (or in the case of ASX and ASIC, made any determination in writing) which is then in effect and has the effect of making the Arrangement illegal or otherwise preventing or prohibiting consummation of the Arrangement.

### *Purchaser Conditions*

In addition to the mutual conditions precedent, the transactions contemplated by the Arrangement Agreement are also subject to additional conditions precedent in favour of Frontier, including that:

1. (a) certain of the representations and warranties made by Waroona shall be true and correct in all material respects as of the Effective Time as if made as at and as of such time (except that any such representation and warranty that by its terms speaks specifically as of the date of the Arrangement Agreement or another date shall be true and correct in all respects as of such date); (b) certain representations and warranties of Waroona with respect to the absence of certain changes or events in the Arrangement Agreement shall be true and correct in all respects as of the Effective Time as if made as at and as of such time; (c) certain representations and warranties of Waroona with respect to capitalization in the Arrangement Agreement shall be true and correct in all respects as of the date of the Arrangement Agreement, except for such failures to be true and correct that are de minimis; and (d) all other representations and warranties made by Waroona in the Arrangement Agreement shall be true and correct in all respects (disregarding any materiality or "Waroona Material Adverse Effect" qualification) as of the Effective Time as if made at and as of such time (except to the extent such representations and warranties speak as of another date, the accuracy of which shall be determined as of such other date), except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not have a Waroona Material Adverse Effect, and Waroona shall have provided to Frontier a certificate of two senior officers of Waroona (on behalf of Waroona and without personal liability) certifying the foregoing on the Effective Date;
2. Waroona shall have complied in all material respects with its covenants in the Arrangement Agreement, and Waroona shall have provided to Frontier a certificate of two senior officers of Waroona (on behalf of Waroona and without personal liability) certifying the foregoing on the Effective Date;

3. no Waroona Material Adverse Effect having occurred to the Company since the date of the Arrangement Agreement, and Waroona shall have provided to Frontier a certificate of two senior officers of Waroona (on behalf of Waroona and without personal liability) certifying the foregoing on the Effective Date;
4. the number of Waroona Shares held by Shareholders that have validly exercised Dissent Rights (and not withdrawn such exercise) shall not exceed 5% of Waroona Shares issued and outstanding on the date of the Arrangement Agreement; and
5. there shall be no action or proceeding taken by a Governmental Entity, or by any other third party (as to which, in the case of such other third party, there is a reasonable likelihood of success), that is seeking to (a) enjoin or prohibit Frontier's ability to acquire, hold, or exercise full rights of ownership over, any Waroona Shares, including the right to vote Waroona Shares, or any material assets of Waroona or (b) materially delay the consummation of the Arrangement, or if the Arrangement is consummated, have a Waroona Material Adverse Effect.

#### *Company Conditions*

In addition to the mutual conditions precedent, the transactions contemplated by the Arrangement Agreement are also subject to additional conditions precedent in favour of Waroona, including that:

1. (a) certain of the representations and warranties made by Frontier shall be true and correct in all material respects as of the Effective Time as if made as at and as of such time (except that any such representation and warranty that by its terms speaks specifically as of the date of the Arrangement Agreement or another date shall be true and correct in all respects as of such date); (b) certain representations and warranties of Frontier with respect to capitalization in the Arrangement Agreement shall be true and correct in all respects as of the date of the Effective Time as if made as at and as of such time (except that any such representation and warranty that by its terms speaks specifically as of another date shall be true and correct in all respects as of such date), except for such failures to be true and correct that are de minimis; and (c) all other representations and warranties made by Frontier in the Arrangement Agreement shall be true and correct in all respects (disregarding any materiality or "Frontier Material Adverse Effect" qualification) as of the Effective Time as if made at and as of such time (except to the extent such representations and warranties speak as of another date, the accuracy of which shall be determined as of such other date), except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not have a Frontier Material Adverse Effect, and Frontier shall have provided to Waroona a certificate of two senior officers of Frontier (on behalf of Frontier and without personal liability) certifying the foregoing on the Effective Date;
2. Frontier shall have complied in all respects with its covenants in the Arrangement Agreement in respect of the payment of the Consideration and in all material respects with its other covenants in the Arrangement Agreement, and Frontier shall have provided to Waroona a certificate of two senior officers of Frontier (on behalf of Frontier and without personal liability) certifying the foregoing on the Effective Date; and
3. no Frontier Material Adverse Effect having occurred to Frontier since the date of the Arrangement Agreement, and Frontier shall have provided to Waroona a certificate of two senior officers of Frontier (on behalf of Frontier and without personal liability) certifying the foregoing on the Effective Date.

## Covenants

### *General*

In the Arrangement Agreement, each of Waroona and Frontier has agreed to certain covenants, including customary covenants relating to the operation of their respective businesses in the ordinary course, to use commercially reasonable efforts to satisfy the conditions precedent to their respective obligations under the Arrangement Agreement and the Plan of Arrangement (to the extent the same is within its influence or control to take), and to obtain the requisite regulatory approvals set out in the Arrangement Agreement.

### *Mutual Covenants*

Each Party has provided customary, mutual covenants that during the interim period between the signing of the Arrangement Agreement and the earlier of the Effective Time and the time that the Arrangement Agreement is terminated in accordance with its terms (the “**Interim Period**”), they and their Subsidiaries will each, among other things:

1. use commercially reasonable efforts to satisfy the conditions precedent to their respective obligations under the Arrangement Agreement, to the extent the same is within their control, and to take all other action and to do all other things necessary, proper or advisable under all applicable Laws to complete the Arrangement;
2. refrain from taking any action which is inconsistent with the Arrangement Agreement or which would reasonably be expected to, individually or in the aggregate, materially impede or delay the consummation of the Arrangement;
3. use commercially reasonable efforts to: (a) defend all lawsuits or other proceedings against themselves challenging or affecting the Arrangement; (b) appeal, overturn or have lifted or rescinded any injunction, restraining order or other order relating to themselves which may materially adversely affect the ability of the Parties to consummate the Arrangement; and (c) appeal, overturn or otherwise have lifted any law that makes consummation of the Arrangement illegal or otherwise prohibits or enjoins Waroona or Frontier from consummating the Arrangement; and
4. carry out the terms of the Interim Order and Final Order applicable to themselves and use commercially reasonable efforts to comply promptly with all requirements which applicable laws may impose on them with respect to the transactions contemplated in the Arrangement Agreement.

### *Regulatory Approvals*

In furtherance of their undertakings to use commercially reasonable efforts to obtain the Key Regulatory Approvals as promptly as practicable, Frontier agreed to file Notice under the Investment Canada Act within five business days after the date of the Arrangement Agreement. The Notice was filed dated October 12, 2023, which was certified as a complete Notice by the Foreign Investment Review and Economic Security Branch on October 20, 2023.

Each Party has also undertaken to (a) cooperate with one another in connection with obtaining the Key Regulatory Approvals by (i) providing the other Party with copies of all notices and information or other correspondence supplied to, filed with or received from any Governmental Entity and promptly notifying the other Party of any material communications from any Governmental Entity, (ii) keeping the other Party informed as to the status of and the processes and proceedings relating to obtaining the Key Regulatory Approvals, (iii) permitting the other Party an advance opportunity to review and comment upon any material communications, submissions, undertakings or filings with any Governmental Entity, consider in good faith the comments of the other Party, and provide the other Party with final copies thereof, and (iv) providing the other Party a reasonable opportunity to participate in or attend any communications, meetings or

discussions with any Governmental Entity (except where the Governmental Entity expressly requests that a Party should not be present), and (b) upon the reasonable request of the other Party, to assist the other Party in obtaining the Key Regulatory Approvals, including by providing input, on any materials prepared for obtaining the Key Regulatory Approvals, and responding promptly to requests for support (including attendance at meetings), documents, information, comments or input where reasonably requested by the other Party in connection with obtaining the Key Regulatory Approvals.

Notwithstanding anything to the contrary above, where a Party is required to provide information to the other Party that the disclosing Party reasonably considers to be privileged, confidential or sensitive, the disclosing Party may restrict the provision of such information only to the external legal counsel of the other Party. Submissions, filings or other written communications with any Governmental Entity may be redacted as a Party reasonably considers necessary before sharing with the other Party to address reasonable solicitor-client or other privilege or confidentiality concerns, provided that a Party must provide external legal counsel to the other Party non-redacted versions of drafts or final submissions, filings or other written communications with any Governmental Entity on the basis that the redacted information will not be shared with its clients. Notwithstanding the foregoing, Waroona shall not redact any information that Frontier, acting reasonably, considers necessary or appropriate in connection with obtaining the Investment Canada Act Approval.

In addition to the mutual covenants in respect of the Interim Period, each Party has provided their own set of customary covenants regarding the conduct of their respective businesses during the Interim Period, including (but not limited to) those described below.

*Waroona Interim Covenants Regarding the Conduct of its Business*

Waroona has agreed not to, and to cause each of its Subsidiaries not to, among other things, directly or indirectly during the Interim Period:

1. issue, sell, grant, award, pledge, dispose of or otherwise encumber any Waroona Shares or other equity or voting interests or any options, share appreciation rights, warrants, calls, conversion or exchange privileges or rights of any kind to acquire any Waroona Shares or other equity or voting interests or other securities or any shares of its Subsidiaries, other than pursuant to the exercise, conversion or vesting of Waroona Options, Waroona RSUs and Company Warrants in accordance with their terms;
2. sell, pledge, lease, dispose of, mortgage, licence, encumber or otherwise transfer any assets of Waroona or any of its Subsidiaries or any interest in assets of Waroona or any of its Subsidiaries, except (A) sales of inventory or obsolete assets in the ordinary course of business consistent with past practice, and (B) other sales of tangible assets in the ordinary course of business consistent with past practice subject to a maximum (in terms of value of such assets or interests therein) of \$100,000 (whether individually or in the aggregate);
3. acquire any Person, assets, securities, properties, interests or businesses or any division thereof or make any investment either by purchase of shares or securities, contributions of capital (other than to wholly-owned Subsidiaries), property transfer or purchase of any property or assets of any other Person;
4. incur any capital expenditures or enter into any agreement obligating Waroona or its Subsidiaries to provide for future capital expenditures other than (A) budgeted capital expenditures that are included in the Company Budget, or (B) any other capital expenditures not to exceed \$1 million in the aggregate;
5. enter into any Contract with a value of \$250,000 or greater or with a term greater than two years;

6. incur, create, assume or otherwise become liable for any indebtedness for borrowed money or any other material liability or obligation or issue any debt securities, or guarantee, endorse or otherwise become responsible for, the obligations of any other Person or make any loans or advances, in any such individual case, in an amount in excess of \$100,000;
7. pay, discharge, settle, satisfy, compromise, waive, assign or release any claims, rights, liabilities or obligations including any litigation, proceeding or investigation: (a) by any Governmental Entity; or (b) the settlement of which would result in any relief, other than the payment by Waroona of an amount in cash, including debarment, corporate integrity agreements, any undertaking restricting the operations of the Company's business or the granting of licenses, deferred prosecution agreements, consent decrees, plea agreements or mandatory or permissive exclusion, seizure or detention of product, or notification, repair or replacement; other than: (y) the payment, discharge, settlement or satisfaction of liabilities in an amount less than \$50,000 individually or \$250,000 in the aggregate; or (z) payment of any fees related to the Arrangement;
8. enter into any agreement that, if entered into prior to the date of the Arrangement Agreement, would have been a Waroona Material Contract, or modify, amend in any material respect, transfer or terminate any Waroona Material Contract, or waive, release, or assign any material rights or claims thereto or thereunder;
9. commence any litigation or proceeding other than in connection with the collection of accounts or the enforcement of any rights under the Arrangement Agreement or the confidentiality provisions of the LOI; or
10. take any action or fail to take any action which action or failure to act would reasonably be expected to cause any Governmental Entities to institute proceedings for the suspension of, or the revocation or limitation of rights under, any material Authorizations necessary to conduct its businesses as now conducted, and use its commercially reasonable efforts to maintain such Authorizations.

#### *Frontier Interim Covenants Regarding the Conduct of its Business*

With respect to Frontier, except as expressly permitted or required by the Arrangement Agreement or the Plan of Arrangement or as required by applicable law, Governmental Entity, or unless the Company otherwise requests or agrees in writing, Frontier shall and shall cause each of the Frontier Material Subsidiaries to use commercially reasonable efforts to preserve intact its and their present business organization, goodwill, business relationships assets in all material respects and to keep available the services of its and their officers and employees as a group; and Frontier shall not, and shall cause each of its Subsidiaries not to, directly or indirectly during the Interim Period, among other things: (i) split, combine or reclassify any outstanding Frontier Shares or otherwise create a new class of Frontier shares that would be adverse to Frontier shareholders; (ii) adopt or propose a plan of liquidation or resolutions providing for the liquidation or dissolution of Frontier; (iii) reduce the stated capital of the Frontier Shares; or (iv) change the business carried on by Frontier and the Frontier Material Subsidiaries, taken as a whole.

Frontier has also agreed to take all such action as may be reasonably required under any applicable Securities Laws, including "blue sky laws" in the United States, in connection with the Arrangement and the issuance of the Consideration Shares.

#### **Non-Solicitation and Right to Match**

Under the Arrangement Agreement, Waroona has agreed to certain non-solicitation covenants, including (but not limited to) the following:

1. Waroona shall, and shall cause its Subsidiaries and Representatives to, immediately cease any existing solicitation, encouragement, discussions, negotiations or other activities commenced prior to the date of the Arrangement Agreement with any Person (other than the Purchaser and its

Subsidiaries or affiliates) conducted by Waroona or any of its Subsidiaries or Representatives with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal.

2. Except as otherwise expressly permitted by the exclusivity and non-solicitation provisions of the Arrangement Agreement, Waroona and its Subsidiaries shall not, directly or indirectly, through any officer, director or employee, and the Company shall direct the Representatives of the Company and its Subsidiaries not to:
- (a) solicit, initiate, encourage or otherwise knowingly facilitate (including by way of furnishing or providing copies of, or access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any Subsidiary) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal;
  - (b) enter into, engage in, continue or otherwise participate in any discussions or negotiations with any Person (other than the Purchaser and its Subsidiaries or affiliates) in respect of any inquiry, proposal or offer that constitutes or may reasonably be expected to lead to an Acquisition Proposal, provided that the Company may advise any Person of the restrictions in the Arrangement Agreement, clarify the terms of any proposal in order to determine if it may reasonably be expected to result in a Superior Proposal and advise any Person making an Acquisition Proposal that the Board has determined that such Acquisition Proposal does not constitute, or is not reasonably expected to result in, a Superior Proposal;
  - (c) make any Company Change in Recommendation; or
  - (d) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, arrangement or undertaking relating to any Acquisition Proposal (other than a confidentiality agreement permitted pursuant to the exclusivity and non-solicitation provisions of the Arrangement Agreement,

provided, however, that if at any time following the date of the Arrangement Agreement and prior to the Required Shareholder Approval having been obtained, Waroona receives a request for material non-public information, or to enter into discussions, from a Person that proposes to the Company an unsolicited *bona fide* written Acquisition Proposal, Waroona may engage in or participate in discussions or negotiations with such Person regarding such Acquisition Proposal, and may provide copies of, access to or disclosure of information, properties, facilities, books or records of Waroona or its Subsidiaries, if and only if:

- (e) the Board determines, in good faith after consultation with its outside financial and legal advisors, that such Acquisition Proposal constitutes or may reasonably be expected to lead to a Superior Proposal;
- (f) such Person is not restricted from making an Acquisition Proposal pursuant to an existing standstill, confidentiality, non-disclosure, business purpose, use or similar restriction with Waroona or any of its Subsidiaries;
- (g) Waroona has been, and continues to be, in compliance with its obligations under the exclusivity and non-solicitation provisions of the Arrangement Agreement in all material respects;
- (h) Waroona promptly and orally notifies Frontier, and in writing within 24 hours, of such Acquisition Proposal, including the identity of the Person making such Acquisition Proposal and the material terms and conditions thereof and provides copies of all written documents,

substantive correspondence or other material documentation received in respect of, from or on behalf of any such Person;

- (i) prior to providing any such copies, access or disclosures, Waroona enters into a confidentiality and standstill agreement with such Person, or confirms it has previously entered into such an agreement which remains in effect, in either case on terms not materially less stringent than the confidentiality provisions of the LOI and which does not contain a restriction on the ability of Waroona to disclose information to Frontier relating to the agreement or negotiations with such Person and any such copies, access or disclosure provided to such Person shall promptly (and in any event within 24 hours) be provided to Frontier; and
- (j) Waroona keeps Frontier fully informed on a current basis of the status of material developments and material discussions and negotiations with respect to such Acquisition Proposal.

3. If Waroona receives an Acquisition Proposal that constitutes a Superior Proposal prior to the Required Shareholder Approval having been obtained, the Board may make a Company Change in Recommendation in response to such Superior Proposal and may enter into a definitive agreement with respect to such Acquisition Proposal, if and only if:

- (a) the Person making such Superior Proposal is not restricted from making an Acquisition Proposal pursuant to an existing standstill, confidentiality, nondisclosure, business purpose, use or similar restriction with Waroona;
- (b) Waroona has been and continues to be in compliance with its obligations under the exclusivity and non-solicitation obligations under the Arrangement Agreement in all material respects;
- (c) Waroona has delivered to Frontier the information required by the Arrangement Agreement with respect to such Acquisition Proposal, as well as a written notice of the determination of the Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Board to make the Company Change in Recommendation;
- (d) Waroona has provided Frontier with a copy of the proposed agreement to be entered into in connection with the Superior Proposal and all supporting materials;
- (e) ten (10) Business Days (the “**Response Period**”) shall have elapsed from the date on which Frontier has received the notice of the Superior Proposal and all required documentation in respect thereto;
- (f) during the Response Period, Frontier has had the opportunity to offer to amend the Arrangement Agreement and the Plan of Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;
- (g) after the Response Period, the Board has determined in good faith, after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal continues to constitute a Superior Proposal (if applicable, compared to the terms of the Arrangement as proposed to be amended by Frontier) and that the failure by the Board to make the Company Change in Recommendation would be inconsistent with its fiduciary duties; and
- (h) prior to or concurrently with entering into a definitive agreement with respect to such Acquisition Proposal, it shall terminate the Arrangement Agreement.

4. In circumstances where Waroona provides Frontier with notice of a Superior Proposal and all documentation required in relation thereto on a date that is less than ten (10) Business Days prior to the scheduled date of the Meeting, Waroona may either proceed with or postpone the Meeting to a date that is not more than ten (10) Business Days after the scheduled date of the Meeting, and shall postpone the Meeting to such date that is not more than ten (10) Business Days after the scheduled date of the Meeting if so directed by Frontier.
5. With respect to an Acquisition Proposal that constitutes a Superior Proposal, if, during the Response Period, the Board determines that such Acquisition Proposal would cease to be a Superior Proposal as a result of a proposal to amend the Arrangement Agreement put forth by Frontier, Waroona shall promptly so advise Frontier and Frontier and Waroona shall negotiate in good faith to amend the Arrangement Agreement to reflect such offer made by Frontier and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.
6. Upon written request by Frontier, the Board shall promptly reaffirm the Company Board Recommendation by press release after any Acquisition Proposal which is not determined to be a Superior Proposal is publicly announced or the Board determines that a proposed amendment to the terms of the Arrangement Agreement would result in an Acquisition Proposal no longer being a Superior Proposal.
7. Each successive amendment or modification to any Acquisition Proposal or agreement proposed to be entered into in connection with a Superior Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by Shareholders or other material terms or conditions thereof shall constitute a new Acquisition Proposal for the purposes of the Arrangement Agreement and Frontier shall be afforded a new Response Period from the date on which Frontier has received notice of such amendment or modification, along with the associated documentation.
8. Nothing contained in the Arrangement Agreement shall prohibit the Board from making disclosure to Shareholders as required by applicable law, including complying with Section 2.17 of National Instrument 62-104 – *Take-Over Bids and Issuer Bids* and similar provisions under Canadian Securities Laws relating to the provision of a directors' circular in respect of an Acquisition Proposal, provided that neither Waroona or the Board shall be permitted to recommend that the Shareholders tender any securities in connection with any take-over bid that is an Acquisition Proposal or effect a Company Change in Recommendation with respect thereto, unless permitted by the non-solicitation and exclusivity provisions in the Arrangement Agreement.

### **Termination of Arrangement Agreement**

The Arrangement Agreement may be terminated at any time prior to the Effective Time by the mutual written agreement of Waroona and Frontier. The Arrangement Agreement may also be terminate prior to the Effective Time by either Waroona or Frontier if (a) the Effective Time has not occurred on or before the Outside Date, provided that the Arrangement Agreement may not be terminated in such instance by a Party whose failure to fulfill its covenants or whose breach of any of its representations and warranties under the Arrangement Agreement has been the cause of or resulted in the failure of the Effective Time to occur by such Outside Date; (b) if the consummation of the Arrangement is made illegal or otherwise prohibited by a final and non-appealable law or order, provided that the Party seeking to terminate the Arrangement Agreement has complied in all material respects with its covenants under the Arrangement Agreement to appeal or overturn such law or order; or (c) if the Required Shareholder Approval has not been obtained as required by the Interim Order, provided that the Arrangement Agreement may not be terminated in such instance by a Party whose failure to fulfill its covenants or whose breach of any of its representations and warranties has been the cause of or resulted in the failure to receive the Required Shareholder Approval.



### **Company Termination Rights**

Waroona can terminate the Arrangement Agreement if (i) Frontier (A) has not performed any of its covenants or agreements under the Arrangement Agreement or (B) has breached any representation or warranty of Frontier set forth in the Arrangement Agreement, in each case, which would cause the conditions precedent set forth under paragraphs (1) or (2) under “*The Arrangement Agreement – Conditions to Closing – Company Conditions*” not to be satisfied, and such breach is not cured in accordance with the Arrangement Agreement, provided that Waroona is not then in breach of the Arrangement Agreement so as to cause the conditions precedent set forth under (1) or (2) under “*The Arrangement Agreement – Conditions to Closing – Purchaser Conditions*” not to be satisfied; (ii) the Board authorized Waroona to enter into a written agreement with respect to a Superior Proposal, provided Waroona is then in compliance with its exclusivity and non-solicitation covenants under the Arrangement Agreement; or (iii) there has occurred a Frontier Material Adverse Effect which is incapable of being cured on or prior to the Outside Date.

### **Purchaser Termination Rights**

The Purchaser may terminate the Arrangement Agreement if (i) prior to the Effective Time, there is a Company Change in Recommendation; (ii) Waroona has willfully breached the exclusivity and non-solicitation provisions in the Arrangement Agreement in any material respect; (iii) Waroona (A) has not performed any of its covenants or agreements under the Arrangement Agreement or (B) has breached any representation or warranty of Waroona set forth in the Arrangement Agreement, in each case, which would cause the conditions precedent set forth under paragraphs (1) or (2) under *The Arrangement Agreement – Conditions to Closing – Purchaser Conditions* not to be satisfied, and such breach is not cured in accordance with the Arrangement Agreement, provided that Frontier is not then in breach of the Arrangement Agreement so as to cause the conditions precedent set forth under paragraphs (1) or (2) under *The Arrangement Agreement – Conditions to Closing – Company Conditions* not to be satisfied; or (iv) there has occurred a Company Material Adverse Effect which is incapable of being cured on or prior to the Outside Date.

### **Amendments**

The Arrangement Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Meeting, but not later than the Effective Time, be amended by mutual written agreement of the Parties, and any such amendment may, subject to the Interim Order, the Final Order and applicable law, without limitation (i) change the time for performance of any of the obligations or acts of the Parties; (ii) waive any inaccuracies or modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant thereto; (iii) waive compliance with or modify any of the covenants contained in the Arrangement Agreement; (iv) waive or modify performance of any of the obligations of the Parties; and/or (v) waive compliance with or modify any mutual conditions precedent contained in the Arrangement Agreement.

### **Expenses**

Except as expressly otherwise provided in the Arrangement Agreement, all fees, costs and expenses incurred in connection with the Arrangement Agreement and the Arrangement shall be paid by the Party incurring such fees, costs or expenses.

### **RISK FACTORS**

In evaluating the Arrangement, Shareholders should carefully consider the following risk factors relating to the Arrangement, the business of Waroona and the business of Frontier. The following risk factors are not a definitive list of all risk factors associated with the Arrangement, the business of Waroona or the business of Frontier. Additional risks and uncertainties, including those currently unknown or considered immaterial by Waroona, may also adversely affect the trading price of the Waroona Shares, the Frontier Shares and/or

the businesses of Waroona and Frontier following the Arrangement. If any of the risk factors materialize, the expectations, and the predictions based on them, may need to be re-evaluated.

## **Risks Related to the Arrangement**

### ***Ability of Shareholders to transact in the Frontier Shares received pursuant to the Arrangement***

The ability of Shareholders to transact in the Frontier Shares received pursuant to the Arrangement will depend upon such Shareholders' arrangements with their brokers and the ability of such brokers to transact in shares listed on the ASX. As a consequence, Shareholders may not be able to resell Frontier Shares received pursuant to the Arrangement.

### ***The completion of the Arrangement is subject to conditions precedent***

The completion of the Arrangement is subject to a number of conditions precedent, some of which are outside of Waroona's and Frontier's control, including receipt of the Final Order, receipt of the Required Shareholder Approval, and receipt of the Investment Canada Act Approval.

In addition, the completion of the Arrangement is conditional on, among other things, no Waroona Material Adverse Effect or Frontier Material Adverse Effect having occurred, or having been disclosed to the public (if previously undisclosed to the public) in respect of the other Party.

There can be no certainty, nor can Waroona or Frontier provide any assurance, that all conditions precedent to the Arrangement will be satisfied or waived, or if satisfied or waived, when they will be satisfied or waived and, accordingly, the Arrangement may not be completed. If the Arrangement is not completed, the market price of Waroona Shares and/or Frontier Shares may be adversely affected.

### ***The Key Regulatory Approvals may not be obtained or, if obtained, may not be obtained on a favourable basis or in a timely manner***

To complete the Arrangement, each of Waroona and Frontier must make certain filings with and obtain certain consents and approvals from various governmental and regulatory authorities. The Key Regulatory Approvals have not been obtained yet. The regulatory approval processes may take a lengthy period of time to complete, which could delay completion of the Arrangement. If obtained, the Key Regulatory Approvals may be conditioned, with the conditions imposed by the applicable Governmental Entity not being acceptable to either Waroona or Frontier, or, if acceptable, not being on terms that are favourable to the Combined Company. There can be no assurance as to the outcome of the regulatory approval processes, including the undertakings and conditions that may be required for approval or whether the Key Regulatory Approvals will be obtained. If not obtained, or if obtained on terms that are not satisfactory to either Waroona or Frontier, the Arrangement may not be completed.

### ***The market price of the Waroona Shares and Frontier Shares may be materially adversely affected in certain circumstances***

If, for any reason, the Arrangement is not completed or its completion is materially delayed and/or the Arrangement Agreement is terminated, the market price of Waroona Shares may be materially adversely affected and decline to the extent that the current market price of the Waroona Shares reflects a market assumption that the Arrangement will be completed. Depending on the reasons for terminating the Arrangement Agreement, Waroona's business, financial condition or results of operations could also be subject to various material adverse consequences.

### ***The Arrangement Agreement may be terminated in certain circumstances***

Frontier has the right, in certain circumstances, in addition to termination rights relating to the failure to satisfy the conditions of closing, to terminate the Arrangement. Accordingly, there can be no certainty, nor

can Frontier provide any assurance that the Arrangement will not be terminated by Frontier prior to the completion of the Arrangement. In addition, if the Arrangement is not completed by the Outside Date, Frontier may terminate the Arrangement Agreement. Additionally, any termination will result in the failure to realize the expected benefits of the Arrangement in respect of the operations and business of Waroona.

If the Arrangement Agreement is terminated, there is no assurance that the Board will be able to find a party willing to pay an equivalent or greater price than the Consideration to be paid pursuant to the terms of the Arrangement Agreement.

***The Arrangement is subject to certain conditions which may not be satisfied and therefore its completion is uncertain***

As the Arrangement is dependent upon receipt, among other things, of the Key Regulatory Approvals and satisfaction of certain other conditions, its completion is uncertain. If the Arrangement is not completed for any reason, there are risks that the announcement of the Arrangement and the dedication of Waroona's resources to the completion thereof could have a negative impact on its relationship with its stakeholders and could have a material adverse effect on the current and future operations, financial condition and prospects of Waroona.

In addition, certain costs related to the Arrangement, such as legal, accounting and certain financial advisor fees, must be paid by Waroona and Frontier even if the Arrangement is not completed. Waroona and Frontier are each liable for their own costs incurred in connection with the Arrangement.

***Restrictions from pursuing business opportunities***

Waroona is also subject to customary non-solicitation provisions under the Arrangement Agreement, pursuant to which Waroona is restricted from soliciting, initiating or knowingly encouraging any Acquisition Proposal, among other things. The Arrangement Agreement also restricts Waroona from taking specified actions until the Arrangement is completed without the consent of Frontier. These restrictions may prevent Waroona from pursuing attractive business opportunities that may arise prior to the completion of the Arrangement.

***There are risks related to the integration of Waroona's and Frontier's existing businesses***

The ability to realize the benefits of the Arrangement including, among other things, those set forth in this Circular under "*The Arrangement — Reasons for the Arrangement*" above, will depend, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on Frontier's ability to realize the anticipated growth opportunities and synergies from integrating Waroona's and Frontier's businesses following completion of the Arrangement. This integration will require the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities available to Frontier following completion of the Arrangement, and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business and employee relationships that may adversely affect the ability of Frontier to achieve the anticipated benefits of the Arrangement.

***The Frontier Shares issued in connection with the Arrangement may have a market value different than expected***

Each Shareholder will receive the Consideration. Because the Consideration will not be adjusted to reflect any changes in the market value of Frontier Shares, the market values of the Frontier Shares and the Waroona Shares at the Effective Time may vary significantly from the values at the date of this Circular. If the market price of Frontier Shares declines, the value of the consideration received by Shareholders will decline as well. Variations may occur as a result of changes in, or market perceptions of changes in, the business, operations or prospects of Frontier, market assessments of the likelihood that the Arrangement will be consummated, regulatory considerations, general market and economic conditions, changes in the

prices of metals and other factors, including those factors over which neither Waroona nor Frontier has control.

***Following the Arrangement, the trading price of the Frontier Shares may be volatile***

The trading prices of the Frontier Shares have been and may continue following completion of the Arrangement be subject to material fluctuations and may increase or decrease in response to a number of events and factors, including:

- (a) current events affecting the economic situation in Australia and elsewhere;
- (b) trends in the solar industry and other industries in which Frontier and Waroona operate;
- (c) regulatory and/or government actions;
- (d) changes in financial estimates and recommendations by securities analysts;
- (e) the fact that the risks and uncertainties facing Frontier following completion of the Arrangement may be different from those currently affecting each of Frontier and Waroona on a stand-alone basis;
- (f) acquisitions and financings;
- (g) the economics of current and future projects of Frontier and Waroona;
- (h) the operating and share price performance of other companies, including those that investors may deem comparable; and
- (i) the issuance of additional equity securities by Frontier following completion of the Arrangement.

Part of this volatility may also be attributable to the current state of the stock market, in which wide price swings are common. This volatility may adversely affect the price of Frontier Shares regardless of the operating performance and could cause the market price of such shares to decline.

***The unaudited pro forma condensed consolidated financial statements are presented for illustrative purposes only and may not be an indication of Frontier's financial condition or results of operations following the Arrangement***

The pro forma condensed consolidated financial statements contained in this Circular are presented for illustrative purposes only and may not be an indication of Frontier's financial condition or results of operations following the Arrangement for several reasons. For example, the pro forma condensed consolidated financial statements have been derived from the historical financial statements of Frontier and Waroona and certain assumptions have been made. The information upon which these assumptions have been made is historical, preliminary and subject to change. Moreover, the pro forma condensed consolidated financial statements do not reflect all costs that are expected to be incurred by Frontier or Waroona in connection with the Arrangement. For example, the impact of any incremental costs incurred in integrating Frontier and Waroona is not reflected in the pro forma condensed consolidated financial statements. In addition, the assumptions used in preparing the pro forma condensed consolidated financial information may not prove to be accurate, and other factors may affect Frontier's financial condition or results of operations following the Arrangement. Frontier's share price may be adversely affected if the actual results of Frontier following the Arrangement fall short of the pro forma condensed consolidated financial statements contained in this Circular.

***The Frontier Shares to be received by Shareholders as a result of the Arrangement will have different rights from the Waroona Shares***

Following completion of the Arrangement, Shareholders will no longer be shareholders of Waroona, a corporation governed by the BCBCA, but will instead be shareholders of Frontier, a corporation governed under the laws of Australia. There may be important differences between the current rights of Shareholders and the rights to which such Shareholders will be entitled as shareholders of Frontier. See Appendix L.

***Dividends***

Neither Frontier nor Waroona has declared or paid any dividends since its formation, and Frontier does not anticipate that it will pay any dividends on the Frontier Shares in the immediate or foreseeable future. Dividends paid by Frontier would be subject to tax and, potentially, withholdings (see “*Certain Canadian Federal Income Tax Considerations for Shareholders*”). Any decision to declare and pay dividends in the future will be made at the discretion of the Frontier’s board of directors and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that such individuals may deem relevant. As a result, holders may not receive any proceeds from their investment in Frontier Shares unless they sell the Frontier Shares.

***Directors and officers of Waroona have interests in the Arrangement that may be different from those of Shareholders generally***

In considering the recommendation of the Board with respect to the Arrangement, Shareholders should be aware that certain members of Waroona’s senior management and the Board have certain interests in connection with the Arrangement that may present them with actual or potential conflicts of interest in connection with the Arrangement. See “*The Arrangement – Interests of Certain Persons in the Arrangement*” in this Circular.

***Waroona Dissent Rights***

Shareholders have the right to exercise certain dissent and appraisal rights and demand payment of the fair value of their Waroona Shares in cash in connection with the Arrangement in accordance with the BCBCA as modified by the Interim Order and Plan of Arrangement. If there are a significant number of Dissenting Shareholders, a substantial cash payment may be required to be made to such Shareholders that could have an adverse effect on Frontier’s financial condition and cash resources if the Arrangement is completed. Further, Frontier is not required to complete the Arrangement if Shareholders holding more than 5% of the issued and outstanding Waroona Shares exercise their Dissent Rights in connection with the Arrangement. Accordingly, the Arrangement may not be completed if Shareholders exercise Dissent Rights in respect of greater than 5% of the issued and outstanding Waroona Shares. See “*The Arrangement – Dissenting Shareholders’ Rights*”.

The foregoing risks or other risks arising in connection with the failure or completion of the Arrangement, including the diversion of management attention from conducting the business of Waroona, may have a material adverse effect on Waroona’s business operations, financial condition, financial results and share price.

***Risks Related to the business of Waroona***

See “Part I – Risk Factors” in Waroona’s management information circular dated April 12, 2023, which is available on Waroona’s SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

## **Risks Related to the business of Frontier**

### ***Future capital requirements***

The future capital requirements of Frontier will depend on many factors. Whilst Frontier believes its available cash should be adequate to fund its short-term objectives, there can be no guarantees that it will be sufficient to successfully achieve all the objectives of Frontier's overall business strategy.

Frontier may require further financing in addition to its cash on hand. No assurances can be given that Frontier will be able to raise this additional funding, which may be a combination of debt and/or equity financing. To meet such funding requirements, Frontier may be required to undertake additional equity financing, which would be potentially dilutive to its shareholders. Debt financing, if available, may involve certain restrictions on operating activities or other financings.

Frontier'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 Frontier, 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 Frontier's business, financial performance and prospects.

### ***Loss of key personnel***

Frontier relies heavily on the abilities of key employees and management. Frontier's performance is reliant on its ability to both retain and attract skilled individuals and to appropriately incentivise them. Although Frontier 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. Frontier 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 Frontier.

### ***Network access***

Development of Frontier's projects will be reliant on access to third party infrastructure, in particular, electricity transmission and distribution infrastructure. An inability to have access to these assets for any reason, including damage to third party network infrastructure, network constraints, changes to network access or construction of new generation could restrict the ability of to export energy at its full potential. This could adversely affect revenue and future financial performance.

### ***Frontier has no operating revenue and has negative operating cash flow***

Frontier has no operating revenue and is unlikely to generate any operating revenue unless and until the BSS Project is successfully developed and commercially exploited.

Frontier had negative operating cash flow for the fiscal year ended December 31, 2022 and the six month period ended June 30, 2023. Frontier's ability to generate positive operating cash flow will depend on a number of factors, including, among others, the successful development and commercialization of its BSS Project or other assets. To the extent Frontier has negative cash flows in future periods, Frontier may use a portion of its general working capital or seek additional financing to fund such negative cash flows. There is no assurance that additional capital or other types of financing will be available if needed or that these financings will be on terms at least as favourable to Frontier as those previously obtained, or at all.

### ***Liquidity risk***

Frontier intends to hold interests primarily in renewable energy assets that are generally illiquid in nature. Frontier intends to be a medium to long-term investor in assets and as such, may hold assets until the end of their useful lives. If it were necessary or desirable for Frontier to sell one or more of its assets, it may not be able to do so in a short period of time or it may not be able to realise an investment for the amount at which Frontier has valued it. Any protracted sale process, inability to sell an asset or sale at a price that is less than Frontier's valuation may adversely affect Frontier's financial performance.

### ***Solar resource***

Frontier will be exposed to the volume of generation produced by the BSS Project and any of its other solar assets. Fluctuations in the level of solar resource occur on a short-term basis (hourly, daily, monthly and seasonal variations) and on a longer-term basis or the BSS Project may not perform as expected. Resource fluctuations affect the performance of the BSS Project, and the amount of energy produced by the BSS Project, and therefore, the revenue generated by it. The revenue profile over any given year may be different in following years and may not match the expense profile of a solar farm at the BSS Project.

### ***Long term electricity supply and demand***

Frontier intends to sell electricity from the BSS Project into the WEM either at spot or via PPAs with end users. The price of electricity can be volatile as it is primarily driven by supply and demand factors. These include:

- (a) weather influencing demand and generation availability;
- (b) operational shut-downs and closures;
- (c) economic conditions affecting demand;
- (d) technological advancement;
- (e) use of distributed electricity generation such as solar photovoltaic (PV) systems and installation of storage systems;
- (f) mandatory energy efficiency systems;
- (g) the tenor and expiry of contracts for fuel and sale of electricity;
- (h) network constraints;
- (i) increased competition from the construction of a significant new power generation plant, whether powered from renewable or non-renewable energy sources;
- (j) lower electricity demand in the WEM;
- (k) lower prices of alternative fuel sources (e.g. fossil fuels);
- (l) regional oversupply of electricity caused by transmission constraints;
- (m) development of new, more efficient, energy technologies (whether renewable or non-renewable);
- (n) actions of AEMO, interpretation of the WEM Rules by AEMO and changes to the WEM Rules; and
- (o) actions of the regulator, including regulatory changes that impact market design and operation.

The economic and technical viability of the BSS Project and other solar assets are dependent on future peak and off-peak electricity prices, the relationship between peak and off-peak electricity prices, the frequency and duration of peak pricing and off-peak pricing events and overall volatility of the WEM.

### ***Approvals risks***

The BSS Project and other solar assets will require further approvals from third parties before they can be developed. These include building permit, environmental and aboriginal heritage approvals. There can be no assurance that these approvals will be obtained.

Obtaining the necessary licences and approvals, including the execution of an ETAC Agreement with Western Power, can be a time consuming process and there is a risk that Frontier will not be able to obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict Frontier from proceeding with the development or operation of a project. Any failure to comply with applicable laws and licences, could result in fines, penalties or other liabilities.

### ***WEM related risks***

Demand for electricity and related products is dependent on a number of factors, including economic conditions, population, government policy, weather and availability. Given the kinds of factors that affect demand, demand has inherent volatility. This may impact the price of electricity positively or negatively.

The energy price that is able to be achieved in the WEM may fluctuate over time, and where there are decreases in the price of electricity or any related products, this may adversely affect Frontier's financial position. While Frontier may seek to limit this exposure by entry into PPAs, the same risk applies to the price at the time the PPA is entered into. Similarly, where PPAs are renewed, there is a risk that Frontier may not be able to secure the same or more favourable terms than the agreements for which they replace.

From time to time, as a result of down time of the electricity grid or the BSS Project's inability to meet technical specification or other requirements for grid connection, there may be issues with the ability to export power to the electricity grid. Where such issues arise, the BSS Project may be unable to export power to the grid or the amount of power that can be exported may be reduced. As the BSS Project's revenue will be generally related to the level of electricity exported, this may result in lower project revenues and/or breach of contracts. Where the BSS Project does not meet the technical specifications, there may be additional material expenses for the BSS Project in order for the Solar Farm to meet the technical specifications.

### ***Energy policy***

Investors in the WEM are reliant on stable policy settings by State and Federal Governments of Australia. 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 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 Frontier.

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.



### **Competition**

There is a risk that new entrants in the market may disrupt Frontier's business. Existing competitors in the renewable energy industry, as well as new competitors entering the industry, may develop superior and more efficient technology offerings or consolidate with other entities to deliver enhanced scale benefits. Such competitive pressures may materially and adversely impact Frontier's ability to conduct its business.

### **Regulatory**

Frontier's activities are subject to extensive laws and regulations relating to numerous matters including licences and approvals, environmental compliance and rehabilitation, taxation, health and worker safety, waste disposal, protection of the environment, native title and heritage matters and other matters.

Whilst Frontier believes that it is in substantial compliance with all material current laws and regulations, changes in how laws and regulations are enforced or regulatory interpretation could result in changes in legal requirements or in the terms of existing licences, approvals and agreements applicable to Frontier or its future projects. This could have a material adverse impact on Frontier's future and planned operations in respect to the BSS Project.

### **Technology**

The energy industry continues to evolve as technology develops. Changes to technology can change the manner, scale and location in which energy is produced and sold and the extent to which it is consumed.

Frontier may face increasing competitive pressures from technologies already being developed, or which Frontier's existing or new competitors may develop in the future. Frontier's current technologies may prove inefficient, ineffective or obsolete in the future. The development and application of new technologies involves substantial costs and risks. If Frontier's current and potential competitors are more effective than Frontier at developing or marketing new technologies, or have greater resources available for this purpose and Frontier is not able to compete promptly, there could be a material adverse effect on Frontier's results of operations or financial condition.

Technological changes in the power industry generally, and the solar industry specifically, may lower wholesale electricity prices. Lower long-term wholesale electricity prices or the technical obsolescence of the solar power plants owned by Frontier could negatively impact Frontier's ability to recontract its electricity output following the expiry of its existing PPAs.

### **Failure of key assets**

Frontier will rely upon key equipment and technology at the BSS Project and other solar assets. If material items of equipment or technology suffer failures requiring unplanned power station outage and replacement or repair, Frontier's generation production may be reduced and significant capital expenditure may be required to replace or repair such assets.

### **Construction**

There is a risk that the BSS Project and other solar assets may not proceed as planned. This could be the result of matters within or outside Frontier'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 Frontier's operating and financial performance.

### INFORMATION CONCERNING THE COMPANY

The Company was incorporated under the *Business Corporations Act* (British Columbia) (the "BCBCA") on March 19, 1980. Our head and registered office is located at Suite 400, 1681 Chestnut St., Vancouver, British Columbia, V6J 4M6, Canada. We have 3 wholly-owned subsidiaries, Pick Lake Mining Limited (a company incorporated under the *Companies Act* (Nova Scotia), Waroona Energy Pty Ltd (incorporated under the Commonwealth of Australia) and SE Waroona Development Pty Ltd (incorporated under the Commonwealth of Australia). Waroona Energy Pty holds our interests in SE Waroona Development Pty Ltd. Pick Lake Mining Limited holds our interests in the Superior Lake Project and the assets related thereto. Pick Lake Mining Limited was incorporated under the *Companies Act* (Nova Scotia). The Company's only material mineral project for the purposes of NI 43-101 is the Superior Lake Project.

On May 16, 2023, Waroona (formerly Metallum Resources Inc.) completed a reverse takeover transaction pursuant to which it acquired the Waroona Solar Project. Since completion of the reverse takeover, the Company is focused on the development of the Waroona Solar Project. It also continues to maintain and advance the Superior Lake Project.

The Waroona Shares are currently listed on the TSXV under the symbol "WHE" and the OTCQB under the symbol "WHEFF". Following the completion of the Arrangement, the Company will be a subsidiary of Frontier and the Waroona Shares will be delisted from the TSXV and OTCQB.

### INFORMATION CONCERNING THE PURCHASER

Information regarding the Purchaser is contained in Appendix F to this Circular. Additional financial information is available in Frontier's audited annual consolidated financial statements for the years ended December 31, 2022, 2021 and 2020, together with the notes thereto and the auditors' report thereon contained in Appendix G to this Circular, and the interim consolidated financial statements for the six month period ended June 30, 2023 contained in Appendix H to this Circular. The information concerning the Purchaser contained in this Circular has been provided by the Purchaser for inclusion in this Circular. Although the Company has no knowledge that any statement contained herein taken from, or based on, such information provided by the Purchaser is untrue or incomplete, the Company assumes no responsibility for the accuracy of such information or for any failure by the Purchaser to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to the Company.

### INFORMATION CONCERNING THE COMBINED COMPANY

On completion of the Arrangement, Frontier will continue to be a corporation incorporated under the laws of Australia. On the Effective Date, Frontier will own all of the Waroona Shares and Waroona will be a subsidiary of Frontier.

For further information regarding the Combined Company after the completion of the Arrangement please see Appendix J – Information Concerning the Combined Company.

### CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS FOR SHAREHOLDERS

The following is a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a Shareholder who at all relevant times, for purposes of the Tax Act, holds Waroona Shares and will hold any Frontier Shares acquired pursuant to the Arrangement, as capital property, deals at arm's length with each of Waroona and Frontier and is not affiliated with Waroona or Frontier and who disposes of Waroona Shares pursuant to the Arrangement.

Waroona Shares and Frontier Shares will generally constitute capital property to a Shareholder for purposes of the Tax Act unless the Shareholder holds such Waroona Shares or Frontier Shares, as applicable, in the course of carrying on a business or the Shareholder has acquired or holds them in a transaction or transactions considered to be an adventure or concern in the nature of trade.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the “**Tax Regulations**”) in force on the date hereof, and counsel’s understanding of the current published administrative policies and assessing practices of the CRA. The summary takes into account all specific proposals to amend the Tax Act and the Tax Regulations that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”), and assumes that all Tax Proposals will be enacted in the form proposed. However, there is no certainty that the Tax Proposals will be enacted in the form currently proposed, if at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action, or other changes in administrative policies or assessing practices of the CRA, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may materially differ from Canadian federal income tax legislation or considerations.

This summary assumes that Frontier has not and will not be resident or deemed to be resident in Canada for purposes of the Tax Act.

This summary does not apply to a Shareholder (i) that is a “financial institution” (as defined in the Tax Act) for the purposes of the mark-to-market rules in the Tax Act, (ii) that is a “specified financial institution” (as defined in the Tax Act); (iii) an interest in which would be a “tax shelter” or a “tax shelter investment” (each as defined in the Tax Act); (iv) that has made an election pursuant to the Tax Act to report its Canadian tax results in a functional currency other than Canadian currency; (v) that has entered into or will enter into a “derivative forward agreement” or “synthetic disposition arrangement” (each as defined in the Tax Act) with respect to their Waroona Shares or Frontier Shares; (vi) that receives dividends on the Waroona Shares or Frontier Shares under or as part of a “dividend rental arrangement” (as defined in the Tax Act); or (vii) that is exempt from tax under the Tax Act. Moreover, this summary does not address the tax considerations to (i) Shareholders to whom Frontier would be a “foreign affiliate” for the purposes of the Tax Act or (ii) Shareholders who acquired their Waroona Shares on the exercise of an employee stock option or other incentive plan. Such Shareholders should consult their own tax advisors.

Additional considerations, not discussed herein, may be applicable to a Shareholder that is a corporation resident in Canada (or a corporation that does not deal at arm’s length for purposes of the Tax Act, with a corporation resident in Canada) that is, or becomes, as part of a transaction or event or series of transactions or events that includes the Arrangement, controlled by a non-resident person or group of non-resident persons for purposes of the “foreign affiliate dumping” rules in section 212.3 of the Tax Act. Such Shareholders should consult their own tax advisors.

**This summary does not relate to United States, Australia or other foreign jurisdiction tax consequences to Shareholders or any tax consequences for Optionholders, holders of Waroona RSUs or holders of Waroona Warrants.**

**This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal, business or tax advice or representations to any particular Shareholder.**

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Waroona Shares, or Frontier Shares, including interest, dividends, adjusted cost base and proceeds of disposition must be converted into Canadian dollars based on the relevant exchange rate applicable on the Effective Date (as determined in accordance with the Tax Act) of the related acquisition, disposition or recognition of income.

Shareholders in the United States, Australia or other foreign jurisdictions and all Optionholders, holders of Waroona RSUs and holders of Waroona Warrants are advised to consult their independent tax advisors regarding the relevant federal, state, local and foreign tax consequences to them of participating in the Arrangement.

### **Residents of Canada**

This part of the summary is applicable only to Shareholders, who, for the purposes of the Tax Act and at all relevant times, are resident, or deemed to be resident, in Canada ("**Resident Shareholders**").

In circumstances where Waroona Shares may not otherwise constitute capital property to a Resident Shareholder for purposes of the Tax Act, such Resident Shareholder may be entitled to elect that Waroona Shares be deemed to be capital property by making an irrevocable election under subsection 39(4) of the Tax Act to deem every "Canadian security" (as defined in the Tax Act) owned by such Resident Shareholder in the taxation year of the election and in each subsequent taxation year to be capital property. Resident Shareholders contemplating such an election should first consult their own tax advisors.

### ***Disposition of Waroona Shares for the Consideration***

A Resident Shareholder whose Waroona Shares are exchanged for the Consideration pursuant to the Arrangement will be considered to have disposed of those Waroona Shares for proceeds of disposition equal to the aggregate fair market value, as at the time of the exchange, of the Consideration so acquired by the Resident Shareholder. As a result, the Resident Shareholder will generally realize a capital gain (or capital loss) to the extent that such proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Resident Shareholder's Waroona Shares immediately before the exchange. See "*Taxation of Capital Gains and Losses*" below for a general discussion of the treatment of capital gains and capital losses under the Tax Act.

The cost to the Resident Shareholder of any Frontier Shares acquired pursuant to the Arrangement will equal the fair market value of such Frontier Shares as at the time of the exchange. If the Resident Shareholder separately owns other Frontier Shares as capital property at that time, the adjusted cost base of all Frontier Shares held by the Resident Shareholder as capital property immediately after the exchange will be determined by averaging the cost of the Frontier Shares acquired on the exchange with the adjusted cost base of those other Frontier Shares.

### ***Dividends on Frontier Shares***

A Resident Shareholder will be required to include in computing such Resident Shareholder's income for a taxation year the amount of any dividends including amounts deducted for foreign withholding tax, if any, received on the Frontier Shares. Dividends received on Frontier Shares by a Resident Shareholder who is an individual will not be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to taxable dividends received from "taxable Canadian corporations" (as defined in the Tax Act). A Resident Shareholder that is a corporation will be required to include dividends received on Frontier Shares in computing its income and will not be entitled to deduct the amount of such dividends in computing its taxable income.

To the extent that foreign withholding tax is payable by a Resident Shareholder in respect of any dividends received on Frontier Shares, the Resident Shareholder may be eligible for a foreign tax credit or deduction under the Tax Act to the extent and under the circumstances described in the Tax Act. Resident Shareholders should consult their own tax advisors regarding the availability of a foreign tax credit or deduction in their particular circumstances.

### ***Disposition of Frontier Shares***

A disposition or deemed disposition of Frontier Shares by a Resident Shareholder (including on a purchase of Frontier Shares for cancellation by the company) will generally result in a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Shareholder of their Frontier Shares immediately before the disposition. See “*Taxation of Capital Gains and Losses*” below.

### ***Taxation of Capital Gains and Losses***

Generally, a Resident Shareholder will be required to include in computing its income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized by it in that year. A Resident Shareholder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized by the Resident Shareholder in that year. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition generally may be carried back to any of the three preceding taxation years or carried forward to any subsequent taxation year and deducted against net taxable capital gains realized in such years to the extent and under the circumstances specified in the Tax Act.

Foreign tax, if any, levied on any gain realized on a disposition of the Frontier Shares may be eligible for a foreign tax credit under the Tax Act to the extent and under the circumstances described in the Tax Act. Resident Shareholders should consult their own tax advisors with respect to the availability of a foreign tax credit, having regard to their own particular circumstances.

A Resident Shareholder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be required to pay an additional tax (refundable in certain circumstances) on certain investment income, which includes taxable capital gains. Tax Proposals released by the Minister of Finance (Canada) on August 9, 2022 are intended to extend this additional tax and refund mechanism in respect of aggregate investment income to “substantive CCPCs” as defined in such Tax Proposals. Resident Shareholders should consult their own tax advisors with regard to this additional tax and refund mechanism.

Capital gains realized by a Resident Shareholder that is an individual or trust, other than certain specified trusts, may give rise to a liability for alternative minimum tax under the Tax Act.

### ***Offshore Investment Fund Property Rules***

The Tax Act contains provisions (the “**OIF Rules**”) which, in certain circumstances, may require a Resident Shareholder to include an amount in income in each taxation year in respect of the acquisition and holding of Frontier Shares if (1) the value of such Frontier Shares may reasonably be considered to be derived, directly or indirectly, primarily from portfolio investments in: (i) shares of the capital stock of one or more corporations, (ii) indebtedness or annuities, (iii) interests in one or more corporations, trusts, partnerships, organizations, funds or entities, (iv) commodities, (v) real estate, (vi) Canadian or foreign resource properties, (vii) currency of a country other than Canada, (viii) rights or options to acquire or dispose of any of the foregoing, or (ix) any combination of the foregoing, which we collectively refer to as “**Investment Assets**”; and (2) it may reasonably be concluded that one of the main reasons for the Resident Shareholder acquiring, holding or having Frontier Shares was to derive a benefit from portfolio investments in Investment Assets in such a manner that the taxes, if any, on the income, profits and gains from such Investment Assets for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act if the income, profits and gains had been earned directly by the Resident Shareholder.

In making this determination, the OIF Rules provide that regard must be had to all of the circumstances, including (i) the nature, organization and operation of any non-resident entity, including Frontier, and the form of, and the terms and conditions governing, the Resident Shareholder’s interest in, or connection with, any such non-resident entity, (ii) the extent to which any income, profit and gains that may reasonably be considered to be earned or accrued, whether directly or indirectly, for the benefit of any such non-resident

entity, including Frontier, are subject to an income or profits tax that is significantly less than the income tax that would be applicable to such income, profits and gains if they were earned directly by the Resident Shareholder, and (iii) the extent to which any income, profits and gains of any such non-resident entity, including Frontier, for any fiscal period are distributed in that or the immediately following fiscal period.

If applicable, the OIF Rules can result in a Resident Shareholder being required to include in its income for each taxation year in which such Resident Holder owns Frontier Shares the amount, if any, by which (i) the total of all amounts each of which is the product obtained when the Resident Shareholder's "designated cost" (as defined in the Tax Act) of their Frontier Shares at the end of a month in the year is multiplied by 1/12 of the aggregate of the prescribed rate of interest for the period including that month plus two percentage points exceeds (ii) the Resident Shareholder's income for the year (other than a capital gain) in respect of the Frontier Shares determined without reference to the OIF Rules. Any amount required to be included in computing a Resident Shareholder's income under these provisions will be added to the adjusted cost base of the Resident Shareholder's Frontier Shares.

The CRA has taken the position that the term "portfolio investment" should be given a broad interpretation. While the value of the Frontier Shares should not be regarded as being derived primarily from portfolio investments in Investment Assets, there is a possibility that the CRA may take a different view. However, as noted above, even if this is the case, the OIF Rules will apply only if it is reasonable to conclude that one of the main reasons for a Resident Shareholder acquiring, holding or having the Frontier Shares was to derive, either directly or indirectly, a benefit from Investment Assets in such a manner that the taxes, if any, on the income, profits and gains from such Investment Assets for any particular year are significantly less than the tax that would have been applicable under Part I of the Tax Act if the income, profits and gains had been earned directly by the Resident Shareholder.

**The OIF Rules are complex and Resident Shareholders are urged to consult their own tax advisors regarding the application and consequences of the OIF Rules in their own particular circumstances.**

### ***Foreign Property Information Reporting***

In general, a Resident Shareholder that is a "specified Canadian entity" (as defined in the Tax Act) for a taxation year or a fiscal period and whose total cost amount of "specified foreign property" (as defined in the Tax Act), including Frontier Shares, at any time in the year or fiscal period exceeds C\$100,000 will be required to file an information return with the CRA for the taxation year or fiscal period disclosing certain prescribed information in respect of such property. Subject to certain exceptions, a taxpayer resident in Canada, other than a corporation or trust exempt from tax under Part I of the Tax Act, will be a "specified Canadian entity," as will certain partnerships. Penalties may apply where a Resident Shareholder fails to file the required information return in respect of such Resident Shareholder's "specified foreign property" (as defined in the Tax Act) on a timely basis in accordance with the Tax Act. The reporting requirements with respect to "specified foreign property" were expanded so that more detailed information is required to be provided to the CRA.

The reporting rules in the Tax Act are complex and this summary does not purport to address all circumstances in which reporting may be required by a Resident Shareholder. Resident Shareholders should consult their own tax advisors regarding the reporting rules contained in the Tax Act.

### ***Minimum Tax***

A capital gain realized, or a dividend received by, a Resident Shareholder who is an individual (including certain trusts) may give rise to liability for alternative minimum tax under the Tax Act. This tax is computed by reference to adjusted taxable income. Eighty percent (80%) of capital gains (net of capital losses) and the actual amount of taxable dividends (not including any gross-up) are included in determining the adjusted taxable income of an individual. Any additional tax payable by an individual under the minimum tax provisions may be carried forward and applied against certain tax otherwise payable in any of the seven immediately following taxation years, to the extent specified by the Tax Act. Tax Proposals released by the Minister of Finance (Canada) on August 4, 2023 proposed some significant changes to the calculation of

minimum tax, including the increase of the inclusion rate for capital gains from 80% to 100%. Resident Shareholders should consult their own tax advisors regarding the alternative minimum tax.

### ***Dissenting Shareholders***

A Resident Shareholder who exercises Dissent Rights in respect of the Arrangement (a “**Dissenting Resident Shareholder**”) and who disposes of Waroona Shares in consideration for a cash payment from Frontier will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Dissenting Resident Shareholder’s Waroona Shares. Any capital gain or capital loss realized by the Dissenting Resident Shareholder, will be treated in the same manner as described above under the heading “*Taxation of Capital Gains and Losses*”.

A Dissenting Resident Shareholder will be required to include in computing its income any interest awarded by a court in connection with the Arrangement.

Dissenting Resident Shareholders should consult their own tax advisors with respect to the Canadian federal income tax consequences of exercising their Dissent Rights.

### ***Eligibility for Investment***

The Frontier Shares to be issued pursuant to the Arrangement would, if issued on the date of this Circular, be “qualified investments” under the Tax Act for a trust governed by a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a deferred profit sharing plan, a registered education savings plan (“**RESP**”), a registered disability savings plan (“**RDSP**”), a first home savings account (“**FHSA**”) and a tax-free savings account (“**TFSA**”) provided that the Frontier Shares are listed on a “designated stock exchange” as defined for purposes of the Tax Act (which includes the ASX).

Notwithstanding the foregoing, a holder of Frontier Shares will be subject to a penalty tax if the Frontier Shares are held in a RRSP, RRIF, RESP, RDSP, FHSA, or TFSA, as the case may be, and are a “prohibited investment” for such RRSP, RRIF, RESP, RDSP, FHSA, or TFSA under the Tax Act. However, the Frontier Shares will not be a prohibited investment for a RRSP, RRIF, RESP, RDSP, FHSA, or TFSA, as the case may be, held by a particular holder or annuitant provided the holder or annuitant deals at arm’s length with Frontier for the purposes of the Tax Act, and does not have a “significant interest” (as defined in the Tax Act) in Frontier. In addition, Frontier Shares will generally not be a prohibited investment if the Frontier Shares are “excluded property” as defined in the Tax Act. Shareholders should consult their own tax advisors as to whether the Frontier Shares will be a prohibited investment in their particular circumstances.

### ***Non-Residents of Canada***

This part of the summary is applicable to Shareholders, who, for purposes of the Tax Act, have not been and will not be resident or deemed to be resident in Canada at any time while they have held or will hold Waroona Shares and Frontier Shares, and who do not use or hold, will not use or hold and are not and will not be, deemed to use or hold such Waroona Shares and Frontier Shares in carrying on a business in Canada (a “**Non-Resident Shareholder**”). Special rules, which are not discussed in this summary, may apply to a non-resident that is an insurer carrying on business in Canada and elsewhere.

### ***Disposition of Waroona Shares for the Consideration and Disposition of Frontier Shares***

A Non-Resident Shareholder will not be subject to tax under the Tax Act on the disposition of Waroona Shares or Frontier Shares unless the Waroona Shares, or Frontier Shares, as the case may be, constitute “taxable Canadian property” of the Non-Resident Shareholder for purposes of the Tax Act and the Non-Resident Shareholder is not entitled to relief under an applicable income tax treaty or convention.

Generally, provided the Waroona Shares, or Frontier Shares, respectively, are listed on a “designated stock exchange” for purposes of the Tax Act (which currently includes the ASX and Tiers 1 and 2 of the TSXV) such shares will generally not constitute taxable Canadian property of a Non-Resident Shareholder unless at any time during the 60-month period immediately preceding the disposition (i) one or any combination of the Non-Resident Shareholder, persons with whom the Non-Resident Shareholder did not deal at arm’s length, partnerships in which the Non-Resident Shareholder or persons with whom the Non-Resident Shareholder does not deal at arm’s length, holds a membership interest (directly or indirectly through one or more partnerships), owned or was considered to own 25% or more of the issued shares of any class or series of shares of the capital stock of the applicable corporation, and (ii) more than 50% of the fair market value of the shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, “Canadian resource properties”, “timber resource properties” (each as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such properties (whether or not such property exists). Waroona Shares may also be deemed to be “taxable Canadian property” pursuant to the Tax Act in certain circumstances.

Even if any of the Waroona Shares or Frontier Shares are taxable Canadian property to a Non-Resident Shareholder at a particular time, such holder may be exempt from tax under Part I of the Tax Act by virtue of an income tax treaty or convention to which Canada is a signatory.

In the event Waroona Shares or Frontier Shares, as the case may be, are taxable Canadian property to a Non-Resident Shareholder at the time of disposition and such Non-Resident Shareholder is not exempt from tax by a tax treaty, the tax consequences described above under “*Certain Canadian Federal Income Tax Considerations for Shareholders – Residents of Canada – Disposition of Waroona Shares for the Consideration*”, “*Certain Canadian Federal Income Tax Considerations for Shareholders – Residents of Canada – Disposition of Frontier Shares*” and “*Certain Canadian Federal Income Tax Considerations for Shareholders – Residents of Canada – Taxation of Capital Gains and Losses*” will generally apply.

### ***Dividends on Shares***

Dividends paid on Frontier Shares to a Non-Resident Shareholder will not be subject to Canadian withholding tax or other income tax under the Tax Act.

### ***Dissenting Shareholders***

A Non-Resident Shareholder who exercises Dissent Rights in respect of the Arrangement (a “**Dissenting Non-Resident Shareholder**”) and disposes of Waroona Shares in consideration for a cash payment from Frontier will realize a capital gain or loss in the same manner as discussed above under “*Resident of Canada - Dissenting Resident Shareholders*”. A Dissenting Non-Resident Shareholder will generally not be subject to tax under the Tax Act in respect of any capital gain realized on a disposition of Waroona Shares pursuant to the exercise of their Dissent Rights unless such Waroona Shares are considered to be “taxable Canadian property”, as discussed above, to such Dissenting Non-Resident Shareholder that is not exempt from tax under the Tax Act pursuant to the terms of an applicable income tax treaty or convention. Dissenting Non-Resident Shareholders whose Waroona Shares may constitute “taxable Canadian property” should consult their own tax advisors.

Where a Dissenting Non-Resident Shareholder receives interest in connection with the exercise of Dissent Rights in respect of the Arrangement, the interest will generally not be subject to Canadian withholding tax under the Tax Act.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as disclosed under “*The Arrangement – Interests of Certain Persons in the Arrangement*” in this Circular, no informed person of the Company (e.g. directors and executive officers of the Company and Persons beneficially owning or controlling or directing voting securities of the Company or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the



Company), or any Associate or affiliate of any informed person, has had any material interest in any transaction, or proposed transaction, which has materially affected or would materially affect the Company or any of its subsidiaries since the commencement of the most recently completed financial year of the Company.

## AUDITORS

BDO Audit Pty Ltd. ("**BDO**") is the current auditor of the Company and is independent of the Company within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia. BDO has served as our auditor since July 20, 2023.

The Board appointed BDO effective July 20, 2023 upon the resignation of Smythe LLP ("**Smythe**"), the Company's former auditor, at the request of the Company. During the period as auditor of the Company, Smythe was independent of the Company within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia. There were no modified opinions expressed in Smythe's reports on the financial statements of the Company, and there are no reportable events, as such term is defined in subparagraph 4.11(1) of National Instrument 51-102 – *Continuous Disclosure Obligations*. A copy of the reporting package in respect of the change of auditor was filed on SEDAR+ on July 27, 2023, and is also attached as Appendix M.

Ernst & Young is the current auditor of Frontier. The liability of Ernst & Young, in relation to the performance of their professional services provided to Frontier including, without limitation, Ernst & Young's audits and reviews of Frontier's financial statements appended to this Circular, is limited under the Chartered Accountants Australia and New Zealand Scheme (NSW) (the "**Accountants Scheme**") approved by the New South Wales Professional Standards Council or such other applicable scheme approved pursuant to the *Professional Standards Act 1994* (NSW) (the "**Professional Standards Act**"). Specifically, the Accountants Scheme limits the liability of Ernst & Young to a maximum amount of A\$5 million. The Accountants Scheme does not limit liability for breach of trust, fraud or dishonesty. These limitations of liability may limit enforcement in Australian court of any judgment under Canadian or other foreign laws rendered against Ernst & Young based on, or related to, its audit of the financial statements of Frontier. The Accountants Scheme commenced on October 8, 2019 and will remain in force for a period of five years (unless it is revoked, extended or ceases in accordance with the Professional Standards Act). The Professional Standards Act and the Accountants Scheme have not been subject to relevant judicial consideration and, therefore, how the limitations will be applied by courts and the effect of the limitations on the enforcement of foreign judgments is untested.

## ADDITIONAL INFORMATION

Additional information relating to the Company is available on our website at [www.waroonenergy.com](http://www.waroonenergy.com) and under our profile on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Financial information is provided in the Company's audited consolidated financial statements and MD&A for its most recently completed financial year which are filed on SEDAR+. In addition, copies of the Company's annual financial statements and MD&A and this Circular may be obtained upon request to the Company by contacting Tony Wonnacott via email at [contact@waroonenergy.com](mailto:contact@waroonenergy.com).

**APPROVAL OF THE BOARD OF DIRECTORS**

The contents and the sending of the Notice of Meeting and this Circular have been approved by the Board.

DATED this 6<sup>th</sup> day of November, 2023

**BY ORDER OF THE BOARD OF DIRECTORS OF WAROONA ENERGY INC.**

(signed) "*Tony Wonnacott*"

Chairman  
Waroona Energy Inc.

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**APPENDIX A  
ARRANGEMENT RESOLUTION**

**BE IT RESOLVED THAT:**

1. The arrangement (the “**Arrangement**”) under Section 288 of the *Business Corporations Act* (British Columbia) involving Waroona Energy Inc. (the “**Company**”), pursuant to the arrangement agreement between the Company and Frontier Energy Limited (the “**Purchaser**”) dated October 6, 2023, as it may be modified, supplemented or amended from time to time in accordance with its terms (the “**Arrangement Agreement**”), as more particularly described and set forth in the management information circular of the Company dated November 6, 2023 (the “**Circular**”), and all transactions contemplated thereby, are hereby authorized, approved and adopted.
2. The plan of arrangement of the Company, as it has been or may be modified, supplemented or amended in accordance with the Arrangement Agreement and its terms (the “**Plan of Arrangement**”), the full text of which is set out as Appendix B to the Circular, is hereby authorized, approved and adopted.
3. The: (i) Arrangement Agreement and all the transactions contemplated therein; (ii) actions of the directors of the Company in approving the Arrangement and the Arrangement Agreement; and (iii) actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement and any modifications, supplements or amendments thereto, and causing the performance by the Company of its obligations thereunder, are hereby ratified and approved.
4. The Company is hereby authorized to apply for a final order from the Supreme Court of British Columbia (the “**Court**”) to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be, or may have been, modified, supplemented or amended).
5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the holders of common shares of the Company (the “**Company Shareholders**”) entitled to vote thereon or that the Arrangement has been approved by the Court, the directors of the Company are hereby authorized and empowered, without further notice to or approval of the Company Shareholders: (i) to amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted by their terms; or (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and any related transactions.
6. Any officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to execute or cause to be executed and to deliver or cause to be delivered, whether under the corporate seal of the Company or otherwise, all such other documents and instruments and to perform or cause to be performed all such other acts and things as, in such person’s opinion, may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of any such other document or instrument or the doing of any such other act or thing.

**APPENDIX B  
PLAN OF ARRANGEMENT**

**PLAN OF ARRANGEMENT UNDER SECTION 288 OF THE BUSINESS CORPORATIONS ACT  
(BRITISH COLUMBIA)**

**ARTICLE 1  
INTERPRETATION**

**1.2 DEFINITIONS**

In this Plan of Arrangement, unless the context otherwise requires, the following words and terms shall have the meaning hereinafter set out:

**“Affected Person”** has the meaning set forth in Section 5.3;

**“affiliate”** has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus Exemptions*;

**“Arrangement”** means the arrangement of the Company under Division 5 of Part 9 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the terms of the Arrangement Agreement and the Plan of Arrangement or made at the direction of the Court in the Final Order (with the prior written consent of the Company and the Purchaser, each acting reasonably);

**“Arrangement Agreement”** means the arrangement agreement dated October 6, 2023 between the Purchaser and the Company, and all schedules annexed thereto, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof;

**“Arrangement Resolution”** means the special resolution of the Company Shareholders approving the Arrangement which is to be considered at the Shareholder Meeting, substantially in the form of Schedule B to the Arrangement Agreement;

**“ASX”** means the Australian Securities Exchange Ltd.;

**“Authorization”** means, with respect to any Person, any authorization, Order, permit, approval, grant, licence, registration, consent, right, notification, condition, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decision, decree, by-law, rule or regulation, of, from or required by any Governmental Entity having jurisdiction over the Person;

**“BCBCA”** means the *Business Corporations Act* (British Columbia), and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

**“Business Day”** means any day, other than a Saturday, a Sunday or any day on which banks are closed or authorized to be closed for business in Vancouver, British Columbia, or in Melbourne, Australia;

**“Canadian Securities Laws”** means the Securities Act (British Columbia), together with all other applicable securities Laws, rules and regulations and published policies thereunder or under the securities laws of any other province or territory of Canada;

**“Company”** means Waroona Energy Inc., a corporation existing under the laws of British Columbia;

**“Company Incentive Plan”** means the “rolling” 10% long-term incentive plan of the Company dated February 13, 2023, as the same may be amended, supplemented or otherwise modified from time to time;

**"Company Options"** means outstanding options to purchase Company Shares granted under the Company Incentive Plan;

**"Company RSUs"** means outstanding restricted stock units granted under the Company Incentive Plan;

**"Company Share Value"** means the volume weighted average trading price of the Company Shares on the TSX Venture Exchange for the five (5) trading days immediately preceding the Effective Time;

**"Company Shareholders"** means the registered and/or beneficial holders of Company Shares and, for the purposes of the Company Meeting, the Arrangement Resolution and the Company Shareholder Approval, includes the holders of Company Options to the extent required by, and on the terms specified in, the Interim Order;

**"Company Shares"** means the common shares in the authorized share capital of the Company;

**"Company Warrants"** means the outstanding Company Share purchase warrants of the Company;

**"Consideration"** means the Share Consideration as set out in this Plan of Arrangement;

**"Consideration Shares"** means the Purchaser Shares to be issued as part of the Consideration pursuant to the Arrangement;

**"Court"** means the Supreme Court of British Columbia or other competent court, as applicable;

**"Depository"** means Computershare Investor Services Inc.;

**"Dissent Rights"** has the meaning set forth in Section 4.1(a);

**"Dissent Shares"** means Company Shares held by a Dissenting Shareholder and in respect of which the Dissenting Shareholder has validly exercised Dissent Rights;

**"Dissenting Shareholder"** means a registered Company Shareholder who has duly exercised a Dissent Right and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of Company Shares in respect of which Dissent Rights are validly exercised by such Company Shareholder;

**"Effective Date"** means the date on which the Arrangement becomes effective, as set out in Section 2.8 of the Arrangement Agreement;

**"Effective Time"** means 12:01 a.m. (Vancouver time) on the Effective Date or such other time as agreed to by the Company and the Purchaser in writing;

**"Exchange Ratio"** means 0.2342 of a Purchaser Share for each one (1) Company Share, subject to adjustment in accordance with Section 2.12 of the Arrangement Agreement;

**"Final Order"** means the final order of the Court in a form acceptable to the Purchaser and the Company, each acting reasonably, pursuant to Section 291 of the BCBCA approving the Arrangement, as such order may be amended, modified, supplemented or varied by the Court (with the consent of both the Purchaser and the Company, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Purchaser and the Company, each acting reasonably) on appeal;

**"Governmental Entity"** means: (a) any international, multinational, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, minister, ministry, bureau, agency or

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instrumentality, domestic or foreign; (b) any stock exchange, including the TSX, the OTCQB, and the ASX; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, antitrust, foreign investment, expropriation or taxing authority under or for the account of any of the foregoing;

**“Interim Order”** means the interim order of the Court contemplated by Section 2.2 of the Arrangement Agreement and made pursuant to the BCBCA, providing for, among other things, the calling and holding of the Shareholder Meeting, as the same may be amended, modified, supplemented or varied by the Court (with the consent of the Company and the Purchaser, each acting reasonably);

**“In-the-Money Option Amount”** means, in respect of an In-the-Money Company Option, the amount by which the aggregate Company Share Value of the Company Shares that a holder is entitled to acquire on exercise of such In-the-Money Company Option exceeds the aggregate exercise price to acquire such Company Shares;

**“In-the-Money Company Option”** means a Company Option where the exercise price of such Company Option is less than the Company Share Value;

**“Law”** or **“Laws”** means, with respect to any Person, any applicable laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgments, injunctions, determinations, awards, decrees or other legally binding requirements, whether domestic or foreign, and the terms and conditions of any Authorization of or from any Governmental Entity, and, for greater certainty, includes Canadian Securities Laws;

**“Letter of Transmittal”** means the letter of transmittal form sent to Company Shareholders for use in connection with the Arrangement.

**“Liens”** means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third party interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

**“Option Consideration”** means, subject to any withholding pursuant to Section 5.3, in respect of an In-the-Money Company Option, such number of Company Shares obtained by dividing: (i) In-the-Money Option Amount in respect of such In-the-Money Company Option, by (ii) the Company Share Value, with the result rounded down to the nearest whole number of Company Shares;

**“Order”** means all judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, injunctions, orders, decisions, rulings, determinations, awards, or decrees of any Governmental Entity (in each case, whether temporary, preliminary or permanent);

**“OTCQB”** means the OTCQB Venture Market;

**“Out-of-the Money Company Option”** means a Company Option where the exercise price of such Company Option is greater than the Company Share Value;

**“Person”** includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

**“Plan of Arrangement”** means this plan of arrangement and any amendments or variations hereto made in accordance with the Arrangement Agreement and this Plan of Arrangement or upon the direction of the Court (with the prior written consent of the Company and the Purchaser, each acting reasonably) in the Final Order;

**“Purchaser”** means Frontier Energy Limited, a corporation existing under the laws of Australia;

**“Purchaser Share”** means an ordinary share in the capital of the Purchaser;

**“RSU Consideration”** means, subject to any withholding pursuant to Section 5.3, in respect of each Company RSU, a Company Share;

**“Share Consideration”** means such number of Purchaser Shares to be issued by the Purchaser pursuant to the Plan of Arrangement for each Company Share in accordance with the Exchange Ratio;

**“Shareholder Meeting”** means the special meeting of Company Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

**“Tax Act”** means the Income Tax Act (Canada);

**“TSXV”** means the TSX Venture Exchange; and

**“Withholding Obligation”** has the meaning set forth in Section 5.3.

### **1.3 INTERPRETATION NOT AFFECTED BY HEADINGS**

The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement. Unless the contrary intention appears, references in this Plan of Arrangement to an Article, Section or Annex by number or letter or both refer to the Article, Section or Annex, respectively, bearing that designation in this Plan of Arrangement.

### **1.4 DATE FOR ANY ACTION**

If the date on or by which any action is required or permitted to be taken hereunder is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

### **1.5 NUMBER AND GENDER**

In this Plan of Arrangement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

### **1.6 REFERENCES TO PERSONS AND STATUTES**

A reference to a Person includes any successor to that Person. A reference to any statute includes all regulations made pursuant to such statute and the provisions of any statute or regulation which amends, supplements or supersedes any such statute or regulation.

### **1.7 CURRENCY**

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada and “\$” refers to Canadian dollars.

### **1.8 TIME REFERENCES**

References to time are to local time, Vancouver, British Columbia, unless otherwise specified.

## 1.9 TIME

Time shall be of the essence in this Plan of Arrangement.

## ARTICLE 2 EFFECT OF ARRANGEMENT

### 2.1 ARRANGEMENT AGREEMENT

This Plan of Arrangement is made pursuant to and subject to the provisions of the Arrangement Agreement.

### 2.2 BINDING EFFECT

At the Effective Time, this Plan of Arrangement and the Arrangement shall without any further authorization, act or formality on the part of the Court become effective and be binding upon the Purchaser, the Company, the Depositary, the registrar and transfer agent of the Company, all registered and beneficial Company Shareholders, including Dissenting Shareholders, and holders of Company Options, Company RSUs or Company Warrants.

## ARTICLE 3 ARRANGEMENT

### 3.1 ARRANGEMENT

Commencing at the Effective Time, each of the following events shall occur and shall be deemed to occur consecutively in the following order, five minutes apart, except where noted, without any further authorization, act or formality:

- (a) each Company RSU outstanding immediately prior to the Effective Time (whether vested or unvested) shall, in accordance with the terms of the Company Incentive Plan, be deemed to be unconditionally vested, and such Company RSU shall, without any further action by or on behalf of a holder the Company RSU, be deemed to be assigned and transferred by such holder to the Company (free and clear of all Liens) in exchange for the RSU Consideration, with each Company Share comprising the RSU Consideration having an issue price per share equal to the Company Share Value and being issued as fully paid and non-assessable common shares in the authorized share structure of the Company, and such Company Shares will be added to the Company's central securities register in the name of such holder of Company RSUs;
- (b) (i) each holder of Company RSUs shall cease to be a holder of such Company RSUs (ii) each such holder's name shall be removed from each applicable register maintained by Company, (iii) all agreements relating to the Company RSUs shall be terminated and shall be of no further force and effect, and (iv) each such holder shall thereafter have only the right to receive, from the amount held in escrow by the Depositary or the Company as described in Section 5.1 below, the consideration to which they are entitled to receive pursuant to Section 3.1(a), at the time and in the manner specified therein;
- (c) each Company Option outstanding immediately prior to the Effective Time (whether vested or unvested) shall, notwithstanding the terms of the Company Incentive Plan, be deemed to be unconditionally vested and exercisable, and such Company Option shall, without any further action by or on behalf of a holder of Company Options:
  - (i) with respect to each In-the-Money Company Option outstanding at the Effective Time, shall be, and shall be deemed to be, exercised and surrendered to the Company for cancellation and the holder thereof shall receive, in respect of each



such surrendered In-the-Money Company Option, the Option Consideration, with each Company Share comprising the Option Consideration having an issue price per share equal to the Company Share Value and being issued as fully paid and non-assessable common shares in the authorized share structure of the Company, and such Company Shares will be added to the Company's central securities register in the name of such holder of Company Options; and

- (ii) each Out-of-the-Money Company Option outstanding at the Effective Time, shall be, and shall be deemed to be, surrendered to the Company for cancellation for no consideration;
- (d) (i) each holder of Company Options shall cease to be a holder of such Company Options (ii) each such holder's name shall be removed from each applicable register maintained by Company, (iii) all agreements relating to the Company Options shall be terminated and shall be of no further force and effect, and (iv) each such holder shall thereafter have only the right to receive, from the amount held in escrow by the Depositary or the Company as described in Section 5.1 below, the consideration to which they are entitled to receive pursuant to Section 3.1(c)(i) at the time and in the manner specified therein;
- (e) the Company Incentive Plan and all agreements relating thereto shall be terminated and shall be of no further force and effect;
- (f) each Company Warrant issued and outstanding immediately before the Effective Time shall, in accordance with the terms of each such Company Warrant, without any further act or formality by the holder thereof, be exercisable for a Purchaser Share on equivalent terms, as applicable, to the Company Warrant previously held subject to adjusting the number of Purchaser Shares underlying the Company Warrant and exercise price therefore in accordance with the Exchange Ratio;
- (g) each of the Company Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred without any further act or formality to the Purchaser (free and clear of all Liens) in consideration for a debt claim against the Purchaser for the amount determined under Article 4, and:
  - (i) such Dissenting Shareholders shall cease to be the holders of such Company Shares and to have any rights as holders of such Company Shares other than the right to be paid fair value for such Company Shares as set out in Section 4.1;
  - (ii) such Dissenting Shareholders' names shall be removed as the holders of such Company Shares from the registers of Company Shares maintained by or on behalf of Company; and
  - (iii) the Purchaser shall be deemed to be the transferee of such Company Shares free and clear of all Liens, and the Purchaser shall be entered in the registers of Company Shares maintained by or on behalf of Company, as the holder of such Company Shares;
- (h) each Company Share outstanding immediately prior to the Effective Time (other than Company Shares held by a Dissenting Shareholder who has validly exercised their Dissent Right, the Purchaser or any of its affiliates, but including those Company Shares issued pursuant to Sections 3.1(a) and 3.1(c)(i)) shall, without any further action by or on behalf of a holder of Company Shares, be deemed to be assigned and transferred by the holder thereof to the Purchaser (free and clear of all Liens) in exchange for the Share Consideration from the Purchaser, and:

- (i) the holders of such Company Shares shall cease to be the holders thereof and to have any rights as holders of such Company Shares other than the right to be paid the Consideration by the Depositary in accordance with this Plan of Arrangement;
- (ii) such holders' names shall be removed from the register of the Company Shares maintained by or on behalf of the Company; and
- (iii) the Purchaser shall be deemed to be the transferee of such Company Shares (free and clear of all Liens) and the Purchaser shall be entered in the register of the Company Shares maintained by or on behalf of the Company;

it being expressly provided that the events provided for in this Section 3.1 will be deemed to occur on the Effective Date, notwithstanding that certain procedures related thereto may not be completed until after the Effective Date.

### 3.2 NO FRACTIONAL SHARES

1. In no event shall any holder of Company Shares be entitled to receive a fractional Purchaser Share under this Plan of Arrangement. Where the aggregate number of Purchaser Shares to be issued to a Company Shareholder as consideration under this Plan of Arrangement would result in a fraction of a Purchaser Share being issuable, the number of Purchaser Shares to be issued to such Company Shareholder shall be rounded down to the closest whole number and, no consideration shall be paid in lieu of the issuance of a fractional Purchaser Share.

## **ARTICLE 4** **DISSENT RIGHTS**

### 4.1 DISSENT RIGHTS

- (a) In connection with the Arrangement, each registered Company Shareholder may exercise rights of dissent ("**Dissent Rights**") with respect to the Company Shares held by such Company Shareholder pursuant to and in the manner set forth in sections 237 to 247 of the BCBCA, as modified by the Interim Order and this Section 4.1(a); provided that, notwithstanding section 242(1)(a) of the BCBCA, the written objection to the Arrangement Resolution referred to in section 242(1)(a) of the BCBCA must be received by Company not later than 4:00 p.m. (Vancouver time) two Business Days immediately preceding the date of the Shareholder Meeting. Dissenting Shareholders who:
  - (i) are ultimately entitled to be paid by the Purchaser fair value for their Dissent Shares (1) shall be deemed to not to have participated in the transactions in Article 3 (other than Section 3.1(g)); (2) shall be deemed to have transferred and assigned such Dissent Shares (free and clear of any Liens) to the Purchaser in accordance with Section 3.1(g); (3) will be entitled to be paid the fair value of such Dissent Shares by the Purchaser, which fair value, notwithstanding anything to the contrary contained in the BCBCA, shall be determined as of the close of business on the day before the Arrangement Resolution was adopted at the Shareholder Meeting; and (4) will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such Company Shares; or
  - (ii) are ultimately not entitled, for any reason, to be paid by the Purchaser fair value for their Dissent Shares, shall be deemed to have participated in the Arrangement in respect of those Company Shares on the same basis as a non-dissenting Company Shareholder.

- (b) In no event shall the Purchaser, the Company or any other Person be required to recognize a Dissenting Shareholder as a registered or beneficial holder of Company Shares or any interest therein (other than the rights set out in this Section 4.1) at or after the Effective Time, and at the Effective Time the names of such Dissenting Shareholders shall be deleted from the central securities register of the Company as at the Effective Time.
- (c) For greater certainty, in addition to any other restrictions in the Interim Order, no Person shall be entitled to exercise Dissent Rights with respect to Company Shares in respect of which a Person has voted or has instructed a proxyholder to vote in favour of the Arrangement Resolution.

## **ARTICLE 5**

### **CERTIFICATES AND PAYMENT**

#### **5.1 CERTIFICATES AND PAYMENTS**

- (a) Following receipt of the Final Order and in any event no later than the Business Day prior to the Effective Date, the Purchaser shall deliver or cause to be delivered to the Depositary, Consideration Shares to satisfy the Share Consideration payable to the Company Shareholders which Consideration Shares shall be held by the Depositary in escrow as agent and nominee for such former Company Shareholders.
- (b) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Company Shares that were transferred pursuant to Section 3.1, together with a duly completed and executed Letter of Transmittal and any such additional documents and instruments as the Depositary may reasonably require, the registered holder of the Company Shares represented by such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such Company Shareholder, as soon as practicable, the Consideration that such Company Shareholder has the right to receive under the Arrangement for such Company Shares, less any amounts withheld pursuant to Section 5.3, and any certificate so surrendered shall forthwith be cancelled.
- (c) After the Effective Time and until surrendered for cancellation as contemplated by Section 5.1(b), each certificate that immediately prior to the Effective Time represented one or more Company Shares (other than Company Shares held by the Purchaser or any of its affiliates) shall be deemed at all times to represent only the right to receive from the Depositary in exchange therefor the Consideration that the holder of such certificate is entitled to receive in accordance with Section 3.1, less any amounts withheld pursuant to Section 5.3.

#### **5.2 LOST CERTIFICATES**

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Company Shares that were transferred pursuant to Section 3.1 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, the Consideration deliverable in accordance with such holder's duly completed and executed Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom such Consideration is to be delivered shall as a condition precedent to the delivery of such Consideration, give a bond satisfactory to the Purchaser and the Depositary (acting reasonably) in such sum as the Purchaser may direct, or otherwise indemnify the Purchaser and the Company in a manner satisfactory to the Purchaser and the Company, each acting reasonably, against any claim that may be made against the Purchaser and the Company with respect to the certificate alleged to have been lost, stolen or destroyed.

### 5.3 WITHHOLDING RIGHTS

The Purchaser, the Company or the Depositary shall be entitled to deduct and withhold, or direct the Purchaser, the Company or the Depositary to deduct and withhold on their behalf, from any amount payable to any Person under this Plan of Arrangement (an “**Affected Person**”), such amounts as the Purchaser, the Company or the Depositary determines, acting reasonably, are required to be deducted and withheld with respect to such payment under the Tax Act, the United States Internal Revenue Code of 1986 or any provision of any other Law (a “**Withholding Obligation**”). To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Affected Person in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. The Purchaser or the Company, any of their affiliates and the Depositary are hereby authorized to sell or otherwise dispose, of such portion of the non-cash consideration or non-cash amounts payable, issuable or otherwise deliverable pursuant to the Plan of Arrangement to such Person as is necessary to provide sufficient funds to the Purchaser or the Company, any of their affiliates and the Depositary, as the case may be, to enable it to comply with such deduction or withholding requirement and the Purchaser or the Company, any of their affiliates and the Depositary, as applicable, shall notify the relevant Person of such sale or other disposition and remit to such Person any unapplied balance of the net proceeds of such sale or other disposition (after deduction for (x) the amounts required to satisfy the required withholding under the Plan of Arrangement in respect of such Person, (y) reasonable commissions payable to the broker, and (z) other reasonable costs and expenses).

### 5.4 LIMITATION AND PROSCRIPTION

To the extent that a former Company Shareholder shall not have complied with the provisions of Section 5.1 or Section 5.2 on or before the date that is six (6) years after the Effective Date (the “**final proscription date**”), then

- (a) the Consideration that such former Company Shareholder was entitled to receive shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the Consideration for the Company Shares pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser or the Company, as applicable, for no consideration,
- (b) the Consideration that such former Company Shareholder was entitled to receive shall be delivered to the Purchaser by the Depositary, and
- (c) the certificates formerly representing Company Shares shall cease to represent a right or claim of any kind or nature as of such final proscription date.

### 5.5 POST-EFFECTIVE TIME DIVIDENDS AND DISTRIBUTIONS

- (1) No dividends or other distributions declared or made after the Effective Time with respect to Company Shares with a record date after the Effective Time shall be delivered to the holder of any unsurrendered certificate which immediately prior to the Effective Time represented outstanding Company Shares that were transferred pursuant to Section 3.1.
- (2) All dividends and distributions made after the Effective Time with respect to any Purchaser Shares allotted and issued pursuant to this Arrangement but for which a certificate has not been issued shall be paid or delivered to the Depositary to be held by the Depositary, subject to Section 5.4, in trust for the holder of such Consideration Shares. All monies received by the Depositary shall be invested by it in interest bearing trust accounts upon such terms as the Depositary may reasonably deem appropriate. Subject to this Section 5.5, the Depositary shall pay and deliver to any such holder, as soon as reasonably practicable after application therefor is made by such holder to the Depositary in such form as the Depositary may reasonably require, such dividends and distributions

and any interest thereon to which such holder is entitled pursuant to the Arrangement, net of any applicable withholding and other taxes.

## **5.6 NO LIENS**

Any exchange or transfer of Company Shares pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

## **5.7 PARAMOUNTCY**

From and after the Effective Time: (i) this Plan of Arrangement shall take precedence and priority over any and all Company Shares, Company Options, Company RSUs and Company Warrants issued prior to the Effective Time; (ii) the rights and obligations of the registered holders of Company Shares (other than the Purchaser or any of its affiliates), Company Options, Company RSUs and Company Warrants and of the Company, the Purchaser, the Depositary and any transfer agent or other depositary in relation thereto, shall be solely as provided for in this Plan of Arrangement and the Arrangement Agreement; and (iii) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Company Shares, Company Options, Company RSUs and Company Warrants shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

# **ARTICLE 6** **AMENDMENTS**

## **6.1 AMENDMENTS**

- (a) The Purchaser and the Company reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that any such amendment, modification or supplement must be agreed to in writing by each of the Company and the Purchaser and filed with the Court, and, if made following the Shareholder Meeting, then: (i) approved by the Court, and (ii) if the Court directs, approved by the Company Shareholders and communicated to the Company Shareholders if and as required by the Court, and in either case in the manner required by the Court.
- (b) Subject to the provisions of the Interim Order, any amendment, modification or supplement to this Plan of Arrangement, if agreed to by the Company and the Purchaser, may be proposed by the Company and the Purchaser at any time prior to or at the Shareholder Meeting, with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Shareholder Meeting shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Shareholder Meeting will be effective only if it is agreed to in writing by each of the Company and the Purchaser and, if required by the Court, by some or all of the Company Shareholders voting in the manner directed by the Court.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made by the Company and the Purchaser without the approval of or communication to the Court or the Company Shareholders, provided that it concerns a matter which, in the reasonable opinion of the Company and the Purchaser is of an administrative or ministerial nature required to better give effect to the implementation of this Plan of Arrangement and is not materially adverse to the financial or economic interests of any of the Company Shareholders.

- (e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the Arrangement Agreement.

**ARTICLE 7**  
**FURTHER ASSURANCES**

**7.1 FURTHER ASSURANCES**

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out in this Plan of Arrangement.

**APPENDIX C  
INTERIM ORDER**

(See attached.)

NOV 06 2023

ENTERED



No. S237421  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTIONS 288-291 OF THE  
BUSINESS CORPORATIONS ACT,  
S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT BETWEEN  
WAROONA ENERGY INC. AND ITS SHAREHOLDERS AND FRONTIER ENERGY LIMITED

WAROONA ENERGY INC.

PETITIONER

ORDER MADE AFTER APPLICATION

(Interim Order)

BEFORE ) MASTER *Hughes* ) November 6, 2023  
) )

ON THE APPLICATION of the Petitioner, Waroona Energy Inc. ("**Waroona**"), coming on for hearing without notice, for an interim order pursuant to section 291 of the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended (the "**BCBCA**") in connection with a proposed arrangement with Frontier Energy Limited ("**Frontier**") to be effected on the terms and subject to the conditions set out in a plan of arrangement (the "**Plan of Arrangement**"), at 800 Smithe Street, Vancouver, BC V6Z 2E1 on November 6, 2023, and ON HEARING Michael Lisanti, counsel for the Petitioner; and UPON READING the Petition made and filed herein, Affidavit #1 of Ruby Chan made November 1, 2023 and filed herein ("**Chan Affidavit #1**") and Affidavit #1 of Paul Manias made November 1, 2023 and filed herein; and UPON BEING ADVISED that it is the intention of the parties to rely upon Section 3(a)(10) of the United States *Securities Act of 1933*, as amended (the "**U.S. Securities Act**") as a basis for an exemption from the registration requirements thereof with respect to the issuance and exchange of securities under the proposed Plan of Arrangement based on the Court's approval of the Plan of Arrangement and determination that the Plan of Arrangement is substantively and procedurally fair and reasonable to affected securityholders of Waroona;

THIS COURT ORDERS that:



## DEFINITIONS

1. As used in this order, unless otherwise defined, terms beginning with capital letters have the respective meanings set out in the Notice of Special Meeting of Shareholders ("**Notice of Meeting**") and Proxy Statement and Management Information Circular (together, the "**Circular**"), attached as Exhibit "B" to Chan Affidavit #1.

## MEETING OF THE SHAREHOLDERS OF WAROONA ENERGY INC.

2. Pursuant to Sections 186 and 288-291 of the BCBCA, Waroona is authorized and directed to convene a special meeting (the "**Special Meeting**") of the holders of Waroona voting shares (the "**Waroona Shareholders**") to be held on December 8, 2023 at 11:00 A.M. (Vancouver time) at Suite 400 – 1681 Chestnut Street, Vancouver, British Columbia, upon reasonable notice to the Waroona Shareholders by news release or other public announcement, newspaper advertisement, or by notice sent to the Waroona Shareholders by one of the methods specified in paragraph 9 of this order, as determined to be the most appropriate method of communication by the board of directors of Waroona to, *inter alia*:
  - (a) consider and, if deemed advisable, to approve, with or without variation, a special resolution (the "**Arrangement Resolution**") in the form attached as Appendix A to the Circular; and
  - (b) consider such further or other business as may properly come before the Special Meeting or any adjournment(s) or postponement(s) thereof.
3. The Special Meeting shall be called, held and conducted in accordance with the BCBCA and the articles of Waroona subject to the terms of this order and any further order of this Court, and the rulings and directions of the chair of the Special Meeting, such rulings and directions not to be inconsistent with this order.
4. Notwithstanding the provisions of the BCBCA and the articles of Waroona, and subject to the terms of the Arrangement Agreement, Waroona, if it deems advisable, is specifically authorized to adjourn or postpone the Special Meeting on one or more occasions, without the necessity of first convening the Special Meeting or first obtaining any vote of the Waroona Shareholders respecting such adjournment or postponement and without the need for approval of the Court. Notice of any such adjournments or postponements shall be given by news release or other public announcement, newspaper advertisement, or by notice sent to the Waroona Shareholders by one of the methods specified in paragraph 9 of this order, as determined to be the most appropriate method of communication by the board of directors of Waroona.
5. At any subsequent reconvening of the Special Meeting, all proxies will be voted in the same manner as the proxies would have been voted at the original convening of the Special Meeting, except for any proxies that have been effectively revoked or withdrawn prior to the subsequent reconvening of the Special Meeting.

## RECORD DATE

6. The record date for determining the Waroona Shareholders entitled to receive the Notice of Meeting, Circular, form of proxy or voting instruction form, letter of transmittal and Notice of Hearing of Application (For Final Order), all as applicable, for use by the Waroona

Shareholders (collectively, the "**Meeting Materials**"), and to attend and vote at the Special Meeting or at any adjournment or postponement thereof, shall be the close of business in Vancouver, British Columbia on November 1, 2023 (the "**Waroona Record Date**").

7. The Waroona Record Date will not change in respect of any postponement(s) or adjournment(s) of the Special Meeting, unless Waroona determines that it is advisable, and subject to the consent of Frontier acting reasonably.

#### NOTICE OF SPECIAL MEETING

8. The Circular is hereby declared to represent sufficient and adequate disclosure, including for the purpose of section 290(1)(a) of the BCBCA, and Waroona shall not be required to send to the Waroona Shareholders any other or additional statement pursuant to section 290(1)(a) of the BCBCA.
9. The Meeting Materials, in substantially the same form as attached to Chan Affidavit #1 as Exhibits "B", "C", "D" and "N", with such deletions, amendments, or additions thereto as counsel for Waroona may advise are necessary or desirable, and as are not inconsistent with the terms of this order, shall be sent:
  - (a) to registered Waroona Shareholders (those whose names appear in the securities register of Waroona) ("**Registered Shareholders**") determined as at the Waroona Record Date, at least twenty-one (21) days prior to the date of the Special Meeting, excluding the date of mailing, delivery or transmittal and the date of the Special Meeting, by one (1) or more of the following methods:
    - (i) prepaid ordinary, first class or air mail addressed to the Registered Shareholder at his, her or its address as it appears in the applicable records of Waroona as at the Waroona Record Date;
    - (ii) by delivery in person or by courier to the addresses specified in paragraph 9(a)(i) above; or
    - (iii) by e-mail or facsimile transmission (together "**Electronic Transmission**") to any Registered Shareholder who identifies himself, herself or itself to the satisfaction of Waroona, acting through its representatives, who requests such Electronic Transmission;
  - (b) to non-registered Waroona Shareholders (those whose names do not appear in the securities register of Waroona) ("**Non-Registered Shareholders**"), by providing, in accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, the requisite number of copies of the Meeting Materials to intermediaries and registered nominees to facilitate the distribution of the Meeting Materials to Non-Registered Shareholders; and
  - (c) to the directors and auditor of Waroona by personal delivery, Electronic Transmission, or by mailing the Meeting Materials by prepaid ordinary mail to such persons at least twenty-one (21) days prior to the date of the Special Meeting, excluding the date of mailing, delivery or transmittal and the date of the Special Meeting;

and substantial compliance with this paragraph shall constitute good and sufficient notice of the Special Meeting.

10. The Meeting Materials need not be sent to Registered Shareholders where mail previously sent to such holders by Waroona or its registrar and transfer agent has been returned to Waroona or its registrar and transfer agent on two or more previous consecutive occasions.
11. The Circular and Notice of Hearing of Application (For Final Order) in substantially the same form as contained in Exhibits "B" and "N", respectively, to Chan Affidavit #1, with such deletions, amendments or additions thereto as counsel for Waroona may advise are necessary or desirable, provided that such amendments are not inconsistent with the terms of this order (the "**Notice Materials**"), shall be sent by prepaid ordinary mail or Electronic Transmission to holders of Waroona Warrants, Waroona Options and Waroona RSUs at least twenty-one (21) days prior to the date of the Special Meeting.
12. Provided that notice of the Special Meeting is given and the Meeting Materials and Notice Materials, as applicable, are provided to the holders of Waroona Warrants, Waroona Options and Waroona RSUs and other persons entitled thereto in compliance with this order, the requirement of Section 290(1)(b) of the BCBCA to include certain disclosure in any advertisement is waived.
13. Accidental failure of or omission by Waroona to give notice to any one or more persons entitled thereto, or the non-receipt of such notice by one of more persons entitled thereto, or any failure or omission to give such notice as a result of events beyond the reasonable control of Waroona (including, without limitation, any inability to use postal services) shall not constitute a breach of this order or a defect in the calling of the Special Meeting and shall not invalidate any resolution passed or proceeding taken at the Special Meeting, but if any such failure or omission is brought to the attention of Waroona, then it shall use reasonable best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

#### DEEMED RECEIPT OF NOTICE

14. The Meeting Materials, including the Notice of Hearing of Application (For Final Order), and any amendments, modifications, updates or supplements thereto and any notice of adjournment or postponement of the Special Meeting, shall be deemed to have been served upon and received:
  - (a) in the case of mailing, the day, Saturdays, Sundays and holidays excepted, following the date of mailing as specified at section 6 of the BCBCA;
  - (b) in the case of delivery in person, upon receipt thereof at the intended recipient's address or, in the case of delivery by courier, one (1) business day after receipt by the courier;
  - (c) in the case of transmission by email or facsimile, upon the transmission thereof;
  - (d) in the case of advertisement, at the time of publication of the advertisement;

- (e) in the case of electronic filing on SEDAR+ and EDGAR, upon the transmission thereof; and
- (f) in the case of Non-Registered Shareholders, three (3) days after delivery thereof to intermediaries and registered nominees.

#### **UPDATING MEETING MATERIALS**

- 15. Notice of any amendments, modifications, updates or supplements to any of the information provided in the Meeting Materials may be communicated, at any time prior to the Special Meeting, to the Waroona Shareholders by news release or other public announcement, newspaper advertisement or by notice sent to the Waroona Shareholders and other persons entitled thereto, as set out herein, by any of the means set forth in paragraph 9, as determined to be the most appropriate method of communication by the Waroona Board.

#### **CONDUCT OF THE SPECIAL MEETING**

- 16. The chair of the Special Meeting will be an officer or director of Waroona, or such other person as may be appointed by the directors of Waroona for that purpose.
- 17. The chair of the Special Meeting is at liberty to call on the assistance of legal counsel to Waroona at any time and from time to time, as the chair of the Special Meeting may deem necessary or appropriate, during the Special Meeting, and such legal counsel is entitled to attend the Special Meeting for that purpose.
- 18. The Special Meeting shall otherwise be conducted in accordance with the provisions of the BCBCA and the articles of Waroona, subject to the terms of this order.

#### **QUORUM AND VOTING**

- 19. The quorum for the transaction of business by Waroona Shareholders at the Special Meeting will be two persons who are, or who represent by proxy, Waroona Shareholders who in the aggregate hold at least 5% of the issued and outstanding Waroona Shares entitled to vote at the Special Meeting.
- 20. The vote required to pass the Arrangement Resolution shall be:
  - (a) the affirmative vote of at least 66 2/3% of the votes cast by the Waroona Shareholders, present in person or represented by proxy and entitled to vote at the Special Meeting; and
  - (b) the affirmative vote of not less than a simple majority of the votes cast by Waroona Shareholders, present in person or represented by proxy and entitled to vote at the Special Meeting, excluding the votes of Interested Parties pursuant to MI-61-101.
- 21. For the purposes of the Special Meeting, any spoiled votes, illegible votes, defective votes and abstentions shall be deemed not to be votes cast.
- 22. In all other respects, the terms, restrictions and conditions of the articles of Waroona will apply in respect of the Special Meeting.

## **PERMITTED ATTENDEES**

23. The only persons entitled to attend the Special Meeting shall be (i) the Registered Shareholders as of the close of business in Vancouver, British Columbia on the Waroona Record Date, or their respective proxyholders, (ii) Waroona's directors, officers, auditor and advisors, (iii) representatives of Frontier, including its legal advisors, and (iv) any other person admitted on the invitation of the chair of the Special Meeting or with the consent of the chair of the Special Meeting, and the only persons entitled to be represented and to vote at the Special Meeting shall be the Waroona Shareholders as at the close of business in Vancouver, British Columbia on the Waroona Record Date, or their respective proxyholders.

## **SCRUTINEERS**

24. A representative of Computershare Investor Services Inc., Waroona's registrar and transfer agent, or such other person as may be designated by Waroona will be authorized to act as scrutineer for the Special Meeting.

## **SOLICITATION OF PROXIES**

25. Waroona is authorized to use the form of proxy in substantially the same form as contained in Exhibit "C" to Chan Affidavit #1 and an appropriate voting instruction form, in connection with the Special Meeting, subject to Waroona's ability to insert dates and other relevant information in the form and, subject to the Arrangement Agreement, with such amendments, revisions or supplemental information as Waroona may determine are necessary or desirable. Waroona is authorized, at its expense, to solicit proxies, directly and through its officers, directors and employees, and through such agents or representatives as it may retain for the purpose, and by mail or such other forms of personal or electronic communication as it may determine.
26. The procedure for the use of proxies at the Special Meeting shall be as set out in the Meeting Materials. The chair of the Special Meeting may in his or her discretion, without notice, waive or extend the time limits for the deposit of proxies by Waroona Shareholders if he or she deems it advisable to do so, such waiver or extension to be endorsed on the proxy by the initials of the chair of the Special Meeting.

## **WAROONA DISSENT RIGHTS**

27. Each Registered Shareholder shall have the right to dissent in respect of the Arrangement Resolution in accordance with the provisions of Sections 237-247 of the BCBCA, as modified by the terms of this order and the Plan of Arrangement. A beneficial holder of Waroona Shares registered in the name of a broker, custodian, trustee, nominee or other intermediary who wishes to dissent must make arrangements for the Registered Shareholder to dissent on behalf of the beneficial holder of Waroona Shares or, alternatively, make arrangements to become a Registered Shareholder.
28. Registered Shareholders shall be the only Waroona Shareholders entitled to exercise rights of dissent.

29. In order for a Registered Shareholder to exercise such right of dissent under Sections 237-247 of the BCBCA, as modified by the terms of this order and the Plan of Arrangement (the "Dissent Right"):

- (a) a Dissenting Shareholder shall deliver a written notice of dissent which must be received by Waroona, addressed to the attention of the Corporate Secretary, by 4:00 p.m. (Vancouver time) on Wednesday, December 6, 2023 or the date that is two Business Days immediately prior to any date to which the Special Meeting may be postponed or adjourned, to:

Waroona Energy Inc.  
c/o DLA Piper (Canada) LLP  
Suite 2700  
1133 Melville Street  
Vancouver, British Columbia  
V6E 4E5

Attention: Ruby Chan

- (b) delivery of a notice of dissent does not deprive such Dissenting Shareholder of its right to vote at the Special Meeting, however, a vote in favour of the Arrangement Resolution will result in a loss of the Dissent Right;
- (c) a vote against the Arrangement Resolution or an abstention shall not constitute the written notice of dissent required under subparagraph (a);
- (d) a Dissenting Shareholder may not exercise the Dissent Right in respect of only a portion of such Dissenting Shareholder's Waroona Shares, but may dissent only with respect to all of its Waroona Shares; and
- (e) the exercise of such Dissent Right must otherwise comply with the requirements of Section 237-247 of the BCBCA, as modified by this order and the Plan of Arrangement.

30. Notice to the Waroona Shareholders of their Dissent Right with respect to the Arrangement Resolution, including notice of their right, subject to the provisions of the BCBCA and this order and the Plan of Arrangement, to receive the fair value of their Waroona Shares and notice that such shares will be deemed to be transferred to Frontier at the Effective Time, shall be given by including information with respect to the Dissent Right in the Circular to be sent to Waroona Shareholders in accordance with this order.

31. Subject to further order of this Court, the rights available to the Waroona Shareholders under the BCBCA, this order and the Plan of Arrangement to dissent from the Plan of Arrangement shall constitute full and sufficient Dissent Rights for the Waroona Shareholders with respect to the Plan of Arrangement.

#### APPLICATION FOR FINAL ORDER APPROVING THE PLAN OF ARRANGEMENT

32. Upon the approval, with or without variation, by the Waroona Shareholders of the Arrangement Resolution, in the manner set forth in this order, Waroona may apply to this Court for, *inter alia*, an order:

- (a) pursuant to BCBCA Section 291(4)(a) approving the Arrangement; and
- (b) pursuant to BCBCA Section 291(4)(c) declaring that the Plan of Arrangement is procedurally and substantively fair and reasonable to the parties affected

(collectively, the "**Final Order**")

and the hearing of the application for Final Order (the "**Application**") will be held on Wednesday, December 13, 2023 at 9:45 a.m. (Vancouver time) at the Courthouse at 800 Smithe Street, Vancouver, British Columbia or as soon thereafter as the Application can be heard or at such other date and time as this Court may direct.

- 33. The form of Notice of Hearing of Application (For Final Order) attached as Exhibit "N" to Chan Affidavit #1 is hereby authorized for use for all purposes as a notice of application and application materials required by Rules 8-1(3) and 8-1(7), respectively, or any Notice of Hearing required by Rule 16-1(8).
- 34. Any Waroona Shareholder or other affected party has the right to appear (either in person or by counsel) and make submissions at the Application for the Final Order provided that such person must:
  - (a) File and deliver a response to petition ("**Response**") pursuant to rule 16-1(4) of, and in the form prescribed by, the *Supreme Court Civil Rules*, and a copy of all materials upon which they intend to rely, to Waroona's solicitors and Frontier's solicitors, respectively, at:

DLA PIPER (CANADA) LLP  
Barristers & Solicitors  
Suite 2700 – 1133 Melville Street  
Vancouver, BC V6E 4E5  
Attention: J. Brent MacLean

Fax number for delivery: (604) 687-1612

Email address: [brent.macleam@dlapiper.com](mailto:brent.macleam@dlapiper.com)

FARRIS LLP  
Suite 2500 – 700 West Georgia Street  
Vancouver, BC V7Y 1B3  
Attention: Daniel Everall

Email address: [deverall@farris.com](mailto:deverall@farris.com)

by or before 4:00 p.m. (Vancouver time) on Tuesday, December 12, 2023, or as the Court may otherwise direct.

#### **SERVICE OF NOTICE OF HEARING OF APPLICATION (FOR FINAL ORDER)**

- 35. Delivery of the Notice of Hearing of Application (For Final Order) and this order in accordance with paragraph 9 of this order shall constitute good and sufficient service of the Notice of Hearing of Application (For Final Order) upon all those Waroona

Shareholders or any other persons who may wish to appear in these proceedings, and no other form of service need be made.

36. Additional service of the Notice of Hearing of Application (For Final Order) upon the Waroona Shareholders, securityholders of Waroona, Waroona's directors and auditor, and any other persons who may wish to appear may be made by Waroona posting the Circular on the SEDAR+ website maintained by the Canadian Securities Administrators.
37. Waroona is not required to serve the Petition, any affidavits filed in support of the Petition, any applications filed by Waroona, including affidavits filed in support of such applications, or any orders made on application by Waroona including this order, on any person except on written request from or on behalf of such person.
38. In the event the Application is adjourned, only those persons who have filed and delivered a Response in accordance with this order need be provided with written notice of the adjourned hearing date and any filed materials.
39. Waroona is at liberty to serve the Notice of Hearing of Application (For Final Order) on persons outside the jurisdiction of this Honourable Court in the manner specified in this order.

#### VARIANCE

40. Waroona or any other person or entity affected by these proceedings, is entitled, at any time, to seek leave to vary this order.
41. To the extent of any inconsistency or discrepancy between this order and the Circular, the BCBCA, applicable Securities Laws or the articles of Waroona, this order shall govern.
42. Rules 8-1, 8-2 and 16-1 will not apply for any further applications in respect of this proceeding including the Application and any application to vary this order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

*M. Lisanti*

Signature of ☒ lawyer for the Petitioner  
DLA Piper (Canada) LLP (Michael Lisanti)

BY THE COURT

*[Signature]*  
REGISTRAR





No. S237421  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

IN THE MATTER OF SECTIONS 288-291 OF THE  
BUSINESS CORPORATIONS ACT,  
S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT  
BETWEEN  
WAROONA ENERGY INC. AND ITS SHAREHOLDERS  
AND FRONTIER ENERGY LIMITED

WAROONA ENERGY INC.

PETITIONER

---

**ORDER MADE AFTER APPLICATION**  
**(Interim Order)**

---

DLA Piper (Canada) LLP  
Barristers & Solicitors  
2800 Park Place  
666 Burrard Street  
Vancouver, BC V6C 2Z7

Tel. No. 604.687.9444  
Fax No. 604.687.1612

Client Matter No.: 110700-00002

MOL/

**APPENDIX D**  
**PETITION AND NOTICE OF HEARING OF PETITION FOR FINAL ORDER**

(See attached.)

For personal use only

NOV 02 2023

S - 237 421

No. \_\_\_\_\_  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 288 OF THE *BUSINESS  
CORPORATIONS ACT*, S.B.C. 2002, CHAPTER 57, AS  
AMENDED

AND:

IN THE MATTER OF A PROPOSED ARRANGEMENT  
INVOLVING WAROONA ENERGY INC. AND ITS  
SHAREHOLDERS AND FRONTIER ENERGY LIMITED

WAROONA ENERGY INC.

PETITIONER

**PETITION TO THE COURT**

**This proceeding has been started by the Petitioner for the relief set out in Part 1 below.**

If you intend to respond to this Petition, you or your lawyer must

- (a) file a Response to Petition in Form 67 in the above-named registry of this Court within the time for Response to Petition described below, and
- (b) serve on the Petitioner
  - (i) 2 copies of the filed Response to Petition, and
  - (ii) 2 copies of each filed Affidavit on which you intend to rely at the hearing.

**Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the Response to Petition within the time for response.**

**Time for Response to Petition**

A Response to Petition must be filed and served on the Petitioner,

- (a) if you reside anywhere within Canada, within 21 days after the date on which a copy of the filed Petition was served on you,
- (b) if you reside in the United States of America, within 35 days after the date on which a copy of the filed Petition was served on you,

- (c) if you reside elsewhere, within 49 days after the date on which a copy of the filed Petition was served on you, or
- (d) if the time for response has been set by Order of the Court, within that time.

The address of the registry is: 800 Smithe Street  
Vancouver, BC V6Z 2E1

The ADDRESS FOR SERVICE of the petitioner(s) is: J. Brent MacLean  
DLA Piper (Canada) LLP  
Barristers & Solicitors  
Suite 2700  
1133 Melville Street  
Vancouver, BC V6E 4E5

Fax number address for service (if any): 604.687.1612

E-mail address for service (if any): brent.maclean@dlapiper.com

The name and office address of petitioner's lawyer is: J. Brent MacLean  
DLA Piper (Canada) LLP  
Barristers & Solicitors  
Suite 2700  
1133 Melville Street  
Vancouver, BC V6E 4E5

### CLAIM OF THE PETITIONER

#### Part 1: ORDERS SOUGHT

The Petitioner, Waroona Energy Inc. ("**Waroona**" or the "**Company**") applies for:

1. An interim order pursuant to sections 186 and 288 to 297 of the *Business Corporations Act* (British Columbia), S.B.C., 2002, c. 57, as amended (the "**BCBCA**") in the form attached as **Schedule "A"** to this Petition (the "**Interim Order**").
2. An order (the "**Final Order**") in the form attached as **Schedule "B"** to this petition, pursuant to section 291 of the BCBCA, approving an arrangement (the "**Arrangement**") more particularly described in the plan of arrangement (the "**Plan of Arrangement**") among Waroona, the registered holders of issued and outstanding shares of Waroona

(the "**Waroona Shareholders**"), and Frontier Energy Limited, such Plan of Arrangement being attached as Appendix "A" to the Final Order,

3. Such further and other relief as counsel for the Petitioner may advise and the Court may deem just.

## Part 2: FACTUAL BASIS

### DEFINITIONS

1. As used in this Petition, unless otherwise defined, terms beginning with capital letters have the respective meaning set out in the Arrangement Agreement.

### THE PARTIES

#### Waroona Energy Inc.

2. Waroona is a company incorporated pursuant to the BCBCA with a registered office located at Suite 2700 – 1133 Melville Street, Vancouver, British Columbia, V6E 4E5, and a head office located at Suite 400, 1681 Chestnut Street, Vancouver, British Columbia, V6J 4M6.
3. Waroona, through its wholly-owned subsidiaries, holds an interest in a mining project located near Lake Superior, Ontario, Canada (the "**Superior Lake Project**"). In May 2023, Waroona also acquired a solar project located near Waroona, Western Australia (the "**Waroona Solar Project**"). Waroona continues to maintain and develop both of these projects.
4. Waroona is a reporting issuer under the securities legislation of British Columbia and Alberta, and its securities are listed for trading on the TSX Venture Exchange ("**TSXV**") under the symbol "WHE", and on the U.S. mid-tier over-the-counter equity market (the "**OTCQB**") under the symbol "WHEFF".
5. As of November 1, 2023, there were issued and outstanding 737,979,415 common shares of Waroona (the "**Waroona Shares**").

6. As of November 1, 2023, there were options outstanding to purchase 31,250,000 Waroona Shares (the "**Options**"). These Options are being dealt with pursuant to a company incentive plan dated February 13, 2023 (the "**Company Incentive Plan**") and consent resolutions executed by all holders of Options.
7. As of November 1, 2023, there were restricted share units ("**RSUs**") outstanding entitling the holders to acquire 29,140,084 Waroona Shares. These RSUs are being dealt with pursuant to the Company Incentive Plan.
8. As of November 1, 2023, there were warrants ("**Warrants**") outstanding to purchase 91,461,674 Waroona Shares. These Warrants are being dealt with pursuant to the terms set out in certificates representing such Warrants.

#### **Frontier Energy Limited**

9. Frontier Energy Limited ("**Frontier**") is a body corporate recognized as a company pursuant to the laws of Australia, with a registered and head office located at Level 20, 140 St Georges Terrace, Perth, Western Australia, 6000, Australia.
10. Frontier owns a large-scale solar energy project located near Waroona, Western Australia, Australia, adjacent to the Waroona Solar Project. Frontier is exploring progressing this project into a green hydrogen energy project.
11. The ordinary shares in the capital of Frontier ("**Frontier Shares**") are currently listed for trading on the Australian Securities Exchange and the OTCQB.
12. Frontier and its affiliates currently hold approximately 20% of all outstanding Waroona Shares.

#### **Overview of the Plan of Arrangement**

13. On October 6, 2023, Waroona and Frontier entered into an Arrangement Agreement that provided for a Plan of Arrangement. Upon completion of the Plan of Arrangement, Waroona will be a wholly-owned subsidiary of Frontier and cease to be a reporting issuer, and the Waroona Shares will be delisted from the TSXV and the OTCQB.

14. If the Plan of Arrangement is approved and adopted, then, pursuant to its terms, each Waroona Share will be exchanged for 0.2342 of a Frontier Share (the "**Exchange Ratio**").
15. Pursuant to the Plan of Arrangement and the Company Incentive Plan, the Waroona Options will be deemed unconditionally vested, and the holders of Waroona Options have unanimously consented to the treatment of their Options pursuant to the terms of the Plan of Arrangement.
16. Pursuant to the Plan of Arrangement and the Company Incentive Plan, the Waroona RSUs will be deemed unconditionally vested and deemed to be assigned and transferred to Waroona in exchange for Waroona Shares, and such Shares will then participate in the Plan of Arrangement according to its terms.
17. Dissent rights are proposed to be granted in the terms set out in the Interim Order attached as Schedule "A" hereto.
18. Pursuant to the Plan of Arrangement, commencing at the Effective Time, the following principal steps shall occur and shall be deemed to occur consecutively in the following order without any further authorization, act or formality:
  - (a) each Company RSU outstanding immediately prior to the Effective Time (whether vested or unvested) shall, in accordance with the terms of the Company Incentive Plan, be deemed to be unconditionally vested, and such Company RSU shall, without any further action by or on behalf of a holder the Company RSU, be deemed to be assigned and transferred by such holder to the Company (free and clear of all Liens) in exchange for the RSU Consideration, with each Company Share comprising the RSU Consideration having an issue price per share equal to the Company Share Value and being issued as fully paid and non-assessable common shares in the authorized share structure of the Company, and such Company Shares will be added to the Company's central securities register in the name of such holder of Company RSUs;
  - (b) (i) each holder of Company RSUs shall cease to be a holder of such Company RSUs (ii) each such holder's name shall be removed from each applicable register maintained by Company, (iii) all agreements relating to the Company RSUs shall be terminated and shall be of no further force and effect, and (iv) each such holder shall thereafter have only the right to receive, from the amount held in escrow by the Depositary or the Company as described in Section 5.1 of the Plan of Arrangement, the consideration to which they are entitled to receive

pursuant to Section 3.1(a) of the Plan of Arrangement, at the time and in the manner specified therein;

- (c) each Company Option outstanding immediately prior to the Effective Time (whether vested or unvested) shall, notwithstanding the terms of the Company Incentive Plan, be deemed to be unconditionally vested and exercisable, and such Company Option shall, without any further action by or on behalf of a holder of Company Options:
- (i) with respect to each In-the-Money Company Option (i.e., where the exercise price of an Option is less than the 5-day weighted average Company trading price prior to the Effective Time) outstanding at the Effective Time, shall be, and shall be deemed to be, exercised and surrendered to the Company for cancellation and the holder thereof shall receive, in respect of each such surrendered In-the-Money Company Option, the Option Consideration, with each Company Share comprising the Option Consideration having an issue price per share equal to the Company Share Value and being issued as fully paid and non-assessable common shares in the authorized share structure of the Company, and such Company Shares will be added to the Company's central securities register in the name of such holder of Company Options; and
  - (ii) each Out-of-the-Money Company Option (i.e., where the exercise price of an Option is greater than the 5-day weighted average Company share trading price prior to the Effective Time) outstanding at the Effective Time, shall be, and shall be deemed to be, surrendered to the Company for cancellation for no consideration;
- (d) (i) each holder of Company Options shall cease to be a holder of such Company Options (ii) each such holder's name shall be removed from each applicable register maintained by Company, (iii) all agreements relating to the Company Options shall be terminated and shall be of no further force and effect, and (iv) each such holder shall thereafter have only the right to receive, from the amount held in escrow by the Depositary or the Company as described in Section 5.1 of the Plan of Arrangement, the consideration to which they are entitled to receive pursuant to Section 3.1(c)(i) of the Plan of Arrangement at the time and in the manner specified therein;
- (e) the Company Incentive Plan and all agreements relating thereto shall be terminated and shall be of no further force and effect;
- (f) each Company Warrant issued and outstanding immediately before the Effective Time shall, in accordance with the terms of each such Company Warrant, without any further act or formality by the holder thereof, be exercisable for a Purchaser Share on equivalent terms, as applicable, to the Company Warrant previously held subject to adjusting the number of Purchaser Shares underlying the Company Warrant and exercise price therefore in accordance with the Exchange Ratio;



- (g) each of the Company Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred without any further act or formality to the Purchaser (free and clear of all Liens) in consideration for a debt claim against the Purchaser for the amount determined under Article 4 of the Plan of Arrangement, and:
- (i) such Dissenting Shareholders shall cease to be the holders of such Company Shares and to have any rights as holders of such Company Shares other than the right to be paid fair value for such Company Shares as set out in Section 4.1 of the Plan of Arrangement;
  - (ii) such Dissenting Shareholders' names shall be removed as the holders of such Company Shares from the registers of Company Shares maintained by or on behalf of Company; and
  - (iii) the Purchaser shall be deemed to be the transferee of such Company Shares free and clear of all Liens, and the Purchaser shall be entered in the registers of Company Shares maintained by or on behalf of Company, as the holder of such Company Shares;
- (h) each Company Share outstanding immediately prior to the Effective Time (other than Company Shares held by a Dissenting Shareholder who has validly exercised their Dissent Right, the Purchaser or any of its affiliates, but including those Company Shares issued pursuant to Sections 3.1(a) and 3.1(c)(i) of the Plan of Arrangement) shall, without any further action by or on behalf of a holder of Company Shares, be deemed to be assigned and transferred by the holder thereof to the Purchaser (free and clear of all Liens) in exchange for the Share Consideration from the Purchaser, and:
- (i) the holders of such Company Shares shall cease to be the holders thereof and to have any rights as holders of such Company Shares other than the right to be paid the Consideration by the Depositary in accordance with the Plan of Arrangement;
  - (ii) such holders' names shall be removed from the register of the Company Shares maintained by or on behalf of the Company; and
  - (iii) the Purchaser shall be deemed to be the transferee of such Company Shares (free and clear of all Liens) and the Purchaser shall be entered in the register of the Company Shares maintained by or on behalf of the Company.
19. Full particulars of the Plan of Arrangement are set out in the Management Information Circular and Proxy Statement (the "**Circular**") attached as Exhibit "B" to the 1<sup>st</sup> Affidavit of Ruby Chan sworn herein.

## THE MEETING

20. Pursuant to the Arrangement Agreement, Waroona proposes to call, hold and conduct a special meeting (the "**Meeting**") of the holders of Waroona Shares (the "**Waroona Shareholders**") to be held on December 8, 2023 at 11:00 a.m. (Vancouver time) at Suite 400 – 1681 Chestnut Street, Vancouver, British Columbia.
21. At the Meeting, the Waroona Shareholders shall:
- (a) consider and, if thought fit, pass, with or without variation, the Arrangement Resolution (in the form attached as Appendix A to Exhibit "B" to Affidavit #1 of Ruby Chan) authorizing and adopting the Arrangement under section 289 of the BCBCA; and
  - (b) transact such other business as may properly come before the Meeting or any adjournment thereof.

## FAIRNESS OF THE ARRANGEMENT

22. The execution of the Arrangement Agreement was the result of extensive negotiations between representatives of Waroona and Frontier and their respective legal and financial advisors. The history of the extensive negotiations is set out in detail in the Circular, which describes the material events that led to the execution and public announcement of the Arrangement Agreement.
23. The Arrangement Agreement was considered and recommended by a committee of the board of directors of Waroona (the "**Special Committee**") and by the board of directors of Waroona (the "**Board**").
24. In evaluating and unanimously approving the Arrangement and the Arrangement Agreement, the Special Committee and the Board considered a number of factors, including, among others, and in no particular order, the following:
- (a) Significant Premium to Waroona Shareholders – The number of Frontier Shares to be issued in accordance with the Exchange Ratio (the "**Consideration**") represents a premium of 52.4% and 46.8% to the closing price and the 10- day VWAP, respectively, of Waroona's shares on the TSXV prior to the announcement of the Arrangement on September 5, 2023;
  - (b) Ability to Participate in Future Potential Growth of Combined Entity – By receiving Frontier Shares under the Arrangement, Waroona Shareholders will have an

opportunity to retain exposure to the Waroona Solar Project. Moreover, Frontier has the financial means and the technical capacity to maximize the long-term potential of the Waroona Solar Project;

- (c) **Complementary Businesses and Ability to Capture Scale Benefits** – The Combined Company is strongly positioned to be one of the first renewable energy projects and green hydrogen producers in Australia, due to the Waroona Solar Project's low operating and initial capital cost for Stage One production, together with significant surrounding infrastructure in place. More importantly, the Company has multiple existing domestic market offtake opportunities that are both accessible and ready for early offtake/consumption of green hydrogen;
- (d) **Business and Industry Risks** – The business, operations, assets, financial condition, operating results and prospects of Waroona are subject to significant uncertainty, including (but not limited to) risks associated with Waroona's dependency on the Superior Lake Project, its material mining property, and the Waroona Solar Project for its future operating revenue, permitting and regulatory approvals, exploration and development risks and commodity price and inflation risks. The Board concluded that the Consideration under the Arrangement is more favourable to Waroona Shareholders than continuing with Waroona's current business plan, including the inherent risks associated with ownership of a dual-asset mining and solar energy company, after taking into account the potential for such business plan to generate value for Shareholders through the continued exploration and development of the Superior Lake Project and the potential development of the Waroona Solar Project;
- (e) **Robust and Supervised Negotiation Process** – The Arrangement is the result of a robust negotiation process that included the establishment by the Board of the Special Committee, which received advice from independent advisors throughout the process;
- (f) **Red Cloud Opinion** – The receipt by the Board and the Special Committee of, and the conclusion contained in, the opinion, of Red Cloud Securities Inc. ("**Red Cloud**") to the Special Committee as to the fairness, from a financial point of view and as of the date of the opinion, to holders of Waroona Shares (other than Frontier and its affiliates) of the Arrangement, which opinion was based on and subject to various assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken as more fully described under "The Arrangement – Opinion of Financial Advisor" in the Circular. The Special Committee considered the fixed fee payable to Red Cloud for its services in connection with its opinion and that Red Cloud was not providing as of the date of Red Cloud's opinion, and had not during the preceding two-year period provided, investment banking, financial advisory or other similar financial services to Waroona unrelated to the Arrangement or to Frontier;
- (g) **Ability to Respond to Unsolicited Superior Proposals** – Subject to the terms of the Arrangement Agreement, the Board will remain able to respond to any unsolicited *bona fide* written proposal that, having regard to all of its terms and

conditions, if consummated in accordance with its terms, could reasonably be expected to lead to a Superior Proposal;

- (h) Fairness of the Conditions – The Arrangement Agreement provides for certain conditions to completion of the Arrangement, which conditions are not unduly onerous or outside market practice and could reasonably be expected to be satisfied in the judgment of the Board;
- (i) Shareholder and Court Approval – The Arrangement is subject to the following Shareholder and Court approvals, which protect Waroona Shareholders:
  - (i) The Arrangement Resolution requires approval of: (i) at least 66 2/3% of the votes cast at the Meeting by Shareholders either in person or represented by proxy at the Meeting; and entitled to vote thereat; and (ii) a simple majority of the votes cast by the Shareholders present in person or represented by proxy at the Meeting and entitled to vote thereat, excluding the votes cast by such Shareholders that are required to be excluded pursuant to MI 61-101; and
  - (ii) The Arrangement is subject to a determination of the Court that the Arrangement is fair and reasonable, both procedurally and substantively, to Shareholders and other affected Persons.
- (j) Key Regulatory Approvals – The completion of the Arrangement is subject to the Company obtaining Key Regulatory Approvals, including the Investment Canada Act Approval; and
- (k) Dissent Rights – The terms of the Plan of Arrangement provide that Registered Shareholders who oppose the Arrangement may, upon compliance with certain conditions, exercise Dissent Rights and, if ultimately successful, receive fair value for their Waroona Shares (as described in the Plan of Arrangement).

## THE MEETING AND APPROVALS

- 25. The record date for determining the Waroona Shareholders entitled to receive notice of, attend and vote at the Meeting is proposed to be the close of business (Vancouver time) on November 1, 2023.
- 26. In connection with the Meeting, Waroona intends to send to each Waroona Shareholder a copy of the following material and documentation substantially in the form as attached as Exhibit "B" to Affidavit #1 of Ruby Chan:
  - (a) Notice of Special Meeting of Shareholders and accompanying Circular that includes, among other things:
    - (i) the text of the Arrangement Resolution;

- (ii) an explanation of the effect of the Arrangement;
  - (iii) a copy of the Plan of Arrangement;
  - (iv) a summary of the reasons for the Board of Directors' recommendation;
  - (v) a copy of the Interim Order;
  - (vi) the text of Division 2 of Part 8 of the BCBCA setting out the dissent provisions of the BCBCA; and
  - (vii) a copy of the Notice of Hearing of Application for Final Order; and
- (b) the form of proxy which can be used by Waroona Shareholders in connection with the Meeting

(hereinafter collectively referred to as the "**Meeting Materials**").

27. It is proposed that all such documents may contain such deletions, amendments or additions thereto as Waroona's counsel may advise or are necessary or desirable, provided such amendments are not inconsistent with the terms of the Interim Order.

#### **QUORUM AND VOTING**

28. Pursuant to the terms of the proposed Interim Order, the votes taken at the Meeting required to pass the Arrangement Resolution shall be the affirmative vote of:
- (a) not less than two-thirds (2/3) of the votes cast by the Waroona Shareholders at the Meeting, present either in person or represented by proxy and entitled to vote at the Meeting; and
  - (a) a simple majority (more than 50%) of the votes cast by the Waroona Shareholders at the Meeting, present either in person or represented by proxy and entitled to vote at the Meeting, excluding the votes of Waroona Shareholders whose votes are required to be excluded for the purposes of "minority approval" pursuant to MI 61-101.
29. Pursuant to the Waroona articles and the Interim Order, a quorum for the transaction of business at the Meeting is two persons who are, or who represent by proxy, shareholders who in the aggregate hold at least 5% of the issued shares entitled to be voted at the Meeting.

#### **DISSENT RIGHTS**

30. It is proposed that each Waroona Shareholder shall be granted the right to dissent in respect of the Arrangement Resolution in accordance with the provisions of Division 2 of Part 8 of the BCBCA, as modified by the terms of the Interim Order and the Plan of Arrangement.
31. It is proposed that in order for a Waroona Shareholder to exercise a right of dissent in respect of the Arrangement Resolution, pursuant to the BCBCA, such Waroona Shareholder must deliver a notice of dissent to the Arrangement Resolution, attention Ruby Chan, by any of the following methods:
- (a) delivered by mail to DLA Piper (Canada) LLP, Attention: Ruby Chan at address 1133 Melville Street, Suite 2700, Vancouver, British Columbia V6E 4E5;
  - (b) by email to Ruby Chan at ruby.chan@dlapiper.com; or
  - (c) by facsimile to facsimile no. +1 604 687 1612;
- by no later than 4:00 p.m. (Vancouver time) on the day that is two Business Days immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time).

#### U.S. SECURITIES ACT OF 1933

32. Section 3(a)(10) of the United States *Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), provides an exemption from the registration requirements of that act for the issue of securities in exchange for other outstanding securities where the terms and conditions of the issue and exchange are approved by a court of competent jurisdiction after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue such securities shall have the right to appear.
33. In order to ensure securities issued or made issuable to securityholders in the United States pursuant to the Arrangement will be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) of the U.S. Securities Act, it is necessary that:
- (a) the Court is advised of the intention of the parties to rely on Section 3(a)(10) of the U.S. Securities Act based on the Court's approval of the Plan of Arrangement, prior to the hearing required to approve the Plan of Arrangement;

- (b) the Interim Order of the Court approving the relevant meeting or meetings to approve the Plan of Arrangement specifies that each securityholder will have the right to appear before the Court so long as the securityholder enters an appearance within a reasonable time;
- (c) all the securityholders are given adequate notice advising them of their rights to attend the hearing of the Court to approve of the Plan of Arrangement and are provided with sufficient information necessary for them to exercise that right;
- (d) the Court must approve the fairness of the terms and conditions of the Plan of Arrangement to the securityholders;
- (e) the Court has determined, prior to approving the final order, that the terms and conditions of the exchanges of securities comprising the Plan of Arrangement are procedurally and substantively fair to the securityholders; and
- (f) the order of the Court approving the Plan of Arrangement expressly states that the Arrangement is approved by the Court as being procedurally and substantively fair to the securityholders.
34. There are shareholders in the United States who will receive shares of Frontier. Since the completion of the Arrangement involves issuances of securities to recipients in the United States, Waroona hereby gives notice to the Court of the parties' intention to rely on Section 3(a)(10) of the U.S. Securities Act in completing the Arrangement.

#### **NO CREDITOR IMPACT**

35. Waroona is not insolvent, and the Arrangement does not contemplate a compromise of any debt or any debt instruments of Waroona and no creditor of Waroona will be negatively affected by the Arrangement.

#### **Part 3: LEGAL BASIS**

1. Sections 186 and 288 – 291 of the BCBCA, Rules 4-4, 4-5, 8-1 and 16-1 of the *Supreme Court Civil Rules*; and the equitable and inherent jurisdiction of the Court.

#### **THE APPROVAL PROCESS**

2. Pursuant to Sections 288-297 of the BCBCA, the Arrangement requires the approval of this Honourable Court to proceed.

3. Sections 288-297 of the BCBCA contemplate a three-step process for Court approval of a plan of arrangement:
- (a) the first step is an application for the Interim Order for directions for calling a shareholders meeting to consider and vote on the arrangement. The first application proceeds *ex parte* because of the administrative burden of serving the affected parties;
  - (b) the second step is the holding of a meeting, where the Arrangement is voted upon, and must be approved by a special resolution; and
  - (c) the third step is the application for final Court approval of the Arrangement.
4. See *Pacifica Papers Inc. v. 3017970 et al*, 2001, BCCA 486 at paragraphs 4-6.

#### THE INTERIM ORDER HEARING

5. As this Court held in *Mason Capital Management LLC v. TELUS Corp.*, 2012 BCSC 1582 [*Mason*], the interim order is preliminary in nature and its purpose is simply to "set the wheels in motion for the application process relating to the arrangement and to establish the parameters for the holding of shareholder meetings to consider approval of the arrangement in accordance with the statute":

Consistent with its preliminary nature, in order to grant an interim order a court needs only to satisfy itself that "reasonable grounds exist to regard the proposed transaction as an `arrangement'". It is at the fairness hearing that the court must fully examine and determine whether the arrangement meets all applicable statutory requirements, including whether it constitutes an "arrangement", and whether it is procedurally and substantively fair and reasonable. [citations omitted]

*Mason, supra* at paras. 31-32

6. The BCBCA defines an "arrangement" using broad and inclusive terms. Pursuant to section 288(1) of the BCBCA, a "company" may propose an arrangement with security holders, creditors or other persons and may, in that arrangement, make any proposal it considers appropriate, including those listed at subsections 288(1)(a)-(i).



7. The Interim Order is procedural and does not affect substantive rights, with the exception of the dissent rights in respect of the Arrangement Resolution.
8. The Arrangement includes a series of corporate transactions falling within the scope of section 288(1).
9. The proposed Arrangement is an "*arrangement*" under the BCBCA.

#### THE FINAL ORDER HEARING

10. Final approval of a plan of arrangement should be granted if the Court is satisfied that:
  - (a) the statutory requirements have been met;
  - (b) the application has been put forward in good faith;
  - (c) the arrangement is fair and reasonable;
  - (d) it has a valid business purpose; and
  - (e) any objections of Waroona Shareholders will be resolved in a fair and balanced way.

*BCE Inc.*, 2008 SCC 69 at para. 137 [*BCE*]

11. In order to determine whether an arrangement is fair and reasonable, a Court must be satisfied that: (a) the arrangement has a valid business purpose; and (b) the objections of those whose legal rights are being arranged are being resolved in a fair and balanced way.

*BCE*, *supra* at paras. 138 and 145

12. The question of whether the proposed Arrangement is procedurally and substantively fair and reasonable overall and meets all applicable statutory requirements will be determined at the return of the Petition on or after December 13, 2023, at which time the result of the vote by the Shareholders of Waroona on the Arrangement Resolution will be known. The Petitioner will file with the Court further affidavit materials reporting as to compliance with any Interim Order and the results of any Meeting conducted pursuant to such Interim Order.

**Part 4: MATERIAL TO BE RELIED ON**

1. Affidavit #1 of Ruby Chan, made November 1, 2023;
2. Affidavit #1 of Paul Manias, made November 1, 2023;
3. Such further and other materials as counsel may advise and this Court will allow.

The Petitioner estimates that the application will take 20 minutes.

November 2, 2023

Dated

*M. L. L. L.*

Signature of lawyer for petitioner *for*  
DLA Piper (Canada) LLP (J. Brent MacLean)

*To be completed by the court only:*

**Order made**

☐ in the terms requested in paragraphs \_\_\_\_\_ of  
Part 1 of this petition

☐ with the following variations and additional terms:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_

Signature of ☐ Judge ☐ Master

SCHEDULE A

No. \_\_\_\_\_  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTIONS 288-291 OF THE  
BUSINESS CORPORATIONS ACT,  
S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT BETWEEN  
WAROONA ENERGY INC. AND ITS SHAREHOLDERS AND FRONTIER ENERGY LIMITED

WAROONA ENERGY INC.

PETITIONER

ORDER MADE AFTER APPLICATION

(Interim Order)

BEFORE ) MASTER ) November 6, 2023  
) )  
) )

ON THE APPLICATION of the Petitioner, Waroona Energy Inc. ("**Waroona**"), coming on for hearing without notice, for an interim order pursuant to section 291 of the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended (the "**BCBCA**") in connection with a proposed arrangement with Frontier Energy Limited ("**Frontier**") to be effected on the terms and subject to the conditions set out in a plan of arrangement (the "**Plan of Arrangement**"), at 800 Smithe Street, Vancouver, BC V6Z 2E1 on November 6, 2023, and ON HEARING Michael Lisanti, counsel for the Petitioner; and UPON READING the Petition made and filed herein, Affidavit #1 of Ruby Chan made November 1, 2023 and filed herein ("**Chan Affidavit #1**") and Affidavit #1 of Paul Manias made November 1, 2023 and filed herein; and UPON BEING ADVISED that it is the intention of the parties to rely upon Section 3(a)(10) of the United States *Securities Act of 1933*, as amended (the "**U.S. Securities Act**") as a basis for an exemption from the registration requirements thereof with respect to the issuance and exchange of securities under the proposed Plan of Arrangement based on the Court's approval of the Plan of Arrangement and determination that the Plan of Arrangement is substantively and procedurally fair and reasonable to affected securityholders of Waroona;

THIS COURT ORDERS that:

## DEFINITIONS

1. As used in this order, unless otherwise defined, terms beginning with capital letters have the respective meanings set out in the Notice of Special Meeting of Shareholders ("**Notice of Meeting**") and Proxy Statement and Management Information Circular (together, the "**Circular**"), attached as Exhibit "B" to Chan Affidavit #1.

## MEETING OF THE SHAREHOLDERS OF WAROONA ENERGY INC.

2. Pursuant to Sections 186 and 288-291 of the BCBCA, Waroona is authorized and directed to convene a special meeting (the "**Special Meeting**") of the holders of Waroona voting shares (the "**Waroona Shareholders**") to be held on December 8, 2023 at 11:00 A.M. (Vancouver time) at Suite 400 – 1681 Chestnut Street, Vancouver, British Columbia, upon reasonable notice to the Waroona Shareholders by news release or other public announcement, newspaper advertisement, or by notice sent to the Waroona Shareholders by one of the methods specified in paragraph 9 of this order, as determined to be the most appropriate method of communication by the board of directors of Waroona to, *inter alia*:
  - (a) consider and, if deemed advisable, to approve, with or without variation, a special resolution (the "**Arrangement Resolution**") in the form attached as Appendix A to the Circular; and
  - (b) consider such further or other business as may properly come before the Special Meeting or any adjournment(s) or postponement(s) thereof.
3. The Special Meeting shall be called, held and conducted in accordance with the BCBCA and the articles of Waroona subject to the terms of this order and any further order of this Court, and the rulings and directions of the chair of the Special Meeting, such rulings and directions not to be inconsistent with this order.
4. Notwithstanding the provisions of the BCBCA and the articles of Waroona, and subject to the terms of the Arrangement Agreement, Waroona, if it deems advisable, is specifically authorized to adjourn or postpone the Special Meeting on one or more occasions, without the necessity of first convening the Special Meeting or first obtaining any vote of the Waroona Shareholders respecting such adjournment or postponement and without the need for approval of the Court. Notice of any such adjournments or postponements shall be given by news release or other public announcement, newspaper advertisement, or by notice sent to the Waroona Shareholders by one of the methods specified in paragraph 9 of this order, as determined to be the most appropriate method of communication by the board of directors of Waroona.
5. At any subsequent reconvening of the Special Meeting, all proxies will be voted in the same manner as the proxies would have been voted at the original convening of the Special Meeting, except for any proxies that have been effectively revoked or withdrawn prior to the subsequent reconvening of the Special Meeting.

## RECORD DATE

6. The record date for determining the Waroona Shareholders entitled to receive the Notice of Meeting, Circular, form of proxy or voting instruction form, letter of transmittal and Notice of Hearing of Application (For Final Order), all as applicable, for use by the Waroona

Shareholders (collectively, the "**Meeting Materials**"), and to attend and vote at the Special Meeting or at any adjournment or postponement thereof, shall be the close of business in Vancouver, British Columbia on November 1, 2023 (the "**Waroona Record Date**").

7. The Waroona Record Date will not change in respect of any postponement(s) or adjournment(s) of the Special Meeting, unless Waroona determines that it is advisable, and subject to the consent of Frontier acting reasonably.

#### NOTICE OF SPECIAL MEETING

8. The Circular is hereby declared to represent sufficient and adequate disclosure, including for the purpose of section 290(1)(a) of the BCBCA, and Waroona shall not be required to send to the Waroona Shareholders any other or additional statement pursuant to section 290(1)(a) of the BCBCA.
9. The Meeting Materials, in substantially the same form as attached to Chan Affidavit #1 as Exhibits "B", "C", "D" and "N", with such deletions, amendments, or additions thereto as counsel for Waroona may advise are necessary or desirable, and as are not inconsistent with the terms of this order, shall be sent:
- (a) to registered Waroona Shareholders (those whose names appear in the securities register of Waroona) ("**Registered Shareholders**") determined as at the Waroona Record Date, at least twenty-one (21) days prior to the date of the Special Meeting, excluding the date of mailing, delivery or transmittal and the date of the Special Meeting, by one (1) or more of the following methods:
    - (i) prepaid ordinary, first class or air mail addressed to the Registered Shareholder at his, her or its address as it appears in the applicable records of Waroona as at the Waroona Record Date;
    - (ii) by delivery in person or by courier to the addresses specified in paragraph 9(a)(i) above; or
    - (iii) by e-mail or facsimile transmission (together "**Electronic Transmission**") to any Registered Shareholder who identifies himself, herself or itself to the satisfaction of Waroona, acting through its representatives, who requests such Electronic Transmission;
  - (b) to non-registered Waroona Shareholders (those whose names do not appear in the securities register of Waroona) ("**Non-Registered Shareholders**"), by providing, in accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, the requisite number of copies of the Meeting Materials to intermediaries and registered nominees to facilitate the distribution of the Meeting Materials to Non-Registered Shareholders; and
  - (c) to the directors and auditor of Waroona by personal delivery, Electronic Transmission, or by mailing the Meeting Materials by prepaid ordinary mail to such persons at least twenty-one (21) days prior to the date of the Special Meeting, excluding the date of mailing, delivery or transmittal and the date of the Special Meeting;

and substantial compliance with this paragraph shall constitute good and sufficient notice of the Special Meeting.

10. The Meeting Materials need not be sent to Registered Shareholders where mail previously sent to such holders by Waroona or its registrar and transfer agent has been returned to Waroona or its registrar and transfer agent on two or more previous consecutive occasions.
11. The Circular and Notice of Hearing of Application (For Final Order) in substantially the same form as contained in Exhibits "B" and "N", respectively, to Chan Affidavit #1, with such deletions, amendments or additions thereto as counsel for Waroona may advise are necessary or desirable, provided that such amendments are not inconsistent with the terms of this order (the "**Notice Materials**"), shall be sent by prepaid ordinary mail or Electronic Transmission to holders of Waroona Warrants, Waroona Options and Waroona RSUs at least twenty-one (21) days prior to the date of the Special Meeting.
12. Provided that notice of the Special Meeting is given and the Meeting Materials and Notice Materials, as applicable, are provided to the holders of Waroona Warrants, Waroona Options and Waroona RSUs and other persons entitled thereto in compliance with this order, the requirement of Section 290(1)(b) of the BCBCA to include certain disclosure in any advertisement is waived.
13. Accidental failure of or omission by Waroona to give notice to any one or more persons entitled thereto, or the non-receipt of such notice by one of more persons entitled thereto, or any failure or omission to give such notice as a result of events beyond the reasonable control of Waroona (including, without limitation, any inability to use postal services) shall not constitute a breach of this order or a defect in the calling of the Special Meeting and shall not invalidate any resolution passed or proceeding taken at the Special Meeting, but if any such failure or omission is brought to the attention of Waroona, then it shall use reasonable best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

#### DEEMED RECEIPT OF NOTICE

14. The Meeting Materials, including the Notice of Hearing of Application (For Final Order), and any amendments, modifications, updates or supplements thereto and any notice of adjournment or postponement of the Special Meeting, shall be deemed to have been served upon and received:
  - (a) in the case of mailing, the day, Saturdays, Sundays and holidays excepted, following the date of mailing as specified at section 6 of the BCBCA;
  - (b) in the case of delivery in person, upon receipt thereof at the intended recipient's address or, in the case of delivery by courier, one (1) business day after receipt by the courier;
  - (c) in the case of transmission by email or facsimile, upon the transmission thereof;
  - (d) in the case of advertisement, at the time of publication of the advertisement;

- (e) in the case of electronic filing on SEDAR+ and EDGAR, upon the transmission thereof; and
- (f) in the case of Non-Registered Shareholders, three (3) days after delivery thereof to intermediaries and registered nominees.

#### **UPDATING MEETING MATERIALS**

- 15. Notice of any amendments, modifications, updates or supplements to any of the information provided in the Meeting Materials may be communicated, at any time prior to the Special Meeting, to the Waroona Shareholders by news release or other public announcement, newspaper advertisement or by notice sent to the Waroona Shareholders and other persons entitled thereto, as set out herein, by any of the means set forth in paragraph 9, as determined to be the most appropriate method of communication by the Waroona Board.

#### **CONDUCT OF THE SPECIAL MEETING**

- 16. The chair of the Special Meeting will be an officer or director of Waroona, or such other person as may be appointed by the directors of Waroona for that purpose.
- 17. The chair of the Special Meeting is at liberty to call on the assistance of legal counsel to Waroona at any time and from time to time, as the chair of the Special Meeting may deem necessary or appropriate, during the Special Meeting, and such legal counsel is entitled to attend the Special Meeting for that purpose.
- 18. The Special Meeting shall otherwise be conducted in accordance with the provisions of the BCBCA and the articles of Waroona, subject to the terms of this order.

#### **QUORUM AND VOTING**

- 19. The quorum for the transaction of business by Waroona Shareholders at the Special Meeting will be two persons who are, or who represent by proxy, Waroona Shareholders who in the aggregate hold at least 5% of the issued and outstanding Waroona Shares entitled to vote at the Special Meeting.
- 20. The vote required to pass the Arrangement Resolution shall be:
  - (a) the affirmative vote of at least 66 2/3% of the votes cast by the Waroona Shareholders, present in person or represented by proxy and entitled to vote at the Special Meeting; and
  - (b) the affirmative vote of not less than a simple majority of the votes cast by Waroona Shareholders, present in person or represented by proxy and entitled to vote at the Special Meeting, excluding the votes of Interested Parties pursuant to MI-61-101.
- 21. For the purposes of the Special Meeting, any spoiled votes, illegible votes, defective votes and abstentions shall be deemed not to be votes cast.
- 22. In all other respects, the terms, restrictions and conditions of the articles of Waroona will apply in respect of the Special Meeting.

## **PERMITTED ATTENDEES**

23. The only persons entitled to attend the Special Meeting shall be (i) the Registered Shareholders as of the close of business in Vancouver, British Columbia on the Waroona Record Date, or their respective proxyholders, (ii) Waroona's directors, officers, auditor and advisors, (iii) representatives of Frontier, including its legal advisors, and (iv) any other person admitted on the invitation of the chair of the Special Meeting or with the consent of the chair of the Special Meeting, and the only persons entitled to be represented and to vote at the Special Meeting shall be the Waroona Shareholders as at the close of business in Vancouver, British Columbia on the Waroona Record Date, or their respective proxyholders.

## **SCRUTINEERS**

24. A representative of Computershare Investor Services Inc., Waroona's registrar and transfer agent, or such other person as may be designated by Waroona will be authorized to act as scrutineer for the Special Meeting.

## **SOLICITATION OF PROXIES**

25. Waroona is authorized to use the form of proxy in substantially the same form as contained in Exhibit "C" to Chan Affidavit #1 and an appropriate voting instruction form, in connection with the Special Meeting, subject to Waroona's ability to insert dates and other relevant information in the form and, subject to the Arrangement Agreement, with such amendments, revisions or supplemental information as Waroona may determine are necessary or desirable. Waroona is authorized, at its expense, to solicit proxies, directly and through its officers, directors and employees, and through such agents or representatives as it may retain for the purpose, and by mail or such other forms of personal or electronic communication as it may determine.
26. The procedure for the use of proxies at the Special Meeting shall be as set out in the Meeting Materials. The chair of the Special Meeting may in his or her discretion, without notice, waive or extend the time limits for the deposit of proxies by Waroona Shareholders if he or she deems it advisable to do so, such waiver or extension to be endorsed on the proxy by the initials of the chair of the Special Meeting.

## **WAROONA DISSENT RIGHTS**

27. Each Registered Shareholder shall have the right to dissent in respect of the Arrangement Resolution in accordance with the provisions of Sections 237-247 of the BCBCA, as modified by the terms of this order and the Plan of Arrangement. A beneficial holder of Waroona Shares registered in the name of a broker, custodian, trustee, nominee or other intermediary who wishes to dissent must make arrangements for the Registered Shareholder to dissent on behalf of the beneficial holder of Waroona Shares or, alternatively, make arrangements to become a Registered Shareholder.
28. Registered Shareholders shall be the only Waroona Shareholders entitled to exercise rights of dissent.



29. In order for a Registered Shareholder to exercise such right of dissent under Sections 237-247 of the BCBCA, as modified by the terms of this order and the Plan of Arrangement (the "**Dissent Right**"):

- (a) a Dissenting Shareholder shall deliver a written notice of dissent which must be received by Waroona, addressed to the attention of the Corporate Secretary, by 4:00 p.m. (Vancouver time) on Wednesday, December 6, 2023 or the date that is two Business Days immediately prior to any date to which the Special Meeting may be postponed or adjourned, to:

Waroona Energy Inc.  
c/o DLA Piper (Canada) LLP  
Suite 2700  
1133 Melville Street  
Vancouver, British Columbia  
V6E 4E5

Attention: Ruby Chan

- (b) delivery of a notice of dissent does not deprive such Dissenting Shareholder of its right to vote at the Special Meeting, however, a vote in favour of the Arrangement Resolution will result in a loss of the Dissent Right;
- (c) a vote against the Arrangement Resolution or an abstention shall not constitute the written notice of dissent required under subparagraph (a);
- (d) a Dissenting Shareholder may not exercise the Dissent Right in respect of only a portion of such Dissenting Shareholder's Waroona Shares, but may dissent only with respect to all of its Waroona Shares; and
- (e) the exercise of such Dissent Right must otherwise comply with the requirements of Section 237-247 of the BCBCA, as modified by this order and the Plan of Arrangement.

30. Notice to the Waroona Shareholders of their Dissent Right with respect to the Arrangement Resolution, including notice of their right, subject to the provisions of the BCBCA and this order and the Plan of Arrangement, to receive the fair value of their Waroona Shares and notice that such shares will be deemed to be transferred to Frontier at the Effective Time, shall be given by including information with respect to the Dissent Right in the Circular to be sent to Waroona Shareholders in accordance with this order.

31. Subject to further order of this Court, the rights available to the Waroona Shareholders under the BCBCA, this order and the Plan of Arrangement to dissent from the Plan of Arrangement shall constitute full and sufficient Dissent Rights for the Waroona Shareholders with respect to the Plan of Arrangement.

#### **APPLICATION FOR FINAL ORDER APPROVING THE PLAN OF ARRANGEMENT**

32. Upon the approval, with or without variation, by the Waroona Shareholders of the Arrangement Resolution, in the manner set forth in this order, Waroona may apply to this Court for, *inter alia*, an order:

- (a) pursuant to BCBCA Section 291(4)(a) approving the Arrangement; and
- (b) pursuant to BCBCA Section 291(4)(c) declaring that the Plan of Arrangement is procedurally and substantively fair and reasonable to the parties affected

(collectively, the "**Final Order**")

and the hearing of the application for Final Order (the "**Application**") will be held on Wednesday, December 13, 2023 at 9:45 a.m. (Vancouver time) at the Courthouse at 800 Smith Street, Vancouver, British Columbia or as soon thereafter as the Application can be heard or at such other date and time as this Court may direct.

- 33. The form of Notice of Hearing of Application (For Final Order) attached as Exhibit "N" to Chan Affidavit #1 is hereby authorized for use for all purposes as a notice of application and application materials required by Rules 8-1(3) and 8-1(7), respectively, or any Notice of Hearing required by Rule 16-1(8).
- 34. Any Waroona Shareholder or other affected party has the right to appear (either in person or by counsel) and make submissions at the Application for the Final Order provided that such person must:
  - (a) File and deliver a response to petition ("**Response**") pursuant to rule 16-1(4) of, and in the form prescribed by, the *Supreme Court Civil Rules*, and a copy of all materials upon which they intend to rely, to Waroona's solicitors and Frontier's solicitors, respectively, at:

DLA PIPER (CANADA) LLP  
Barristers & Solicitors  
Suite 2700 – 1133 Melville Street  
Vancouver, BC V6E 4E5  
Attention: J. Brent MacLean

Fax number for delivery: (604) 687-1612

Email address: [brent.maclean@dlapiper.com](mailto:brent.maclean@dlapiper.com)

FARRIS LLP  
Suite 2500 – 700 West Georgia Street  
Vancouver, BC V7Y 1B3  
Attention: Daniel Everall

Email address: [deverall@farris.com](mailto:deverall@farris.com)

by or before 4:00 p.m. (Vancouver time) on Tuesday, December 12, 2023, or as the Court may otherwise direct.

#### **SERVICE OF NOTICE OF HEARING OF APPLICATION (FOR FINAL ORDER)**

- 35. Delivery of the Notice of Hearing of Application (For Final Order) and this order in accordance with paragraph 9 of this order shall constitute good and sufficient service of the Notice of Hearing of Application (For Final Order) upon all those Waroona

Shareholders or any other persons who may wish to appear in these proceedings, and no other form of service need be made.

36. Additional service of the Notice of Hearing of Application (For Final Order) upon the Waroona Shareholders, securityholders of Waroona, Waroona's directors and auditor, and any other persons who may wish to appear may be made by Waroona posting the Circular on the SEDAR+ website maintained by the Canadian Securities Administrators.
37. Waroona is not required to serve the Petition, any affidavits filed in support of the Petition, any applications filed by Waroona, including affidavits filed in support of such applications, or any orders made on application by Waroona including this order, on any person except on written request from or on behalf of such person.
38. In the event the Application is adjourned, only those persons who have filed and delivered a Response in accordance with this order need be provided with written notice of the adjourned hearing date and any filed materials.
39. Waroona is at liberty to serve the Notice of Hearing of Application (For Final Order) on persons outside the jurisdiction of this Honourable Court in the manner specified in this order.

#### **VARIANCE**

40. Waroona or any other person or entity affected by these proceedings, is entitled, at any time, to seek leave to vary this order.
41. To the extent of any inconsistency or discrepancy between this order and the Circular, the BCBCA, applicable Securities Laws or the articles of Waroona, this order shall govern.
42. Rules 8-1, 8-2 and 16-1 will not apply for any further applications in respect of this proceeding including the Application and any application to vary this order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

\_\_\_\_\_  
Signature of ☒ lawyer for the Petitioner  
DLA Piper (Canada) LLP (Michael Lisanti)

BY THE COURT

\_\_\_\_\_  
REGISTRAR

No. \_\_\_\_\_  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

IN THE MATTER OF SECTIONS 288-291 OF THE  
BUSINESS CORPORATIONS ACT,  
S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT  
BETWEEN  
WAROONA ENERGY INC. AND ITS SHAREHOLDERS  
AND FRONTIER ENERGY LIMITED

WAROONA ENERGY INC.

PETITIONER

---

**ORDER MADE AFTER APPLICATION**  
**(Interim Order)**

---

DLA Piper (Canada) LLP  
Barristers & Solicitors  
2800 Park Place  
666 Burrard Street  
Vancouver, BC V6C 2Z7

Tel. No. 604.687.9444  
Fax No. 604.687.1612

Client Matter No.: 110700-00002

MOL/

**SCHEDULE B**

No. \_\_\_\_\_  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

IN THE MATTER OF SECTIONS 288-291 OF THE  
BUSINESS CORPORATIONS ACT,  
S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT BETWEEN  
WAROONA ENERGY INC. AND ITS SHAREHOLDERS AND FRONTIER ENERGY LIMITED

WAROONA ENERGY INC.

PETITIONER

**ORDER MADE AFTER APPLICATION  
(FINAL ORDER)**

BEFORE     )   THE HONOURABLE JUSTICE             )   December 13, 2023  
              )   )

ON THE APPLICATION of the Petitioner, Waroona Energy Inc. ("**Waroona**"), coming on for hearing at 800 Smithe Street, Vancouver, BC V6Z 2E1 on December 13, 2023, and ON HEARING J. Brent MacLean, counsel for the Petitioner, and no one appearing on behalf of any holder of shares, options, warrants, restricted share units or other securities of Waroona (collectively, the "**Waroona Holders**"); AND UPON READING Affidavit #1 of Ruby Chan made November 1, 2023 and filed herein, Affidavit # 1 of Paul Manias made November 1, 2023 and filed herein, Affidavit #2 of Ruby Chan made December 1, 2023, and the pleadings and proceedings had and taken herein; AND UPON READING the order of Master 1 made herein on November 6, 2023 (the "**Interim Order**"); AND UPON notice of this hearing being given to the Waroona Holders in the manner set out in the Interim Order; AND UPON the requisite approvals of the holders of voting shares of Waroona (the "**Waroona Shareholders**") having been obtained at the special meeting of Shareholders held on December 8, 2023;

AND UPON considering the procedural and substantive fairness to the parties affected thereby of the terms and conditions of the plan of arrangement (the "**Plan of Arrangement**"), attached as **Appendix "A"** to this Order, and the rights and interests of the persons affected thereby;

AND UPON being informed that it is the intention of the parties to rely on Section 3(a)(10) of the United States *Securities Act of 1933*, as amended (the "**U.S. Securities Act**");

AND UPON being advised by Counsel for the Petitioner that this Court's determination that the Arrangement is fair and reasonable will form the basis for seeking an exemption from the registration requirements of the U.S. Securities Act pursuant to section 3(a)(10) thereof with respect to the issuances, exchanges, distribution and adjustments of securities contemplated in connection with the Arrangement;

AND UPON the terms of the Interim Order pronounced herein on November 6, 2023, having been complied with and the requisite approval of the Waroona Shareholders having been obtained in compliance with the terms of the Interim Order;

THIS COURT ORDERS AND DECLARES THAT:

1. Pursuant to Section 291(4)(c) of the *Business Corporations Act*, S.B.C. 2002, c.57, as amended (the "**BCBCA**"), the Plan of Arrangement, including the terms and conditions thereof, is procedurally and substantively fair and reasonable to the Waroona Holders.
2. The Plan of Arrangement be and hereby is approved pursuant to the provisions of Section 291(4)(a) of the BCBCA.
3. The Plan of Arrangement shall be implemented in the manner and sequence set forth therein, and pursuant to Sections 291, 292 and 296 of the BCBCA, the Plan of Arrangement will take effect as set out in the Plan of Arrangement.
4. The Plan of Arrangement shall be binding on Waroona and the Waroona Holders, upon the taking effect of the Plan of Arrangement pursuant to Section 297 of the BCBCA.
5. Waroona and Frontier Energy Limited shall be entitled to seek the advice and direction of this Court as to the implementation of this Order or to apply for such further Order or Orders as may be appropriate.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

\_\_\_\_\_  
Signature of ☒ lawyer for the Petitioner  
DLA Piper (Canada) LLP (J. Brent MacLean)

BY THE COURT

\_\_\_\_\_  
REGISTRAR

## APPENDIX A

### PLAN OF ARRANGEMENT UNDER SECTION 288 OF THE BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)

#### ARTICLE 1 INTERPRETATION

##### 1.1 DEFINITIONS

In this Plan of Arrangement, unless the context otherwise requires, the following words and terms shall have the meaning hereinafter set out:

“**Affected Person**” has the meaning set forth in Section 5.3;

“**affiliate**” has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus Exemptions*;

“**Arrangement**” means the arrangement of the Company under Division 5 of Part 9 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the terms of the Arrangement Agreement and the Plan of Arrangement or made at the direction of the Court in the Final Order (with the prior written consent of the Company and the Purchaser, each acting reasonably);

“**Arrangement Agreement**” means the arrangement agreement dated October 6, 2023 between the Purchaser and the Company, and all schedules annexed thereto, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof;

“**Arrangement Resolution**” means the special resolution of the Company Shareholders approving the Arrangement which is to be considered at the Shareholder Meeting, substantially in the form of Schedule B to the Arrangement Agreement;

“**ASX**” means the Australian Securities Exchange Ltd.;

“**Authorization**” means, with respect to any Person, any authorization, Order, permit, approval, grant, licence, registration, consent, right, notification, condition, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decision, decree, by-law, rule or regulation, of, from or required by any Governmental Entity having jurisdiction over the Person;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**Business Day**” means any day, other than a Saturday, a Sunday or any day on which banks are closed or authorized to be closed for business in Vancouver, British Columbia, or in Melbourne, Australia;

**"Canadian Securities Laws"** means the Securities Act (British Columbia), together with all other applicable securities Laws, rules and regulations and published policies thereunder or under the securities laws of any other province or territory of Canada;

**"Company"** means Waroona Energy Inc., a corporation existing under the laws of British Columbia;

**"Company Incentive Plan"** means the "rolling" 10% long-term incentive plan of the Company dated February 13, 2023, as the same may be amended, supplemented or otherwise modified from time to time;

**"Company Options"** means outstanding options to purchase Company Shares granted under the Company Incentive Plan;

**"Company RSUs"** means outstanding restricted stock units granted under the Company Incentive Plan;

**"Company Share Value"** means the volume weighted average trading price of the Company Shares on the TSX Venture Exchange for the five (5) trading days immediately preceding the Effective Time;

**"Company Shareholders"** means the registered and/or beneficial holders of Company Shares and, for the purposes of the Company Meeting, the Arrangement Resolution and the Company Shareholder Approval, includes the holders of Company Options to the extent required by, and on the terms specified in, the Interim Order;

**"Company Shares"** means the common shares in the authorized share capital of the Company;

**"Company Warrants"** means the outstanding Company Share purchase warrants of the Company;

**"Consideration"** means the Share Consideration as set out in this Plan of Arrangement;

**"Consideration Shares"** means the Purchaser Shares to be issued as part of the Consideration pursuant to the Arrangement;

**"Court"** means the Supreme Court of British Columbia or other competent court, as applicable;

**"Depositary"** means Computershare Investor Services Inc.;

**"Dissent Rights"** has the meaning set forth in Section 4.1(a);

**"Dissent Shares"** means Company Shares held by a Dissenting Shareholder and in respect of which the Dissenting Shareholder has validly exercised Dissent Rights;



**"Dissenting Shareholder"** means a registered Company Shareholder who has duly exercised a Dissent Right and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of Company Shares in respect of which Dissent Rights are validly exercised by such Company Shareholder;

**"Effective Date"** means the date on which the Arrangement becomes effective, as set out in Section 2.8 of the Arrangement Agreement;

**"Effective Time"** means 12:01 a.m. (Vancouver time) on the Effective Date or such other time as agreed to by the Company and the Purchaser in writing;

**"Exchange Ratio"** means 0.2342 of a Purchaser Share for each one (1) Company Share, subject to adjustment in accordance with Section 2.12 of the Arrangement Agreement;

**"Final Order"** means the final order of the Court in a form acceptable to the Purchaser and the Company, each acting reasonably, pursuant to Section 291 of the BCBCA approving the Arrangement, as such order may be amended, modified, supplemented or varied by the Court (with the consent of both the Purchaser and the Company, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Purchaser and the Company, each acting reasonably) on appeal;

**"Governmental Entity"** means: (a) any international, multinational, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, minister, ministry, bureau, agency or instrumentality, domestic or foreign; (b) any stock exchange, including the TSX, the OTCQB, and the ASX ; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, antitrust, foreign investment, expropriation or taxing authority under or for the account of any of the foregoing;

**"Interim Order"** means the interim order of the Court contemplated by Section 2.2 of the Arrangement Agreement and made pursuant to the BCBCA, providing for, among other things, the calling and holding of the Shareholder Meeting, as the same may be amended, modified, supplemented or varied by the Court (with the consent of the Company and the Purchaser, each acting reasonably);

**"In-the-Money Option Amount"** means, in respect of an In-the-Money Company Option, the amount by which the aggregate Company Share Value of the Company Shares that a holder is entitled to acquire on exercise of such In-the-Money Company Option exceeds the aggregate exercise price to acquire such Company Shares;

**"In-the-Money Company Option"** means a Company Option where the exercise price of such Company Option is less than the Company Share Value;

**"Law"** or **"Laws"** means, with respect to any Person, any applicable laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgments, injunctions, determinations, awards, decrees or other legally binding requirements, whether domestic or foreign, and the terms and conditions of any Authorization of or from any Governmental Entity, and, for greater certainty, includes Canadian Securities Laws;

**"Letter of Transmittal"** means the letter of transmittal form sent to Company Shareholders for use in connection with the Arrangement.

**"Liens"** means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third party interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

**"Option Consideration"** means, subject to any withholding pursuant to Section 5.3, in respect of an In-the-Money Company Option, such number of Company Shares obtained by dividing: (i) In-the-Money Option Amount in respect of such In-the-Money Company Option, by (ii) the Company Share Value, with the result rounded down to the nearest whole number of Company Shares;

**"Order"** means all judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, injunctions, orders, decisions, rulings, determinations, awards, or decrees of any Governmental Entity (in each case, whether temporary, preliminary or permanent);

**"OTCQB"** means the OTCQB Venture Market;

**"Out-of-the Money Company Option"** means a Company Option where the exercise price of such Company Option is greater than the Company Share Value;

**"Person"** includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

**"Plan of Arrangement"** means this plan of arrangement and any amendments or variations hereto made in accordance with the Arrangement Agreement and this Plan of Arrangement or upon the direction of the Court (with the prior written consent of the Company and the Purchaser, each acting reasonably) in the Final Order;

**"Purchaser"** means Frontier Energy Ltd, a corporation existing under the laws of Australia;

**"Purchaser Share"** means an ordinary share in the capital of the Purchaser;

**"RSU Consideration"** means, subject to any withholding pursuant to Section 5.3, in respect of each Company RSU, a Company Share;

**"Share Consideration"** means such number of Purchaser Shares to be issued by the Purchaser pursuant to the Plan of Arrangement for each Company Share in accordance with the Exchange Ratio;

**"Shareholder Meeting"** means the special meeting of Company Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

**"Tax Act"** means the Income Tax Act (Canada);

**"TSXV"** means the TSX Venture Exchange; and

**"Withholding Obligation"** has the meaning set forth in Section 5.3.

## **1.2 INTERPRETATION NOT AFFECTED BY HEADINGS**

The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement. Unless the contrary intention appears, references in this Plan of Arrangement to an Article, Section or Annex by number or letter or both refer to the Article, Section or Annex, respectively, bearing that designation in this Plan of Arrangement.

## **1.3 DATE FOR ANY ACTION**

If the date on or by which any action is required or permitted to be taken hereunder is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

## **1.4 NUMBER AND GENDER**

In this Plan of Arrangement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

## **1.5 REFERENCES TO PERSONS AND STATUTES**

A reference to a Person includes any successor to that Person. A reference to any statute includes all regulations made pursuant to such statute and the provisions of any statute or regulation which amends, supplements or supersedes any such statute or regulation.

## **1.6 CURRENCY**

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada and "\$" refers to Canadian dollars.

## **1.7 TIME REFERENCES**

References to time are to local time, Vancouver, British Columbia, unless otherwise specified.

## **1.8 TIME**

Time shall be of the essence in this Plan of Arrangement.

## **ARTICLE 2 EFFECT OF ARRANGEMENT**

### **2.1 ARRANGEMENT AGREEMENT**

This Plan of Arrangement is made pursuant to and subject to the provisions of the Arrangement Agreement.

### **2.2 BINDING EFFECT**

At the Effective Time, this Plan of Arrangement and the Arrangement shall without any further authorization, act or formality on the part of the Court become effective and be binding upon the Purchaser, the Company, the Depositary, the registrar and transfer agent of the Company, all registered and beneficial Company Shareholders, including Dissenting Shareholders, and holders of Company Options, Company RSUs or Company Warrants.

## **ARTICLE 3 ARRANGEMENT**

### **3.1 ARRANGEMENT**

Commencing at the Effective Time, each of the following events shall occur and shall be deemed to occur consecutively in the following order, five minutes apart, except where noted, without any further authorization, act or formality:

- (a) each Company RSU outstanding immediately prior to the Effective Time (whether vested or unvested) shall, in accordance with the terms of the Company Incentive Plan, be deemed to be unconditionally vested, and such Company RSU shall, without any further action by or on behalf of a holder of the Company RSU, be deemed to be assigned and transferred by such holder to the Company (free and clear of all Liens) in exchange for the RSU Consideration, with each Company Share comprising the RSU Consideration having an issue price per share equal to the Company Share Value and being issued as fully paid and non-assessable common shares in the authorized share structure of the Company, and such Company Shares will be added to the Company's central securities register in the name of such holder of Company RSUs;

- (b) (i) each holder of Company RSUs shall cease to be a holder of such Company RSUs (ii) each such holder's name shall be removed from each applicable register maintained by Company, (iii) all agreements relating to the Company RSUs shall be terminated and shall be of no further force and effect, and (iv) each such holder shall thereafter have only the right to receive, from the amount held in escrow by the Depositary or the Company as described in Section 5.1 below, the consideration to which they are entitled to receive pursuant to Section 3.1(a), at the time and in the manner specified therein;
- (c) each Company Option outstanding immediately prior to the Effective Time (whether vested or unvested) shall, notwithstanding the terms of the Company Incentive Plan, be deemed to be unconditionally vested and exercisable, and such Company Option shall, without any further action by or on behalf of a holder of Company Options:
- (i) with respect to each In-the-Money Company Option outstanding at the Effective Time, shall be, and shall be deemed to be, exercised and surrendered to the Company for cancellation and the holder thereof shall receive, in respect of each such surrendered In-the-Money Company Option, the Option Consideration, with each Company Share comprising the Option Consideration having an issue price per share equal to the Company Share Value and being issued as fully paid and non-assessable common shares in the authorized share structure of the Company, and such Company Shares will be added to the Company's central securities register in the name of such holder of Company Options; and
- (ii) each Out-of-the-Money Company Option outstanding at the Effective Time, shall be, and shall be deemed to be, surrendered to the Company for cancellation for no consideration;
- (d) (i) each holder of Company Options shall cease to be a holder of such Company Options (ii) each such holder's name shall be removed from each applicable register maintained by Company, (iii) all agreements relating to the Company Options shall be terminated and shall be of no further force and effect, and (iv) each such holder shall thereafter have only the right to receive, from the amount held in escrow by the Depositary or the Company as described in Section 5.1 below, the consideration to which they are entitled to receive pursuant to Section 3.1(c)(i) at the time and in the manner specified therein;
- (e) the Company Incentive Plan and all agreements relating thereto shall be terminated and shall be of no further force and effect;
- (f) each Company Warrant issued and outstanding immediately before the Effective Time shall, in accordance with the terms of each such Company

Warrant, without any further act or formality by the holder thereof, be exercisable for a Purchaser Share on equivalent terms, as applicable, to the Company Warrant previously held subject to adjusting the number of Purchaser Shares underlying the Company Warrant and exercise price therefore in accordance with the Exchange Ratio;

- (g) each of the Company Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred without any further act or formality to the Purchaser (free and clear of all Liens) in consideration for a debt claim against the Purchaser for the amount determined under Article 4, and:
  - (i) such Dissenting Shareholders shall cease to be the holders of such Company Shares and to have any rights as holders of such Company Shares other than the right to be paid fair value for such Company Shares as set out in Section 4.1;
  - (ii) such Dissenting Shareholders' names shall be removed as the holders of such Company Shares from the registers of Company Shares maintained by or on behalf of Company; and
  - (iii) the Purchaser shall be deemed to be the transferee of such Company Shares free and clear of all Liens, and the Purchaser shall be entered in the registers of Company Shares maintained by or on behalf of Company, as the holder of such Company Shares;
- (h) each Company Share outstanding immediately prior to the Effective Time (other than Company Shares held by a Dissenting Shareholder who has validly exercised their Dissent Right, the Purchaser or any of its affiliates, but including those Company Shares issued pursuant to Sections 3.1(a) and 3.1(c)(i)) shall, without any further action by or on behalf of a holder of Company Shares, be deemed to be assigned and transferred by the holder thereof to the Purchaser (free and clear of all Liens) in exchange for the Share Consideration from the Purchaser, and:
  - (i) the holders of such Company Shares shall cease to be the holders thereof and to have any rights as holders of such Company Shares other than the right to be paid the Consideration by the Depositary in accordance with this Plan of Arrangement;
  - (ii) such holders' names shall be removed from the register of the Company Shares maintained by or on behalf of the Company; and
  - (iii) the Purchaser shall be deemed to be the transferee of such Company Shares (free and clear of all Liens) and the Purchaser shall be entered in the register of the Company Shares maintained by or on behalf of the Company;

it being expressly provided that the events provided for in this Section 3.1 will be deemed to occur on the Effective Date, notwithstanding that certain procedures related thereto may not be completed until after the Effective Date.

### 3.2 NO FRACTIONAL SHARES

In no event shall any holder of Company Shares be entitled to receive a fractional Purchaser Share under this Plan of Arrangement. Where the aggregate number of Purchaser Shares to be issued to a Company Shareholder as consideration under this Plan of Arrangement would result in a fraction of a Purchaser Share being issuable, the number of Purchaser Shares to be issued to such Company Shareholder shall be rounded down to the closest whole number and, no consideration shall be paid in lieu of the issuance of a fractional Purchaser Share.

## **ARTICLE 4** **DISSENT RIGHTS**

### 4.1 DISSENT RIGHTS

- (a) In connection with the Arrangement, each registered Company Shareholder may exercise rights of dissent ("**Dissent Rights**") with respect to the Company Shares held by such Company Shareholder pursuant to and in the manner set forth in sections 237 to 247 of the BCBCA, as modified by the Interim Order and this Section 4.1(a); provided that, notwithstanding section 242(1)(a) of the BCBCA, the written objection to the Arrangement Resolution referred to in section 242(1)(a) of the BCBCA must be received by Company not later than 4:00 p.m. (Vancouver time) two Business Days immediately preceding the date of the Shareholder Meeting. Dissenting Shareholders who:
  - (i) are ultimately entitled to be paid by the Purchaser fair value for their Dissent Shares (1) shall be deemed to not to have participated in the transactions in Article 3 (other than Section 3.1(g)); (2) shall be deemed to have transferred and assigned such Dissent Shares (free and clear of any Liens) to the Purchaser in accordance with Section 3.1(g); (3) will be entitled to be paid the fair value of such Dissent Shares by the Purchaser, which fair value, notwithstanding anything to the contrary contained in the BCBCA, shall be determined as of the close of business on the day before the Arrangement Resolution was adopted at the Shareholder Meeting; and (4) will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such Company Shares; or
  - (ii) are ultimately not entitled, for any reason, to be paid by the Purchaser fair value for their Dissent Shares, shall be deemed to

have participated in the Arrangement in respect of those Company Shares on the same basis as a non-dissenting Company Shareholder.

- (b) In no event shall the Purchaser, the Company or any other Person be required to recognize a Dissenting Shareholder as a registered or beneficial holder of Company Shares or any interest therein (other than the rights set out in this Section 4.1) at or after the Effective Time, and at the Effective Time the names of such Dissenting Shareholders shall be deleted from the central securities register of the Company as at the Effective Time.
- (c) For greater certainty, in addition to any other restrictions in the Interim Order, no Person shall be entitled to exercise Dissent Rights with respect to Company Shares in respect of which a Person has voted or has instructed a proxyholder to vote in favour of the Arrangement Resolution.

## **ARTICLE 5**

### **CERTIFICATES AND PAYMENT**

#### **5.1 CERTIFICATES AND PAYMENTS**

- (a) Following receipt of the Final Order and in any event no later than the Business Day prior to the Effective Date, the Purchaser shall deliver or cause to be delivered to the Depositary, Consideration Shares to satisfy the Share Consideration payable to the Company Shareholders which Consideration Shares shall be held by the Depositary in escrow as agent and nominee for such former Company Shareholders.
- (b) Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Company Shares that were transferred pursuant to Section 3.1, together with a duly completed and executed Letter of Transmittal and any such additional documents and instruments as the Depositary may reasonably require, the registered holder of the Company Shares represented by such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such Company Shareholder, as soon as practicable, the Consideration that such Company Shareholder has the right to receive under the Arrangement for such Company Shares, less any amounts withheld pursuant to Section 5.3, and any certificate so surrendered shall forthwith be cancelled.
- (c) After the Effective Time and until surrendered for cancellation as contemplated by Section 5.1(b), each certificate that immediately prior to the Effective Time represented one or more Company Shares (other than Company Shares held by the Purchaser or any of its affiliates) shall be deemed at all times to represent only the right to receive from the Depositary in exchange therefor the Consideration that the holder of such



certificate is entitled to receive in accordance with Section 3.1, less any amounts withheld pursuant to Section 5.3.

## 5.2 LOST CERTIFICATES

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Company Shares that were transferred pursuant to Section 3.1 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, the Consideration deliverable in accordance with such holder's duly completed and executed Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom such Consideration is to be delivered shall as a condition precedent to the delivery of such Consideration, give a bond satisfactory to the Purchaser and the Depositary (acting reasonably) in such sum as the Purchaser may direct, or otherwise indemnify the Purchaser and the Company in a manner satisfactory to the Purchaser and the Company, each acting reasonably, against any claim that may be made against the Purchaser and the Company with respect to the certificate alleged to have been lost, stolen or destroyed.

## 5.3 WITHHOLDING RIGHTS

The Purchaser, the Company or the Depositary shall be entitled to deduct and withhold, or direct the Purchaser, the Company or the Depositary to deduct and withhold on their behalf, from any amount payable to any Person under this Plan of Arrangement (an "**Affected Person**"), such amounts as the Purchaser, the Company or the Depositary determines, acting reasonably, are required to be deducted and withheld with respect to such payment under the Tax Act, the United States Internal Revenue Code of 1986 or any provision of any other Law (a "**Withholding Obligation**"). To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Affected Person in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. The Purchaser or the Company, any of their affiliates and the Depositary are hereby authorized to sell or otherwise dispose, of such portion of the non-cash consideration or non-cash amounts payable, issuable or otherwise deliverable pursuant to the Plan of Arrangement to such Person as is necessary to provide sufficient funds to the Purchaser or the Company, any of their affiliates and the Depositary, as the case may be, to enable it to comply with such deduction or withholding requirement and the Purchaser or the Company, any of their affiliates and the Depositary, as applicable, shall notify the relevant Person of such sale or other disposition and remit to such Person any unapplied balance of the net proceeds of such sale or other disposition (after deduction for (x) the amounts required to satisfy the required withholding under the Plan of Arrangement in respect of such Person, (y) reasonable commissions payable to the broker, and (z) other reasonable costs and expenses).

#### **5.4 LIMITATION AND PROSCRIPTION**

To the extent that a former Company Shareholder shall not have complied with the provisions of Section 5.1 or Section 5.2 on or before the date that is six (6) years after the Effective Date (the “**final proscription date**”), then

- (a) the Consideration that such former Company Shareholder was entitled to receive shall cease to represent a right or claim of any kind or nature and the right of the holder to receive the Consideration for the Company Shares pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser or the Company, as applicable, for no consideration,
- (b) the Consideration that such former Company Shareholder was entitled to receive shall be delivered to the Purchaser by the Depositary, and
- (c) the certificates formerly representing Company Shares shall cease to represent a right or claim of any kind or nature as of such final proscription date.

#### **5.5 POST-EFFECTIVE TIME DIVIDENDS AND DISTRIBUTIONS**

- (1) No dividends or other distributions declared or made after the Effective Time with respect to Company Shares with a record date after the Effective Time shall be delivered to the holder of any unsurrendered certificate which immediately prior to the Effective Time represented outstanding Company Shares that were transferred pursuant to Section 3.1.
- (2) All dividends and distributions made after the Effective Time with respect to any Purchaser Shares allotted and issued pursuant to this Arrangement but for which a certificate has not been issued shall be paid or delivered to the Depositary to be held by the Depositary, subject to Section 5.4, in trust for the holder of such Consideration Shares. All monies received by the Depositary shall be invested by it in interest bearing trust accounts upon such terms as the Depositary may reasonably deem appropriate. Subject to this Section 5.5, the Depositary shall pay and deliver to any such holder, as soon as reasonably practicable after application therefor is made by such holder to the Depositary in such form as the Depositary may reasonably require, such dividends and distributions and any interest thereon to which such holder is entitled pursuant to the Arrangement, net of any applicable withholding and other taxes.

#### **5.6 NO LIENS**

Any exchange or transfer of Company Shares pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

## **5.7 PARAMOUNTCY**

From and after the Effective Time: (i) this Plan of Arrangement shall take precedence and priority over any and all Company Shares, Company Options, Company RSUs and Company Warrants issued prior to the Effective Time; (ii) the rights and obligations of the registered holders of Company Shares (other than the Purchaser or any of its affiliates), Company Options, Company RSUs and Company Warrants and of the Company, the Purchaser, the Depositary and any transfer agent or other depositary in relation thereto, shall be solely as provided for in this Plan of Arrangement and the Arrangement Agreement; and (iii) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Company Shares, Company Options, Company RSUs and Company Warrants shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

## **ARTICLE 6** **AMENDMENTS**

### **6.1 AMENDMENTS**

- (a) The Purchaser and the Company reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that any such amendment, modification or supplement must be agreed to in writing by each of the Company and the Purchaser and filed with the Court, and, if made following the Shareholder Meeting, then: (i) approved by the Court, and (ii) if the Court directs, approved by the Company Shareholders and communicated to the Company Shareholders if and as required by the Court, and in either case in the manner required by the Court.
- (b) Subject to the provisions of the Interim Order, any amendment, modification or supplement to this Plan of Arrangement, if agreed to by the Company and the Purchaser, may be proposed by the Company and the Purchaser at any time prior to or at the Shareholder Meeting, with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Shareholder Meeting shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Shareholder Meeting will be effective only if it is agreed to in writing by each of the Company and the Purchaser and, if required by the Court, by some or all of the Company Shareholders voting in the manner directed by the Court.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made by the Company and the Purchaser without the approval of or communication to the Court or the Company Shareholders, provided that

it concerns a matter which, in the reasonable opinion of the Company and the Purchaser is of an administrative or ministerial nature required to better give effect to the implementation of this Plan of Arrangement and is not materially adverse to the financial or economic interests of any of the Company Shareholders.

- (e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the Arrangement Agreement.

## **ARTICLE 7**

### **FURTHER ASSURANCES**

#### **7.1 FURTHER ASSURANCES**

Notwithstanding that the transactions and events set out in this Plan of Arrangement shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out in this Plan of Arrangement.

**SCHEDULE B  
ARRANGEMENT RESOLUTION**

**BE IT RESOLVED THAT:**

1. The arrangement (the "**Arrangement**") under Section 288 of the *Business Corporations Act* (British Columbia) involving Waroona Energy Inc. (the "**Company**"), pursuant to the arrangement agreement between the Company and Frontier Energy Ltd (the "**Purchaser**") dated October 6, 2023, as it may be modified, supplemented or amended from time to time in accordance with its terms (the "**Arrangement Agreement**"), as more particularly described and set forth in the management information circular of the Company dated • (the "**Circular**"), and all transactions contemplated thereby, are hereby authorized, approved and adopted.
2. The plan of arrangement of the Company, as it has been or may be modified, supplemented or amended in accordance with the Arrangement Agreement and its terms (the "**Plan of Arrangement**"), the full text of which is set out as Appendix • to the Circular, is hereby authorized, approved and adopted.
3. The: (i) Arrangement Agreement and all the transactions contemplated therein; (ii) actions of the directors of the Company in approving the Arrangement and the Arrangement Agreement; and (iii) actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement and any modifications, supplements or amendments thereto, and causing the performance by the Company of its obligations thereunder, are hereby ratified and approved.
4. The Company is hereby authorized to apply for a final order from the Supreme Court of British Columbia (the "**Court**") to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be, or may have been, modified, supplemented or amended).
5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the holders of common shares of the Company (the "**Company Shareholders**") entitled to vote thereon or that the Arrangement has been approved by the Court, the directors of the Company are hereby authorized and empowered, without further notice to or approval of the Company Shareholders: (i) to amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted by their terms; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and any related transactions.
6. Any officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to execute or cause to be executed and to deliver or cause to be delivered, whether under the corporate seal of the Company or otherwise, all such other documents and instruments and to perform or cause to be performed all such other acts and things as, in such person's opinion, may be

necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of any such other document or instrument or the doing of any such other act or thing.

No. \_\_\_\_\_  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**  
**IN THE MATTER OF SECTION 288 OF THE *BUSINESS***  
***CORPORATIONS ACT*, S.B.C. 2002, CHAPTER 57, AS**  
**AMENDED**

**AND:**

**IN THE MATTER OF A PROPOSED ARRANGEMENT**  
**INVOLVING WAROONA ENERGY INC. AND ITS**  
**SHAREHOLDERS AND FRONTIER ENERGY LIMITED**

**WAROONA ENERGY INC.**

**PETITIONER**

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**PETITION TO THE COURT**

---

DLA Piper (Canada) LLP  
Barristers & Solicitors  
Suite 2700  
1133 Melville Street  
Vancouver, BC V6E 4E5

Tel. No. 604.687.9444  
Fax No. 604.687.1612

File No.: 110700-00002

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No. S237421  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

IN THE MATTER OF SECTIONS 288-291 OF THE  
BUSINESS CORPORATIONS ACT,  
S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT BETWEEN  
WAROONA ENERGY INC. AND ITS SHAREHOLDERS AND FRONTIER ENERGY LIMITED

WAROONA ENERGY INC.

PETITIONER

**NOTICE OF HEARING OF PETITION (FOR FINAL ORDER)**

TO: The Shareholders, Securityholders, Directors and Auditor of Waroona Energy Inc.

TAKE NOTICE that a petition by the Petitioner herein, Waroona Energy Inc., will be heard at the courthouse at 800 Smithe Street, Vancouver, BC V6Z 2E1 on Wednesday, December 13, 2023 at 9:45 a.m.

**1 Date of hearing**

☒ The petition is unopposed, by consent or without notice.

**2 Duration of hearing**

☒ It has been agreed by the parties that the hearing will take 20 minutes.

**3 Jurisdiction**

☒ This matter is not within the jurisdiction of a master.

NOTICE IS HEREBY GIVEN that a petition will be made by the Petitioner, Waroona Energy Inc. ("**Waroona**") to the presiding judge in the Supreme Court of British Columbia (the "**Court**") at the courthouse at 800 Smithe Street, Vancouver, BC, V6Z 2E1 on Wednesday, December 13, 2023 at 9:45 a.m. for an order (the "**Final Order**") approving a plan of arrangement (the "**Plan of Arrangement**"), or at such other date and time as the Court may direct (the "**Final Application**"), pursuant to the Business Corporations Act, S.B.C., 2002, c. 57, as amended (the "**BCBCA**").



AND NOTICE IS FURTHER GIVEN that by Interim Order of the Court, pronounced November 6, 2023, the Court has given directions as to the calling of a meeting (the "**Special Meeting**") of the shareholders of Waroona, for the purpose of, *inter alia*, considering, voting upon and approving the Plan of Arrangement;

AND NOTICE IS FURTHER GIVEN that the Court has been advised that, if granted, the Final Order approving the Plan of Arrangement and the declaration that the Plan of Arrangement is substantively and procedurally fair and reasonable to those who will receive securities of Frontier Energy Limited in exchange for their securities of Waroona in connection with the Plan of Arrangement, will serve as a basis of a claim for the exemption from the registration requirements of the United States *Securities Act of 1933*, as amended, set forth in Section 3(a)(10) thereof with respect to the issuance and exchange of such securities under the proposed Plan of Arrangement.

IF YOU WISH TO BE HEARD, any person affected by the Final Order sought may appear (either in person or by counsel) and make submissions at the hearing of the Final Application if such person has filed with the Court at the Court Registry, 800 Smithe Street, Vancouver, British Columbia, a Response to Petition ("**Response**") pursuant to Rule 16-1(4) of, and in the form prescribed by, the *Supreme Court Civil Rules* and delivered a copy of the filed Response, together with all material on which such person intends to rely at the hearing of the Final Application, including an outline of such person's proposed submissions, to Waroona at its address for delivery set out below by or before 4:00 p.m. (Vancouver time) on Tuesday, December 12, 2023.

Waroona's address for delivery is:

DLA Piper (Canada) LLP  
Barristers & Solicitors  
Suite 2700 – 1133 Melville Street,  
Vancouver, B.C. V6E 4E5

Attention: J. Brent MacLean

Fax number: (604) 687-1612

Email address: [brent.macleam@dlapiper.com](mailto:brent.macleam@dlapiper.com)

With a copy to:

FARRIS LLP  
Suite 2500 – 700 West Georgia Street  
Vancouver, BC V7Y 1B3  
Attention: Daniel Overall

Email address: [deverall@farris.com](mailto:deverall@farris.com)

Lawyers for Frontier Energy Limited

IF YOU WISH TO BE NOTIFIED OF ANY ADJOURNMENT OF THE FINAL APPLICATION, YOU MUST GIVE NOTICE OF YOUR INTENTION by filing and delivering the form of "Response" as aforesaid. You may obtain a form of Response at the Court Registry, 800 Smithe Street, Vancouver, British Columbia, V6Z 2E1.

AT THE HEARING OF THE FINAL APPLICATION the Court may approve the Plan of Arrangement as presented, or may approve it subject to such terms and conditions as the Court deems fit.

IF YOU DO NOT FILE A RESPONSE and attend either in person or by counsel at the time of such hearing, the Court may approve the Plan of Arrangement, as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, all without any further notice to you. If the Plan of Arrangement is approved, it will significantly affect the rights of the holders of securities of Waroona or rights to acquire securities of Waroona.

A copy of the Petition filed herein, Notice of Petition (for Final Order) and other documents in the proceeding will be furnished to any Shareholder upon request in writing addressed to the solicitors of the Waroona at its address for delivery set out above.

November 6, 2023

Dated

*M. Lisanti*

Signature of ☒ lawyer for petitioner for  
DLA Piper (Canada) LLP (J. Brent MacLean)

No. S237421  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

IN THE MATTER OF SECTIONS 288-291 OF THE  
BUSINESS CORPORATIONS ACT,  
S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT  
BETWEEN  
WAROONA ENERGY INC. AND ITS SHAREHOLDERS  
AND FRONTIER ENERGY LTD.

WAROONA ENERGY INC.

PETITIONER

---

**NOTICE OF HEARING OF PETITION FOR FINAL ORDER**

---

DLA Piper (Canada) LLP  
Barristers & Solicitors  
Suite 2700  
1133 Melville Street  
Vancouver, BC V6E 4E5

Tel. No. 604.687.9444  
Fax No. 604.687.1612

Client Matter No.: 110700-00002

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**APPENDIX E**  
**OPINION OF RED CLOUD SECURITIES INC.**

(See attached.)

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November 3, 2023

Waroona Energy Inc.  
1681 Chestnut Street, Suite 400  
Vancouver, BC  
V6J 4M6

To the Special Committee of the Board of Directors:

Waroona Energy Inc. ("**Waroona**" or the "**Company**") entered into a definitive arrangement agreement (the "**Arrangement Agreement**") with Frontier Energy Limited ("**Frontier**") dated October 6, 2023 pursuant to which Frontier will acquire all of the issued and outstanding common shares of Waroona that Frontier does not already own or control (the "**Waroona Shares**") by way of a court-approved plan of arrangement under the *Business Corporations Act* (British Columbia) (the "**Arrangement**"). Under the terms of the Arrangement Agreement, holders of Waroona Shares will receive one common share of Frontier (each, a "**Frontier Share**") for every 4.27 Waroona Shares held (equivalent to 0.2342 Frontier Shares for every one Waroona Share held) (the "**Exchange Ratio**"). The terms of the Arrangement are more fully described in the Arrangement Agreement and the Management Information Circular that this letter is appended to.

For the purposes of this letter, all dollar amounts herein are expressed in Canadian dollars, unless stated otherwise.

### **Engagement of Red Cloud**

The Company initially contacted Red Cloud regarding a potential advisory mandate on September 5, 2023. The Company formally retained Red Cloud in a letter agreement dated September 8, 2023 (the "**Advisory Agreement**") to, on behalf of the special committee (the "**Special Committee**") of the board of directors of Waroona (the "**Board**"), prepare and deliver to it a written opinion (the "**Opinion**") as to the fairness, from a financial point of view, of the Arrangement, to the holders of common shares of Waroona (the "**Waroona Shareholders**"), other than Frontier and its affiliates. Red Cloud rendered its oral opinion to the Special Committee on October 2, 2023 and confirmed its Opinion to the Special Committee prior to the Company entering into the Arrangement Agreement on October 6, 2023.

The Advisory Agreement provides for Red Cloud to receive from Waroona certain fixed fees in connection with the Opinion, which are not dependent on the conclusions reached by Red Cloud in the Opinion or the completion of the Arrangement. Furthermore, Waroona has agreed to reimburse Red Cloud for its reasonable out-of-pocket expenses and to indemnify Red Cloud in respect of certain liabilities that might arise out of our engagement.

### **Credentials of Red Cloud**

Red Cloud is a leading mining-focused Canadian investment dealer providing investment banking, institutional equity sales, research, share liquidity, and equity capital markets services for corporate clients as well as institutional and high net worth retail investors. Red Cloud's affiliate, Red Cloud

Financial Services Inc. ("**Red Cloud Financial**"), also provides advisory services related to investor marketing and media support for its corporate clients. As part of our investment banking activities, Red Cloud regularly engages in the valuation of securities in connection with mergers and acquisitions, sell-side process mandates, public offerings and private placements of publicly listed and privately held securities and regularly engage in market making, underwriting and secondary trading of securities in connection with a variety of transactions.

The Opinion expressed herein is the opinion of Red Cloud and the form and content herein have been approved for release by its investment banking team and its Chief Executive Officer, who collectively has significant experience in merger, acquisition, divestiture, valuation and fairness opinion matters.

The Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions (the "**IIROC Rules**") of the Investment Industry Regulatory Organization of Canada ("**IIROC**"), and in conformity with the Practice Standards of The Canadian Institute of Chartered Business Valuators ("**CBV**"), but IIROC and CBV have not been involved in the preparation or review of the Opinion.

### **Independence of Red Cloud**

Except as disclosed herein, neither Red Cloud, nor any of our affiliates or associates, is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario) or the rules made thereunder) of Waroona, Frontier or any of their respective insiders, associates or affiliates (collectively, the "**Interested Parties**").

Red Cloud has not been engaged to provide any other financial advisory services nor has it participated in any financings involving any of the Interested Parties, other than to provide the Opinion to the Special Committee pursuant to the Advisory Agreement.

During the 24 months preceding the date of this Opinion, none of Red Cloud nor any of its affiliates:

- a) has been engaged by either of Waroona or Frontier to provide any financial advisory services or to act as lead or co-lead manager on any offering of securities;
- b) has or has had a material financial interest in any transaction involving such parties; or
- c) has had a material involvement in an evaluation, appraisal or review of the financial condition of such parties.

None of Red Cloud nor any of its affiliates has a material financial interest in future business under an agreement, commitment or understanding involving such parties.

There are no other understandings, agreements or commitments between Red Cloud and any of the Interested Parties with respect to any current or future business dealings which would be material to the Opinion. Red Cloud may, in the future, in the ordinary course of its business, provide financial advisory, investment banking, or other financial services to one or more of the Interested Parties from time to time. In the ordinary course of its business, Red Cloud acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have, today, or in

the future, positions in the securities of Waroona and Frontier and, from time to time, may have executed or may execute transactions on behalf of Waroona and Frontier or other clients for which it received or may receive compensation. In addition, as an investment dealer, Red Cloud conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including research with respect to Waroona or Frontier and/or their respective affiliates or associates.

### Prior Valuations

Waroona has represented to Red Cloud that there have been no independent appraisals or prior valuations (as defined in MI 61-101 (as defined below) and the IIROC Rules) of Waroona or Waroona's material assets, or its securities made in the preceding 24 months.

### Scope of Review

In connection with rendering our Opinion, we have reviewed and relied upon, or carried out, among other things, the following:

- i. the Arrangement Agreement between Waroona and Frontier dated October 6, 2023;
- ii. certain publicly available financial statements, continuous disclosure documents and other information of Waroona, which includes, but is not limited to:
  - a. the audited financial statements and management's discussion and analysis of Waroona (then Metallum Resources Inc. ("**Metallum**")) for the year ended December 31, 2022;
  - b. the condensed unaudited interim financial statements and the interim management's discussion and analysis of Waroona for the six months ended June 30, 2023; and
  - c. the information circular with respect to the reverse takeover between the Company (then Metallum) and Waroona Energy Pty Ltd in connection with the annual and special meeting of the shareholders of Waroona (then Metallum), dated April 12, 2023;
- iii. certain publicly available financial statements, continuous disclosure documents and other information of Frontier, which includes, but is not limited to:
  - a. the Annual Report of Frontier for the year ended December 31, 2022; and
  - b. the Half Year Report of Frontier for the half-year ended June 30, 2023;
- iv. historical corporate presentations of Waroona;
- v. Frontier's press release dated September 4, 2023 announcing the signing of a non-binding letter of intent and exclusivity agreement dated August 31, 2023 regarding the Arrangement (the "**Announcement Press Release**");
- vi. Frontier's press release dated March 20, 2023 announcing the Definitive Feasibility Study for the Bristol Springs Renewable Energy Project (the "**Bristol Springs DFS**") and the attached summary of the Bristol Springs DFS;
- vii. Certain press releases and other public information relating to the business, financial condition and trading history of each of Waroona and Frontier and other select renewable power producing companies that Red Cloud considers relevant to this Opinion;

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- viii. Certain press releases of Waroona (then Metallum) regarding the completed acquisition of Waroona Energy Pty Ltd and the concurrent financing as well as the Superior Lake Zinc Project;
  - ix. The report titled “Superior Zinc and Copper Project NI 43-101 Technical Report – Feasibility Study” prepared by DRA Global Limited for Waroona (then Metallum) with a report date of October 13, 2021;
  - x. publicly available information related to precedent acquisitions of publicly traded renewable power companies since 2015 that Red Cloud considers relevant to this Opinion;
  - xi. publicly available information regarding publicly traded companies with renewable power projects and operations, which includes capitalization, consensus research forecasts and historical trading statistics that Red Cloud considers relevant to this Opinion;
  - xii. publicly available information related to precedent acquisitions of both publicly traded mineral exploration and development stage companies and selected primary zinc projects and mines since 2015 that Red Cloud considers relevant to this Opinion;
  - xiii. publicly available information regarding selected publicly traded companies with mineral exploration and development stage projects that Red Cloud considers relevant to this Opinion;
  - xiv. certain information related to the ownership of outstanding common shares, options and warrants of both Waroona and Frontier;
  - xv. information provided by officers of Waroona regarding the events leading to the non-binding letter of intent and exclusivity agreement between Waroona and Frontier dated August 31, 2023 (the “**Executed LOI**”);
  - xvi. a certificate addressed to us, dated as of the date hereof, from two senior officers or directors of Waroona as to the completeness and accuracy of the Information (as defined below); and
  - xvii. such other information, analyses, investigations, and discussions as we considered necessary or appropriate in the circumstances.

In addition, Red Cloud has participated in discussions with members of the Company's management team and has been provided with internal financial models and preliminary estimates regarding various growth opportunities of both Waroona as well as Frontier following the Arrangement, including a phase 1 solar facility, green hydrogen production facility and a peaking plant that would utilize potential green hydrogen production.

In its assessment, Red Cloud looked at several methodologies, analyses and techniques and used the combination of these approaches to determine the Opinion. Red Cloud based the Opinion upon many quantitative and qualitative factors as deemed appropriate based on Red Cloud's experience in rendering such opinions.

Red Cloud has not completed a detailed technical due diligence review, and has relied upon the management of the Company for all technical due diligence matters, without independent verification. No physical due diligence of any of the assets of the Company or Frontier was undertaken by Red Cloud. Red Cloud has not, to the best of its knowledge, been denied access by Waroona to any information requested.

### Assumptions and Limitations



Our Opinion is subject to the assumptions, qualifications and limitations set forth below. Red Cloud has not been asked to prepare and has not prepared a “formal valuation” in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”).

With your permission, we have relied upon, and have assumed the completeness, accuracy and fair presentation of all financial, business and other information, data, advice, opinions and representations obtained by us from public sources, or provided to us by Waroona, Frontier and their respective subsidiaries, affiliates or advisors or otherwise obtained by us pursuant to our engagement, and our Opinion is conditional upon such completeness, accuracy and fair presentation. Subject to the exercise of professional judgment and except as expressly described herein, we have not been requested to or attempted to verify independently the accuracy, completeness or fairness of presentation of any such information, data, advice, opinions and representations. We have not met separately with the independent auditors of Waroona in connection with preparing this Opinion and with your permission, we have assumed the accuracy and fair presentation of, and relied upon, the audited financial statements of Waroona and the reports of the auditors thereon and the interim unaudited financial statements of Waroona.

Waroona has represented to us, in a certificate of two senior officers or directors of Waroona dated the date hereof, among other things, that the information, data and other material (financial or otherwise) provided to us by or on behalf of Waroona, including the written information and discussions concerning Waroona and Frontier referred to above under the heading “Scope of Review” (collectively, the “**Information**”), (i) in respect of itself is true and correct at the date the Information was provided to Red Cloud and did not, and does not contain a misrepresentation; and (ii) in respect of Waroona and Frontier, to the best of Waroona’s knowledge is true and correct as at the date the Information was provided to Red Cloud and that, since the date on which the Information was provided to Red Cloud, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Waroona or any of its affiliates and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Opinion.

We are not legal, tax or accounting experts and we express no opinion concerning any legal, tax or accounting matters concerning the Arrangement. Our Opinion is rendered on the basis of securities markets, economic and general business and financial conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of Waroona as they are reflected in the Information and as they were represented to us in our discussions with certain officers of Waroona and its affiliates and advisors. In our analyses and in connection with the preparation of our Opinion, we made numerous assumptions with respect to industry performance, general business, markets and economic conditions and other matters, many of which are beyond the control of any party involved in the Arrangement.

The Opinion is being provided to the Special Committee for its and the Board’s exclusive use only in considering the Arrangement and may not be published, disclosed to any other person, relied upon by any other person, or used for any other purpose, without the prior written consent of Red

Cloud, except that we consent to the references to Red Cloud and the description of, reference to and reproduction of the Opinion in its entirety in any information circular or other document provided to securityholders of Waroona and to any accompanying disclosure that we approve, acting reasonably, in advance, with respect to the Arrangement.

Red Cloud believes that its financial analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of an opinion is complex and is not necessarily susceptible to partial analysis or summary description and any attempt to carry out such could lead to undue emphasis on any particular factor or analysis.

The Opinion is given as of the date hereof and, although we reserve the right to change or withdraw the Opinion if we learn that any of the information that we relied upon in preparing the Opinion was inaccurate, incomplete or misleading in any material respect, we disclaim any obligation to change or withdraw the Opinion, to advise any person of any change that may come to our attention or to update the Opinion after the date of this Opinion.

### **Financial Considerations**

In arriving at the Opinion, Red Cloud performed certain financial analysis on Waroona on a stand-alone basis as well as Frontier following the successful completion of the Arrangement (“**Pro Forma Frontier**”). Red Cloud used methodologies and assumptions that we considered appropriate in the circumstances for the purposes of providing this Opinion.

#### *Valuing Waroona as a Stand-Alone Company*

Red Cloud prepared a financial forecast of Waroona as a stand-alone company that reflected both the construction and operation of a phase 1 solar facility as well as a subsequent phase 2 expansion of installed solar power capacity. Red Cloud’s assumptions were derived from many sources, but were largely sourced from the Bristol Springs DFS as well as internal models and guidance provided by the Company’s management team. Using this financial forecast, Red Cloud derived a range of potential value estimates of Waroona as a stand-alone company using the following methodologies:

- *Discount cash flow analysis* - future estimated cash flows were discounted using a weighted average cost of capital (“**WACC**”) that was calculated based on numerous assumptions including (i) an estimated forecast capital structure based on guidance from management of the Company regarding project financing, (ii) estimated cost of debt based on interest rates of select green bond offerings by power producing companies in 2023, and (iii) an estimated cost of equity based on industry standard equity risk premium and beta estimate benchmarked to historical beta values of select publicly traded renewable power producers.
- *Comparable trading multiples* – estimated a terminal value of both a phase 1 solar facility and phase 2 expansion by applying a range of enterprise value to long-term EBITDA (“**EV/EBITDA**”) multiples, which were based on 2026 EV/EBITDA multiples of selected renewable power producers that are listed on Canadian and Australian stock exchanges, to the forecast annual EBITDA estimates of each solar project.

Red Cloud included a value estimate for the Superior Lake Zinc Project, which was based on the following:

- *Precedent transaction analysis* – analyzed and applied transaction value to resource and transaction value to net present value multiples of precedent acquisitions of projects that Red Cloud consider to be primary zinc projects.
- *Comparable company analysis* – analyzed and applied enterprise value to resource multiples of selected publicly traded companies with primary zinc projects as well as price to net asset value multiples of select publicly traded companies with advanced stage base metal development projects.
- *Historical market value analysis* – analyzed the historical market capitalization of Metallum and Superior Lake Resources Limited (Superior Lake Zinc Project was the primary project of both companies).

#### *Valuing the Consideration*

Red Cloud estimated a value range of Pro Forma Frontier for the purpose of comparing Red Cloud's value range for each Waroona Share under the Arrangement to Red Cloud's value range of Waroona on a stand-alone basis.

Red Cloud prepared a financial forecast of Pro Forma Frontier that included the following to reflect the potential value of Pro Forma Frontier as a fully integrated solar power and green hydrogen producer with considerable opportunities for future expansion:

- the construction and operation of a phase 1 solar facility as well as subsequent expansions of installed solar power capacity to reflect the significantly greater available land (868 hectares) to construct solar power capacity after combining the two adjacent solar projects under the Arrangement;
- the construction and operation of an alkaline electrolyser to produce green hydrogen, as detailed in the Bristol Springs DFS; and
- the construction and operation of a peaking plant that is expected to purchase a significant percentage of future green hydrogen produced from the proposed green hydrogen facility.

Red Cloud derived a value range of both Pro Forma Frontier and for each Waroona Share under the Arrangement using a similar methodology as used for valuing Waroona on a stand-alone basis. In deriving these value estimates, Red Cloud incorporated many factors to reflect many of the expected benefits under the Arrangement including, but not limited to, the following:

- more favourable terms and greater availability of funds from a future potential project debt financing;
- lower expected cost of equity capital raised under Pro Forma Frontier compared to Waroona on a stand-alone basis;
- potential funding and green hydrogen production subsidies by the Australian federal government under its Hydrogen Headstart program; and
- efficiencies and savings related to capital, operating cost and corporate general and administration expenditures from consolidating both companies' projects and operations.

## Other Value Considerations

Red Cloud also considered other value considerations including, but not limited to, the following:

- potential share dilution to Waroona Shareholders from a modest sized equity financing to fund Waroona through a project financing and final investment decision for its solar project;
- potential for significantly greater share dilution to Waroona Shareholders from a potential equity financing to fund the construction of the phase 1 solar facility on a stand-alone basis compared to under Pro Forma Frontier;
- comparison of the implied offer premium under the Exchange Ratio to offer premiums of precedent acquisitions of publicly traded mineral exploration and development stage companies as well as companies in the renewable power sector since 2015;
- comparison of the implied value of Waroona under the Arrangement using historical share prices of Frontier Shares to the historical values of Waroona Energy Pty Ltd under its acquisitions in July 2022 and May 2023; and
- comparison of the implied value per Waroona Share under the Exchange Ratio using historical share prices of Frontier Shares to the historical share prices of Waroona and Metallum as well as the average cost base of most of the Waroona Shares outstanding.

As part of the Opinion, Red Cloud also considered the qualitative rationale for the Arrangement, most of which has been publicly disclosed in the Announcement Press Release as well as in the Management Information Circular that this Opinion is attached to.

## Opinion

Based upon and subject to the foregoing and such other matters as we considered relevant, it is Red Cloud's opinion, as of the date hereof, that the Arrangement as defined in the Arrangement Agreement is fair, from a financial point of view, to Waroona Shareholders (other than Frontier and its affiliates).

Yours truly,

*Red Cloud Securities Inc.*

**Red Cloud Securities Inc.**

## APPENDIX F INFORMATION CONCERNING FRONTIER

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## Notice to Reader

Capitalised terms used in this Appendix F but not otherwise defined herein have the meanings set forth in the Circular.

## Financial Information and Accounting Principles

Unless otherwise indicated, reference in this Appendix to C\$ are to Canadian dollars, reference to US\$ and \$ are to U.S. dollars and reference to A\$ are to Australian dollars.

Unless otherwise stated, all financial information in this Appendix is derived from the financial statements of Frontier Energy Limited ("**Frontier**") which were prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Australian Corporations Act 2001 (Cth) (the "**Australian Corporations Act**"). Frontier's financial statements also comply with International Financial Reporting Standards including interpretations as issued by the International Accounting Standards Board.

Frontier's Fiscal Year commences on January 1 and ends on December 31. The audited consolidated financial statements of Frontier for the year ended December 31, 2022 and 2021 are available electronically on ASX at [www.asx.com.au/markets/company/fhe](http://www.asx.com.au/markets/company/fhe).

### 1. Currency Presentation and Exchange Data

The following table sets out the high and low rates of exchange in Canadian dollars for one Australian dollar during the periods noted, the average rates of exchange during such periods and the rates of exchange at the end of such periods.

	Year ended December 31	
	2022	2021
High .....	0.947	0.998
Low.....	0.863	0.899
Average.....	0.903	0.942
Closing.....	0.920	0.920

On November 1, 2023, the exchange rate provided by the Bank of Canada was C\$0.8837 = A\$1.00.

### 2. Summary Description of Business

On 23 February 2022 Frontier 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, Frontier completed a capital raising of A\$8 million and re-commenced trading on the ASX on 3 March 2022.

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.

During 2022 Frontier 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 Frontier's renewable energy expansion strategy.



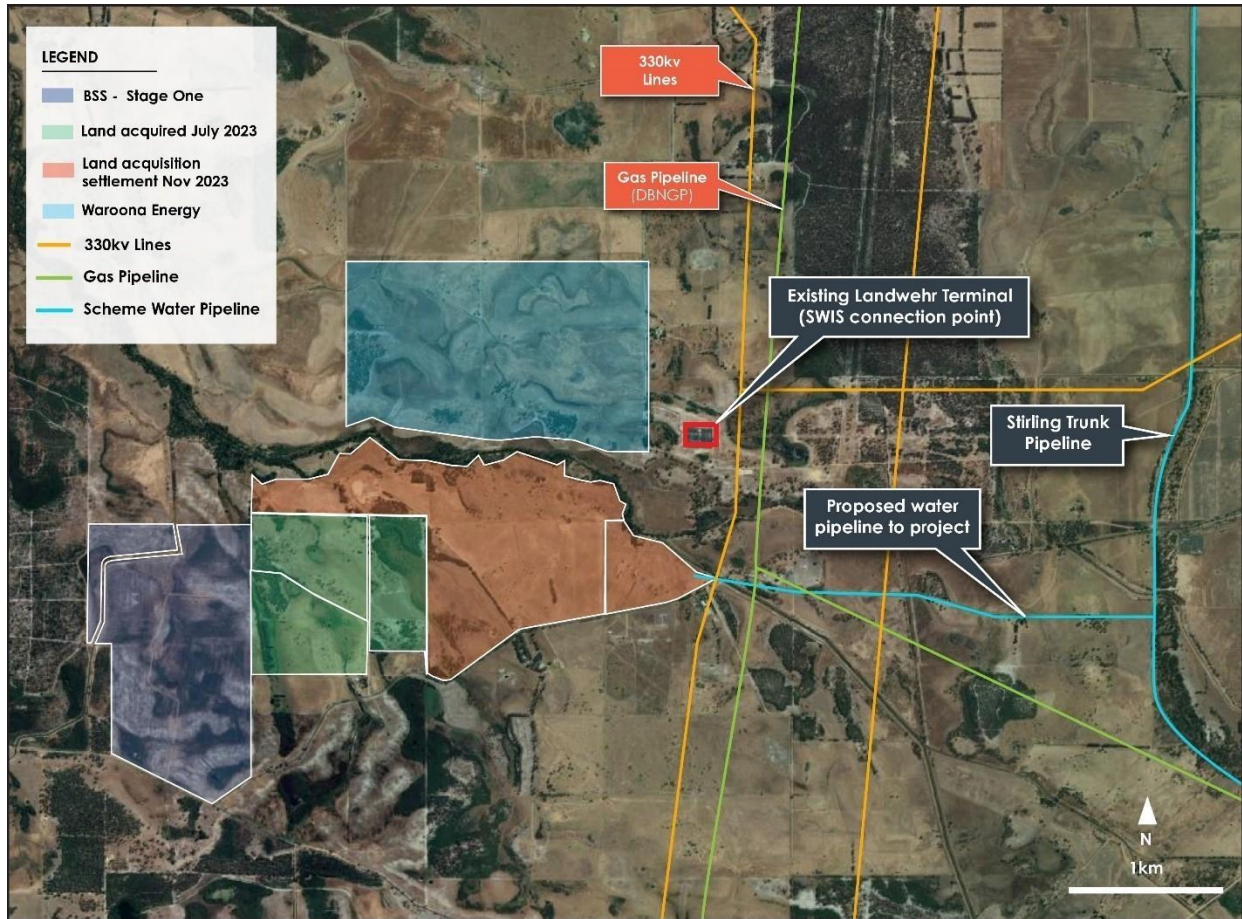


Figure 1 - Landholdings

In March 2023 Frontier released its Stage One Definitive Feasibility Study (“DFS” or the “Study”). The Study confirmed the Project’s potential to be a low-cost, early mover in Australia’s green hydrogen industry.

Frontier engaged global engineering firm, GHD, to complete engineering and cost studies to a Class 3 CAPEX and OPEX estimate (10% - 15% accuracy) to assess the case for hydrogen production based on a 36 MW electrolyser. Incite Energy, a provider of utility scale energy solutions, investigated maximum energy yield and costs for the 114MW solar plant. These pieces of work form the basis of the DFS.

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.

#### Pathways for commercialisation

Frontier is strongly positioned to be one of the first commercial green hydrogen producers in Australia, due to the Project’s low operating and initial capital cost for Stage One production. More importantly, Frontier has multiple existing domestic market offtake opportunities that are both accessible and ready for early offtake/consumption of green hydrogen. These include:

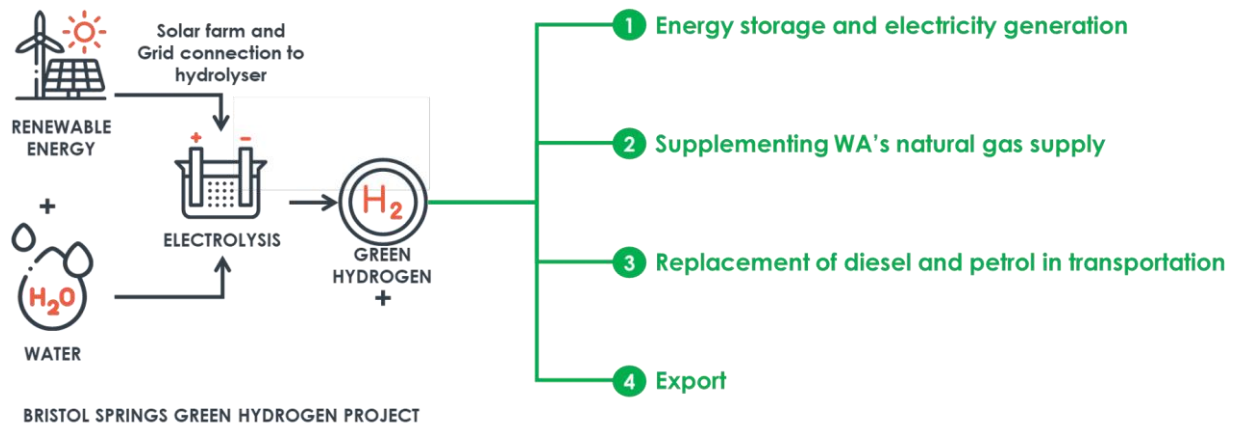


Image 2: Markets for green hydrogen

**Energy storage and power generation:** Existing markets where hydrogen can replace current carbon emitting fuel sources that require no technological advancements, mass adoption or legislative changes are the most likely first adopters/consumers of green hydrogen.

Energy storage and power generation in a dual fuel peaking plant provides a near term market opportunity, given maturity of the technology and the well-established market for electricity generation.

**Supplementing natural gas:** Blending hydrogen with natural gas into the Dampier to Bunbury Natural Gas Pipeline for domestic gas supply is another advanced market.

**Long haul transport industry:** In the medium term, the long haulage transport industry (diesel replacement), appears to be one of the more lucrative sub sectors and is technologically advanced. An increase in vehicle availability and refuelling stations is, however, required before this market consumes significant volumes of green hydrogen.

Subsequent to Waroona's acquisition of Waroona Energy Pty Ltd in May 2023, Frontier has an equity holding in Waroona of 2.33% and its subsidiary, Ophiolite, equity holding of 17.33%.

For further information regarding Frontier, the development of its business, its business activities and its corporate structure, see the 2022 Annual Report of Frontier for the year ended December 31, 2022 dated February 24, 2023 (the "**2022 Frontier AR**"), the 2021 Annual Report of Frontier for the year ended December 31, 2021 dated March 31, 2022 (the "**2021 Frontier AR**"), and the 2020 Annual Report of Frontier for the year ended December 31, 2020 dated March 31, 2021 (the "**2020 Frontier AR**"), and together with the 2022 Frontier AR and the 2021 Frontier AR, the "**Frontier ARs**"), which are incorporated by reference in this Appendix.

### 3. Management's discussion and analysis

#### 31 December 2022

During the year Frontier completed the acquisition of Bristol Springs Solar Pty Ltd and continued to hold approximately 45.5% of the shares in Waroona Energy Inc ("**Waroona**", previously named Metallum Resources Inc).

The net loss of Frontier and its subsidiaries (the "**Group**") for the year ended 31 December 2022 was A\$6,149,324 (31 December 2021: net loss of A\$3,148,354).

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

#### Acquisition of Bristol Springs Solar Pty Ltd

On 23 February 2022 Frontier 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, Frontier completed a capital raising of A\$8 million and re-commenced trading on the ASX on 3 March 2022.

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, Frontier 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 Frontier, 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. Frontier will finalise the cable route and substation location as part of securing the Access Offer from Western Power.

Frontier engaged Xodus Group (part of the Subsea 7 Group of companies), to complete a Hydrogen Pre-Feasibility Study as well as assess the growth potential via the expansion study.

Results of the Pre-Feasibility Study 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.

### **Funding and Capital Management**

On 19 October 2022 Frontier completed a A\$10 million placement following strong support from institutional and high-net-worth investors.

### **30 June 2023**

The net profit of the Group for the half year ended 30 June 2023 was A\$3,906,783 (30 June 2022: net loss of A\$3,143,191), which included a gain on the deconsolidation of Waroona Energy Inc of A\$7,052,175.

### ***Investment In Waroona Energy Inc***

At the beginning of the period, Frontier's subsidiary, Ophiolite Holdings Pty Ltd ("**OPH**"), held approximately 45.5% of the shares in Metallum Resources Inc ("**Metallum**").

In May 2023 the shareholders of Metallum approved the acquisition via issuance of shares of Waroona Energy Pty Ltd and a change of name from Metallum to Waroona Energy Inc ("**WHE**"). WHE also completed a private placement of 150,000,000 shares at C\$0.06 to raise gross proceeds of C\$9 million.

Frontier participated in the placement by subscribing for 19,695,883 shares at a total cost of approximately A\$1.3 million. Following participation in the placement, the Group owns 147.6 million shares in WHE, however, following the completion of the private placement this resulted in dilution of the Group's ownership interest in WHE to 20%. As a result of this dilution, the Group assessed that it had lost control over WHE effective 15 May 2023, and the Group deconsolidated its interest in WHE from the date this change occurred.

The Group now classifies WHE as an associate. An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

The interest in WHE is accounted for using the equity method. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investee, until the date on which significant influence ceases.

### 3.1. Selected annual information

	Dec 2022 \$A	Dec 2021 \$A	Dec 2020 \$A
Total revenue	-	-	-
Profit/loss from continuing operations	(6,149,324)	(3,148,354)	(2,618,354)
Profit/loss attributable to the owners of the parent	(5,522,389)	(2,494,937)	(2,560,086)
Loss per share	(2.13)	(1.51)	(1.84)
Diluted loss per share	(2.13)	(1.51)	(1.84)
Total assets	31,935,326	3,162,857	2,893,089
Total non-current financial liabilities	75,227	-	-

#### 31 December 2022

The loss from continuing activities for the year ended December 2022 had increased over the prior year by A\$3,000,970. The increase in the loss was driven by a significant increase in corporate activities, largely as a result of the development activities at Frontier's Project. Significant cost increases included; increase in Share based payments of A\$1,226,795, an increase in employee benefit expense and consultant costs of A\$1,090,929, Study expenses of A\$178,235, an increase in investor relations costs of A\$373,629 and stakeholder engagement costs of A\$258,039.

The increase in total assets from \$3,162,857 at 31 December 2021 to \$31,935,326 at 31 December 2022 was primarily attributable to:

- An increase in Property, plant and equipment of A\$15,727,101, comprising:
  - In February 2022, the Group acquired 100% of the shares in Bristol Springs Solar Pty Ltd. The acquisition was treated as an asset acquisition via the issue of equity under AASB 2 Share Based Payments with a total consideration of A\$7,074,167;
  - As part of the acquisition of Bristol Springs Solar Pty Ltd, the Group acquired an exclusive option to purchase land from Ranger Loaders Pty Ltd during the five-year period from the completion of the acquisition at a fixed value of \$6,500,000. 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;
  - Exercise of options to acquire additional land holdings for a cost of A\$4,800,000.
- An increase in cash and cash equivalents of A\$12,913,988. In February 2022, Frontier completed a placement to raise A\$8,000,000. In October 2022, Frontier completed a placement to raise A\$10,000,000.

#### 31 December 2021

The loss from continuing activities for the year ended December 2021 had increased over the prior year by A\$530,000 due to an increase in exploration activity undertaken during the year at the Pick Lake Project, resulting in an increase in exploration expenses of A\$427,383, an increase in administration expenses of A\$360,058 and an increase in employee benefit expenses of A\$206,299, all related to progressing the acquisition of the Bristol Springs Project and Frontier's re-instatement to quotation on ASX.

There was no significant change in total assets between December 2020 and December 2021.

### 3.2. Summary of Quarterly Results

Please refer to Frontier's annual and half year reports filed on the ASX website.

### 3.3. Financial condition, liquidity

Frontier had cash and cash equivalents at 30 June 2023 of A\$8,810,532 (31 December 2022: A\$13,455,335) and working capital of A\$3,958,729 (31 December 2022: A\$8,449,802).

Frontier expects its current capital resources to be sufficient to cover its corporate operating costs and limited project expenditure through the next 12 months. Actual funding requirements may vary from those planned due to a number of factors, including the progress of project development activities. Frontier believes it will be able to raise additional equity capital as required, but recognizes the uncertainty attached thereto.

### 3.4. Capital resources

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

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

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 A\$240,000 was paid, being in addition to the purchase price of both Properties. The remaining balance payable will be funded from Frontier's cash resources.

Frontier has acquired a sole and exclusive option to purchase the land associated with the Bristol Springs Project during the five-year period from the completion of the acquisition at a fixed value of A\$6,500,000. A first option fee of A\$1,500,000 was payable on entry into the Property Option Deed in February 2022. Additional option fees are payable with A\$1,500,000 in February 2025, A\$1,500,000 in February 2026 and A\$2,000,000 in February 2027. Frontier will need to source additional funding via debt or equity to fund these future payments. Frontier believes it will be able to access the necessary funding via debt or equity capital as required.

### 3.5. Transactions between related parties

Mr Grant Davey, a director of Frontier, is a director and shareholder of Matador Capital Pty Ltd ("**Matador**").

Frontier makes payments to Matador under a Shared Services Agreement in which Matador provides office space, general office services, bookkeeping services, company secretarial services and project staff to Frontier. The services provided by Matador are recovered from Frontier on a cost-plus basis.

Frontier incurred a total of A\$411,098 during the period 1 January 2023 to 30 June 2023 for services rendered under this arrangement to Matador.

**Remuneration – 6 months to 30 June 2023**

Name	Short-term employee benefits		Post-employment benefits	Share-based payment options	Total	Proportion of remuneration performance related %
	Salary and fees A\$	Other services A\$	Super-annuation A\$	A\$		
<b>Directors</b>						
Mr G Davey	135,000	-	-	236,058	371,058	56
Mr S Lee						
Mohan	179,625	-	13,750	720,577	913,952	79
Mr C Bath	78,000	-	-	62,813	140,813	76
Ms D Marshall	22,624	-	2,376	-	25,000	50
Ms A Reid	22,624	-	2,376	-	25,000	87
<b>TOTAL</b>	<b>437,873</b>	<b>-</b>	<b>18,502</b>	<b>1,019,448</b>	<b>1,475,823</b>	

**3.6. Critical accounting estimates**

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within Frontier.

**Deconsolidation of Waroona Energy Inc**

In April 2022, WHE completed a C\$5.2 million private placement by issuing 87,371,674 shares at C\$0.06 each. OPH, a subsidiary of Frontier, did not participate in this placement, resulting in dilution of OPH's holding to approximately 45.5%. At 31 December 2022, OPH's holding remained at 45.5% of the voting power and Frontier's indirect interest was 45.5% of WHE.

On 15 May 2023, WHE completed a C\$9 million private placement by issuing 150,000,000 shares at C\$0.06 each. Frontier participated in the placement purchasing 19,695,883 shares for a consideration of C\$1,181,752.98 (A\$1,296,834). This placement diluted OPH's holding in WHE to 17.33%. As at 30 June 2023, Frontier holds 2.67% voting power directly and has a total interest of 20.0%. Frontier controls OPH and as such controls OPH's voting in WHE.

Accordingly, after collectively considering Frontier's power, rights to variable returns and the ability to use the power over the investee to affect amount of the returns on investment over WHE, the Group assessed that it had lost control over WHE effective 15 May 2023 but that it exercised significant influence over WHE from that date. As a result, it was required to deconsolidate its interest in WHE and account for its remaining interest in WHE as an associate. The deconsolidation and subsequent recognition of an interest in an associate was accounted for in these financial statements. The recognition of the remaining investment in WHE as an associate and the application of equity accounting took place from 15 May 2023 to the reporting date.

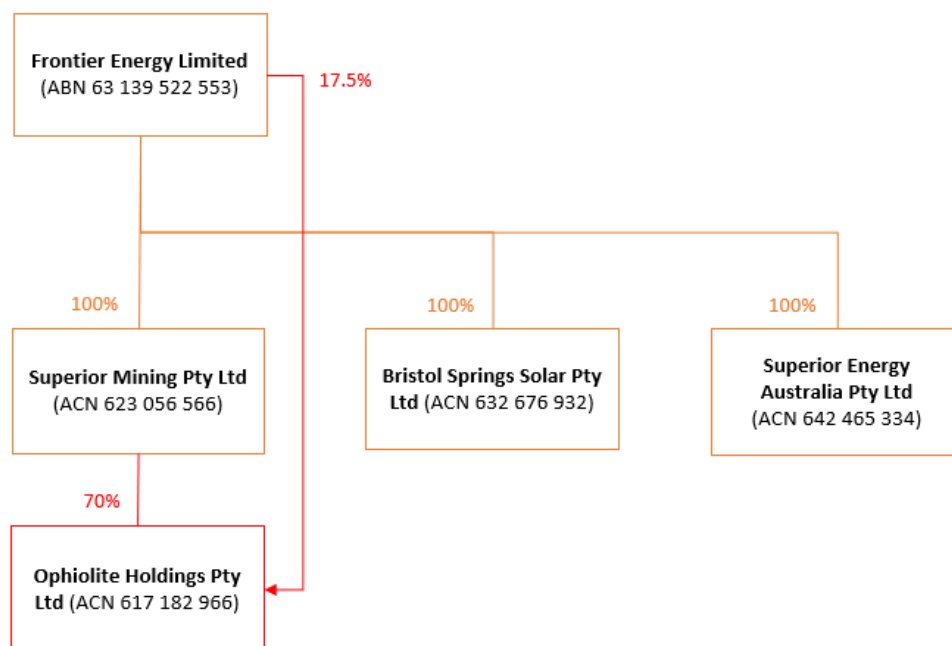
**4. Corporate Structure****Name, Address and Incorporation**

Frontier is a corporation governed by the Australian Corporations Act 2001. Frontier's ordinary shares (the "Shares" or "ordinary shares") are listed on the ASX and traded on the over-the-counter market in the United States of America. The registered and head office of Frontier is located at Level 20, 140 St Georges Terrace, Perth, Western Australia, 6000, Australia.

## Intercorporate Relationships

Name	Jurisdiction	% of Voting Securities Held (directly or indirectly)
Superior Mining Pty Limited	Australia	100.0%
Bristol Springs Solar Pty Limited	Australia	100.0%
Superior Energy Australia Pty Limited	Australia	100.0%
Ophiolite Holdings Pty Limited	Australia	87.5%

The following chart demonstrates the corporate structure of Frontier and its significant subsidiaries with respect to the main assets of Frontier, the percentage of voting securities of each subsidiary beneficially owned, controlled or directed, directly or indirectly by Frontier. The jurisdiction of incorporation of each entity is shown in the table above.



## 5. Consolidated Capitalisation

The following table sets forth Frontier's consolidated capitalization as at June 30, 2023 the date of Frontier's most recent financial statements, and after giving effect to the Arrangement. The table should be read in conjunction with Frontier's interim consolidated financial statements for June 30, 2023. There have been no material changes in the share capital of Frontier since June 30, 2023, except that between July 1, 2023 and September 30, 2023, Frontier has issued a total of 164,617 new ordinary shares pursuant to the exercise of share options (the "Options" or "options") by option holders resulting in the issue of 164,617 new ordinary shares.

		Outstanding as at June 30, 2023	Outstanding as at June 30, 2023 (after giving effect to the Arrangement)
Ordinary Shares	Unlimited	298,997,607	444,568,584 <sup>(1)</sup>
Performance Shares	-	25,500,000	-
Options	-	46,041,098	-
Total Equity	-	A\$29.936M	A\$86.463M <sup>(2)</sup>
Total Borrowings	-	-	-
Total Capitalisation	-	A\$29.936M	A\$86.011M

(1) Increase of 145,570,977 ordinary shares represents number of proposed shares to be issued based on the exchange ratio of 4.27 Frontier Shares for 1 Waroona Share.

(2) Increase of A\$56.53M comprises:  
The value of proposed shares to be issued is on the basis that each outstanding Waroona Share that Frontier does not already own shall be exchanged on a ratio of 4.27 for an equivalent Frontier Share based on the five day volume weighted average price of Frontier Shares on the ASX ending September 29, 2023 and an CAD:AUD exchange rate of 0.8810.

### 5.1. Description of Ordinary Shares

Under the Australian Corporations Act and its constitution (the “**Constitution**”), Frontier may issue an unlimited number of ordinary shares. The ability to issue an unlimited number of shares is restricted by provisions of the ASX Listing Rules, in particular the requirement under ASX Listing Rule 7.1 and ASX Listing Rule 7.1A.

ASX Listing Rule 7.1 allows a listed company to issue over any 12 month period new securities equivalent to 15% of its fully paid ordinary issued capital without the approval of holders of ordinary securities.

ASX Listing Rule 7.1A enables eligible entities (as defined below) to obtain at its annual general meeting shareholder approval to have an additional placement capacity of up to 10% of its fully paid ordinary issued capital over a 12-month period after the annual general meeting (10% Placement Facility). The 10% Placement Facility is in addition to Frontier’s 15% placement capacity under Listing Rule 7.1. An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of A\$300 million or less. Frontier is an eligible entity.

At the date of this Circular, Frontier has an aggregate 299,162,224 fully paid ordinary shares on issue and has 44,876,478 options on issue exercisable into up to 44,876,478 ordinary shares upon satisfaction of relevant performance and vesting conditions. No other shares in the capital of Frontier of any other classes are issued or outstanding.

A summary of the rights attaching to the Shares is detailed below:

- (a) **General meetings**  
Shareholders of Frontier (the “**Shareholders**”) are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of Frontier.  
  
Shareholders may requisition meetings in accordance with section 249D of the Australian Corporations Act and vote at all meetings of Shareholders.
- (b) **Voting rights**  
Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of Shareholders:
  - (i) each Shareholder entitled to vote may vote in person or by proxy or attorney;
  - (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote in respect of each Share carrying the right to

- vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.
- (c) **Dividend rights**  
The Directors alone may declare a dividend to be paid to Shareholders. The dividend is payable at a time determined in the Directors' discretion. No dividend may be declared or paid except as allowed by the Australian Corporations Act. No interest is payable in respect of unpaid dividends.
- (d) **Winding up**  
If Frontier is wound up and a surplus remains, such surplus must be distributed to the Shareholders in proportion to the number of Shares held by them, irrespective of the amounts paid up on the Shares.
- (e) **Shareholder liability**  
As the Shares to be issued under the Offers detailed in this Prospectus are fully paid Shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.
- (f) **Transfer of shares**  
Generally, Shares in Frontier are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Australian Corporations Act and the Listing Rules.
- (g) **Variation of rights**  
Pursuant to Section 246B of the Australian Corporations Act, Frontier may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.
- If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not Frontier is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.
- (h) **Restricted Securities**  
The Constitution complies with Listing Rule 15.12. Certain more significant holders of Restricted Securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) are required to execute a formal escrow agreement in the form of Appendix 9A to the Listing Rules. For those with less significant holdings (such as non-related parties and non-promoters) Frontier will issue restriction notices to holders of Restricted Securities in the form of Appendix 9C to the Listing Rules advising them of the restriction rather than requiring signed restriction agreements.
- (i) **Alteration of Constitution**  
The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

## 5.2. Description of Performance Shares

The following performance shares of Frontier (the "**Performance Shares**") are subject to vesting criteria as follows:

- a. 12,750,000 Performance Shares convert into Shares upon Frontier 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
- b. 12,750,000 Performance Shares 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.

A summary of the rights attaching to the Performance Shares is detailed below:

- (a) General
  - (i) **(Share capital)** Each Performance Share is a share in the capital of Frontier.
  - (ii) **(General meetings)** Each Performance Share confers on the holder (the “**Holder**”) the right to receive notices of general meetings and financial reports and accounts of the Frontier that are circulated to the Shareholders. A Holder has the right to attend general meetings of Frontier.
  - (iii) **(No voting rights)** A Performance Share does not entitle the Holder to vote on any resolutions proposed at a general meeting of Frontier, subject to any voting rights provided under the Australian Corporations Act or the ASX Listing Rules where such rights cannot be excluded by these terms.
  - (iv) **(No dividend rights)** A Performance Share does not entitle the Holder to any dividends.
  - (v) **(No rights on winding up)** A Performance Share has no right to participate in the surplus profits or assets of Frontier upon a winding up of Frontier.
  - (vi) **(Transfer of Performance Shares)** The Performance Shares are not transferable.
  - (vii) **(Reorganisation of Capital)** In the event that the issued capital of Frontier is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation provided that, subject to compliance with the ASX Listing Rules, following such reorganisation the economic and other rights of the Holder are not diminished or terminated.
  - (viii) **(Quotation)** The Performance Shares will not be quoted on ASX.
  - (ix) **(No participation in entitlements and bonus issues)** Subject always to the rights under Section (11.3(a) (Reorganisation of Capital) , Holders will not be entitled to participate in new issues of capital offered to Shareholders such as bonus issues and entitlement issues.
  - (x) **(Amendments required by ASX)** The terms of the Performance Shares may be amended as considered necessary by the Board in order to comply with the Listing Rules or any directions of ASX regarding the terms provided that, subject to compliance with the Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.
  - (xi) **(No other rights)** A Performance Share does not give a Holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- (b) Change in control events
  - (i) All Performance Shares on issue shall automatically convert into Shares (provided that number of Shares does not exceed 10% of Frontier's issued Shares (as at the date of any of the following events)) upon the occurrence of any of the following events:
    - (A) Frontier announces that its Shareholders have at a Court convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement (excluding a merger by way of scheme of arrangement for the purposes of a corporate restructure (such as a change of domicile, consolidation, sub-division, reduction or return) of the issued capital of Frontier) and the Court, by order, approves the scheme of arrangement;
    - (B) a Takeover Bid:
      - (I) is announced;



- (II) has become unconditional; and
- (III) the person making the Takeover Bid has a relevant interest in 50% or more of the Shares; or
- (C) any person acquires a relevant interest in 50.1% or more of the Shares by any other means.
- (ii) Frontier must ensure the allocation of Shares issued under Section 11.3(c)(i) is on a pro rata basis to all Holders in respect of their respective holdings of Performance Shares.
- (iii) Any Performance Shares not converted pursuant to Section 11.3(c)(i) (due to exceeding the 10% limit in Section 11.3(c)(i)) will continue to be held by the Holder.
- (c) Expiry date
- (i) The expiry date for the Performance Shares is 60 months after the issue of the Performance Shares ("**Expiry Date**").
- (ii) To the extent that any Performance Shares have not converted into Shares by the applicable Expiry Date, such Performance Shares for each Holder will automatically lapse and consolidate into one Performance Share and will then convert into one Share.
- (d) Conversion of Performance Shares  
Any conversion of Performance Shares into Shares is on a one for one basis. A Performance Share which converts immediately ceases to exist.
- (e) Takeover provisions
- (i) If the conversion of Performance Shares (or part thereof) would result in any person being in contravention of section 606(1) of the Australian Corporations Act (including any inability to rely on the exception in item 9 of section 611 of the Australian Corporations Act), then the conversion of each Performance Share that would cause the contravention shall be deferred until such time or times thereafter that the conversion would not result in a contravention of section 606(1).
- (ii) If requested to do so by the affected Holder, Frontier must, to the extent practicable, seek to obtain the approval of its Shareholders under section 611, item 7 of the Australian Corporations Act for the conversion of the affected Performance Shares at Frontier's next annual general meeting.
- (iii) A Holder must promptly notify Frontier in writing if they consider that the conversion of Performance Shares (or part thereof) may result in the contravention of section 606(1), failing which Frontier is entitled to assume that such conversion will not result in any person being in contravention of section 606(1) (unless it is on notice to the contrary through a substantial holder notice which has been lodged in relation to Frontier).
- (iv) Frontier may (but is not obliged to) by written notice request that a Holder confirm to Frontier in writing within 7 days if they consider that the conversion of Performance Shares may result in the contravention of section 606(1). If the Holder does not confirm to Frontier within 7 days that they consider such conversion may result in the contravention of section 606(1), then Frontier is entitled to assume that such conversion will not result in any person being in contravention of section 606(1) (unless it is on notice to the contrary through a substantial holder notice which has been lodged in relation to Frontier).
- (f) Quotation  
If Frontier is listed on the ASX at the time, upon conversion of the Performance Shares into Shares in accordance with these terms, Frontier must within 7 days after the conversion, apply for and use its best endeavours to obtain the Official Quotation of the Shares arising from the conversion.
- (g) Conversion procedure  
Frontier will procure that the Holder is issued with a new holding statement for the Shares as soon as practicable following the conversion of the Performance Shares into Shares.
- (h) Ranking of Shares  
The Shares into which the Performance Shares will convert will rank *pari passu* in all respects with the Shares on issue at the date of conversion.

### 5.3. Description of Options

Frontier has the following options on issue:

Description	Expiry	Number
Options with an exercise price of A\$0.00	31/12/2024	1,847,614
Options with an exercise price of A\$0.20	23/02/2025	9,250,000
Options with an exercise price of A\$0.25	23/02/2025	8,936,367
Options with an exercise price of A\$0.40	23/02/2025	8,625,000
Options with an exercise price of A\$0.00	31/12/2025	5,766,500
Options with an exercise price of A\$0.00	31/12/2026	2,387,000
Options with an exercise price of A\$0.00	31/12/2027	8,064,000
<b>Total</b>		<b>44,876,481</b>

A summary of the rights attaching to the options is detailed below:

- (a) **Entitlement**  
Each Option entitles the holder of the Option ("**Option Holder**") to subscribe for, or to be transferred one (1) Share on payment of the Exercise Price.
- (b) **Exercise period**  
Each Option is exercisable immediately and expires on the Expiry Date. After this time, any unexercised Options will automatically lapse.
- (c) **Method of exercise**  
Following the issuing of a vesting notification to the Option Holder, the Options are exercisable by the Option Holder within the Exercise Period, subject to the Option Holder delivering to the registered office of Frontier or such other address as determined by the Board of:
  - (i) a signed notice of exercise; and
  - (ii) subject to the cashless exercise option, a cheque or cash or such other form of payment determined by the Board in its sole and absolute discretion as satisfactory for the amount of the Exercise Price (if any).
- (d) **No issue unless cleared funds**  
Where a cheque is presented as payment of the Exercise Price on the exercise of Options, Frontier will not, unless otherwise determined by the Board, allot and issue or transfer Shares until after any cheque delivered in payment of the Exercise Price has been cleared by the banking system.
- (e) **Cashless exercise of options**
  - (i) An Option Holder may elect to pay the Exercise Price for each option by setting off the total Exercise Price against the number of Shares which they are entitled to receive upon exercise (Cashless Exercise Facility). By using the Cashless Exercise Facility, the Option Holder will receive Shares to the value of the surplus after the Exercise Price has been set off.
  - (ii) If the Option Holder elects to use the Cashless Exercise Facility, the Option Holder will only be issued a number of Shares (rounded down to the nearest whole number) equal in value to the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the market value of the Shares at the time of exercise calculated in accordance with the following formula:

$$S = \frac{O \times (MSP - EP)}{MSP}$$

Where:

- S = Number of Shares to be issued on exercise of the Options.
- O = Number of Options being exercised.
- MSP = Market value of the Shares calculated using the volume weighted average of the Shares on ASX for the 5 trading days immediately prior to (and excluding) the date of the notice of exercise.

EP = Exercise Price.

- (iii) If the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the market value of the Shares at the time of exercise is zero or negative, then an Option Holder will not be entitled to use the Cashless Exercise Facility.
- (f) Minimum exercise  
Options must be exercised in multiples of one thousand (1,000) unless fewer than one thousand (1,000) Options are held by an Option Holder or the Board otherwise agrees.
- (g) Actions on exercise  
Following the exercise of Options:
- (i) the Options will automatically lapse; and
  - (ii) Frontier will allot and issue, or transfer, the number of Shares for which the Option Holder is entitled to subscribe for or acquire through the exercise of the Options.
- (h) Timing of the issue of shares on exercise and quotation
- (i) Within twenty (20) business days after the later of the following:
    - (A) receipt of a notice of exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised; and
    - (B) when excluded information in respect of Frontier (as defined in section 708A(7) of the Australian Corporations Act) (if any) ceases to be excluded information. If there is no such information, the relevant date will be the date of receipt of a notice of exercise,

Frontier will:

    - (C) allot and issue the Shares pursuant to the exercise of the Options;
    - (D) as soon as reasonably practicable and if required, give ASX a notice that complies with section 708A(5)(e) of the Australian Corporations Act, or, if Frontier is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Australian Corporations Act and do all such things necessary to satisfy section 708A(11) of the Australian Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
    - (E) apply for Official Quotation of Shares issued pursuant to the exercise of the Options.
- (iii) Frontier's obligation to issue such Shares shall be postponed if such Option Holder at any time after the delivery of a notice of exercise and payment of the Exercise Price for each Option being exercised (if applicable) elects for the Shares to be issued to be subject to a holding lock for a period of twelve (12) months. Following any such election:
- (A) the Shares to be issued or transferred will be held by such Option Holder on Frontier's issuer sponsored sub-register (and not in a CHESS sponsored holding); and
  - (B) Frontier will apply a holding lock on the Shares to be issued or transferred and such Option Holder is taken to have agreed to that application of that holding lock.
- (iv) Frontier shall release the holding lock on the Shares on the earlier to occur of:
- (A) the date that is twelve (12) months from the date of issue of the Share; or
  - (B) the date Frontier issues a disclosure document that qualifies the Shares for trading in accordance with section 708A(11) of the Australian Corporations Act; or
  - (C) the date a transfer of the Shares occurs pursuant to Section 11.5(j) of these terms and conditions.
- (v) Shares shall be transferable by such Option Holder and the holding lock will be lifted provided that the transfer of the Share complies with section 707(3) of the Australian Corporations Act and, if requested by Frontier, the transferee of the Shares agrees by way of a deed poll in favour of Frontier to the holding lock applying to the Shares following its transfer for the balance of the period.

- (i) Shares Issued on exercise  
Shares issued on the exercise of the Options rank equally with all existing Shares.
- (j) Quotation of the Shares issued on exercise  
If admitted to the Official List at the time, Frontier will apply to ASX for Quotation of the Shares issued upon the exercise of the Options.
- (k) Adjustment for reorganisation  
If there is any reconstruction of the issued share capital of Frontier, the rights of the Option Holder will be varied to comply with the Listing Rules that apply to the reconstruction at the time of the reconstruction.
- (l) Participant in new issues and other rights  
An Option Holder who holds Options is not entitled to:
- (i) notice of, or to vote or attend at, a meeting of the Shareholders;
  - (ii) receive any dividends declared by Frontier; or
  - (iii) participate in any new issues of Securities offered to Shareholders during the term of the Options, unless and until the Options are exercised and the Option Holder holds Shares.
- (m) Adjustment for rights issue  
If Frontier makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of or in satisfaction of dividends or by way of dividend reinvestment) there will be no adjustment to the Exercise Price of an Option.
- (n) Adjustment for bonus issue of Shares  
If Frontier makes a bonus issue of Shares or other Securities to existing Shareholders (other than an issue in lieu of or in satisfaction, of dividends or by way of dividend reinvestment):
- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option Holder would have received if the Option Holder had exercised the Option before the record date for the bonus issue; and
  - (ii) no change will be made to the Exercise Price.
- (p) Change of control
- (i) For the purposes of these terms and conditions, a "Change of Control Event" occurs if:
    - (A) Frontier announces that its Shareholders have at a Court convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement (excluding a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, or any reconstruction, consolidation, sub-division, reduction or return) of the issued capital of Frontier) and the Court, by order, approves the scheme of arrangement;
    - (B) a Takeover Bid:
      - (I) is announced;
      - (II) has become unconditional; and
      - (III) the person making the Takeover Bid has a Relevant Interest in fifty percent (50%) or more of the issued Shares;
    - (C) any person acquires a Relevant Interest in fifty and one-tenth percent (50.1%) or more of the issued Shares by any other means; or
    - (D) the announcement by Frontier that a sale or transfer (in one transaction or a series of related transactions) of the whole or substantially the whole of the undertaking and business of Frontier has been completed.
  - (ii) Where a Change of Control Event has (i) occurred or (ii) been announced by Frontier and, in the opinion of the Board, will or is likely to occur:
    - (A) an Option Holder may exercise any or all of their Options, regardless of whether the applicable vesting conditions (if any) have been satisfied, provided that no Option will be capable of exercise later than the Expiry Date; and

- (B) if the Board has procured an offer for all holders of Options on like terms (having regard to the nature and value of the Options) to the terms proposed under the Change in Control Event and the Board has specified (in its absolute discretion) a period during which the holders of Options may elect to accept the offer and, if the holder has not so elected at the end of that offer period, the Options, if not exercised within 10 days of the end of that offer period, shall expire.
- (q) Quotation  
Frontier will not seek Official Quotation of any Options.
- (r) No transfer of Options  
Options are not transferable.
- (s) Options to be recorded  
Options will be recorded in the appropriate register of Frontier.

#### 5.4. Escrowed Securities

The following securities are subject to ASX escrow restrictions for a period of 24 months commencing on the date on which official ASX quotation of the Shares commenced, which was March 3, 2022.

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Shares	41,666,667	12.84%
Performance Shares	25,500,000	100%
Options	24,311,367	52.99%

#### 6. Price Range and Trading Volumes of Ordinary Shares

Frontier's ordinary shares are listed for trading on the ASX under the symbol and OTCQX under the symbol "NCM". The greatest volume of trading occurs on the ASX. The following table sets forth, for the periods indicated, the reported high, low and month-end closing trading prices and the aggregate volume of trading of the Frontier ordinary shares on the TSX and the ASX.

Date	ASX				OTC			
	High (A\$)	Low (A\$)	Close (A\$)	Volume	High (US\$)	Low (US\$)	Close (US\$)	Volume
October 2022	0.510	0.355	0.455	5,993,632	-	-	-	-
November 2022	0.575	0.440	0.540	9,667,694	-	-	-	-
December 2022	0.570	0.375	0.450	3,940,459	-	-	-	-
January 2023	0.492	0.400	0.420	3,135,273	-	-	-	-
February 2023	0.485	0.400	0.405	2,877,337	-	-	-	-
March 2023	0.480	0.385	0.450	5,304,645	0.300	0.230	0.279	18,000
April 2023	0.455	0.405	0.425	1,190,397	0.306	0.279	0.306	1,000
May 2023	0.465	0.400	0.410	3,316,995	-	-	-	-
June 2023	0.43	0.355	0.360	3,380,610	-	-	-	-
July 2023	0.385	0.320	0.345	3,883,013	0.306	0.243	0.243	1,000
August 2023	0.410	0.340	0.350	2,700,549	-	-	-	-
September 2023	0.395	0.320	0.320	1,362,957	-	-	-	-
October 2023	0.355	0.260	0.300	2,659,451	0.244	0.204	0.228	34,000
November 1 – 6, 2023	0.330	0.280	0.300	634,277	0.228	0.228	0.228	-

On November 6, 2023, the closing price of the ordinary shares on the ASX was A\$0.30.

## 7. Prior Sales

The following table summarizes the issuances by Frontier of ordinary shares and securities convertible into ordinary shares, for the last 12 months:

Date of Issuance	Type of Security	Price per Security	Number of Securities
16 October 2023	Shares	Conversion of options	164,617
26 May 2023	Shares	A\$0.42	2,380,953
26 May 2023	Options	-	10,518,556
8 May 2023	Options	-	2,000,000
27 April 2023	Shares	Conversion of options	4,000,000
14 April 2023	Shares	Conversion of options	80,154
5 April 2023	Shares	Conversion of options	24,994
21 March 2023	Options	-	3,205,000
3 March 2023	Shares	Conversion of options	33,613
24 October 2022	Shares	A\$0.42	21,428,571
7 October 2022	Options	-	6,000,000

## 8. Directors and executive officers

The following individuals are the current directors of Frontier. The Constitution requires that a director, other than the managing director, must retire from office no later than the longer of the third annual general meeting or three years following that director's last election or appointment. In addition, at each annual general meeting, one third of Frontier's directors must retire.

<b>Mr Grant Davey</b>	<b>Executive Chairman</b>
Perth, Australia	<b>Appointed 27 February 2018</b>
	<b>Director term will expire at the 2025 annual general meeting</b>
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.
Other directorships	Cradle Resources Limited Lotus Resources Limited
<b>Mr Samuel Lee Mohan<sup>1</sup></b>	<b>Managing Director</b>
Perth, Australia	<b>Appointed 3 October 2022</b>

**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 Mercury. 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.

**Other directorships** Nil

**Mr Chris Bath** **Executive Director and Chief Financial Officer**

Perth, Australia **Appointed 1 December 2021**

**Director term will expire at the 2024 annual general meeting**

**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.

**Other directorships** Cradle Resources Limited

**Ms Dixie Marshall<sup>1</sup>** **Non-Executive Director**

Perth, Australia **Appointed 1 December 2021**

**Director term will expire at the 2026 annual general meeting**

**Experience and expertise** 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.

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.

**Other directorships** Lotus Resources Limited

**Ms Amanda Reid<sup>1</sup>** **Non-Executive Director**

Perth, Australia **Appointed 8 August 2022**

**Director term will expire at the 2026 annual general meeting**

**Experience and expertise** 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.

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.

**Other directorships** Nil

(1) Member of Sustainability Committee. Ms Amanda Reid is the chair of the committee.

All directors and executive officers of Frontier, as a group, beneficially owned, or controlled or directed, directly or indirectly, a total of 31,510,736 Shares, which is equivalent to 9.71% of the issued and outstanding ordinary shares of Frontier.

The following table sets out the options to purchase Shares held by the certain persons of Frontier or a subsidiary of Frontier:

	Number of Persons	Number of Options
Executive officers and past executive officers of Frontier	1	809,000
Executive officers and past executive officers of all subsidiaries of Frontier	1	115,000
Directors and past directors of those subsidiaries who are not also executive officers of the subsidiary of Frontier	5	31,203,362
Other employees and past employees of Frontier	1	62,000
Other employees and past employees of subsidiaries of Frontier	-	
Consultants of Frontier	9	7,686,619

In addition to the above, there is a total of 6,000,000 options held by other persons. These persons are CG Nominees (Australia) Pty Ltd and TR Nominees Pty Ltd.

Please refer to the 2022 Frontier AR, and disclosure under “Prior Sales” and “Description of Options” above for the terms of the outstanding options. Other than as disclosed above and elsewhere in this Appendix F, Frontier does not have other outstanding convertible securities.

## 9. Executive compensation

Key management personnel (“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	-



Name	Position	Appointed	Resigned
Ms D Marshall	Non-Executive Director	1/12/2021	-
Ms A Reid	Non-Executive Director	8/08/2022	-

### 9.1. Remuneration and nomination procedures

The Board considers that Frontier is not of a size to justify the formation of a remuneration or nomination Committee. The Board is able to address these aspects of Frontier'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 Frontier.

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.

### 9.2. Relationship structure

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

### 9.3. 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. Frontier'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 A\$450,000 per annum. Fees for non-executive directors are not linked to the performance of Frontier.

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 Frontier and align their interests with the Shareholders. The shares are purchased by the directors at the prevailing market share price.

### 9.4. Executive remuneration

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

- competitive and consistent with market standards;
- aligned to Frontier'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

Frontier 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 Frontier.

### 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 (Front End Engineering Design) 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 (Environmental, Social & Governance) Fund investment

During the year ended 31 December 2022, Frontier issued 3,261,000 STI options, with 1,777,000 options subsequently being cancelled on the resignation during the year of Frontier'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
  - Land acquisition for expansion
  - Solar construction commenced
  - Wind and battery definitive feasibility study completed
2. Hydrogen
  - Hydrogen plan definitive feasibility study completed
  - Additional hydrogen plan scoping study completed
3. Corporate
  - Market capitalisation A\$250 million
  - Environmental, Social & Governance framework score > 50%

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

### **Executive employment arrangements**

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

On 3 October 2022, Frontier 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 A\$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:

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

On 1 December 2021, Frontier appointed Mr Chris Bath as Executive Director. Mr Bath is paid a consulting fee, which was increased from A\$120,000 to A\$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 A\$120,000 to A\$270,000 per annum.

## 9.5. Remuneration of Directors and Key Management Personnel

Actual remuneration earned by key management personnel for their services as directors and executives of Frontier during the financial year ended 31 December 2022, 2021 and 2020 are set out below:

Name and principal position	Year	Salary and fees (A\$)	Post-employment benefits Super-annuation (A\$)	Option-based awards (A\$)	All other compensation (A\$)	Total (A\$)
Mr Grant Davey <sup>1</sup> Executive Chairman	2022	200,000	-	253,276	-	453,276
	2021	120,000	-	-	-	120,000
	2020	120,000	-	120,000	-	240,000
Mr Mike Young <sup>2</sup> Managing Director and Former Chief Executive Officer	2022	168,479	12,554	-	300	181,333
	2021	10,000	-	-	-	10,000
	2020	-	-	-	-	-
Mr Samuel Lee Mohan <sup>3</sup> Managing Director and Chief Executive Officer	2022	89,813	6,875	340,518	-	437,206
	2021	-	-	-	-	-
	2020	-	-	-	-	-
Mr Chris Bath <sup>4</sup> Executive Director and Chief Financial Officer	2022	131,372	-	406,397	-	537,770
	2021	19,493	-	-	-	19,493
	2020	-	-	-	-	-
Ms Dixie Marshall <sup>4</sup> Non-Executive Director	2022	45,369	4,650	50,655	-	100,674
	2021	3,788	379	-	-	4,167
	2020	-	-	-	-	-
Ms Amanda Reid <sup>5</sup> Non-Executive Director	2022	17,984	1,888	129,625	-	149,497
	2021	-	-	-	-	-
	2020	-	-	-	-	-
Mr Christopher Knee <sup>6</sup> Former Executive Director	2022	-	-	-	-	-
	2021	39,446	-	(10,539)	-	28,907
	2020	-	-	98,692	-	98,692
Mr Alfred Gillman <sup>7</sup> Former Non-Executive Director	2022	-	-	-	-	-
	2021	44,000	-	-	-	44,000
	2020	39,000	-	89,674	-	128,674
Mr David Woodall <sup>8</sup> Former Director and Former Chief Executive Officer	2022	-	-	-	-	-
	2021	-	-	-	-	-
	2020	46,265	2,233	-	-	48,498

(1) Mr Grant Davey was appointed on February 27, 2018.

(2) Mr Mike Young was appointed on December 1, 2021 and resigned on July 22, 2022.

(3) Mr Samuel Lee Mohan was appointed on October 3, 2022.

(4) Mr Chris Bath and Ms Dixie Marshall were appointed on December 1, 2021.

(5) Ms Amanda Reid was appointed on August 8, 2022.

(6) Ms Christopher Knee was appointed on July 1, 2020 and resigned on December 1, 2021.

(7) Mr Alfred Gillman was appointed on July 1, 2020 and resigned on December 1, 2021.

(8) Mr David Woodall was appointed on April 4, 2018 and resigned on February 9, 2020.

The table below sets out the methodology used to calculate the fair value of option awards on the grant date:

Name	Year	Methodology	Grant date	Spot price A\$	Exercise price A\$	Barrier Price A\$	Vesting date A\$	Expiry Date	Dividend Yield	Fair Value per Option A\$
Grant Davey	2022	Black-Scholes	20/01/2022	0.13	0.20	N/A	20/01/2022	19/01/2025	Nil	0.06
Grant Davey	2022	Black-Scholes	20/01/2022	0.13	0.25	N/A	20/01/2022	19/01/2025	Nil	0.05
Grant Davey	2022	Black-Scholes	20/01/2022	0.13	0.40	N/A	20/01/2022	19/01/2025	Nil	0.04
Grant Davey	2020	Black-Scholes	09/12/2022	0.16	Nil	N/A	09/12/2022	26/06/2023	Nil	0.16
Samuel Lee Mohan	2022	Black-Scholes	03/10/2022	0.37	0.20	N/A	03/10/2023	03/10/2025	Nil	0.21
Samuel Lee Mohan	2022	Black-Scholes	03/10/2022	0.37	0.25	N/A	03/10/2024	03/10/2025	Nil	0.21
Samuel Lee Mohan	2022	Black-Scholes	03/10/2022	0.37	0.40	N/A	03/10/2024	03/10/2025	Nil	0.18
Chris Bath	2022	Black-Scholes	20/01/2022	0.13	0.20	N/A	20/01/2022	19/01/2025	Nil	0.06
Chris Bath	2022	Black-Scholes	20/01/2022	0.13	0.25	N/A	20/01/2022	19/01/2025	Nil	0.05
Chris Bath	2022	Black-Scholes	20/01/2022	0.13	0.40	N/A	20/01/2022	19/01/2025	Nil	0.04
Chris Bath	2022	Black-Scholes	10/06/2022	0.21	0.00	0.13	31/12/2022	31/12/2024	Nil	0.20
Chris Bath	2022	Black-Scholes	10/06/2022	0.21	Nil	0.13	31/12/2024	31/12/2026	Nil	0.20
Dixie Marshall	2022	Black-Scholes	20/01/2022	0.13	0.20	N/A	20/01/2022	19/01/2025	Nil	0.06
Dixie Marshall	2022	Black-Scholes	20/01/2022	0.13	0.25	N/A	20/01/2022	19/01/2025	Nil	0.05
Dixie Marshall	2022	Black-Scholes	20/01/2022	0.13	0.40	N/A	20/01/2022	19/01/2025	Nil	0.04
Amanda Reid	2022	Black-Scholes	12/08/2022	0.30	0.20	N/A	12/08/2022	19/01/2025	Nil	0.19
Amanda Reid	2022	Black-Scholes	12/08/2022	0.30	0.25	N/A	12/08/2022	19/01/2025	Nil	0.18
Amanda Reid	2022	Black-Scholes	12/08/2022	0.30	0.40	N/A	12/08/2022	12/08/2022	Nil	0.15
Christopher Knee	2021	Black-Scholes	15/07/2019	0.16	Nil	N/A	01/07/2020	01/07/2022	Nil	0.16
Christopher Knee	2021	Black-Scholes	15/07/2019	0.16	Nil	N/A	01/07/2022	01/07/2024	Nil	0.16
Christopher Knee	2021	Black-Scholes	15/07/2019	0.13	Nil	N/A	01/07/2022	01/07/2024	Nil	0.13
Christopher Knee	2020	Black-Scholes	26/06/2020	0.13	Nil	N/A	26/09/2020	26/06/2023	Nil	0.13
Alf Gilman	2020	Black-Scholes	26/06/2020	0.13	Nil	N/A	26/09/2020	26/06/2023	Nil	0.13

## 9.6. Key management personnel equity holdings

### (i) Shareholdings of key management personnel

	Balance held at 30 September 2023
<b>Directors</b>	
Mr G Davey	29,203,045
Mr S Lee Mohan	-
Mr C Bath	1,923,076
Ms D Marshall	384,615
Ms A Reid	-
<b>Total</b>	<b>31,510,736</b>

### (ii) Option holdings of key management personnel

	Balance held at 30 September 2023
<b>Directors</b>	
Mr G Davey	8,489,189
Mr S Lee Mohan	12,197,367
Mr C Bath	8,516,806
Ms D Marshall	1,000,000
Ms A Reid	1,000,000
<b>Total</b>	<b>31,203,362</b>

## 9.7. Summary compensation table

Please see section 9.5 above for the executive officers' compensation for each of Frontier's three most recently completed financial years.

Mr Grant Davey is a director and shareholder of Matador Capital Pty Ltd (Matador). Frontier makes payments to Matador under a Shared Services Agreement in which Matador provides bookkeeping, accounting and company secretarial personnel, office space, information technology infrastructure and technical personnel to Frontier. The services provided by Matador are recovered from Frontier on a cost-plus basis. Matador invoiced Frontier A\$545,733 for the year ended December 31, 2022, A\$35,590 for the year ended December 31, 2021 and nil for the year ended December 31, 2020.

## 10. Corporate governance

Frontier's Corporate Governance Statement is attached as an exhibit to this document.

## 11. Risk factors

- (a) Future capital requirements  
The future capital requirements of Frontier will depend on many factors. Whilst Frontier believes its available cash and the net proceeds of the Capital Raising Offer should be adequate to fund Frontier's objectives as detailed in this Prospectus, there can be no guarantees that it will be sufficient to successfully achieve all the objectives of Frontier's overall business strategy.

Frontier may require further financing in addition to amounts raised under the Capital Raising Offer.

No assurances can be given that Frontier will be able to raise this additional funding, which may be a combination of debt and/or equity financing. To meet such funding requirements, Frontier 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.

Frontier'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 Frontier, 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 Frontier's business, financial performance and prospects.

- (b) **Loss of key personnel**  
Frontier relies heavily on the abilities of key employees and management. Frontier's performance is reliant on its ability to both retain and attract skilled individuals and to appropriately incentivise them. Although Frontier 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. Frontier 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 Frontier.
- (c) **Network access**  
Development of the project will be reliant on access to third party infrastructure, in particular, electricity transmission and distribution infrastructure. An inability to have access to these assets for any reason, including damage to third party network infrastructure, network constraints, changes to network access or construction of new generation could restrict the ability of to export energy at its full potential. This could adversely affect revenue and future financial performance.
- (d) **Frontier has no operating revenue**  
Frontier has no operating revenue and is unlikely to generate any operating revenue unless and until the BSS Project is successfully developed and commercially exploited.
- (e) **Liquidity risk**  
Frontier intends to hold interests primarily in renewable energy assets that are generally illiquid in nature. Frontier intends to be a medium to long-term investor in assets and as such, may hold assets until the end of their useful lives or more years. If it were necessary or desirable for Frontier to sell one or more of its assets, it may not be able to do so in a short period of time or it may not be able to realise an investment for the amount at which Frontier has valued it. Any protracted sale process, inability to sell an asset or sale at a price that is less than Frontier's valuation may adversely affect Frontier's financial performance.
- (f) **Solar resource**  
Frontier will be exposed to the volume of generation produced by the BSS Project. Fluctuations in the level of solar resource occur on a short-term basis (hourly, daily, monthly and seasonal variations) and on a longer-term basis or the BSS Project may not perform as expected. Resource fluctuations affect the performance of the BSS Project, and the amount of energy produced by the BSS Project, and therefore, the revenue generated by it. The revenue profile over any given year may be different in following years and may not match the expense profile of a solar farm at the BSS Project.
- (g) **Long term electricity supply and demand**  
The BSS Project intends to sell electricity into the WEM either at spot or via PPAs with end users. The price of electricity can be volatile as it is primarily driven by supply and demand factors. These include:
  - (a) weather influencing demand and generation availability;
  - (b) operational shut-downs and closures;
  - (c) economic conditions affecting demand;
  - (d) technological advancement;

- (e) use of distributed electricity generation such as Solar PV systems and installation of storage systems;
- (f) mandatory energy efficiency systems;
- (g) the tenor and expiry of contracts for fuel and sale of electricity;
- (h) network constraints;
- (i) increased competition from the construction of a significant new power generation plant, whether powered from renewable or non-renewable energy sources;
- (j) lower electricity demand in the WEM;
- (k) lower prices of alternative fuel sources (e.g. fossil fuels);
- (l) regional oversupply of electricity caused by transmission constraints;
- (m) development of new, more efficient, energy technologies (whether renewable or non-renewable);
- (n) actions of AEMO, interpretation of the WEM Rules by AEMO and changes to the WEM Rules; and
- (o) actions of the regulator, including regulatory changes that impact market design and operation.

The economic and technical viability of the BSS Project is dependent on future peak and off-peak electricity prices, the relationship between peak and off-peak electricity prices, the frequency and duration of peak pricing and off-peak pricing events and overall volatility of the WEM.

(h) Approvals risks

The BSS Project will require further approvals from third parties before it can be developed. These include Building Permit, Environmental and Aboriginal Heritage approvals. There can be no assurance that these approvals will be obtained.

Obtaining the necessary licences and approvals, including the execution of an ETAC Agreement with Western Power, can be a time consuming process and there is a risk that Frontier will not be able to obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict Frontier from proceeding with the development or operation of a project. Any failure to comply with applicable laws and licences, could result in fines, penalties or other liabilities.

(i) WEM related risks

Demand for electricity and related products is dependent on a number of factors, including economic conditions, population, government policy, weather and availability. Given the kinds of factors that affect demand, demand has inherent volatility. This may impact the price of electricity positively or negatively.

The energy price that is able to be achieved in the WEM may fluctuate over time, and where there are decreases in the price of electricity or any related products, this may adversely affect Frontier's financial position. While Frontier may seek to limit this exposure by entry into PPAs, the same risk applies to the price at the time the PPA is entered into. Similarly, where PPAs are renewed, there is a risk that Frontier may not be able to secure the same or more favourable terms than the agreements for which they replace.

From time to time, as a result of down time of the electricity grid or the Project's inability to meet technical specification or other requirements for grid connection, there may be issues with the ability to export power to the electricity grid. Where such issues arise, the BSS Project may be unable to export power to the grid or the amount of power that can be exported may be reduced. As the BSS Project's revenue will be generally related to the level of electricity exported, this may result in lower project revenues and/or breach of contracts. Where the BSS Project does not meet the technical specifications, there may be additional material expenses for the BSS Project in order for the Solar Farm to meet the technical specifications.

(j) 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 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 Frontier.

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.

(k) Competition

There is a risk that new entrants in the market may disrupt Frontier's business. Existing competitors in the renewable energy industry, as well as new competitors entering the industry, may develop superior and more efficient technology offerings or consolidate with other entities to deliver enhanced scale benefits. Such competitive pressures may materially and adversely impact Frontier's ability to conduct its business.

(l) Regulatory

Frontier's activities are subject to extensive laws and regulations relating to numerous matters including licences and approvals, environmental compliance and rehabilitation, taxation, health and worker safety, waste disposal, protection of the environment, native title and heritage matters and other matters.

Whilst Frontier believes that it is in substantial compliance with all material current laws and regulations, changes in how laws and regulations are enforced or regulatory interpretation could result in changes in legal requirements or in the terms of existing licences, approvals and agreements applicable to Frontier or its future projects. This could have a material adverse impact on Frontier's future and planned operations in respect to the BSS Project.

(m) Technology

The energy industry continues to evolve as technology develops. Changes to technology can change the manner, scale and location in which energy is produced and sold and the extent to which it is consumed.

Frontier may face increasing competitive pressures from technologies already being developed, or which Frontier's existing or new competitors may develop in the future. Frontier's current technologies may prove inefficient, ineffective or obsolete in the future. The development and application of new technologies involves substantial costs and risks. If Frontier's current and potential competitors are more effective than Frontier at developing or marketing new technologies, or have greater resources available for this purpose and Frontier is not able to compete promptly, there could be a material adverse effect on Frontier's results of operations or financial condition.

Technological changes in the power industry generally, and the solar industry specifically, may lower wholesale electricity prices. Lower long-term wholesale electricity prices or the technical obsolescence of the solar power plants owned by Frontier could negatively impact Frontier's ability to recontract its electricity output following the expiry of its existing PPAs.

(n) Failure of key assets

Frontier will rely upon key equipment and technology at the BSS Project. If material items of equipment or technology suffer failures requiring unplanned power station outage and replacement or repair, Frontier's generation production may be reduced and significant capital expenditure may be required to replace or repair such assets.

(o) Construction

There is a risk that the BSS Project may not proceed as planned. This could be the result of matters within or outside Frontier'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 Frontier's operating and financial performance.

## 12. Auditor

The auditor of Frontier is Ernst & Young, located at EY Building, 11 Mounts Bay Road, Perth, Western Australia, 6000, Australia. Ernst & Young was appointed the Auditor of Frontier in March, 2022 and is independent of Frontier, and has met all the independence requirements of Australian professional ethical pronouncements and the Australian *Corporations Act*.

## 13. Transfer Agent and Registrar

Frontier's transfer agent and registrar for its ordinary shares in Australia is Automic Registry Services Limited, Level 5, 126 Philip Street, Sydney, New South Wales, 2000 Australia.

## 14. Material Contracts

Frontier is a party to the following material agreements:

- (a) Contract to Purchase Land - 135 Salerian Road, Wagerup, Western Australia (being Lot 111 on Plan 403005, Certificate of Title Volume 2883 Folio 338), on the following terms:
  - (i) The purchase price is A\$4,187,650;
  - (ii) Option fees in relation to the purchase of this land totaling A\$252,000 were paid to the vendors, being non-refundable and in addition to the purchase price; and
  - (iii) Completion is scheduled for 30 November 2023.
- (b) Contract to Purchase Land – 260 Bristol Road, Wagerup, Western Australia (being Lot 260 on Plan 301993, Certificate of Title Volume 470 Folio 127A), on the following terms:
  - (i) The purchase price is A\$612,350;
  - (ii) Option fees in relation to the purchase of the land totaling A\$63,000 were paid to the vendors, being non-refundable and in addition to the purchase price; and
  - (iii) Completion is scheduled for 30 November 2023.
- (c) Land Option Agreement – Bristol Springs Solar Project  
 Frontier's wholly owned subsidiary Bristol Springs Solar Pty Ltd (BSS), has entered into a Land Option agreement with Ranger Loaders Pty Ltd (Landowner) in relation to a parcel of land being Lot 3 on Plan 9454 being the whole of the land contained in Western Australia Certificate of Title Volume 1353 Folio 900 (Land), on the following terms:
  - (i) the Landowner has granted BSS the sole and exclusive option to purchase the Land during the five-year period from the Completion Date (Option Period) at a fixed value of A\$6,500,000 (Purchase Price). The Completion date is the date that Frontier acquired BSS. Under the Land Option, the following option fees have been and are payable by BSS to the Landowner:
    - (A) First Option Fee: A\$1,500,000, payable on entry into the Option Agreement (paid);
    - (B) Second Option Fee: A\$1,500,000, payable on the 3rd anniversary of the Completion Date (due in February 2025);
    - (C) Third Option Fee: A\$1,500,000, payable on the 4th anniversary of the Completion Date (due in February 2026); and
    - (D) Fourth Option Fee: A\$2,000,000 payable on the 5th anniversary of the Completion Date (due in February 2027),
 (together, Option Fees).

- (ii) if BSS exercises the Land Option, any Option Fees paid (other than the First Option Fee) will be credited towards the Purchase Price;
- (iii) if BSS does not exercise the Option, any instalment of the Option Fee paid by BSS to the Landowner shall be non-refundable;
- (iv) if BSS fails to pay any instalment of the Option Fee by the relevant due date the Landowner may terminate the Option Agreement;
- (v) BSS may assign the Option to a related party.

The Option Agreement contains customary terms and conditions for an option to purchase agreement.

- (d) **Deeds of Indemnity**  
Frontier has entered into standard deeds of indemnity, insurance and access with each of the Directors and Frontier Secretary (Deeds of Indemnity). Pursuant to the Deeds of Indemnity, Frontier will indemnify the Directors and the Company Secretary to the extent permitted by the Australian Corporations Act against any liability arising as a result of the officer acting as an officer of Frontier. Frontier is also required to maintain insurance policies for the benefit of the Directors and Company Secretary and also allow the Directors to inspect Board papers in certain circumstances.

## 15. Documents Incorporated by Reference

Information has been incorporated by reference in this Appendix F from documents filed with securities regulatory authorities in Australia and as appended to the Circular, as applicable. Copies of the documents incorporated herein by reference may be obtained on request without charge from Frontier at Level 8, 600 St. Kilda Road, Melbourne, Victoria, 3004, Australia. In addition, copies of the documents incorporated herein by reference as appended to the Circular may be obtained by accessing the Circular online through SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

The following documents of Frontier are specifically incorporated by reference into and form an integral part of this Appendix F:

- (a) Frontier's half year report for the six months ended June 30, 2023;
- (b) the Frontier ARs;
- (c) Frontier's notice of meeting dated April 6, 2023 in respect of the annual general meeting of Shareholders held on May 26, 2023;
- (d) the audited consolidated financial statements of Frontier as at and for the years ended December 31, 2022, 2021 and 2020, together with the notes thereto and the auditors' report thereon; and
- (e) Frontier's operating and financial review of the financial condition and results of operations of Frontier as at and for the year ended December 31, 2022, as contained in the 2022 Frontier AR.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Appendix F to the extent that a statement contained herein or in the Circular modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Appendix F.**

Following completion of the Arrangement, Frontier will qualify as a “designated foreign issuer” as defined in National Instrument 71-102 – *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* and will continue to be subject to the regulatory requirements of the Australian Securities and Investments Commission and the ASX. Certain of the documents incorporated by reference in this Appendix were prepared in accordance with Australian corporate and securities laws. Waroona shareholders should be aware that requirements under Australian laws may differ from requirements under Canadian corporate and securities laws. Information contained or otherwise accessed through Frontier’s website, [frontierhe.com](http://frontierhe.com), or any website, other than those documents specifically incorporated by reference herein and filed on ASX at [www.asx.com.au/markets/company/fhe](http://www.asx.com.au/markets/company/fhe), does not form part of this Appendix.

#### **Additional Information**

Additional information relating to Frontier can be found in the Frontier ARs on [www.asx.com.au/markets/company/fhe](http://www.asx.com.au/markets/company/fhe). Additional financial information is available in Frontier’s audited financial statements for the year ended December 31, 2022 and 2021, a copy of which has been filed on ASX at [www.asx.com.au](http://www.asx.com.au). For copies of documents, please contact Frontier at [info@frontierhe.com](mailto:info@frontierhe.com).

**Exhibit to Appendix F  
Corporate Governance Statement**

(See attached.)

For personal use only



## CORPORATE GOVERNANCE STATEMENT 2023

The Frontier Energy Limited ("**Frontier**" or the "**Company**") board of directors (the "**Board**") is committed to conducting the Company's business in accordance with the highest standards of corporate governance to create and deliver value for its shareholders. The Board has established a corporate governance framework, including corporate governance policies, procedures and charters, to support this commitment. The framework will be reviewed regularly and revised in response to changes in law, developments in corporate governance and changes to the Company's business. A copy of these charters, procedures and policies are available on the governance page of the Company's website located at <https://frontierhe.com/corporate-governance/> and are referred to in this document where relevant.

As a listed entity, Frontier must comply with Australian laws including the *Corporations Act 2001* (Cth) ("**Corporations Act**") and the Australian Securities Exchange Listing Rules (the "**ASX Listing Rules**"), and to report against the ASX Corporate Governance Council's Principles and Recommendations (4th Edition) (the "**Recommendations**").

This Corporate Governance Statement has been in place since 1 January 2021 to the date of this statement and was approved by the Board on 24 February 2023.

Principles and Recommendations	Comply (Yes/No)	Explanation
<b>PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>		
<b>Recommendation 1.1</b> <i>A listed entity should have and disclose a board charter setting out:</i> <ul style="list-style-type: none"> <li>(a) <i>the respective roles and responsibilities of its board and management; and</i></li> <li>(b) <i>those matters expressly reserved to the board and those delegated to management.</i></li> </ul>	<b>YES</b>	<p>The Board has established a Board Charter.</p> <p>The Board has adopted a formal Board Charter that details the Board's role, authority, responsibilities, membership and operations, and is available under Corporate Governance on our website at: : <a href="https://frontierhe.com/wp-content/uploads/2022/04/Board-Charter.pdf">https://frontierhe.com/wp-content/uploads/2022/04/Board-Charter.pdf</a></p> <p>The Charter sets out the matters specifically reserved for the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.</p>
<b>Recommendation 1.2</b> <i>A listed entity should:</i> <ul style="list-style-type: none"> <li>(a) <i>undertake appropriate checks before appointing a director or senior executive, or putting forward to security holders a candidate for election, as a director; and</i></li> <li>(b) <i>provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</i></li> </ul>	<b>YES</b>	<p>The Company undertakes appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a Director.</p> <p>The Board, which performs the function of a Nomination and Remuneration Committee, is required to ensure appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate)) are undertaken before appointing a person or putting forward to security holders a candidate for election, as a director.</p> <p>All material information relevant to a decision on whether or not to elect or re-elect a director will be provided to Shareholders in any notice of meeting pursuant to which the resolution to elect or re-elect such Director will be voted on.</p>
<b>Recommendation 1.3</b>	<b>YES</b>	All new directors are appointed through a written agreement with the Company that sets out their duties, rights and responsibilities. The Company

Principles and Recommendations	Comply (Yes/No)	Explanation
A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.		has written agreements in place with each of its Directors and senior executives.
<b>Recommendation 1.4</b> <i>The Company Secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</i>	<b>YES</b>	<p>The Company Secretary reports to the Chairman. The Company Secretary in his capacity as company secretary is appointed by the Board and directors have access to the Company Secretary.</p> <p>The Company Secretary is accountable to the Board through the Chairman on matters regarding the proper functioning of the Board, including assisting the Board and any of its committees with meetings and directors' duties, advising the Board on corporate governance matters, and acting as the interface between the Board and senior executives.</p> <p>The role of the Company Secretary is described in more detail in the Board Charter at page 2.</p>
<b>Recommendation 1.5</b> <i>A listed entity should:</i> <ul style="list-style-type: none"> <li>(a) have and disclose a diversity policy;</li> <li>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</li> <li>(c) disclose in relation to each reporting period:               <ul style="list-style-type: none"> <li>(i) the measurable objectives set for that period to achieve gender</li> </ul> </li> </ul>	<b>NO</b>	<p>The Company acknowledges the importance of building a diverse and inclusive workforce across a wide range of workforce demographics that extends beyond gender. While it remains committed to workforce diversity, given the current size of the Company, scope of activity and employee numbers, it is not considered appropriate that the Board:</p> <ul style="list-style-type: none"> <li>a) maintains a Diversity Policy that sets and discloses measurable objectives for achieving gender diversity; and</li> <li>b) annually assesses diversity related objectives and the entity's progress in achieving them.</li> </ul> <p>The Company recognises the benefits of the Board being composed of directors of different ages, ethnicities and backgrounds, which can help bring different perspectives and experiences to bear on decision making.</p>



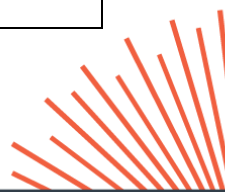
Principles and Recommendations	Comply (Yes/No)	Explanation
<div data-bbox="286 280 842 1026"> <div data-bbox="360 280 483 309">diversity;</div> <div data-bbox="286 331 842 400">(ii) the entity's progress towards achieving those objectives; and</div> <div data-bbox="286 422 842 1026"> <div data-bbox="286 422 450 451">(iii) either:</div> <div data-bbox="360 474 842 756">(A) the respective proportions of men and women on the Board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</div> <div data-bbox="360 778 842 1026">(B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in the Workplace Gender Equality Act.</div> </div> </div> <div data-bbox="185 1048 842 1299"> <p>If the entity was in the S&amp;P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p> </div>		<p>It is noted that two of the Company's five Directors are female, as is the Company Secretary.</p>



Principles and Recommendations	Comply (Yes/No)	Explanation
<b>Recommendation 1.6</b> <i>A listed entity should:</i> <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</li> <li>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</li> </ul>	YES	<p>The Board believes that formal performance evaluations are not appropriate at this point in time given the recent appointment of some directors.</p> <p>The Chairman is responsible for evaluating the Board and informal discussions are undertaken during the course of the year. As the Company grows and develops, it will continue to consider the efficiencies and merits of a more formal performance evaluation of the Board and individual Directors.</p>
<b>Recommendation 1.7</b> <i>A listed entity should:</i> <ul style="list-style-type: none"> <li>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</li> <li>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</li> </ul>	NO	<p>The Board is responsible for evaluating the performance of the Company's senior executives and for evaluating the remuneration of the Company's senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non-executive Director.</p> <p>The Company's Corporate Governance Plan requires the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. Going forward, the Company intends to complete calendar year performance evaluations of senior executives (if any), no such review was held during 2022.</p>



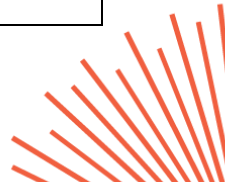
Principles and Recommendations	Comply (Yes/No)	Explanation
<b>PRINCIPLE 2: STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE</b>		
<b>Recommendation 2.1</b> The Board of a listed entity should: (a) have a nomination committee which: (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable	<b>NO</b>	<p>The Board has the ability under the Company's Constitution to delegate its powers and responsibilities to Committees of the Board. Special Board committees shall be formed as required to give guidance and provide oversight concerning specific matters to the Board.</p> <p>Owing to the size and composition of the Board, a separate nomination and remuneration committee is not considered to be appropriate at the present time. The Company will establish such a Committee when warranted by the composition of the Board and the Company's circumstances.</p> <p>Until that time, the responsibilities of such a Committee will be performed by the Board.</p> <p>If established, the Nomination and Remuneration Committee will adopt a formal, Board-approved charter that will detail its role, authority, responsibilities, membership and operations and that charter will be reviewed annually and be available on the Company's website at: <a href="https://frontierhe.com/corporate-governance/">https://frontierhe.com/corporate-governance/</a>.</p> <p>If established, the nomination and remuneration committee will assist the Board in fulfilling its responsibilities in overseeing the:</p> <p>a) remuneration strategy of the Company and its specific application to the Managing Director and senior executives;</p> <p>b) selection, remuneration and succession of directors; and</p> <p>c) the appointment, performance evaluation and succession of the Managing Director and senior executives.</p>



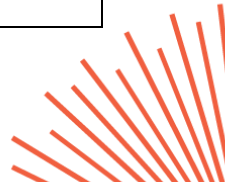
Principles and Recommendations	Comply (Yes/No)	Explanation
it to discharge its duties and responsibilities effectively.		
<b>Recommendation 2.2</b> <i>A listed entity should have and disclose a Board skills matrix setting out the mix of skills that the Board currently has or is looking to achieve in its membership.</i>	<b>YES</b>	<p>The Company's objective is to have an appropriate mix of expertise and experience on the Board, and where appropriate its committees, so that the Board can effectively discharge its corporate governance and oversight responsibilities.</p> <p>The Board considers key areas of expertise to include:</p> <ul style="list-style-type: none"> <li>a) strategy and business development;</li> <li>b) commercial acumen;</li> <li>c) risk management;</li> <li>d) health and safety;</li> <li>e) financial knowledge and experience;</li> <li>f) government relations;</li> <li>g) corporate governance; and</li> <li>h) executive leadership.</li> </ul> <p>The Company is committed to the continuing development of its Directors and will consider covering the cost of Directors participating in training and development programs.</p> <p>A summary of the experience, skills and attributes of the Board is shown in the table below.</p>



Principles and Recommendations	Comply (Yes/No)	Explanation			
			<b>Experience, skills and attributes</b>	<b>Board</b>	
			<b>Corporate leadership</b> Successful experience in CEO/Managing Director and/or other senior corporate leadership roles	4	
			<b>Public policy and government relations</b> Senior experience at state and federal level.	2	
			<b>Electricity and energy</b> Relevant industry (resources, mining, exploration) experience	3	
			<b>Other board level experience</b> Directors of other listed entities (last 3 years)	3	
			<b>Project development</b> Resources capital project development and management	4	
			<b>Strategy</b> Development and implementation of corporate strategy	4	
			<b>Capital markets and business development</b> Experience and capability in equity financing, joint ventures, mergers and acquisitions	3	
			<b>Corporate Governance</b>	4	



Principles and Recommendations	Comply (Yes/No)	Explanation			
			Demonstrated commitment to high standards of corporate governance, including board, senior executive or equivalent experience or background which demonstrates a commitment to a high level of corporate governance		
			<b>Risk management and compliance</b> Senior executive experience in operational risk management, including identification, monitoring, mitigation and compliance	3	
			<b>Health and Safety</b> Relevant experience in workplace health and safety, implementing health, safety and wellbeing strategies, and proactive identification and prevention of health and safety risks	2	
			<b>Environmental, social and governance</b> Executive experience with a strong focus on, and adherence to high environmental, social and governance (ESG) standards, including the development of ESG related policies, principles and standards and dealing with regulatory or governmental matters in an executive or board capacity	1	
			<b>Accounting and finance</b> Professional qualifications in finance disciplines or exhibits a high level of	1	



Principles and Recommendations	Comply (Yes/No)	Explanation																							
			experience or background in financial accounting and reporting, internal financial and risk controls, capital management and treasury																						
			<b>Strategic Communications</b> Experience in crisis communications (both internal and external) and stakeholder engagement	2																					
		Details of the skills, experiences and expertise of each director will be set out in the Company's annual report and on the Company's website under Board and Management at: <a href="https://frontierhe.com/board-management/">https://frontierhe.com/board-management/</a> .																							
<b>Recommendation 2.3</b> <i>A listed entity should disclose:</i>  <i>(a) the names of the Directors considered by the Board to be independent Directors;</i>  <i>(b) if a Director has an interest, position or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendations (4th Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position or relationship in question and an explanation of why the Board is of that opinion; and</i>	YES	The Board's assessment of the independence of each current director is set out below: <table><tr><th>Name</th><th>Status</th><th>Appointment Date</th><th>Length</th></tr><tr><td>Grant Davey</td><td>Executive Director (Chair) Non-Independent</td><td>27 February 2018</td><td>60 months</td></tr><tr><td>Chris Bath</td><td>Executive Director (CFO) Non-Independent</td><td>1 December 2021</td><td>16 months</td></tr><tr><td>Dixie Marshall</td><td>Non-Executive Director Independent</td><td>1 December 2021</td><td>16 months</td></tr><tr><td>Amanda Reid</td><td>Non-Executive Director Independent</td><td>8 August 2022</td><td>7 months</td></tr></table>				Name	Status	Appointment Date	Length	Grant Davey	Executive Director (Chair) Non-Independent	27 February 2018	60 months	Chris Bath	Executive Director (CFO) Non-Independent	1 December 2021	16 months	Dixie Marshall	Non-Executive Director Independent	1 December 2021	16 months	Amanda Reid	Non-Executive Director Independent	8 August 2022	7 months
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Principles and Recommendations	Comply (Yes/No)	Explanation			
<i>(c) the length of service of each Director.</i>		Samuel Lee Mohan	Executive Director (MD) Non-Independent	3 October 2022	5 months
<b>Recommendation 2.4</b> <i>A majority of the Board of a listed entity should be independent Directors.</i>		<b>NO</b> <p>The Company has accepted the definition of “independence” in the Recommendations in making the above assessments of independence. In making the independence assessment, Mr Davey is deemed as being non-independent as a result of being a substantial shareholder of the Company. Additionally, Mr Bath and Mr Lee Mohan are deemed as being non-independent as a result of being executive officers of the Company.</p> <p>Details regarding the Chairman and the Directors, including experience and qualifications, are set out in the Company’s Annual Report and available on the Company’s website under Board and Management at <a href="https://frontierhe.com/board-management/">https://frontierhe.com/board-management/</a>.</p> <p>The Company’s Board Charter requires that, where practical, the majority of the Board should be independent. The Board currently comprises a total of five directors, only 2 of whom are considered to be independent. As such, independent directors currently do not comprise the majority of the Board.</p> <p>The Board does not currently consider an independent majority of the Board to be appropriate given:</p> <p>a) the nature of the Company’s business, and its limited scale of activities, means the Company only needs, and can only commercially sustain, a small Board of five Directors and no senior executives (other than the executive Directors);</p> <p>b) the Company considers at least three Directors need to be executive Directors for the Company to be effectively managed;</p>			

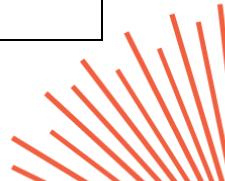




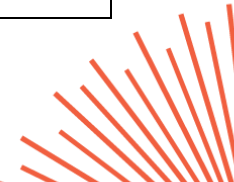
Principles and Recommendations	Comply (Yes/No)	Explanation
		<p>c) the Company considers it necessary, given the scale of activities, to attract and retain suitable Directors by offering Directors an interest in the Company; and</p> <p>d) the Company considers it appropriate to provide remuneration to its Directors partly in the form of securities in order to conserve its limited cash reserves.</p>
<b>Recommendation 2.5</b> <i>The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.</i>	<b>NO</b>	<p>The Board Charter provides that, where practical, the Chair of the Board should be an independent Director and should not be the CEO/Managing Director.</p> <p>Grant Davey is the Chair of the Company. Mr Davey is not an independent Director, but while he holds an executive role, he is not the CEO/MD.</p>
<b>Recommendation 2.6</b> <i>A listed entity should have a program for inducting new Directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as Directors effectively.</i>	<b>YES</b>	<p>The Board is responsible for ensuring that new directors undergo an induction process in which they will be given a full briefing on the Company, including meeting with key executives, visits to the Company's premises and an induction package.</p> <p>Incoming Directors are provided with a formal induction process upon engagement, including familiarising the Director with the Company's policies and processes, role and duties, membership and function of Committees, calendar of events, insurance access and indemnity. Incoming Directors are also offered the opportunity to undertake appropriate training tailored to the Director's existing skills, knowledge and experience.</p> <p>New Directors appointed to the Board are provided with written material incorporating an overview of Directors' duties for publicly listed companies together with a detailed appointment letter outlining the Company's expectations and setting.</p>



Principles and Recommendations	Comply (Yes/No)	Explanation
		The Company Secretary is responsible for facilitating inductions and professional development including receiving briefings on material developments in laws, regulations and accounting standards relevant to the Company.
<b>PRINCIPLE 3: INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY</b>		
<b>Recommendation 3.1</b> <i>A listed entity should articulate and disclose its values.</i>	<b>YES</b>	<p>The Code of Conduct provides a decision-making framework by establishing principles and values to guide decisions and actions. The Code promotes an organisational culture that enables employees to respond appropriately in a variety of situations and to be accountable for their decisions.</p> <p>The Code of Conduct requires directors, management, contractors and employees to deal with the Company's customers, suppliers, competitors, regulatory bodies and each other with honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates.</p> <p>This Code of Conduct addresses expectations for conduct in the following areas:</p> <ul style="list-style-type: none"> <li>a) acting with integrity and professionalism and be scrupulous in the proper use of Company information, funds, equipment and facilities;</li> <li>b) exercising fairness, equity, courtesy, consideration and sensitivity in interactions with colleagues and stakeholders;</li> <li>c) avoiding real or apparent conflicts of interest;</li> <li>d) devoting the whole of their time, efforts, attention and skills during the hours of work and other such times as may be reasonably necessary to the performance of their duties to the best of their ability and knowledge;</li> <li>e) using their best endeavours to promote the interests and business of the Company and its related entities;</li> </ul>

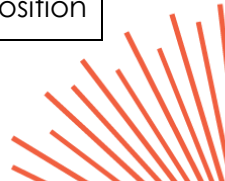


Principles and Recommendations	Comply (Yes/No)	Explanation
		<p>f) complying with all relevant laws, rules and regulations, policies, handbooks/manuals and procedures as communicated from time to time;</p> <p>g) being familiar at regular times with any and all such updates and amendments and comply with any updated, amended or new policies, regulations, rules, laws, handbooks/manuals and procedures;</p> <p>h) faithfully and diligently performing duties and exercising powers consistent with the applicable role or as assigned from time to time; and</p> <p>i) contributing to a culture of high ethical and moral standards and playing a role in preventing and correcting violations.</p> <p>The Code of Conduct can be found at: <a href="https://frontierhe.com/wp-content/uploads/2022/02/CG001-Code-of-Conduct.pdf">https://frontierhe.com/wp-content/uploads/2022/02/CG001-Code-of-Conduct.pdf</a></p>
<b>Recommendation 3.2</b> <i>A listed entity should:</i> <ul style="list-style-type: none"> <li>(a) have and disclose a code of conduct for its Directors, senior executives and employees; and</li> <li>(b) ensure that the Board or a committee of the Board is informed of any material breaches of that code</li> </ul>	YES	<p>The Company's Code of Conduct applies to the Company's Directors, senior executives and employees. Any material breaches of the Code of Conduct are reported to the head of the relevant business unit, or to the Company Secretary.</p>
<b>Recommendation 3.3</b> <i>A listed entity should:</i> <ul style="list-style-type: none"> <li>(a) have and disclose a whistleblower policy; and</li> </ul>	YES	<p>The Company's Whistleblower Policy is available on the Company's website, see:</p> <p><a href="https://frontierhe.com/wp-content/uploads/2022/02/CG002-Whistleblower-Policy.pdf">https://frontierhe.com/wp-content/uploads/2022/02/CG002-Whistleblower-Policy.pdf</a>.</p> <p>Any material incidents reported pursuant to the Whistleblower Policy are brought to the attention of the Board.</p>



Principles and Recommendations	Comply (Yes/No)	Explanation
<i>(b) ensure that the Board or a committee of the Board is informed of any material incidents reported under that policy.</i>		
<b>Recommendation 3.4</b> A listed entity should: <ul style="list-style-type: none"> <li><i>(a) have and disclose an anti-bribery and corruption policy; and</i></li> <li><i>(b) ensure that the Board or committee of the Board is informed of any material breaches of that policy.</i></li> </ul>	<b>YES</b>	<p>Frontier has a zero-tolerance approach to bribery or corruption in its business. The Code, together with the Anti-Bribery and Corruption Policy and Compliance Guide, documents the Company's commitment to ensure all officers, employees, contractors, agents and any other party representing Frontier, will act fairly, honestly, with integrity and in compliance with the law. The Code, together with the Anti-Bribery and Corruption Policy and Compliance Guide, set out the standards and behaviour Frontier expects of its officers, employees and representatives and links with the Whistleblowing Policy for the reporting of any actual or suspected breaches.</p> <p>A copy of the Anti-Bribery and Corruption Policy and Compliance Guide is available on the Company's website at <a href="https://frontierhe.com/wp-content/uploads/2022/02/CG003-Anti-Bribery-and-Corruption-Policy.pdf">https://frontierhe.com/wp-content/uploads/2022/02/CG003-Anti-Bribery-and-Corruption-Policy.pdf</a>. The Whistleblower Policy is located at: <a href="https://frontierhe.com/wp-content/uploads/2022/02/CG002-Whistleblower-Policy.pdf">https://frontierhe.com/wp-content/uploads/2022/02/CG002-Whistleblower-Policy.pdf</a></p>
<b>PRINCIPLE 4: SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS</b>		
<b>Recommendation 4.1</b> The Board of a listed entity should: <ul style="list-style-type: none"> <li><i>(a) have an audit committee which:</i> <ul style="list-style-type: none"> <li><i>i. has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and</i></li> </ul> </li> </ul>	<b>NO</b>	<p>Owing to the size and composition of the Board, and the scale of the Company's activities, a separate Audit Committee is considered by the Board not to be appropriate at the present time. In the meantime, these responsibilities are performed by the Board as a whole.</p> <p>If established, the Audit Committee will assist the Board to protect the interests of Frontier's shareholders and stakeholders by overseeing on behalf of the Board:</p> <p>a) the integrity of financial reporting;</p>

Principles and Recommendations	Comply (Yes/No)	Explanation
<p>ii. <i>is chaired by an independent Director, who is not the Chair of the Board,</i></p> <p><i>and disclose:</i></p> <p>iii. <i>the charter of the committee;</i></p> <p>iv. <i>the relevant qualifications and experience of the members of the committee; and</i></p> <p>v. <i>in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</i></p> <p><i>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</i></p>		<p>b) the adequacy of the control environment and the processes for identifying and managing financial risk;</p> <p>c) the external audit function; and</p> <p>d) compliance with applicable legal and regulatory requirements and internal codes of conduct, as requested by the board.</p> <p>The directors are given the opportunity to liaise with the Company's auditors separately and before the final signing of the half-year and annual financial statements. The Board considers and deals with matters which would otherwise be attended to by an audit committee, particularly as they relate to corporate reporting.</p>
<p><b>Recommendation 4.2</b></p> <p><i>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that the financial records of the entity have been properly maintained</i></p>	<p><b>YES</b></p>	<p>In connection with the year-end financial reports, the MD (or his equivalent) and CFO (or his equivalent) will provide a declaration to the Board in accordance with Australian Accounting Standards and the Corporations Act that, in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position</p>

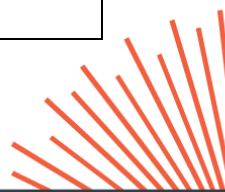


Principles and Recommendations	Comply (Yes/No)	Explanation
<p><i>and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</i></p>		<p>and performance of the Company, and their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p> <p>A formal declaration for the half year results was not made (with the annual declaration thought sufficient) but it is intended that a formal half year declaration will be made going forward.</p>
<p><b>Recommendation 4.3</b></p> <p><i>A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.</i></p>	YES	<p>The Company will include in each of its (to the extent that the information contained in the following is not audited or reviewed by an external auditor):</p> <ul style="list-style-type: none"> <li>(a) annual reports or on its website, a description of the process it undertakes to verify the integrity of the information in its annual directors' report; and</li> <li>(b) quarterly reports, or in its annual report or on its website, a description of the process it undertakes to verify the integrity of the information in its quarterly reports.</li> </ul>



**PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

Principles and Recommendations	Comply (Yes/No)	Explanation
<b>Recommendation 5.1</b> <i>A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.</i>	<b>YES</b>	<p>In order to comply with these obligations, the Board has adopted a Continuous Disclosure Policy. The Continuous Disclosure Policy is available on the Company's website at: <a href="https://frontierhe.com/wp-content/uploads/2022/02/CG005-Continuous-Disclosure-Policy.pdf">https://frontierhe.com/wp-content/uploads/2022/02/CG005-Continuous-Disclosure-Policy.pdf</a></p> <p>Frontier's Continuous Disclosure Policy reinforces the Company's commitment to the ASX continuous disclosure requirements and outlines management's accountabilities and the processes to be followed for ensuring compliance.</p> <p>The Continuous Disclosure Policy requires that procedures are in place to ensure that:</p> <ul style="list-style-type: none"> <li>a) information is reviewed by Company management, including consultation with the Board and external advisors as required to determine if disclosure is required;</li> <li>b) the Executive Chairman is advised of and approves all information to be disclosed to the market; and</li> <li>c) the Board is kept fully informed of all information subsequently disclosed to the market.</li> </ul> <p>The Company Secretary has primary responsibility for administration of the Continuous Disclosure Policy, including monitoring compliance with its disclosure obligations and managing all communications with the ASX.</p>
<b>Recommendation 5.2</b> <i>A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.</i>	<b>YES</b>	<p>Under the Company's Continuous Disclosure Policy, all members of the Board will receive material market announcements promptly after they have been made.</p>





<b>Recommendation 5.3</b>  <i>A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.</i>	<b>YES</b>	All substantive investor or analyst presentations will be released on the ASX Markets Announcement Platform ahead of such presentations.
<b>PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS</b>		
<b>Principles and Recommendations</b>	<b>Comply (Yes/No)</b>	<b>Explanation</b>
<b>Recommendation 6.1</b>  <i>A listed entity should provide information about itself and its governance to investors via its website.</i>	<b>YES</b>	Information about the Company and its corporate governance policies will be available on the Company's website, see: <a href="https://frontierhe.com/about/">https://frontierhe.com/about/</a> and <a href="https://frontierhe.com/corporate-governance/">https://frontierhe.com/corporate-governance/</a> .
<b>Recommendation 6.2</b>  <i>A listed entity should have an investor relations program that facilitates effective two-way communication with investors.</i>	<b>YES</b>	Through its shareholder communications, and in line with its Continuous Disclosure obligations, Frontier aims to provide information that will allow existing shareholders, potential shareholders and financial analysts to make informed decisions about the Company's intrinsic value and to provide the Company with feedback. Frontier has an investor relations program that aims to facilitate effective two-way communication with investors, which includes: <ul style="list-style-type: none"> <li>a) issuing regular written shareholder communications such as quarterly financial reporting and an Annual Report which address the Company's strategy and performance;</li> <li>b) making available on the Company's website important information such Company presentations;</li> <li>c) sending and receiving shareholder communications electronically, both from the Company and our share registry;</li> <li>d) maintaining the Board and governance section and investor and media centre on the Company's website, including posting all announcements after they have been disclosed to the market;</li> </ul>





		<p>e) engaging in a program of interactions with current and potential investors, and analysts, including participating in investor meetings, relevant conferences, and webinars;</p> <p>f) promoting two-way interaction with shareholders, by supporting shareholder participation in the AGM; and</p> <p>g) ensuring that continuous disclosure obligations are understood and complied with throughout the Company.</p> <p>In addition to electronic communication via the ASX website, the Company publishes all ASX releases, including Annual and Half-Yearly financial statements, on the Company's website at <a href="https://frontierhe.com/asx-announcements/">https://frontierhe.com/asx-announcements/</a>.</p>
Principles and Recommendations	Comply (Yes/No)	Explanation
<p><b>Recommendation 6.3</b></p> <p><i>A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.</i></p>	YES	<p>To ensure that security holders have the opportunity to participate at meetings of members:</p> <p>a) at the Annual General Meeting, shareholders elect the directors and have the opportunity to express their views, ask questions about Company business and vote on items of business for resolution by shareholders; and</p> <p>b) the Company's external auditor shall attend the Company's Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.</p> <p>In relation to the election and re-election of Directors, Shareholders are informed of the names of candidates submitted for election and re-election as Directors at a general meeting of shareholders. In order to enable shareholders to make an informed decision regarding the election, the following information is supplied to shareholders:</p>



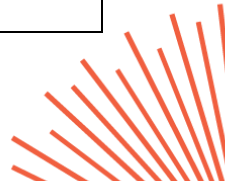
		a) biographical details (including competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate); b) details of material business relationships between the candidate and the Company and the candidate and directors of the Company; c) directorships held; d) the term of office currently served by any directors subject to re-election; and e) any other particulars required by law.
<b>Recommendation 6.4</b> <i>A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.</i>	<b>YES</b>	All substantive resolutions at securityholder meetings are decided by a poll rather than a show of hands.



Principles and Recommendations	Comply (Yes/No)	Explanation
<b>Recommendation 6.5</b> <i>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</i>	YES	The Company supports electronic communications with its shareholders. All shareholders have the option of receiving part or all of their communications electronically, and the Company regularly encourages shareholders to elect for, or transition to, electronic communications. Contact details for the Company's share registry are made available for shareholders on the website and in key communications to shareholders.
<b>PRINCIPLE 7: RECOGNISE AND MANAGE RISK</b>		
<b>Recommendation 7.1</b> <i>The Board of a listed entity should:</i> <i>(a) have a committee or committees to oversee risk, each of which:</i> <i>i. has at least three members, a majority of whom are independent Directors; and</i> <i>ii. is chaired by an independent Director,</i> <i>and disclose:</i> <i>iii. the charter of the committee;</i> <i>iv. the members of the committee; and</i> <i>v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</i> <i>(b) if it does not have a risk committee or</i>	NO	The Company does not have a separate risk committee, owing to the current size of the Company.  The Board oversees the Company's risk management framework and it and the Company's senior executives are responsible for overseeing the implementation of the Company's approach to risk management.  The policy of the Board is to monitor and if considered necessary, seek advice on areas of operational and commercial risk and implement strategies for appropriate risk management arrangements.  Specific areas of risk include (but are not limited to) expenditure levels relative to project development, going concern, the applicable legal and regulatory framework, foreign currency and commodity price fluctuations, performance of key activities, human resources, community and environment, land access, political instability and internal control.

committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.		
<b>Principles and Recommendations</b>	<b>Comply (Yes/No)</b>	<b>Explanation</b>
<b>Recommendation 7.2</b> <i>The Board or a committee of the Board should:</i> <ul style="list-style-type: none"> <li><i>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board; and</i></li> <li><i>(b) disclose in relation to each reporting period, whether such a review has taken place.</i></li> </ul>	<b>YES</b>	<p>The Company's approach to risk management is based on the identification, assessment, monitoring, management and reporting of material risks related to its business and management systems.</p> <p>Risk management governance originates at Board level and flows through to the Chairman to the Company's business units through the Company's risk register, management and reporting against the risk register and delegated authorities.</p> <p>A risk register has been established and its parameters will be reviewed when the Company finalises its developing risk framework and policy. WIP identifies risks to which the Company is exposed, designating such risks by business function. For each risk in the Company's risk register, the likelihood and consequence of each risk materialising is assessed and risks are then ranked accordingly. Existing risk mitigation measures are recorded in the risk register and risk rankings are adjusted according to existing risk mitigation initiatives in place.</p> <p>The Board is responsible for reviewing and ratifying systems of risk management and internal control and compliance, codes of conduct and legal compliance. It uses several mechanisms to ensure that management's objectives and activities are aligned with the risks identified by the Board.</p>
<b>Recommendation 7.3</b> <i>A listed entity should disclose:</i> <ul style="list-style-type: none"> <li><i>(a) if it has an internal audit function, how the function is structured and what role it performs; or</i></li> </ul>	<b>YES</b>	<p>Owing to the current size of the Company, the Company does not maintain a designated internal audit function within the Company.</p> <p>The scope of work carried out by the external auditor shall include a review of internal controls, especially as they relate to the Company's foreign subsidiaries (if any). The report from the external auditor specifically</p>

<p><i>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</i></p>		<p>addresses any weaknesses associated with internal controls as they relate to corporate reporting and any identified weaknesses form the basis of an action plan to address any such weaknesses. Implementation and monitoring of the progress of the action plan is undertaken by the CFO, who is an experienced internal auditor.</p> <p>Comprehensive reporting to the Board on the Company's activities, in particular the application of funds, is carried out on a monthly basis and forms an important part of the internal control process.</p>
Principles and Recommendations	Comply (Yes/No)	Explanation
<p><b>Recommendation 7.4</b></p> <p><i>A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</i></p>	<p><b>YES</b></p>	<p>The Company's Continuous Disclosure Policy requires the Company to disclose whether it has any potential or apparent exposure to environmental or social risks and, if it does, put in place management systems, practices and procedures to manage those risk.</p> <p>The Company has established a Sustainability Committee which meets several times a year and reports to the Board. The Company has also employed a dedicated Sustainability manager.</p> <p>The Company recognises the importance of working constructively with local communities. In endeavouring to ensure that the Company maintains positive, mutually beneficial relationships with local communities and other key stakeholders, it applies a multi-faceted approach that seeks to address the following aspects of its engagement:</p> <ul style="list-style-type: none"> <li>a) staff and contractor conduct</li> <li>b) community engagements</li> <li>c) community complaints</li> <li>d) land access and relocation</li> <li>e) migration to the local area (In-migration)</li> <li>f) community health and safety</li> </ul>



		<ul style="list-style-type: none"><li>g) environmental impact</li><li>h) local employment</li><li>i) local procurement</li><li>j) community development</li><li>k) track projects' quality and result</li></ul>
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## PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Principles and Recommendations	Comply (Yes/No)	Explanation
<p><b>Recommendation 8.1</b>  <i>The Board of a listed entity should:</i></p> <p><i>(a) have a remuneration committee which:</i></p> <ul style="list-style-type: none"> <li><i>i. has at least three members, a majority of whom are independent Directors; and</i></li> <li><i>ii. is chaired by an independent Director,</i></li> </ul> <p><i>and disclose:</i></p> <ul style="list-style-type: none"> <li><i>iii. the charter of the committee;</i></li> <li><i>iv. the members of the committee; and</i></li> <li><i>v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</i></li> </ul> <p><i>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</i></p>	<p><b>NO</b></p>	<p>The Company does not have a Remuneration Committee as the Board considers the Company will not currently benefit from its establishment.</p> <p>The Board has the ability under the Company's Constitution to delegate its powers and responsibilities to Committees of the Board. Special Board committees shall be formed as required to give guidance and provide oversight concerning specific matters to the Board.</p> <p>The Company intends to establish a Nomination and Remuneration Committee when warranted by the composition of the Board and the Company's circumstances. Until that time, the responsibilities of the Nomination and Remuneration Committee will be performed by the Board.</p> <p>The Board devotes time at the annual Board meeting to assess the level and composition of remuneration for Directors and senior executives.</p>



Principles and Recommendations	Comply (Yes/No)	Explanation
<b>Recommendation 8.2</b> <i>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.</i>	YES	Details on the Company's approach to remuneration and the amount of remuneration and all monetary and non-monetary components for all Directors and Key Management Personnel are included in the Remuneration Report within the Directors' Report in the Annual Report.
<b>Recommendation 8.3</b> <i>A listed entity which has an equity-based remuneration scheme should:</i> <i>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</i> <i>(b) disclose that policy or a summary of it.</i>	YES	<p>The Company has an equity-based remuneration scheme in the form of both long-term and short-time performance-based options under the form of a Plan approved at the AGM held in May 2022.</p> <p>The Company has a policy – the Securities Trading Policy – on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</p> <p>A copy of the Securities Trading Policy can be found at: <a href="https://frontierhe.com/wp-content/uploads/2022/02/CG004-Securities-Trading-Policy.pdf">https://frontierhe.com/wp-content/uploads/2022/02/CG004-Securities-Trading-Policy.pdf</a>.</p>
ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES		
<b>Recommendation 9.1</b> <i>A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.</i>	N/A	<p>The Company does not currently have a Director who does not speak the language in which board or security holder meetings are held.</p> <p>However, should the Company have a non-English speaking Director, the Company will translate all key corporate documents into the language this Director speaks. In addition, a translator will be present for all Board and Shareholder meetings.</p>



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Principles and Recommendations	Comply (Yes/No)	Explanation
<b>Recommendation 9.2</b> <i>A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.</i>	N/A	The Company is established within Australia.
<b>Recommendation 9.3</b> <i>A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</i>	N/A	The Company is established within Australia.



**APPENDIX G**  
**AUDITED FINANCIAL STATEMENTS OF FRONTIER**

(See attached.)

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# **SUPERIOR LAKE**

R E S O U R C E S

ABN 64 139 522 553

## **Annual Report**

**for the financial year ended 31 December 2020**

## Corporate Information

**ABN 64 139 522 553**

### **Directors**

Mr Grant Davey - Non-Executive Director  
Mr Chris Knee - Executive Director (appointed 1 July 2020)  
Mr Alfred Gillman - Non-Executive Director (appointed 1 July 2020)  
Mr Keong Chan - Non-Executive Chairman (resigned 1 July 2020)  
Mr Peter Williams - Non-Executive Director (resigned 1 July 2020)

### **Company Secretary**

Mr Stuart McKenzie

### **Registered Office and Principal Place of Business**

Level 1 Emerald House  
1202 Hay Street  
WEST PERTH WA 6005  
Tel: (08) 6117 0479

### **Share Registry**

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

### **Auditors**

Bentleys Audit & Corporate (WA) Pty Ltd  
London House,  
Level 3, 216 St Georges Terrace,  
PERTH WA 6000  
Tel: (08) 9226 4500  
Fax: (08) 9226 4300

### **Website**

[www.superiorlake.com.au](http://www.superiorlake.com.au)

### **Securities Exchange Listing**

Superior Lake Resources Limited shares are listed on the Australian Securities Exchange under stock code SUP.

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## Directors' Report

### BASIS OF PREPARATION

Your directors present their report on the consolidated entity (referred to hereafter as the **Group**) comprising Superior Lake Resources Limited (**Superior** or the **Company**) and the entities it controlled at the end of, or during, the year ended 31 December 2020 and the auditor's report thereon. Superior is a company limited by shares that is incorporated and domiciled in Australia.

The attached financial statements for the year ended 31 December 2020 contains an independent auditor's report which includes a material uncertainty related to going concern. For further information, refer to note 2 of the financial statements together with the auditor's report.

### INFORMATION ABOUT THE DIRECTORS AND SENIOR MANAGEMENT

The names and particulars of the directors of the Company during or since the end of the financial year are:

Name	Particulars
<b>Mr Grant Davey</b> Non-Executive Director (appointed 27 February 2018)	<p>Mr Davey is a mining engineer with over 25 years' of senior management and operational experience in the construction and operation of mines in Africa, Australia, South America and Russia. He was previously responsible for the Vaal Reefs South Uranium plant between 2005 and 2008 when it produced up to 6 million pounds of uranium per year and was one of the largest uranium producers in the southern hemisphere at the time.</p> <p>Mr Davey is a Non-Executive Director of Cradle Resources Limited (April 2013 – November 2015, July 2017 - present), and was previously a Non-Executive Director of Matador Mining Limited (July 2018 – June 2020), Boss Resources Limited (January 2016 – February 2019) and Marvel Gold Limited (March 2016 – September 2019).</p>
<b>Mr Christopher Knee</b> Executive Director (appointed 1 July 2020)	<p>Mr Knee, who is currently the Company's Chief Financial Officer is a qualified Chartered Accountant with over 15 years' experience in a multinational accounting firm and senior finance roles across the resources industry with projects in Africa, Canada and Central Asia. He has a range of experience across a variety of disciplines including joint venture agreements, conducting due diligence, complex international tax structuring, financing transactions, accounting and compliance.</p>
<b>Mr Alfred Gillman</b> Non-Executive Director (appointed 1 July 2020)	<p>Mr Gillman is a highly experienced geologist with over 40 years' experience in senior management and Board roles across uranium, gold and base metals, has been appointed as a Non-Executive Director. His extensive uranium experience includes exploration and resource development roles in Southern Africa (Esso Eastern), Northern Australia (Anaconda Inc), the United States (Peninsula Energy Inc.) and the Czech Republic.</p>
<b>Mr Stuart McKenzie</b> Company Secretary (appointed 6 March 2019)	<p>Mr McKenzie has over 30 years' experience in senior commercial roles with IMX Resources Limited, Marvel Gold Limited, Matador Mining Limited, Anvil Mining Limited, OK Tedi Mining Limited, Indiana Resources Limited, Ernst &amp; Young and HSBC. Stuart holds a Bachelor of Laws, a Bachelor of Economics and is a member of the Governance Institute of Australia.</p>

**Superior Lake Resources Limited - Annual Report**

Name	Particulars
<b>Mr Peter Williams</b> Non-Executive Director (resigned 1 July 2020)	<p>Mr Williams was formerly Chief Geophysicist and Manager of Geoscience Technology for WMC Resources. He was one of the founding members of Independence Group Limited and developed high powered 3 component 3D TEM applications that lead to the discovery of over 75,000t of nickel at the Victor Long Nickel Mine in Kambalda. Mr Williams also has extensive experience in West Africa where he was the vendor of the Banfora Gold Project, was involved in the project generation of Papillion's Mali projects. He was a co-founder of the International Resource Sector Intelligence company, Intierra and was a co-founder of the first dedicated hard rock mineral seismic company in the world, HiSeis.</p>
<b>Mr Keong Chan</b> Non-Executive Chairman & former Company Secretary (resigned 1 July 2020)	<p>Mr Chan holds a Bachelor of Commerce from the University of Western Australia and a Master of International Customs Law and Administration from the University of Canberra. Mr Chan has provided advice to a number of companies on corporate matters in relation to capital raisings, IPOs, back door listings, mergers and acquisitions, takeovers/divestments and has sat on or acted as an advisor to a number of ASX listed boards.</p> <p>Mr Chan is Chairman of Aumake International Limited (June 2016 – present), non-executive director of Metalsearch Limited (October 2019 – present) and was previously a non-executive director of Hylea Metals Limited (December 2015 – October 2018)</p>
<b>Mr David Woodall</b> Chief Executive Officer (resigned 9 February 2020)	<p>Mr Woodall is a mining engineer with over 30 years' experience in operations, project development and evaluations in the mineral resources industry including gold, copper, iron ore and nickel. He has held senior management, corporate and operation positions in Canada, Australia, USA, Fiji, Africa, Central Asia and China. Previous roles included Executive General Manager International Operations for Newcrest and Director operations for FMG. Mr Woodall is a Member of the Australian Institute on Mining and Metallurgy (AusIMM) and a member of the Australian Institute of Company Directors (AICD).</p> <p>Mr Woodall is non-executive director of Grange Resources Limited (March 2019 – present).</p>



## Directors' shareholdings

The following table sets out each director's relevant interest in shares of the Company as at the date of this report.

	Shares	
	<i>Held directly</i>	<i>Held indirectly</i>
Mr Grant Davey	-	16,641,938
Mr Chris Knee	750,000	-
Mr Alfred Gillman	-	35,909
Mr Keong Chan <sup>1</sup>	-	-
Mr Peter Williams <sup>1</sup>	-	-

<sup>1</sup>Mr Chan and Mr Williams resigned from the Board on 1 July 2020.

## PRINCIPAL ACTIVITIES

The principal continuing activity of the Company during the financial year was the exploration and evaluation of its Pick Lake and Winston Lake projects (**Project**) in Ontario, Canada.

## REVIEW OF OPERATIONS

During the year, effort was focused across four main areas:

- Updating the mineral resource at the Company's Project;
- Exploration activity;
- Completion of a Bankable Feasibility Study (**BFS**); and
- Assessing various potential opportunities as part of its continued focus on its North American uranium strategy.

### Superior Lake Zinc Project

During the period, the Company completed the acquisition of an additional 17.5% of the Superior Lake Zinc Project (**Project**), which increased its Project interest to 87.5%.

Project related work completed during the period focused on optimisation of the BFS for the Company's Project in Ontario, Canada (**Study**) and review of the exploration potential on the Company's tenement holdings.

### Optimisation study

Following completion of a BFS (ASX announcement 28 August 2019), which delivered robust financial returns (pre-tax NPV<sub>8</sub> of A\$224M), driven by low operating costs (C1 US\$0.35/lb) and low upfront capital expenditure (US\$87M), the Company commenced work on options to further improve the Project economics. The objective of the Study was to improve the economic returns and to further increase the Project's debt carrying capacity.

The key areas of focus for the Study were:

- 1) Examination of the potential to mine higher grade ore and / or more tonnes earlier in the Project's life. (In the BFS, during the first two years of production, the average grade mined is less than the reserve grade of 13.9% Zn);
- 2) Assessment of the benefits of using a mining contractor that could achieve higher mining rates based on a more experienced team, procedures and systems;
- 3) Identification of capital costs that could be deferred until later in the Project's life; and
- 4) Consideration of staging the Project by looking at options whereby a mining contractor would undertake the mine development work for equity or enter into a project financing agreement to cover these costs.

### Mining schedules

With the support of the BFS mining consultant, the Company investigated options for mining higher grade ore or increased tonnes in years one and two, aimed at improving the Project's debt carrying capacity. After analysing several options, two mining schedules were produced.

The revised mining schedules considered accelerated mining rates, utilisation of additional equipment and a flatter mining profile.

## Superior Lake Resources Limited - Annual Report

A summary of the outcomes under the different options is shown in the table below.

**Table 1: Mining Schedule Scenarios**

	Total	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Yr9
<b>BFS Schedule</b>										
Ore tonnes (t)	2,202,631	51,584	178,335	312,511	329,400	328,500	328,500	327,910	192,928	152,693
Zn Grade (%)	13.7	10.0	9.6	10.4	13.1	16.4	14.1	13.7	15.9	18.7
Zn Metal (t)	290,076	4,997	16,389	31,265	41,451	51,693	44,450	43,002	29,420	27,410
<b>Optimisation Study – Option 1</b>										
Ore tonnes (t)	2,202,632	144,544	282,068	328,500	325,837	326,450	325,380	325,500	141,352	
Zn Grade (%)	13.7	9.6	9.7	12.8	15.2	16.3	15.3	14.5	13.1	
Zn Metal (t)	290,344	13,332	26,399	40,342	47,722	51,123	47,785	45,865	17,776	
<b>Variance (t)</b>	<b>268</b>	<b>8,335</b>	<b>10,010</b>	<b>9,078</b>	<b>6,271</b>	<b>(570)</b>	<b>3,335</b>	<b>2,863</b>	<b>(11,644)</b>	
<b>Optimisation Study – Option 2</b>										
Ore tonnes (t)	2,202,632	165,699	284,957	328,500	324,813	326,629	324,166	328,500	119,369	
Zn Grade (%)	13.7	9.2	10.2	12.6	15.5	15.8	15.5	14.6	13.6	
Zn Metal (t)	290,453	14,686	28,009	39,897	48,441	49,626	48,160	46,095	15,538	
<b>Variance (t)</b>	<b>377</b>	<b>9,689</b>	<b>11,620</b>	<b>8,632</b>	<b>6,989</b>	<b>(2,066)</b>	<b>3,710</b>	<b>3,094</b>	<b>(13,882)</b>	

### Project Staging

A detailed assessment was undertaken to determine if delinking the mine development from the remainder of the Project execution could improve economics. This scenario involved stockpiling ore for a period at the beginning of the schedule, with plant construction then delayed so that when the plant commences operations the concentrate production ramp-up is not constrained by the mine development and ramp-up.

The analysis indicated that the plant construction can be delayed by up to nine months, with the plant throughput ramping up to the design value of 300,000 tonnes per year at the end of the first year of production rather than at the end of the second year as per the BFS schedule. This scenario however requires an alternate funding approach for mine development. A number of discussions were held with various Canadian parties that had shown interest in the project, including mining contractors, equipment suppliers and a business consortium. The Company has been working closely with one particular Canadian mining contractor who is accessing the Project data room and the initial feedback has been encouraging.

### Project Capital Costs

The Company undertook a review of the plant capital costs, specifically contracting methodologies and associated indirect costs. Savings of approximately US\$4M were identified as part this review, resulting in a revised upfront capital cost of US\$82.9M, excluding Owner's costs and pre-production expenditure.

**Table 2: Updated Project Capital Cost Estimate**

Cost Centre	BFS Capex US\$M	Updated Capex (US\$M)
Site General	0.8	0.8
Process Plant	43.5	45.9
Infrastructure	7.5	7.5
Mine Development	13.2	13.2
<b>Sub-total Direct Capital Costs</b>	<b>65.0</b>	<b>67.4</b>
EPCM / Management	5.4	5.4
Construction Indirects	7.7	1.9
<b>Sub-total Indirect Capital Costs</b>	<b>13.1</b>	<b>7.3</b>
Contingency	8.6	8.2
<b>Total</b>	<b>\$86.7M</b>	<b>\$82.9M</b>

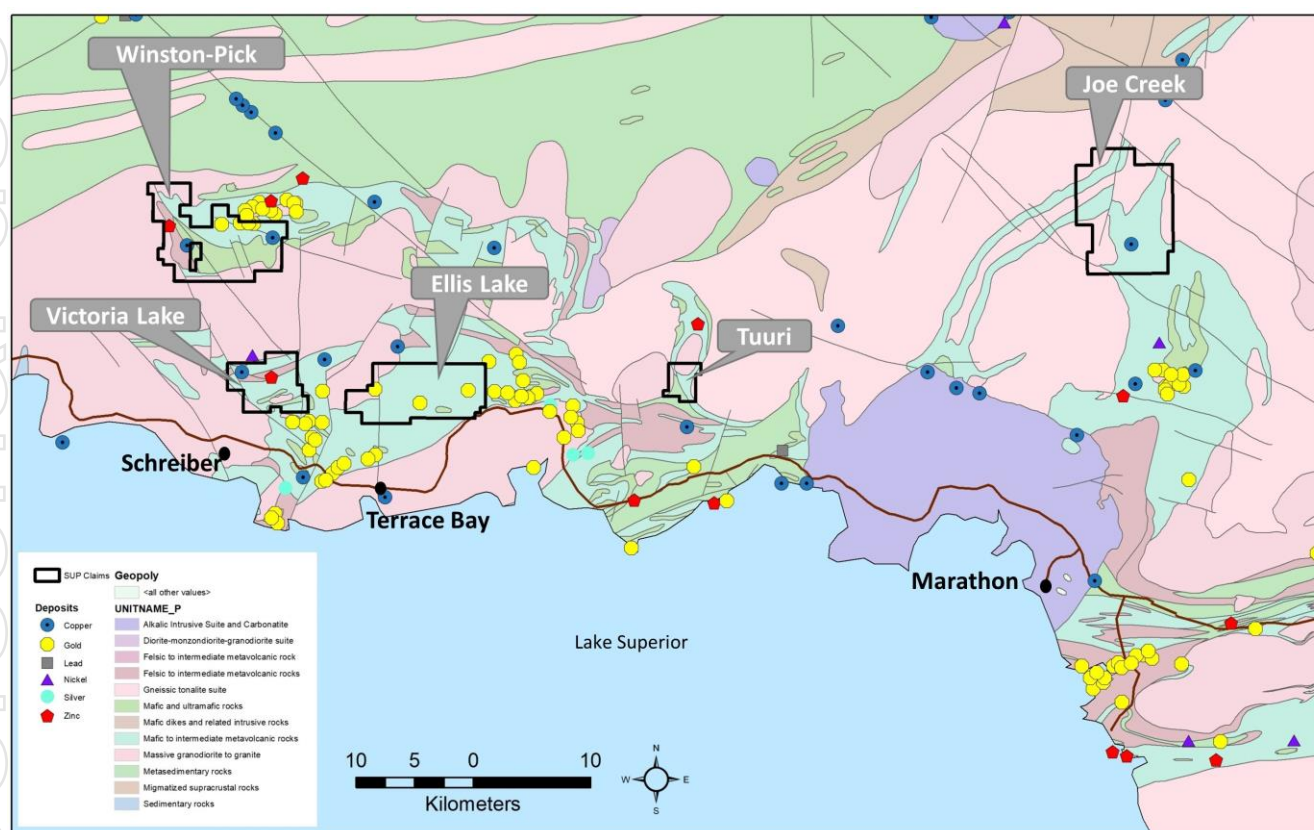
### Review of near mine and regional exploration targets

During the period, the Company expanded its exploration efforts across the Company's total holding in the Superior Lake region (217km<sup>2</sup>) (Figure 1). This resulted in the Company "stepping out" from the previous near mine targets to assess numerous prospects along strike from the existing resources and regional targets.

This work has resulted in the following targets being identified:

- Multiple near mine targets – along trend from the Pick, Winston and Zenith deposits.
- Joe Creek – untested brownfield targets associated with structural and aeromagnetic anomalies in regionally attractive mafic volcanic rocks, located 75km east of Pick/Winston.
- Victoria Lake – untested aeromagnetic anomalies in mafic volcanic rocks along trend of historical assays of 0.12% Zn over 20m and surface grab samples of 1100ppm Zn, located 20km south of the Pick Lake deposit.
- Ellis Lake – potential for gold mineralisation along trend of the Schrieber Pyramid Gold mine, located 25km south-east of Pick/Winston.
- Tuuri – comprises mafic-intermediate metavolcanics and metasediments and granite intrusions and cross-cut by mafic dykes, located 40km south-east of Pick/Winston.

Figure 1: Geology and location of exploration targets



#### Transaction to vend Superior Lake Project to CROPS Inc.

While the Company has significantly advanced the Project since its acquisition in 2017, through multiple development studies, including the positive BFS, it entered into a definitive agreement to vend its interests in the Project into the TSXV listed company CROPS Inc. (TSXV: COPS) (CROPS) (Transaction).

Following the BFS, the Company received several non-binding indicative debt proposals of up to US\$70 million for project finance as well as expressions of interest from major global metal traders and smelters. Owing to a weakening in equity markets for junior resource companies during the first half of 2020 and a weakening zinc price towards the end of 2019, securing the equity component required for a fully financed solution, could not be achieved without substantially diluting existing shareholders.

The impact of COVID-19 has made travel to the Project by senior management, which are all based in Australia, near impossible and it remains highly uncertain when regular international travel to the Project may resume.

As a result, the Company believes that having control of the Project in the hands of a strong and reputable management team based in Canada, is the best option available for the Company to crystallise additional value in the Project.

Under the terms of the Transaction, on completion the Company's subsidiary, Ophiolite Holdings Pty Ltd (Ophiolite), will receive approximately 128.9 million CROPS shares, which it is anticipated will represent approximately a 70% interest in the issued and

## Superior Lake Resources Limited - Annual Report

outstanding CROPS' shares. Ophiolite has received an initial non-refundable cash payment of CAD\$25,000, and AUD\$200,000 and CAD\$500,000 cash payment on completion of the Transaction.

The Transaction is subject to a number of conditions precedent, including obtaining approval of the Company's shareholders, with completion of the Transaction expected to occur in April 2021.

### Uranium strategy

During the period, the Company entered into two option agreements relating to uranium projects in North America. While the Company allowed one of these agreements to lapse, it continues to carry out due diligence on Premier Uranium LLC (**Premier**) in connection with uranium assets located in Wyoming and Utah in the USA. Through this due diligence process, the Company has further strengthened its relationship with Sachem Cove and in addition to the work being carried out with respect to Premier, has led both groups to work closely together to identify other potential uranium opportunities in the USA.

## COMPETENT PERSONS' STATEMENTS

### Mineral Resources

The information contained in this annual report that relates to exploration results and mineral resource estimates is based on, and fairly reflects, information compiled by Dr Marat Abzalov, an independent consultant for MASSA Geoservices. Dr Marat Abzalov is a Fellow of the Australian Institute of Mining and Metallurgy and was engaged as a consultant to Superior Lake Resources to complete the JORC (2012) resource. Dr Abzalov has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resourced and Ore Reserves' (**JORC Code 2012**). Dr Abzalov consents to the inclusion in this annual report of the matters based on his information in the form and context in which it appears. Dr Abzalov holds securities in Superior Lake Resources Limited.

### Ore Reserves

The information in this annual report that relates to Ore Reserves is based on, and fairly reflects, information compiled by Mr Benjamin Wilson, a Competent Person, who is an employee of Orelogy Consulting Pty Ltd and a Member of the Australian Institute of Mining and Metallurgy. Mr Wilson has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the JORC Code 2012. Mr Wilson consents to the disclosure of information in this annual report in the form and context in which it appears.

## ORE RESERVES AND MINERAL RESOURCES GOVERNANCE

Superior Lake reviews its Mineral Resource and Ore Reserve estimates on an annual basis. The Annual Statement of Mineral Resources and Ore Reserves (as shown above) is prepared in accordance with the JORC Code 2012 and the ASX Listing Rules.

Competent Persons named by the Company are members of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and qualify as Competent Persons as defined under the JORC Code 2012.

The Company engages external consultants and Competent Persons to prepare and calculate estimates of its Mineral Resources and Ore Reserves. These estimates and underlying assumptions are reviewed by the directors and management for reasonableness and accuracy. The results of the Mineral Resource and Ore Reserve estimates are then reported in accordance with the JORC Code 2012 and the ASX Listing Rules. Where material changes occur to a project during the period, including the project's size, title, exploration results or other technical information, previous resource estimates and market disclosures are reviewed for completeness. The Company reviews its Mineral Resources and Ore Reserves as at 31 December each year and where a material change has occurred in the assumptions or data used in previously reported Mineral Resources and Ore Reserves, a revised estimate will be prepared as part of the annual review process.

## CONSOLIDATION OF SHARE CAPITAL

During the financial year, the Company completed a consolidation of its share capital on a one (1) for ten (10) basis (**Consolidation**). The company had 162,602,822 shares on issue at 31 December 2020.

## CHANGES IN THE STATE OF AFFAIRS

On the 10 September 2020, the Company announced it had entered into a definitive agreement to vend its interests in the Superior Lake Zinc Project into TSX-V listed company CROPS Inc subject to customary conditions precedent. The key terms to the transaction are:

- CROPS will pay the Company CAD\$25,000 on signing, and a further AUD\$200,000 and CAD\$500,000 in cash and issue 128,920,000 Crops shares worth approximately \$16.5M on completion of the transaction;
- On completion of the transaction, the Company will hold approximately a 70% interest in CROPS;
- The consideration CROPS shares received by the Company will be escrowed per the TSX Venture Exchange rules; and
- A break fee of CAD\$150,000 will be payable to CROPS if the Company terminates the agreement subject to certain conditions and a break fee of CAD\$125,000 will be payable by CROPS to the Company subject to certain conditions.

Disposal of the Project will allow the Company to maintain an indirect interest in the Project without having to incur the associated costs of maintaining and developing the Project. This will enable the Company to focus on and utilise these proceeds in sourcing new opportunities which the Board believes will add value to Shareholders, in particular in delivery of the Company's North American strategy.

As part of this strategy, Company is assessing various potential opportunities and has entered into two option agreements relating to uranium projects in North America during the period. While the Company allowed one of these agreements to lapse, it continues to carry out due diligence on Premier. Through this due diligence process, the Company has further strengthened its relationship with Sachem Cove and in addition to the work being carried out with respect to Premier, has led both groups to work closely together to identify other potential uranium opportunities in the USA.

## SUBSEQUENT EVENTS

On 6 January 2021, the Company received gross proceeds before costs of \$175,000 and issued 1,458,333 shares to director Mr Grant Davey, after shareholder approval, in relation to a share placement.

On 29 January 2021, the Company agreed with Sachem Cove to further extend the exclusivity option with Premier to 30 June 2021. The due diligence process has taken longer than anticipated due to the continued uncertainty on travel due to COVID-19. In consideration for the extension, the Company has issued unlisted options to Sachem Cove as follows:

- 2,000,000 exercisable at \$0.22 on or before 29 January 2024, 1,000,000 of which vest on completion of a transaction that is consistent with the Company's North American uranium strategy; and
- 2,000,000 exercisable at \$0.26 on or before 29 January 2024, 1,000,000 of which vest on completion of a transaction that is consistent with the Company's North American uranium strategy.

Other than the above, no other matters or circumstance has arisen since 31 December 2020, which has significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

## DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

## ENVIRONMENTAL REGULATIONS

The Company is subject to significant environmental regulation in respect to its exploration activities. The Company 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 Company has considered relevant impacts and ensured the company is compliant with environmental reporting requirements described in ASIC Regulatory Guide 68 New Financial Reporting and procedural requirements. The directors of the Company are not aware of any breach of environmental legislation for the year under review.

## SHARES UNDER OPTION

At the date of this report there were 13,053,934 unquoted share options and no quoted options on issue.

Recipient	Grant date	Vesting date	Number of options	Exercise price	Expiry date
Employees Share and Option Plan 2018	12/04/2018	12/04/2018	2,500,000	\$0.30	09/04/2021
Employees Share and Option Plan 2018	23/02/2018	12/04/2018	700,000	\$0.60	09/04/2021
BW Equities	30/08/2018	30/08/2018	1,000,000	\$0.60	30/04/2021
BW Equities	30/08/2018	30/08/2018	1,000,000	\$0.80	30/04/2021
Employees Share and Option Plan 2019 STI <sup>1</sup>	15/07/2019	15/07/2020	963,039	Nil <sup>1</sup>	01/07/2022
Employees Share and Option Plan 2019 LTI <sup>2</sup>	15/07/2019	15/07/2022	890,895	Nil <sup>1</sup>	01/07/2024
Employees Share and Option Plan 2020 STI <sup>3</sup>	26/06/2020	26/09/2020	2,250,000	Nil <sup>3</sup>	26/06/2023
Employees Share and Option Plan 2020 STI – Grant Davey <sup>4</sup>	9/12/2020	9/12/2020	750,000	Nil <sup>4</sup>	26/06/2023
Sachem Cove <sup>5</sup>	29/01/2021	-	2,000,000	\$0.22	29/01/2024
Sachem Cove <sup>5</sup>	29/01/2021	-	2,000,000	\$0.26	29/01/2024

<sup>1</sup>The STI options issued under the Employee Share Option Plan (**ESOP**) vest subject to performance against key measures set by the Board, for the performance period to 1 July 2020. The performance measures against which vesting of STI options is assessed relate to execution of project finance and offtake agreements, completion of a BFS attainment of key permits and approvals required for commencement of construction.

<sup>2</sup>The LTI options issued under the ESOP vest subject to performance against key measures set by the Board, for the performance period to 1 July 2022. The performance measures against which vesting of LTI options is assessed relate to a decision to mine having been made, material extension of the mine life and share price performance.

<sup>3</sup>The STI options issued under the ESOP vest subject to three months tenure from the date of issue relate to key executives for their performance.

<sup>4</sup>The STI options issued to Grant Davey under the ESOP were subject to shareholder approval and vested immediately on the date of issue.

<sup>5</sup>On 29 January 2021, the Company agreed to issue 4,000,000 options to Sachem Cove to further the extend the exclusivity option to 30 June 2021. See note 26 for further details.

During the year, 4,500,000 options were issued, 7,465,714 unquoted options were cancelled, 1,500,000 options were exercised, and no unquoted options expired.

## INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year the Company paid a premium in respect of a contract insuring the directors of the Company, the company secretary and all executive officers of the Company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The Company has entered into a Deed of Indemnity, Insurance and Access with each director, which in summary provides for:

- Access to corporate records for each director 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.

Except for the above the Company has not otherwise, during or since the financial year, except to the amount permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

## DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings held during the financial year ended 31 December 2020 and the number of meetings attended by each director (while they were a director). During the financial year the following board meetings were held:

Directors	Board of Directors	
	No of eligible meetings to attend	Number attended
Mr Grant Davey	3	3
Mr Chris Knee	3	3
Mr Alfred Gilman	3	3
Mr Keong Chan	-	-
Mr Peter Williams	-	-

There were three circular resolutions during the year.

## NON-AUDIT SERVICES

No non-audit services have been provided during the year. For details of amounts paid or payable to the auditor for audit services provided during the period are outlined in note 24 to the financial statements.

## 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.

## AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is included on page 19 of the financial report.

## REMUNERATION REPORT (AUDITED)

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of Superior Lake's directors and senior management for the financial year ended 31 December 2020. The prescribed details for each person covered by this report are detailed below under the following headings:

- Director and key management personnel details
- Remuneration policy
- Remuneration of directors and key management personnel
- Key terms of employment contracts

### Director and key management personnel details

The following persons acted as directors during or since the end of the financial year:

Mr Grant Davey	Non-Executive Director
Mr Chris Knee	Executive Director (appointed 1 July 2020)
Mr Alfred Gillman	Non-Executive Director (appointed 1 July 2020)
Mr Keong Chan	Non-Executive Chairman (resigned 1 July 2020)
Mr Peter Williams	Non-Executive Director (resigned 1 July 2020)

The term "key management personnel" is used in this remuneration report to refer to the following persons. Except as noted the named persons held their current positions for the whole of the period and since the end of the financial year:

Mr David Woodall	Chief Executive Officer (resigned 9 February 2020)
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## 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.

## Remuneration policy and link to performance

The Group's approach to remuneration is designed to attract and retain key executive talent, recognise the individual contributions of the Group's people, and motivate them to achieve strong performance aligned to the business strategy, whilst discouraging excessive risk taking.

In summary, the Group's approach to remuneration is to:

- Provide remuneration that is competitive and consistent with market standards;
- Align remuneration with the Company's overall strategy and shareholder interests;
- Reward superior performance within an objective and measurable incentive framework;
- Ensure that executives understand the link between individual reward and Group and individual performance;
- Be at a level acceptable to shareholders; and
- Apply sufficiently flexible remuneration practices that enable the Company to respond to changing circumstances.

All Executive KMP remuneration is comprised of the following:

- Fixed (base remuneration):
  - Contractual salary; and
  - Legislated superannuation guarantee (9.5% of gross salary for 2020).
- At risk component:
  - Short-term incentive (STI) – described further in the table below; and
  - Long-term incentive (LTI) – described further in the table below.



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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 development, share price performance and extending the mine life.	Up to 55% 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**).

**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 zero exercise price 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 for nil consideration. Each vested STI option represents a right to be issued one Superior 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 financing and development of the Pick Lake and Winston Lake Zinc Projects:

- Obtaining project financing;
- All permits, licenses and approval in place necessary to commence construction;
- Completion of a BFS in with the economics materially in line with the Restart Study; and
- Enter into binding offtakes.

**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 zero exercise price 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 Superior 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 July 2019 – 30 June 2021 performance period were:

- Project development;
- Share price performance; and
- Extension to the life of mine.

## Superior Lake Resources Limited - Annual Report

The following STI's and LTI's were issued to KMP during the period.

Key Management Personnel	Grant date	Number granted	Exercise price (\$)	Value per option (\$)	Value of options granted (\$)	Vesting date	Expiry date
Mr Alfred Gillman	26/06/2020	750,000	NIL	0.125	93,750	26/09/2020	26/06/2023
Mr Chris Knee	26/06/2020	750,000	NIL	0.125	93,750	26/09/2020	26/06/2023
Mr Grant Davey	9/12/2020	750,000	NIL	0.160	120,000	9/12/2020	26/06/2023

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

Key Management Personnel	Grant date	Number granted	Value of options granted (\$)	Vesting date	Expiry date	Vested %
Mr Alfred Gillman	09/04/2018	500,000	-	09/04/2018	09/04/2021	100
Mr Alfred Gillman	26/06/2020	750,000	93,750	26/09/2020	26/06/2023	100
Mr Chris Knee	15/07/2019	150,172	9,010	01/07/2020	1/07/2022	100
Mr Chris Knee	15/07/2019	131,400	12,811	01/07/2020	1/07/2024	49
Mr Grant Davey	09/12/2020	750,000	120,000	09/12/2020	26/06/2023	100

During the year Mr Keong Chan and Mr Peter Williams resigned from the board and Mr David Woodall resigned as CEO of the Company. Under the Company's ESOP, Mr Chan, Mr Williams and Mr Woodall ceased to be an eligible participant after termination of employment and 7,465,714 options have therefore been cancelled/lapsed.

Of the options issued to key management personnel, 750,000 were exercised during the financial year.

### Remuneration of Directors and Key Management Personnel

The directors and the Company executives received the following amounts as compensation for their services as directors and executives of the Company during the financial year ended 31 December 2020.

#### Financial year ended 31 December 2020

Name	Short-term employee benefits		Post-employment benefits	Share-based payment options	Total	% consisting of options
	Cash salary and fees	Other services	Superannuation			
	\$	\$	\$	\$	\$	%
<b>Directors</b>						
Mr Grant Davey	120,000	-	-	120,000	240,000	50
Mr Chris Knee	-	-	-	98,692	98,692	100
Mr Alfred Gillman	20,000	19,000 <sup>1</sup>	-	89,674	128,674	70
Mr Keong Chan <sup>2</sup>	-	-	-	-	-	-
Mr Peter Williams <sup>2</sup>	-	-	-	-	-	-
Mr David Woodall <sup>3</sup>	46,265	-	2,233	-	48,498	-
<b>TOTAL</b>	<b>186,265</b>	<b>19,000</b>	<b>2,233</b>	<b>308,366</b>	<b>515,864</b>	<b>60%</b>

<sup>1</sup>Mr Alfred Gillman received fees for geological consultancy services rendered to the Company.

<sup>2</sup>Mr Keong Chan and Mr Peter Williams resigned on 1 July 2020.

<sup>3</sup>Mr David Woodall resigned on 9 February 2020.

Financial year ended 31 December 2019

Name	Short-term employee benefits		Post-employment benefits	Share-based payment options	Total	% consisting of options
	Cash salary and fees	Other services	Superannuation			
	\$	\$	\$	\$	\$	%
<b>Directors</b>						
Mr Grant Davey	120,000	-	-	-	120,000	-
Mr Keong Chan	79,500	-	-	202,569	282,069	72
Mr Peter Williams	35,000	-	-	264,247	299,247	88
Mr David Woodall	249,233	-	20,593	-	269,826	-
<b>TOTAL</b>	<b>483,733</b>	<b>-</b>	<b>20,593</b>	<b>466,816</b>	<b>971,142</b>	<b>48%</b>

Key management personnel equity holdings

(i) Fully paid ordinary shares

31 December 2020	Balance at start of period or appointment	Granted as compensation	Net other changes	Balance at end of period or resignation
	No	No	No	No
<b>Directors</b>				
Mr Grant Davey	7,892,060	-	8,749,878	16,641,938
Mr Chris Knee	-	-	750,000	750,000
Mr Alfred Gillman	35,909	-	-	35,909
Mr Keong Chan	-	-	-	-
Mr Peter Williams	-	-	-	-
Mr David Woodall	101,607	-	-	101,607

31 December 2019	Balance at start of period or appointment	Granted as compensation	Net other changes	Balance at end of period or resignation
	No	No	No	No
<b>Directors</b>				
Mr Grant Davey	6,501,633	-	1,390,427	7,892,060
Mr Keong Chan	-	-	-	-
Mr Peter Williams	-	-	-	-
Mr David Woodall	54,000	-	47,607	101,607

**(ii) Options over ordinary shares**

The number of options held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below.

31 December 2020	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Mr Grant Davey	-	750,000	-	-	750,000
Mr Christopher Knee	281,541	750,000	750,000	-	281,571
Mr Alfred Gillman	500,000	750,000	-	-	1,250,000
Mr Keong Chan	2,000,000	-	-	2,000,000	-
Mr Peter Williams	2,000,000	-	-	2,000,000	-
Mr David Woodall	3,465,714	-	-	3,465,714	-
	8,247,285	2,250,000	750,000	7,465,714	2,281,571

31 December 2019	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Mr Grant Davey	-	-	-	-	-
Mr Keong Chan	-	2,000,000	-	-	2,000,000
Mr Peter Williams	2,000,000	-	-	-	2,000,000
Mr David Woodall	2,000,000	1,465,714	-	-	3,465,714
	4,000,000	3,465,714	-	-	7,465,714

**Performance of Superior Lake Resources 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 2020.

	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2018	Year ended 31 December 2017	Year ended 31 December 2016
	\$	\$	\$	\$	\$
Revenue	1,271	23,984	2,683	30	129
Net loss before tax	(2,618,354)	(7,017,034)	(16,244,767)	(374,785)	(157,162)
Net loss after tax	(2,618,354)	(7,017,034)	(16,244,767)	(374,785)	(157,162)
Share price at beginning of period/year	\$0.110	\$0.300	\$0.430	\$0.450	\$2.200
Share price at end of period/year	\$0.145	\$0.110	\$0.300	\$0.430	\$0.450
Dividends	-	-	-	-	-
Basic and diluted earnings per share (cents per share)	(1.89)	(0.72)	(1.8)	(1.8)	(1.7)

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

Entities related to Mr Grant Davey received a total of 9,247,992 vendor shares in consideration for the transactions whereby the Company acquired an additional 17.5% interest in Ophiolite. Ophiolite, through Pick Lake Mining Limited, is the legal and beneficial owner of the Pick Lake and Winston Lake Projects disclosed in note 11. Superior Mining Pty Ltd holds 87.5% of the issued capital of Ophiolite. The remaining minority shareholders of Ophiolite are unrelated third parties. The minority shareholders of Ophiolite are free carried until completion of a BFS. Following completion of the BFS, Superior Lake will have a first right of refusal to acquire the minority interests from the minority shareholders, for consideration to be determined via an independent valuation and payable via a cash payment and/or the issue of shares.

Director Mr Grant Davey has committed to acquire 1,458,333 shares at an issue price of \$0.12 each as part of a placement undertaken by the Company in July 2020. The placement received shareholder approval at a general meeting held on 9 December 2020. The funds of \$175,000 were received and the shares issued in January 2021.

End of remuneration report.

Signed in accordance with a resolution of the directors



**Mr Grant Davey**

Non-Executive Director

31 March 2021

## Corporate Governance Statement

Superior Lake and the Board are committed to achieving the highest standards of corporate governance. Superior Lake has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2020 corporate governance statement is dated as at 31 March 2021 and reflects the corporate governance practices in place throughout the 2020 financial year. The 2020 corporate governance statement was approved by the Board on 31 March 2021. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed on the Company's website at [www.superiorlake.com.au](http://www.superiorlake.com.au).

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To The Board of Directors,

**Auditor's Independence Declaration under Section 307C of the  
Corporations Act 2001**

As lead audit partner for the audit of the financial statements of Superior Lake Resources Limited for the financial year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully,



**BENTLEYS**  
**Chartered Accountants**



**CHRIS NICOLOFF CA**  
**Partner**

Dated at Perth this 31<sup>st</sup> day of March 2021

# Financial Report

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

YEAR ENDED 31 DECEMBER 2020

	Notes	31-Dec 2020 \$	31-Dec 2019 \$
Revenue	4	1,271	23,984
Depreciation expense	12	(2,458)	(2,001)
Exploration and evaluation expenses		(619,563)	(4,668,392)
Accounting, audit and taxation fees		(46,562)	(90,236)
Occupancy expenses		(75,713)	(103,738)
Administrative expenses		(444,301)	(618,316)
Employee benefit expenses and consultancy fees	5(a)	(285,973)	(765,045)
Share based payments	15(a)	(757,607)	(507,686)
Business development costs		(247,619)	(232,763)
Other expenses	5(b)	(139,829)	(52,841)
<b>LOSS BEFORE INCOME TAX</b>		<b>(2,618,354)</b>	<b>(7,017,034)</b>
Income tax expense	7	-	-
<b>LOSS FOR THE YEAR</b>		<b>(2,618,354)</b>	<b>(7,017,034)</b>
<b>LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF SUPERIOR LAKE RESOURCES LIMITED</b>		<b>(2,618,354)</b>	<b>(7,017,034)</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) NET OF TAX</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of foreign operations		303,928	(489)
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Changes in fair value of financial assets	10	(166,000)	41,500
<b>Other Comprehensive (loss)/income for the year</b>		<b>137,928</b>	<b>41,011</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(2,480,426)</b>	<b>(6,976,023)</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF SUPERIOR LAKE RESOURCES LIMITED</b>		<b>(2,480,426)</b>	<b>(6,976,023)</b>
Basic and diluted loss per share (cents per share)	16	(1.89)	(0.72) <sup>1</sup>

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

<sup>1</sup>On 31 March 2020, the Company completed a share consolidation of one (1) share for every ten (10) shares currently held. The basic loss and diluted loss per share have been proportionally adjusted for comparative purposes.



# Financial Report

## Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2020

	Notes	31-Dec 2020 \$	31-Dec 2019 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	822,214	761,513
Trade and other receivables	8	44,365	183,730
Prepayments		21,932	22,394
<b>SUB-TOTAL CURRENT ASSETS</b>		<b>888,511</b>	<b>967,637</b>
Assets held for sale	9	1,999,983	-
<b>TOTAL CURRENT ASSETS</b>		<b>2,888,494</b>	<b>967,637</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	10	-	191,000
Exploration & evaluation assets	11	-	1,312,610
Property, plant and equipment	12	4,595	7,053
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,595</b>	<b>1,510,663</b>
<b>TOTAL ASSETS</b>		<b>2,893,089</b>	<b>2,478,300</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	164,799	601,086
Funds received for shares to be issued		-	200,000
Provision for annual leave		-	22,356
<b>TOTAL CURRENT LIABILITIES</b>		<b>164,799</b>	<b>823,442</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>164,799</b>	<b>823,442</b>
<b>NET ASSETS</b>		<b>2,728,290</b>	<b>1,654,858</b>
<b>EQUITY</b>			
Contributed equity	14	27,180,498	22,871,434
Reserves	15	2,940,760	2,045,225
Transactions with minority shareholders	17	(1,512,813)	-
Accumulated losses	15(d)	(25,880,155)	(23,261,801)
<b>TOTAL EQUITY</b>		<b>2,728,290</b>	<b>1,654,858</b>

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

## Financial Report

### Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2020	Contributed equity	Accumulated losses	Share based payments reserve	Foreign currency translation reserve	Investment revaluation reserve	Transaction with minority shareholders	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Opening Balance</b>	<b>22,871,434</b>	<b>(23,261,801)</b>	<b>2,128,714</b>	<b>(489)</b>	<b>(83,000)</b>	<b>-</b>	<b>1,654,858</b>
Loss for the year	-	(2,618,354)	-	-	-	-	(2,618,354)
Foreign exchange translation differences (note 15 (c))	-	-	-	303,928	-	-	303,928
Changes in fair value of financial assets (note 10)	-	-	-	-	(166,000)	-	(166,000)
<b>Total comprehensive (loss)/income for the year</b>	<b>-</b>	<b>(2,618,354)</b>	<b>-</b>	<b>303,928</b>	<b>(166,000)</b>	<b>-</b>	<b>(2,480,426)</b>
<b>Transactions with owners in their capacity as owners</b>							
Issue of shares (note 14)	2,800,001	-	-	-	-	-	2,800,001
Less: Share issue costs (note 14)	(143,750)	-	-	-	-	-	(143,750)
Issue of shares for exploration and evaluation (note 14)	140,000	-	-	-	-	-	140,000
Share based payments (note 23)	-	-	757,607	-	-	-	757,607
Roll up with minority shareholders (note 17)	1,512,813	-	-	-	-	(1,512,813)	-
<b>AT 31 DECEMBER 2020</b>	<b>27,180,498</b>	<b>(25,880,155)</b>	<b>2,886,321</b>	<b>303,439</b>	<b>(249,000)</b>	<b>(1,512,813)</b>	<b>2,728,290</b>

The above statements of changes in equity should be read in conjunction with the accompanying notes.

# Financial Report

## Consolidated Statement of Changes in Equity

YEAR ENDED 31 DECEMBER 2019	Contributed equity \$	Accumulated losses \$	Share based payments reserve \$	Foreign currency translation reserve \$	Investment revaluation reserve \$	Total \$
<b>Opening Balance</b>	19,002,847	(16,244,767)	1,621,028	-	(124,500)	4,254,608
Loss for the year	-	(7,017,034)	-	-	-	(7,017,034)
Foreign exchange translation differences	-	-	-	(489)	-	(489)
Changes in fair value of financial assets	-	-	-	-	41,500	41,500
<b>Total comprehensive (loss)/income for the year</b>	-	(7,017,034)	-	(489)	41,500	(6,976,023)
<b>Transactions with owners in their capacity as owners</b>						
Issue of shares	4,098,023	-	-	-	-	4,098,023
Less: Share issue costs	(229,436)	-	-	-	-	(229,436)
Share based payments	-	-	507,686	-	-	507,686
<b>AT 31 DECEMBER 2019</b>	<b>22,871,434</b>	<b>(23,261,801)</b>	<b>2,128,714</b>	<b>(489)</b>	<b>(83,000)</b>	<b>1,654,858</b>

The above statements of changes in equity should be read in conjunction with the accompanying notes.

# Financial Report

## Consolidated Statement of Cash Flows

YEAR ENDED 31 DECEMBER 2020

	Notes	Year ended 31-Dec 2020 \$	Year ended 31-Dec 2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees (inclusive of GST)		(1,303,031)	(1,595,313)
Interest received		969	23,984
Interest paid		-	(2,320)
Payments for exploration activities		(236,953)	(5,301,046)
Payments for exclusive options over uranium projects		(275,000)	-
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	6	<b>(1,814,015)</b>	<b>(6,874,695)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		-	(3,478)
Payments for exploration: acquisition costs		(581,535)	(357,953)
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<b>(581,535)</b>	<b>(361,431)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		2,600,001	3,768,587
Capital raising costs		(143,750)	-
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>		<b>2,456,251</b>	<b>3,768,587</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>60,701</b>	<b>(3,467,539)</b>
Cash and cash equivalents at the beginning of the year		761,513	4,229,052
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	6	<b>822,214</b>	<b>761,513</b>

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

## Notes to the Consolidated Financial Statements

### 1. GENERAL INFORMATION

These consolidated financial statements and notes represent those of Superior Lake Resources Limited (the **Company** or **Superior Lake**) and Controlled Entities (the **Group**). Superior Lake is incorporated and operates in Australia. Superior Lake is a listed public company on the Australian Securities Exchange. The address of its registered office and principal place of business are disclosed on the inside cover of the financial report. This financial report for Superior Lake is for the year ended 31 December 2020 and were authorised for issue in accordance with a resolution of the directors on 31 March 2021.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Superior Lake is a for-profit entity for the purpose of preparing the financial statements. The financial report has been prepared on an accrual basis and is based on historical cost modified by the revaluation of financial assets for which the fair value basis of accounting has been applied, and fair value basis of accounting of share-based payments was applied at grant date. Accounting policies applied are consistent with those of the prior year. Superior Lake is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Company are described in the Directors' Report.

#### Compliance with IFRS

The financial statements of Superior Lake Resources Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

#### Going Concern

The Group incurred a net loss for the year ended 31 December 2020 of \$2,618,354 (2019: \$7,017,034) during the year ended 31 December 2020, net cash inflows from operational, financing and investment activities of \$60,701 (2019: (\$3,467,539), outflow), and a net working capital surplus of \$2,728,290 (2019: \$144,195) at that date.

The ability of the Group to continue as a going concern is principally dependent upon the ability of the to secure funds by raising capital from equity markets and managing cash flows in line with available funds.

The directors have prepared a cash flow forecast, which indicates that the Group will require additional capital to fund ongoing evaluation and acquisition of new opportunities and working capital requirements for the 12-month period from the date of signing this financial report.

These conditions indicate a material uncertainty that may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business, and at amounts stated in the financial report.

The directors believe that it is reasonably foreseeable that the group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- On 6 Jan 2021, 1,458,333 shares were issued to a director with shareholder approval for gross proceeds before cost of \$175,000;
- The Company on completion of the sale of the Superior Lake Zinc Project to CROPS, will receive AUD\$200,000 cash, CAD\$500,000 cash and 128,920,000 common shares of CROPS on a post consolidation basis (note 9);
- The Group has the capacity, if necessary, to reduce its operating cost structure in order to minimise its working capital requirements; and
- The Company has a track record of successfully raising capital from new and existing shareholders.

Accordingly, the directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debt obligations as and when they fall due.

#### Critical accounting judgements and key sources of estimation uncertainty

In the application of Australian Accounting Standards management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

## Notes to the Consolidated Financial Statements (Cont'd)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Refer to note 3 for a discussion of critical judgements in applying the entity's accounting policies and key sources of estimation uncertainty.

### Application of New and Revised 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.

### New Accounting Standards for Application in Future Periods

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### (a) Segment information

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision maker – the executive management team and Board of Directors.

The Company aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services;
- Nature of the production processes;
- Type or class of customer for the products and services;
- Methods used to distribute the products or provide the services, and if applicable; and
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

#### (b) Revenue recognition

Revenue is recognised to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset. Management fee for exploration tenements is recognised when the service is provided to the relevant joint venture.

#### (c) Income tax

The current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantively enacted by the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is charged or credited in the profit or loss component of statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised 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.

## Notes to the Consolidated Financial Statements (Cont'd)

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

### (d) Impairment of non-financial assets

The Company 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 Company makes an estimate of 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. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit 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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

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.

### (e) Cash and cash equivalents

Cash comprises 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.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

### (f) Trade and other receivables

Trade receivables, which generally have 30 - 90 day terms, are initially recognised at fair value and subsequently carried at amortised cost less an allowance for any uncollectible amounts. Term deposits with more than 3-month maturity date have been classified as other receivables. An allowance for doubtful debts is recognised when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

### (g) Financial instruments

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instruments. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instruments are classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

#### Classification and Subsequent Measurement

Financial instruments are subsequently measure at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measure at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortization of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

## Notes to the Consolidated Financial Statements (Cont'd)

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carry amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss. The Company does not designate any interest in subsidiaries, associates, or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial statements.

### (i) Financial assets at fair value through profit and loss or through other comprehensive Income

Financial assets are classified at 'fair value through profit or loss' or 'fair value through other comprehensive income' when they are either held for trading for 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 included in profit or loss if electing to choose 'fair value through profit or loss', or other comprehensive income if electing 'fair value through other comprehensive income'.

### (ii) Financial liabilities

The Company's financial liabilities include trade and other payables, loan and borrowings, provisions for cash bonus and other liabilities which include deferred cash consideration and deferred equity consideration for acquisition of subsidiaries & associates.

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

#### Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

#### 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. Financial liabilities are recognised 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.

### (h) Fair value estimation

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

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the last trade price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

### (i) Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost less, where applicable, any accumulated depreciation and impairment loss.

#### Plant and equipment

The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:



## Notes to the Consolidated Financial Statements (Cont'd)

### ***Class of fixed asset***

### ***Depreciation rate***

Plant and equipment

10 – 67%

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

### **(j) Exploration and evaluation expenditure**

Exploration and evaluation assets arising out of acquisition of an area of interest are capitalised as part of the deferred exploration and evaluation asset. Subsequent to acquisition, exploration expenditure is expensed as incurred in accordance with the Company's accounting policy. Development costs relating to specific properties are capitalised once management determines the property will be developed. A development decision is made based upon consideration of project economics, including future metal prices, reserves, resources and estimated operating and capital costs. The capitalised costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. When production commences, the capitalised costs for the relevant area of interest are reclassified to mine properties and amortised over the life of the area according to the rate of depletion of the 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. If a trigger event is determined to have occurred, the assets are assessed for impairment in accordance with the policy contained in note 2 (d).

The capitalised costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

### **(k) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company 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.

### **(l) Employee benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

### **(m) Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **(n) 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 adjusts the figures used in determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### **(o) Goods and services tax (GST)**

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 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.

## Notes to the Consolidated Financial Statements (Cont'd)

### (p) 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.

### (q) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

### (r) Other income

Other income is recognised to the extent that it is probable that the economic benefits will flow to the Company and other income can be reliably measured.

### (s) Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

### CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

#### *Income Tax*

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered probable that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

#### *Designation of investment in equity instrument as at fair value through comprehensive income*

The Group made an irrevocable election at adoption of AASB 9 Financial Instruments to designate the investment in Athena Resources Limited (disclosed in note 10) as at fair value through other comprehensive income. This was based on the facts and circumstances that existed at the date of initial application of AASB 9 Financial Instruments.

#### *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.

## Notes to the Consolidated Financial Statements (Cont'd)

### *Exploration and evaluation costs carried forward*

The recoverability of the carrying amount of exploration and evaluation costs carried forward has been reviewed by directors. In conducting this review, if any impairment indicators are identified, the recoverable amount is then assessed by reference to the higher of 'fair value less costs to sell' and, if applicable, 'value in use'. In determining value in use, future cash flows are based on estimates of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction, production and sales levels, future commodity prices, future capital and production costs and future exchange rates. Variations to any of these estimates, and timing thereof, could result in significant changes to the expected future cash flows which in turn could result in significant changes to the impairment test results, which in turn could impact future financial results.

### 3. SEGMENT INFORMATION

#### *Description of segments*

The Group operates in one segment, being mineral exploration. This is the basis on which internal reports are provided to the directors for assessing performance and determining the allocation of resources within the Group. All of the Group's mineral exploration activity is based in Canada.

	31 December 2020 \$	31 December 2019 \$
<b>4. REVENUE</b>		
Interest income	969	23,984
Other income	302	-
	<u>1,271</u>	<u>23,984</u>
<b>5. OTHER INCOME AND EXPENSES</b>		
(a) Employee benefit expenses and consultancy fees includes the following specific expenses:		
Director fees	(163,768)	(235,181)
Salary and wages	(26,352)	(287,795)
Other consultants	(95,853)	(242,069)
	<u>(285,973)</u>	<u>(765,045)</u>
(b) Other expenses include the following specific expenses:		
Foreign exchange loss	(139,829)	(8,888)
Doubtful debts expense	-	(41,634)
Other	-	(2,319)
	<u>(139,829)</u>	<u>(52,841)</u>

## Notes to the Consolidated Financial Statements (Cont'd)

	31 December 2020 \$	31 December 2019 \$
<b>6. CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	822,214	761,513
<b>Reconciliation of loss for the year to net cash flows used in operating activities:</b>		
<b>Loss for the year</b>	(2,618,354)	(7,017,034)
<b>Non-cash expenses:</b>		
Depreciation	2,458	2,001
Share based payments	757,607	507,687
Acquisition of exclusivity options	140,000	
Net exchange differences	198,091	(489)
<b>Changes in assets and liabilities:</b>		
(Increase)/Decrease in:		
Trade and other receivables	144,365	(123,704)
Prepayments	462	57,168
Security deposits	20,000	-
Increase/(Decrease) in:		
Trade and other payables	(436,287)	(307,082)
Provision for annual leave	(22,356)	6,758
<b>Net cash flows used in operating activities</b>	<b>(1,814,015)</b>	<b>(6,874,695)</b>

## Notes to the Consolidated Financial Statements (Cont'd)

	31 December 2020 \$	31 December 2019 \$
<b>7. INCOME TAX</b>		
<b>(a) Income tax expense/(benefit)</b>		
The income tax(benefit) for the year differs from the prima facie tax as follows:		
<b>Loss for year</b>	(2,618,354)	(7,017,034)
Prima facie income tax (benefit) @ 26%	(680,772)	(1,929,684)
Non-deductible expenses	358,064	675,445
Current year deferred tax assets not brought to account	322,708	1,254,239
<b>Total income tax expense</b>	<b>-</b>	<b>-</b>
<b>(b) Unrecognised deferred tax assets</b>		
Deferred tax assets not brought to account the benefits of which will only be realised if the conditions for deductibility set out in note 2(c) occur:		
- Tax Losses	5,395,174	4,674,375
- Temporary differences	(322,708)	1,254,239
<b>Net unrecognised deferred tax asset</b>	<b>5,072,466</b>	<b>5,928,614</b>
The Group had \$20,750,669 of tax losses to 31 December 2020 (31 December 2019: \$16,755,145). The unrecognised deferred tax assets presented here assume that historic tax losses of Superior Lake Resources Limited will be available and that the legal acquisition of Superior Mining Pty Limited by Superior Lake Resources Limited results in an asset with a tax cost base of \$5,395,174.		
No income tax is payable by the Group. The directors have considered it prudent not to bring to account the deferred tax asset of income tax losses and exploration deductions until it is probable of deriving assessable income of a nature and amount to enable such benefit to be realised.		
<b>8. TRADE AND OTHER RECEIVABLES</b>		
GST recoverable	44,365	183,730
	<b>44,365</b>	<b>183,730</b>

## Notes to the Consolidated Financial Statements (Cont'd)

	31 December 2020 \$	31 December 2019 \$
<b>9. ASSETS HELD FOR SALE</b>		
Superior Lake Zinc Project	1,999,983	-
	<u>1,999,983</u>	<u>-</u>

On the 10 September 2020, the Company announced it had executed an agreement to vend its Superior Lake Zinc Project into TSX-V listed company CROPS, subject to customary conditions precedent. The key terms to the transaction are:

- CROPS will pay the Company CAD\$25,000 on signing, and a further AUD\$200,000 and CAD\$500,000 in cash and issue 128,920,000 CROPS shares worth approximately \$16.5M on completion of the transaction;
- On completion of the transaction, the Company will hold approximately a 70% interest in CROPS;
- The consideration CROPS shares received by the Company will be escrowed per the TSX Venture Exchange rules; and
- A break fee of CAD\$150,000 will be payable to CROPS if the Company terminates the agreement subject to certain conditions and a break fee of CAD\$125,000 will be payable by CROPS to the Company subject to certain conditions.

### 10. OTHER FINANCIAL ASSETS

Security bond	-	25,000
Financial assets at fair value through other comprehensive income	-	166,000
	<u>-</u>	<u>191,000</u>

#### *Financial assets at fair value through other comprehensive income*

##### *Listed securities – Shares*

Opening balance	166,000	124,500
Fair value movement	(166,000)	41,500
Closing balance	<u>-</u>	<u>166,000</u>

The Group holds 8,300,000 shares in Athena Resources Limited, which is quoted on the Australian Securities Exchange (ASX: AHN). The last quoted price for AHN is \$0.02 however the company has remained in suspension since 13 August 2019. The Company does not envisage recovering a material amount from the sale of these listed securities if it were to emerge from suspension. The financial assets have therefore been revalued to zero. Further information is available at note 20 (d).

### 11. EXPLORATION & EVALUATION ASSETS

Opening Balance	1,312,610	954,657
Additions		
- Pick Lake	525,707	387,953
- Winston Lake	-	-
- Mt Morley	-	(30,000)
- Foreign exchange adjustment	161,666	-
- Transfer to assets held for sale	(1,999,983)	-
Closing Balance	<u>-</u>	<u>1,312,610</u>

During the year the Group capitalised acquisition costs directly attributable to the Project and transferred them to assets held for sale (note 9).

## Notes to the Consolidated Financial Statements (Cont'd)

	31 December 2020	31 December 2019
	\$	\$
<b>12. PROPERTY, PLANT AND EQUIPMENT</b>		
Plant and equipment – at cost	176,643	176,643
Accumulated depreciation	(172,048)	(169,590)
Total written down amount	4,595	7,053
<b>Reconciliation</b>		
Opening written down value	7,053	5,576
Acquisitions	-	3,478
Depreciation charge for the year	(2,458)	(2,001)
Closing written down value	4,595	7,053
<b>13. TRADE AND OTHER PAYABLES</b>		
Trade and other payables	132,799	340,628
Accruals	32,000	260,458
	164,799	601,086

Trade and other payables include an amount of \$47,853 payable to Matador Capital Pty Ltd for services rendered under a shared office arrangement. Director Mr Grant Davey is a shareholder and director of Matador Capital Pty Ltd. Further information is available at note 22.

## 14. ISSUED CAPITAL

### (a) Share capital

162,102,822 (2019: 1,081,815,614) ordinary shares fully paid	162,102,822	27,180,498
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### (b) Movement in ordinary shares on issue

Date	Details	No. of shares	\$
1 January 2020	Opening balance	1,081,815,614	22,871,434
27 March 2020	Share consolidation (10:1)	(973,633,940)	-
27 March 2020	Transaction with minority shareholder	21,611,617	1,512,813
7 April 2020	Issue of shares to Grant Davey	1,142,858	200,000
18 June 2020	Placement of shares at \$0.05 per share	12,000,000	600,000
30 July 2020	Placement of shares at \$0.12 per share	16,666,673	2,000,001
9 October 2020	Exercise of options	1,500,000	-
11 November 2020	Issue of shares for exclusive options for Uranium exploration and evaluation	1,000,000	140,000
	Share issue costs	-	(143,750)
31 December 2020	Closing balance	162,102,822	27,180,498

## Notes to the Consolidated Financial Statements (Cont'd)

### (c) Funds to be received for shares to be issued

Director Mr Grant Davey has committed to acquire 1,458,333 shares at an issue price of \$0.12 each as part of a placement undertaken by the Company in July 2020. The placement received shareholder approval at a general meeting held on 9 December 2020. The funds of \$175,000 were received and the shares issued in January 2021.

### (d) 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.

### (e) 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 2020 and 2019. The Group is not subject to any externally imposed capital requirements.

## 15. RESERVES AND ACCUMULATED LOSSES

		31 December 2020	31 December 2019
	Note	\$	\$
<b>Reserves</b>			
Share based payments reserve	(a)	2,886,321	2,128,714
Investment revaluation reserve	(b)	(249,000)	(83,000)
Foreign currency translation reserve	(c)	303,439	(489)
Balance at the end of the year		<u>2,940,760</u>	<u>2,045,225</u>
<b>(a) Share based payments reserve</b>			
Balance at the beginning of the year		2,128,714	1,621,028
Share based payments to directors, executives and suppliers		757,607	507,686
Share based payments recognised as capital raising costs		-	-
Balance at the end of the year		<u>2,886,321</u>	<u>2,128,714</u>

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.



## Notes to the Consolidated Financial Statements (Cont'd)

	Number of Options	\$
<b>2020</b>		
Balance at 1 January 2020	14,519,648	2,128,714
Employee and contractor STI	-	29,566
Employee and contractor LTI	-	29,382
Employee and contractor STI	4,500,000	588,750
Less options cancelled	(7,465,714)	109,910
Less options exercised	(1,500,000)	-
Balance at 31 December 2020	<b>10,053,934</b>	<b>2,886,321</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.

	31 December 2020	31 December 2019
	\$	\$
<b>(b) Investment revaluation reserve</b>		
Balance at the beginning of the year	(83,000)	(124,500)
Change in investment revaluation reserve	(166,000)	41,500
Balance at the end of the year	<b>(249,000)</b>	<b>(83,000)</b>

The Group holds 8,300,000 shares in Athena Resources Limited, which is quoted on the Australian Securities Exchange (ASX: AHN). The last quoted price for AHN is \$0.02 however the company has remained in suspension since 13 August 2019. The Company does not envisage recovering a material amount from the sale of these listed securities if it were to emerge from suspension. The financial assets have therefore been revalued to zero. Further information is available at note 20 (d).

The investment revaluation reserve represents the cumulative gain and losses arising on the revaluation of available for sale financial assets that have been recognised in other comprehensive income.

### (c) Foreign currency revaluation reserve

Balance at the beginning of the year	(489)	-
Change in translation reserve	303,928	(489)
Balance at the end of the year	<b>303,439</b>	<b>(489)</b>

The foreign currency revaluations 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.

### (d) Accumulated losses

Balance at the beginning of the year	(23,261,801)	(16,244,767)
Net loss for the year	(2,618,354)	(7,017,034)
Balance at the end of the year	<b>(25,880,155)</b>	<b>(23,261,801)</b>

## Notes to the Consolidated Financial Statements (Cont'd)

	31 December 2020 \$	31 December 2019 \$
<b>16. LOSS PER SHARE</b>		
<b>(a) Reconciliation of earnings used in calculating loss per share</b>		
Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted loss per share	(2,618,354)	(7,017,034)
	<b>Number of shares 31 December 2020</b>	<b>Number of shares 31 December 2019</b>
<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	138,777,087	97,159,990
<b>(c) Basic and diluted loss per share – cents per share</b>	(1.89)	(0.72)

On 31 March 2020, the Company completed a share consolidation of one (1) share for every ten (10) shares currently held. The basic loss and diluted loss per share have been proportionally adjusted for comparative purposes.

At the end of the 2020 financial year, the Group had 10,053,934 unissued shares under option (2019: 14,519,648), per page 44. The Group does not report diluted earnings per share on annual losses generated by the Group. During the 2020 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 2020, all options on issue and unissued shares could potentially dilute basic loss per share in the future.

## 17. TRANSACTIONS WITH MINORITY SHAREHOLDERS

	31 December 2020 \$	31 December 2019 \$
Transaction with minority shareholders	1,512,813	-
	1,512,813	-

At the commencement of the reporting period, the Company held the Superior Lake Zinc Project through a subsidiary, Ophiolite. The Company held a 87.5% interest in Ophiolite, with the remaining held by a number of minority shareholders.

On 27 March 2020, the Company's shareholders approved the acquisition of 17.5% of the minority shareholders shares in Ophiolite via the issue of the Company's shares. The Company issued 92,479,915 shares to Mr Grant Davey and a further 123,636,250 shares to other minority shareholders of Ophiolite as consideration for the acquisition. Following completion of the acquisition, the Company increased its shareholding in the Project to 87.5%.

## 18. DIVIDENDS

No dividends were paid during the financial year (2019: Nil). No recommendation for payment of dividends has been made (2019: Nil).

## Notes to the Consolidated Financial Statements (Cont'd)

### 19. COMMITMENTS

#### (a) Exploration commitments

The Company, at the date of this report, does not have any current or future obligations or commitments to perform minimum exploration work or to spend minimum amounts on exploration tenements.

#### (b) Existing tenement commitments are as follows:

	31 December 2020	31 December 2019
	\$	\$
0 to 1 year	-	1,049,495
1 to 5 years	-	54,715
5+ years	-	26,306
	-	1,130,546

#### (c) Executive and shared services commitments are as follows:

	31 December 2020	31 December 2019
	\$	\$
0 to 1 year	78,988	28,849
1 to 5 years	-	-
5+ years	-	-
	78,988	28,849

#### (d) Office lease agreement

The Group has a shared office use agreement with Matador Capital Pty Ltd included in (c).

### 20. FINANCIAL INSTRUMENTS

#### (a) Financial risk management objectives

The Group's principal financial instruments comprise an investment in a listed company, 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.

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.

## Notes to the Consolidated Financial Statements (Cont'd)

### (b) Financial risk management objectives

	31 December 2020 \$	31 December 2019 \$
<b>Financial assets</b>		
Cash and cash equivalents	822,214	761,513
Trade and other receivables	44,365	183,730
Other financial assets	-	191,000
	<u>866,579</u>	<u>1,136,243</u>
<b>Financial liabilities</b>		
Trade and other payables	164,799	601,086
Funds received for shares to be issued	-	200,000
	<u>164,799</u>	<u>801,086</u>

### (c) Interest rate risk management

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.

2020	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	822,214	-	-	-	822,214	0.01%
Trade and other receivables	-	-	-	44,365	44,365	NA
Other financial assets	-	-	-	-	-	NA
<b>Total Financial Assets</b>	<b>822,214</b>	<b>-</b>	<b>-</b>	<b>44,365</b>	<b>866,579</b>	<b>-</b>
<b>Financial Liabilities</b>						
Trade and other payables	-	-	-	164,799	164,799	NA
Funds received for shares to be issued	-	-	-	-	-	NA
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>164,799</b>	<b>164,799</b>	<b>NA</b>

2019	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	761,513	-	-	-	761,513	0.02%
Trade and other receivables	-	-	-	183,730	183,730	NA
Other financial assets	-	-	-	191,000	191,000	NA
<b>Total Financial Assets</b>	<b>761,513</b>	<b>-</b>	<b>-</b>	<b>374,730</b>	<b>1,136,243</b>	<b>-</b>
<b>Financial Liabilities</b>						
Trade and other payables	-	-	-	601,086	601,086	NA
Funds received for shares to be issued	-	-	-	200,000	200,000	NA
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>801,086</b>	<b>801,086</b>	<b>NA</b>

## Notes to the Consolidated Financial Statements (Cont'd)

### (d) Equity price risk management

The Group holds 8,300,000 shares in Athena Resources Limited, which is quoted on the Australian Securities Exchange (ASX: AHN). The last quoted price for AHN is \$0.02, however the company has remained in suspension since 13 August 2019. The Company does not envisage recovering a material amount from the sale of this stock if it were to relist. The financial assets have therefore been valued to zero.

### (e) 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. At 31 December 2020, the Group has no significant exposure to liquidity risk as there is effectively no debt.

#### *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 2020				31 December 2019			
	≤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	164,799	-	-	164,799	601,086	-	-	601,086
Funds received for shares to be issued	-	-	-	-	200,000	-	-	200,000
<b>Total Financial Liabilities</b>	<b>164,799</b>	<b>-</b>	<b>-</b>	<b>164,799</b>	<b>801,086</b>	<b>-</b>	<b>-</b>	<b>801,086</b>

### (f) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's potential concentration of credit risk consists mainly of cash deposits with banks. The Company'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 Company 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 Company believes that the credit risk is not material to the Company's operations.

## Notes to the Consolidated Financial Statements (Cont'd)

### (g) 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 Company'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.

## 21. KEY MANAGEMENT PERSONNEL DISCLOSURES

### (a) Details of key management personnel

#### (i) Directors

The following persons were directors of Superior Lake Resources Limited during the financial year:

Mr Grant Davey	Non-Executive Director
Mr Chris Knee	Executive Director (appointed 1 July 2020)
Mr Alfred Gillman	Non-Executive Director (appointed 1 July 2020)
Mr Keong Chan	Non-Executive Chairman (resigned 1 July 2020)
Mr Peter Williams	Non-Executive Director (resigned 1 July 2020)

#### (ii) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year:

Mr David Woodall	Chief Executive Officer (resigned 9 February 2020)
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### (b) Key management personnel compensation

	31 December 2020 \$	31 December 2019 \$
Short-term benefits	205,265	483,733
Post-employment benefits	2,233	20,593
Share-based payments	308,366	466,816
	<u>515,864</u>	<u>971,142</u>

### (c) Equity interests in related parties

#### Equity interests in associates

Details of key management personnel equity interests are provided in the Remuneration Report of the Directors' Report.

## Notes to the Consolidated Financial Statements (Cont'd)

### (d) Transactions with key management personnel

#### *Key management personnel compensation*

Mr Gillman, who is a non-executive director of the Company provided geological consultancy services to the Company during the year. As at 31 December 2020 the Company had no outstanding creditors to Mr Gillman.

#### *Loans to key management personnel*

There were no loans to key management personnel during the current or prior period.

## 22. RELATED PARTY TRANSACTIONS

### Transactions with related parties

Entities related to Mr Grant Davey received a total of 9,247,992 vendor shares in consideration for the transactions, whereby the Company acquired an additional 17.5% interest in Ophiolite. Ophiolite, through Pick Lake Mining Limited, is the legal and beneficial owner of the Pick Lake and Winston Lake Projects disclosed in note 11. Superior Mining Pty Ltd holds 87.5% of the issued capital of Ophiolite. The remaining minority shareholders of Ophiolite are unrelated third parties. The minority shareholders of Ophiolite are free carried until completion of a BFS. Following completion of the BFS, Superior Lake will have a first right of refusal to acquire the minority interests from the minority shareholders, for consideration to be determined via an independent valuation and payable via a cash payment and/or the issue of shares.

Mr Grant Davey has committed to acquire 1,458,333 shares at an issue price of \$0.12 each as part of a placement undertaken by the Company in July 2020. The placement received shareholder approval at a general meeting held on 9 December 2020 and were issued on 7 January 2021.

Mr Grant Davey is a director and shareholder of Matador Capital. The Company makes payments to Matador Capital under a Shared Services Agreement in which Matador Capital 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 Capital are recovered from the Company on a cost-plus basis. As at 31 December 2020 the Company an amount outstanding in trade creditors of \$47,853 for services rendered under this arrangement to Matador Capital.

Mr Alfred Gillman is a non-executive director of the Company provided geological consultancy services to the Company during the period (\$19,000). There were no outstanding creditors to Mr Gillman at the end of the period.

## 23. SHARE BASED PAYMENT PLANS

During the year ended 31 December 2020, the following options, were issued to directors, officers and contractors of the Company as short-term incentives under the Company's Employee Share and Options Plan (ESOP).

Option issued	Grant date	Vesting date	No. of options	Total expense recognised
Director	9/12/2020	9/12/2020	750,000	120,000
Director & Contractors	26/06/2020	26/09/2020	3,750,000	468,750

Options were valued using the spot rate at the date they were granted:

Set out below is the summary of options granted as share based payments: There are 10,053,934 outstanding options on issue as at 31 December 2020 and the weighted average remaining term of the outstanding options is 1.4 years (2019: 2.1 years).

The total share-based payment expense for the year was \$757,607 which relates to the options granted during the year.

### *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. These vesting conditions include: 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.

## Notes to the Consolidated Financial Statements (Cont'd)

### Long-term incentives

Vesting of the LTI's is dependent on completion of targets set and assessed by the Board. These vesting conditions include: project development; share price performance; and extension to the life of mine.

#### Options – 2020

Grant Date	Expiry Date	Exercise Price (\$)	Balance 01/01/20	Granted during the year	Exercised during the year	Expired or Change due to Resigning	Balance 31/12/20	Number vested and exercisable
23/02/2018	23/02/2022	0.03	666,666	-	-	666,666	-	-
23/02/2018	23/02/2022	0.03	666,667	-	-	666,666	-	-
23/02/2018	23/02/2022	0.03	666,667	-	-	666,667	-	-
12/04/2018	9/04/2021	0.03	2,500,000	-	-	-	2,500,000	2,500,000
12/04/2018	9/04/2021	0.06	2,700,000	-	-	2,000,000	700,000	700,000
31/08/2018	30/08/2021	0.06	1,000,000	-	-	-	1,000,000	1,000,000
31/08/2018	30/08/2021	0.08	1,000,000	-	-	-	1,000,000	1,000,000
15/03/2019	15/03/2022	0.06	2,000,000	-	-	2,000,000	-	-
15/07/2019	1/07/2022	Nil	1,580,182	-	-	617,143	963,039	963,039
15/07/2019	1/07/2024	Nil	1,739,466	-	-	848,572	890,895	440,507
26/06/2020	26/06/2023	Nil	-	3,750,000	1,500,000	-	2,250,000	2,250,000
9/12/2020	26/06/2023	Nil	-	750,000	-	-	750,000	750,000
			14,519,648	4,500,000	1,500,000	7,465,714	10,053,934	9,603,546
Weighted average exercise price			\$0.038	-	-	\$0.040	\$0.026	\$0.027

#### Options - 2019

Grant Date	Expiry Date	Exercise Price (\$)	Balance 01/01/19	Granted during the year	Exercised during the year	Expired or Change due to Resigning	Balance 31/12/19	Number vested and exercisable
23/02/2018	23/02/2022	0.030	666,666	-	-	-	666,666	666,666
23/02/2018	23/02/2022	0.030	666,667	-	-	-	666,667	-
23/02/2018	23/02/2022	0.030	666,667	-	-	-	666,667	-
12/04/2018	9/04/2021	0.030	2,500,000	-	-	-	2,500,000	2,500,000
12/04/2018	9/04/2021	0.060	2,700,000	-	-	-	2,700,000	2,700,000
31/08/2018	30/08/2021	0.060	1,000,000	-	-	-	1,000,000	1,000,000
31/08/2018	30/08/2021	0.080	1,000,000	-	-	-	1,000,000	1,000,000
15/03/2019	15/03/2022	0.060	-	2,000,000	-	-	2,000,000	2,000,000
15/07/2019	01/07/2022	Nil	-	1,580,182	-	-	1,580,182	-
15/07/2019	01/07/2024	Nil	-	1,739,464	-	-	1,739,464	-
			9,200,000	5,319,646	-	-	14,519,648	7,866,666
Weighted average exercise price			\$0.048	\$0.023	-	-	\$0.038	\$0.052

On 31 March 2020, the Company completed a share consolidation of one (1) share for every ten (10) shares currently held. Prior period shareholdings have been adjusted for comparative purposes.



## Notes to the Consolidated Financial Statements (Cont'd)

### 24. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	31 December 2020 \$	31 December 2019 \$
<b>Audit services</b>		
Audit or review of financial reports		
- Bentleys Audit and Corporate (WA)	21,000	30,000

### 25. CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities as at 31 December 2020 (2019: None).

### 26. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The following events occurred subsequent to 31 December 2020:

On 6 January 2021, the Company received gross proceeds before costs of \$175,000 and issued 1,458,333 shares to director Mr Grant Davey, after shareholder approval, in relation to a share placement.

On 29 January 2021, the Company agreed with Sachem Cove to further extend the exclusivity option with Premier to 30 June 2021. The due diligence process has taken longer than anticipated due to the continued uncertainty on travel due to COVID-19. In consideration for the extension, the Company has issued unlisted options to Sachem Cove as follows:

- 2,000,000 exercisable at \$0.22 on or before 29 January 2024, 1,000,000 of which vest on completion of a transaction that is consistent with the Company's North American uranium strategy; and
- 2,000,000 exercisable at \$0.26 on or before 29 January 2024, 1,000,000 of which vest on completion of a transaction that is consistent with the Company's North American uranium strategy.

Other than the above, no other matters or circumstance has arisen since 31 December 2020, which has significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

## Notes to the Consolidated Financial Statements (Cont'd)

### 27. PARENT ENTITY DISCLOSURES

These disclosures are for the legal parent, Superior Mining as required by Australian law.

	2020	2019
	\$	\$
<b>Statement of Financial Position</b>		
<b>Assets</b>		
Current assets	881,674	967,884
Non-current assets	1,831,691	1,510,663
<b>Total assets</b>	<b>2,713,365</b>	<b>2,478,547</b>
<b>Liabilities</b>		
Current liabilities	164,799	823,442
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>164,799</b>	<b>823,442</b>
<b>Equity</b>		
Contributed equity	27,180,498	22,871,434
Reserves	2,637,321	2,045,714
Transactions with minority shareholders	(1,512,813)	-
Accumulated losses	(25,756,440)	(23,262,043)
<b>Total equity</b>	<b>2,548,566</b>	<b>1,708,245</b>
<b>Statement of Comprehensive income</b>		
Loss for the year	(2,548,506)	(7,017,276)
Other comprehensive income	969	83,000
<b>Total comprehensive loss for the year</b>	<b>(2,547,537)</b>	<b>(6,934,276)</b>

#### Guarantees

Superior Mining has not entered into any guarantees in the current or previous financial year in relation to the debts of its subsidiaries.

#### Other Commitments and Contingencies

Superior Mining has no commitments to acquire property, plant and equipment and has no contingent liabilities other than those already disclosed in the notes to the financial statements.

### 28. DETAILS OF CONTROLLED ENTITIES

#### Information about principal subsidiaries

	Country of Incorporation	Percentage Owned %	
		2020	2019
Accounting Parent Entity:			
Superior Mining Pty Ltd <sup>1</sup>	Australia		
Subsidiaries of Superior Mining Pty Ltd:			
Ophiolite Holdings Pty Ltd <sup>2</sup>	Australia	87.5%	70%
Pick Lake Limited <sup>3</sup>	Canada	100%	-
Legal Parent entity			
Superior Lake Resources Limited <sup>4</sup>	Australia	100%	100%

<sup>1</sup>Superior Mining Pty Ltd (Superior Mining) was incorporated on 24 November 2017 with 263,636,362 shares. Superior Mining acquired Superior Lake in a reverse acquisition transaction that was completed on 23 February 2018, making Superior Mining the parent entity for accounting purposes, while Superior Lake remains the parent entity for other legal purposes.

## Notes to the Consolidated Financial Statements (Cont'd)

<sup>2</sup>Ophiolite was incorporated on 3 February 2017. On 27 March 2020, the Company's shareholders approved the acquisition of 17.5% of the minority shareholder shares in Ophiolite increasing its holding to 87.5%. The minority shareholders of Ophiolite are free carried until completion of a BFS. Following completion of the BFS, Superior Lake will have a first right of refusal to acquire the minority interests from the minority shareholders, for consideration to be determined via an independent valuation and payable via a cash payment and/or the issue of shares. The remaining minority shareholders of Ophiolite are unrelated third parties.

<sup>3</sup>Pick Lake Limited was incorporated in Canada in 2020 and is 100% owned by Ophiolite. During the year, Ophiolite transferred the legal and beneficial ownership of the Pick Lake and Winston Lake projects disclosed in note 11, to Pick Lake Limited.

<sup>4</sup>Superior Lake was incorporated on 18 September 2009 as a public company.

There have been no other movements in percentage ownership or costs of controlled entities during 2020.

## Directors' Declaration

In the directors' opinion:

- (a) the attached financial statements and notes set out on page 20 to 47 are in accordance with *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional requirements, and
  - (ii) giving a true and fair view of the entity's financial position as at 31 December 2020 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that Superior Lake Resources Limited will be able to pay its debts and when they become due and payable.

Note 2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer equivalent required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

On behalf of the directors



**Mr Grant Davey**

Non-Executive Director

31 March 2021

Bentleys Audit & Corporate  
(WA) Pty Ltd

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## Independent Auditor's Report

### To the Members of Superior Lake Resources Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Superior Lake Resources Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of the Group is 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 2020 and of its financial performance for the year then ended; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 Company 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* (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.

## Independent Auditor's Report

To the Members of Superior Lake Resources Limited (Continued)



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

### Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report which indicates that the Consolidated Entity incurred a net loss of \$2,618,354 during the year ended 31 December 2020. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in this respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Exploration and Evaluation Assets – \$Nil</b> (Refer to Note 11)</p> <p>Exploration and evaluation is a key audit matter due to:</p> <ul style="list-style-type: none"><li>➤ The level of judgement required in evaluating management's application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset; and</li><li>➤ The assessment of impairment of exploration and evaluation expenditure being inherently difficult.</li></ul>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"><li>➤ Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the company holds an interest and the exploration programmes planned for those tenements.</li><li>➤ We agreed to the terms within the acquisition agreements and on a sample basis corroborated rights to tenure to government registries;</li><li>➤ We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets for each area of interest.</li><li>➤ We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure:<ul style="list-style-type: none"><li>➤ the licenses for the right to explore expiring in the near future or are not expected to be renewed;</li><li>➤ substantive expenditure for further exploration in the specific area is neither budgeted or planned</li></ul></li></ul>

## Independent Auditor's Report

To the Members of Superior Lake Resources Limited (Continued)



	<ul style="list-style-type: none"> <li>➤ decision or intent by the Company to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and</li> <li>➤ data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale.</li> <li>➤ During the period the Zinc project totaling \$1,999,983 was transferred to assets held for sale at carrying value, as it forms part of the CROPS Inc. transaction due to complete in April 2021.</li> </ul> <p>We assessed the appropriateness of the related disclosures in Note 11 to the financial statements.</p>
<p><b>Share based payments - \$757,607</b> (Refer to Note 15 and 23)</p> <p>As disclosed in Note 15 and 23 in the financial statements, during the year ended 31 December 2020, the Group incurred share based payments totaling \$757,607.</p> <p>Share based payments are considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> <li>➤ The value of the transactions;</li> <li>➤ The complexities involved in recognition and measurement of these instruments; and</li> <li>➤ The judgement involved in determining the inputs used in the valuation.</li> </ul>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>➤ Analysing contractual agreements to identify the key terms and conditions of share based payments issued and relevant vesting conditions in accordance with AASB 2 Share Based Payments;</li> <li>➤ Evaluating management's valuations and assessing the assumptions and inputs used;</li> <li>➤ Assessing the expense recognised during the period against the vesting conditions of the options; and</li> <li>➤ Assessing the adequacy of the disclosures included in the financial report.</li> </ul>

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2020, but does not include the financial report and our auditor's report thereon.

## Independent Auditor's Report

To the Members of Superior Lake Resources Limited (Continued)



Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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 Note 2, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

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 related 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 has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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 judgement 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.



## Independent Auditor's Report

To the Members of Superior Lake Resources Limited (Continued)



- 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 Company 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, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period 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 Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2020. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

## Independent Auditor's Report

To the Members of Superior Lake Resources Limited (*Continued*)



### Auditor's Opinion

In our opinion, the Remuneration Report of Superior Lake Resources Limited, for the year ended 31 December 2020, complies with section 300A of the Corporations Act 2001.

  
**BENTLEYS**

**Chartered Accountants**



**CHRIS NICOLOFF CA**  
**Partner**

Dated at Perth this 31<sup>st</sup> day of March 2021

## ASX Additional Information

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 22 February 2021.

### Class of shares and voting rights

The voting rights attached to the Fully Paid Ordinary Shares of the Company are:

- 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.

### Distribution of equity securities (as at 22 February 2021)

Analysis of numbers of ordinary shares by size of holding:

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	133	101,958	0.07%
above 1,000 up to and including 5,000	126	392,976	0.25%
above 5,000 up to and including 10,000	90	710,776	0.46%
above 10,000 up to and including 100,000	238	9,074,124	5.85%
above 100,000	150	144,783,329	93.37%
<b>Totals</b>	<b>737</b>	<b>155,063,163</b>	<b>100.00%</b>

Analysis of numbers of unlisted options by size of holding:

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	1	7,509	0.00%
above 10,000 up to and including 100,000	4	94,100	0.01%
above 100,000	13	13,952,325	99.28%
<b>Totals</b>	<b>18</b>	<b>14,053,934</b>	<b>100.00%</b>

### Company Secretary

Stuart McKenzie

### Registered office

Level 1, Emerald House  
1202 Hay Street  
West Perth WA 6005  
Tel: +61 8 6117 0479

### Share Registry

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

## ASX Additional Information

Twenty largest shareholders (as at 22 February 2021)

The names of the twenty largest holders of quoted ordinary shares are:

Rank	Holder Name	Number of Shares	% of Ordinary Shares
1	ZERO NOMINEES PTY LTD	19,406,527	11.81%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,490,105	7.60%
3	DAVEY HOLDINGS (AUS) PTY LTD <BURNAFORD A/C>	10,677,000	6.50%
4	KITARA INVESTMENTS PTY LTD	8,065,631	4.91%
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	6,920,086	4.21%
6	SHANDONG ISHINE MINING INDUSTRY CO	6,315,130	3.84%
7	MS SONJA LOUISE NEWMAN HEATH	4,233,850	2.58%
8	DAVEY MANAGEMENT (AUS) PTY LTD <DAVEY FAMILY SUPER FUND A/C>	3,919,191	2.39%
9	MCNEIL NOMINEES PTY LIMITED	3,402,012	2.07%
10	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	3,247,046	1.98%
11	DAVEY MANAGEMENT (AUS) PTY LTD <DAVEY FAMILY SUPER FUND A/C>	3,190,795	1.94%
12	SANDHURST TRUSTEES LTD <JMFG CONSOL A/C>	3,074,618	1.87%
13	MR SAMUEL LEWIS MCCARDEL	2,864,428	1.74%
14	TAURUS CORPORATE SERVICES PTY LTD	2,610,000	1.59%
15	TR NOMINEES PTY LTD	2,542,667	1.55%
16	KGBR FUTURE FUND PTY LTD	2,073,627	1.26%
17	KINGSLANE PTY LTD <CRANSTON SUPER PENSION A/C>	1,943,102	1.18%
18	KITARA INVESTMENTS PTY LTD <KUMOVA FAMILY A/C>	1,768,237	1.08%
19	SISU INTERNATIONAL PTY LTD	1,700,000	1.03%
20	KINGSLANE PTY LTD <CRANSTON SUPER PENSION A/C>	1,586,418	0.97%
		<b>102,030,470</b>	<b>62.10%</b>

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

## ASX Additional Information

The names of the twenty largest holders of unlisted option holders are:

Position	Holder Name	Holding	% ISSUED CAPITAL
1	SACHEM COVE SPECIAL OPPORTUNITIES FUND LP	4,000,000	28.46%
2	BW EQUITIES PTY LTD	2,750,000	19.57%
3	MR KEITH BOWES	2,332,858	16.60%
4	MRS MARIA ELIZABETH GILLMAN & MR ALFRED JOHN GILLMAN <GILLMAN FAMILY A/C>	750,000	5.34%
4	DAVEY HOLDINGS (AUS) PTY LTD <BURNAFORD A/C>	750,000	5.34%
5	MS REBECCA MORGAN	700,000	4.98%
6	MRS TARA ELIZABETH KILEY & MR ADAM LEE KILEY <KILEY FAMILY A/C>	582,858	4.15%
7	MR MARAT ABZALOV	500,000	3.56%
7	ODESSA RESOURCES PTY LTD	500,000	3.56%
7	MS OONAGH JANE MALONE	500,000	3.56%
8	MRS RUTH MARY MCKENZIE & MR STUART ANDREW MCKENZIE	305,036	2.17%
9	MR CHRISTOPHER BRUCE KNEE	281,572	2.00%
10	CHRIS VAN WIJK <CORVIDAE FAMILY A/C>	48,000	0.34%
11	MISS GABRIELLA CRISTY DEN BOER	15,739	0.11%
12	LAURA LAGALLA	15,215	0.11%
13	MS BELINDA ELLEN BISHOP	15,146	0.11%
14	WENDY ROBERTS	7,509	0.05%
		<b>14,053,933</b>	<b>100.00%</b>

### Substantial shareholders (as at 22 February 2021)

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

Holder name	Number of shares
ZERO NOMINEES PTY LTD	19,406,527
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,490,105
DAVEY HOLDINGS (AUS) PTY LTD <BURNAFORD A/C>	10,677,000

## ASX Additional Information

### Unquoted securities (as at 22 February 2021)

Class	Number
UNLISTED OPTIONS @ \$0.03 EXPRING 9/4/21	2,500,000
UNLISTED OPTIONS @ \$0.06 EXPRING 9/4/21	700,000
UNLISTED OPTIONS @ \$0.06 EXPRING 30/4/21	1,000,000
UNLISTED OPTIONS @ \$0.08 EXPRING 30/4/21	1,000,000
UNLISTED OPTIONS @ \$0.00 EXP 01/07/2022	963,035
UNLISTED OPTIONS @ \$0.00 EXP 01/07/2024	890,895
UNLISTED OPTIONS @ \$0.00 EXP 26/06/2023	3,000,000
UNLISTED OPTIONS @ \$0.22 EXP 29/01/2024	2,000,000
UNLISTED OPTIONS @ \$0.26 EXP 29/01/2024	2,000,000

### Unquoted securities > 20% holders (as at 22 February 2021)

Class	Holder	Number
Unquoted options exercisable at \$0.22 on or before 29 January 2024	SACHEM COVE SPECIAL OPPORTUNITIES FUND LP	2,000,000
Unquoted options exercisable at \$0.26 on or before 29 January 2024	SACHEM COVE SPECIAL OPPORTUNITIES FUND LP	2,000,000

## ASX Additional Information

Schedule of mining tenements as at date of this Report

Country	Tenement	Interest	Status
Ontario, Canada	4287909	70%	Granted
Ontario, Canada	4287910	70%	Granted
Ontario, Canada	4287911	70%	Granted
Ontario, Canada	4274196	70%	Granted
Ontario, Canada	4274197	70%	Granted
Ontario, Canada	4244161	70%	Granted
Ontario, Canada	4244162	70%	Granted
Ontario, Canada	4244163	70%	Granted
Ontario, Canada	4244751	70%	Granted
Ontario, Canada	4274195	70%	Granted
Ontario, Canada	3001231	70%	Granted
Ontario, Canada	4284603	70%	Granted
Ontario, Canada	4287912	70%	Granted
Ontario, Canada	4287913	70%	Granted
Ontario, Canada	4287914	70%	Granted
Ontario, Canada	4287915	70%	Granted
Ontario, Canada	4287916	70%	Granted
Ontario, Canada	4287917	70%	Granted
Ontario, Canada	4287918	70%	Granted
Ontario, Canada	4287919	70%	Granted
Ontario, Canada	4287920	70%	Granted
Ontario, Canada	4287921	70%	Granted
Ontario, Canada	4287922	70%	Granted
Ontario, Canada	4287923	70%	Granted
Ontario, Canada	4287924	70%	Granted
Ontario, Canada	4287925	70%	Granted
Ontario, Canada	4284634	70%	Granted
Ontario, Canada	4284639	70%	Granted
Ontario, Canada	4284644	70%	Granted
Ontario, Canada	4284628	70%	Granted
Ontario, Canada	4284629	70%	Granted
Ontario, Canada	4284630	70%	Granted
Ontario, Canada	4284631	70%	Granted
Ontario, Canada	4284632	70%	Granted
Ontario, Canada	4284633	70%	Granted
Ontario, Canada	4284635	70%	Granted

## ASX Additional Information

Country	Tenement	Interest	Status
Ontario, Canada	4284636	70%	Granted
Ontario, Canada	4284637	70%	Granted
Ontario, Canada	4284638	70%	Granted
Ontario, Canada	4284640	70%	Granted
Ontario, Canada	4284641	70%	Granted
Ontario, Canada	4284642	70%	Granted
Ontario, Canada	4284643	70%	Granted
Ontario, Canada	4284648	70%	Granted
Ontario, Canada	4284680	70%	Granted
Ontario, Canada	4284684	70%	Granted
Ontario, Canada	4284601	70%	Granted
Ontario, Canada	4284606	70%	Granted
Ontario, Canada	4284602	70%	Granted
Ontario, Canada	4284604	70%	Granted
Ontario, Canada	4284605	70%	Granted
Ontario, Canada	4284607	70%	Granted
Ontario, Canada	4284608	70%	Granted
Ontario, Canada	4284609	70%	Granted
Ontario, Canada	4284610	70%	Granted
Ontario, Canada	4284617	70%	Granted
Ontario, Canada	4284645	70%	Granted
Ontario, Canada	4284646	70%	Granted
Ontario, Canada	4284647	70%	Granted
Ontario, Canada	4284649	70%	Granted
Ontario, Canada	4284650	70%	Granted
Ontario, Canada	4284679	70%	Granted
Ontario, Canada	4284681	70%	Granted
Ontario, Canada	4284682	70%	Granted
Ontario, Canada	4284683	70%	Granted
Ontario, Canada	4284611	70%	Granted
Ontario, Canada	4284612	70%	Granted
Ontario, Canada	4284613	70%	Granted
Ontario, Canada	4284614	70%	Granted
Ontario, Canada	4284615	70%	Granted
Ontario, Canada	4284616	70%	Granted
Ontario, Canada	4284618	70%	Granted
Ontario, Canada	4284619	70%	Granted
Ontario, Canada	4284620	70%	Granted
Ontario, Canada	4284621	70%	Granted



## ASX Additional Information

Country	Tenement	Interest	Status
Ontario, Canada	4284622	70%	Granted
Ontario, Canada	4284623	70%	Granted
Ontario, Canada	4284624	70%	Granted
Ontario, Canada	4284625	70%	Granted
Ontario, Canada	4284626	70%	Granted
Ontario, Canada	4284627	70%	Granted
Western Australia, Australia	E33/477	100%	Granted



**FRONTIER**  
ENERGY LTD

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# ANNUAL REPORT

**31 DECEMBER 2021**

ABN 64 139 522 553

## Corporate Information

### Directors

Mr Grant Davey - Non-Executive Director  
Mr Mike Young – Managing Director  
Mr Chris Bath - Executive Director  
Ms Dixie Marshall - Non-Executive Director

### Company Secretary

Mr Chris Bath

### Registered Office and Principal Place of Business

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

### Share Registry

Automatic 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

Frontier Energy Limited shares are listed on the Australian Securities Exchange under stock code FHE.

### Frontier Energy Limited

ABN 64 139 522 553



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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 2021. On 28 January 2022, the Company changed its name from Superior Lake Resources Limited to Frontier Energy Limited.

## 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.

Name	Qualifications and experience
<b>Mr Grant Davey</b> Non-Executive Director Appointed 27 February 2018	<p>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 currently a director of Cradle Resources Limited (ASX:CXX), Lotus Resources Limited (ASX:LOT) and TSX-V listed Metallum Resources Inc and is a member of the Australian Institute of Company Directors.</p>
<b>Mr Mike Young</b> Managing Director and Chief Executive Officer Appointed 1 December 2021	<p>Mr Young is a mining executive and resource development geologist with a strong capability in team building, feasibility studies, managing joint ventures, execution of mine development and management of mining operations. Mr Young has 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. Most recently, Mr Young was the CEO and Managing Director of Vimy Resources Limited (ASX:VMY). Mr Young is a director of TSX-V listed Standard Uranium Inc.</p>
<b>Mr Chris Bath</b> Executive Director and Chief Financial Officer Appointed 1 December 2021	<p>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 been Chief Financial Officer for companies listed on AIM, ASX and JSX. More recently he was a senior executive with a family office investment firm.</p> <p>Mr Bath is a director of Cradle Resources Limited.</p>
<b>Ms Dixie Marshall</b> Non-Executive Director Appointed 1 December 2021	<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 Managing Director 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.</p> <p>Ms Marshall is the Deputy Chair of the WA Football Commissioner, a Commissioner of The Australian Sports Commission, and currently a Non-Executive Director of Lotus Resources Limited (LOT.ASX).</p>

## Mr Christopher Knee

Executive Director

Appointed 1 July 2020

Resigned 1 December 2021

Mr Knee is a Chartered Accountant with over 15 years' experience in a multinational accounting firm and senior finance roles across the resources industry with projects in Africa, Canada and Central Asia. He has a range of experience across a variety of disciplines including joint venture agreements, conducting due diligence, complex international tax structuring, financing transactions, accounting and compliance.

## Mr Alfred Gillman

Non-Executive Director

appointed 1 July 2020

Resigned 1 December 2021

Mr Gillman is a highly experienced geologist with over 40 years' experience in senior management and Board roles across uranium, gold and base metals. His extensive uranium experience includes exploration and resource development roles in Southern Africa (Esso Eastern), Northern Australia (Anaconda Inc), the United States (Peninsula Energy Inc.) and the Czech Republic.

## Directors' interests

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

	Ordinary Shares		Options over Ordinary shares
	Held directly	Held indirectly	
Mr G Davey	-	26,373,244	5,000,000
Mr M Young	-	1,538,461	4,999,999
Mr C Bath	-	1,923,076	5,000,000
Ms D Marshall	384,615	-	1,000,000

## Principal activities

At the end of 2020, the Company had announced it had entered into a definitive agreement to vend its interests in the Superior Lake Zinc Project ("Project") located in Ontario, Canada into the TSXV listed company Metallum Resources Inc. The divestment completed on 1 April 2021.

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 was that the Group obtained control of MZN through the share issue, resulting in the assets, liabilities, income and expenses of MZN being consolidated into the financial statements of the Group from the date of acquisition.

In October 2021, the Company announced the proposed acquisition of a 100% interest in Bristol Springs Solar Pty Ltd, which is developing a solar farm located southeast of Perth in Western Australia.

This acquisition required the Company to seek shareholder and regulatory approvals due to the significant change to the nature and scale of the Company's activities. As part of this change, the Company was renamed Frontier Energy Limited. The acquisition completed after the end of the financial year, with ASX re-instating to quotation the Company's securities from the commencement of trading on 3 March 2022.

## Review of operations

### Superior Lake Zinc Project

As noted above, at the end of 2020, the Company had announced it had entered into a definitive agreement to vend its interests in the Superior Lake Zinc Project (into the TSXV listed company Metallum Resources Inc. At the time of this announcement, the Project was the Company's main undertaking.

Since acquiring the Project in 2017, the Company had advanced its development through multiple studies, including a positive Bankable Feasibility Study ("BFS"). However, owing to a weakening in equity markets for junior resource companies and a sharp fall in the zinc price towards the end of 2019, securing the equity component required for a fully financed solution could not be achieved without substantially diluting existing shareholders. Subsequently, the impact of COVID-19 had made travel by the Company's Australian based team to the Project near impossible.

The transaction was subject to a number of conditions precedent, including shareholder by both FHE and MZN shareholders. The transaction completed on 1 April 2021. On completion, FHE's subsidiary, Ophiolite Holdings Pty Ltd, held approximately 67% of the shares in MZN. As a result of the Group having control over MZN, the assets, liabilities, income and expenses of MZN are included in the consolidated financial statements.

During the year, MZN completed a 2,100 metre six drill hole drilling program. The program targeted the up-dip and down-dip extensions of the lower Pick Zones outside of the current resource, as well as the up-dip extension of the Winston Horizon. In May 2021 MZN engaged consultants to lead the preparation of a feasibility study on the Project, to be based on the BFS, with updated pricing and incorporating the mineral resource estimate prepared by MZN in January 2021. In mid October 2021, MZN published the Feasibility Study technical report.

Ongoing work includes compilation and analysis of historical whole rock geochemistry. Re-interpretation of geophysical surveys has resulted in the generation of new near-surface targets up-dip of the Pick Lake Deposit. The ongoing reinterpretation plus new bore-hole geophysics data will be the basis of a follow up Phase 2 drill program.

### **Building a Clean Energy Company**

Having completed the divestment of its Superior Lake Zinc Project to MZN, the Company commenced an exhaustive review of projects across a range of sectors. The Board felt the standout sector was green energy, as it provides the best long-term potential for the Company. The importance of the sector in Australia was recently highlighted by the Government committing to net zero carbon emissions by 2050, joining more than 110 other countries around the globe to commit to this ambitious target.

In October 2021, the Company announced the proposed acquisition of a 100% interest in Bristol Springs Solar Pty Ltd, which is developing a solar farm located southeast of Perth in Western Australia.

This acquisition required the Company to seek shareholder and regulatory approvals due to the significant change to the nature and scale of the Company's activities, which required the Company to re-comply with Chapters 1 and 2 of the Listing Rules as if it were applying for admission to the Official List of ASX for the first time. The significant change to the nature and scale of the Company's activities and the Acquisition also required Shareholder approval under the Listing Rules.

A general meeting of shareholders was held on 28 January 2022 and shareholders approved the resolutions to effect the acquisition, together with approval of the change of name to Frontier Energy Limited.

The acquisition completed after the end of the financial year, with ASX lifting the suspension of trading in the Company's securities from the commencement of trading on 3 March 2022.



### Changes in the state of affairs

As noted above, in October 2021, the Company announced the proposed acquisition of a 100% interest in Bristol Springs Solar Pty Ltd, which is developing a solar farm located southeast of Perth in Western Australia. This is the first step in the Company's strategy to become an integrated clean energy company.

### Subsequent events

#### Acquisition

On 13 October 2021, the Company entered into a sale agreement ("Sale Agreement") to acquire 100% of the shares of Bristol Springs Solar Pty Ltd from Sector One Pty Ltd and Alicia Jane Goyder ("Vendors") ("Acquisition"). Ranger Loaders Pty Ltd ("Landowner"), the entity which owns the land on which the BSS Project is proposed to be built, is also a party to the Sale Agreement. The acquisition completed on 23 February 2022 ("Completion Date").

The consideration for the Acquisition was:

- 41,666,667 fully paid ordinary shares in the Company on completion of the Acquisition ("Consideration Shares");
- 12,500,000 tranche A performance shares which will be issued on the Completion Date ("Tranche A Performance Shares") and convert into Shares on the date that the Company or BSS and Western Power execute the Electricity Transfer Control Agreement; and
- 12,500,000 tranche B performance shares which will be issued on the Completion Date ("Tranche B Performance Shares") and 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.

#### Lease Agreement

The Company entered into an agreement to lease a minimum of 195 hectares of land from the Landowner for 3 years commencing from the Completion Date at an annual fee of A\$100,000 per annum.

#### Option to Purchase

The Company and the Landowner entered into an option to purchase agreement in which the Company will pay the Landowner an option fee of A\$1.5 million to secure a five-year option from the Completion Date to acquire the Land at a fixed value of A\$5 million.

#### Capital Raising

The Company completed a capital raising, issuing 61,538,462 new Shares at an issue price of \$0.13 per Share to raise \$8,000,000 before costs. The Company also issued options to directors, management and advisers totalling 24,499,999 options at various exercise prices.

### Environmental regulations

The Company is subject to significant environmental regulation in respect to its exploration activities. The Company 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 Company has considered relevant impacts and ensured the company 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. 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
1 July 2024	\$0.00	890,894
23 February 2025 <sup>1</sup>	\$0.20	8,416,667
23 February 2025 <sup>1</sup>	\$0.25	8,041,666
23 February 2025 <sup>1</sup>	\$0.40	8,041,666
		<b>29,390,893</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 commences, which was 3 March 2022.

Metallum Resources Inc has the following unissued shares over options:

- 30,750 options with an exercise price of \$8.40, expiry 19 June 2022
- 2,500 options with an exercise price of \$8.40, expiry 10 July 2022
- 53,625 options with an exercise price of \$8.80, expiry 17 December 2023
- 2,950,000 options with an exercise price of \$0.15, expiry 14 April 2031

Holders of these options do not have any right, by virtue of instrument, to participate in any share issue of the Company 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
2,250,000	\$0.00
750,000	\$0.00

## Indemnification and insurance of directors and officers

During the financial year, the Company paid a 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 held during the financial year ended 31 December 2021 and the number of meetings attended by each director (while they were a director). During the financial year the following board meetings were held:

Directors	Board of Directors	
	No of eligible meetings to attend	Number attended
Mr G Davey	4	4
Mr M Young	-	-
Mr C Bath	-	-
Ms D Marshall	-	-
Mr C Knee	4	4
Mr A Gilman	4	4

There were seven circular resolutions during the year.

### Non-audit services

No non-audit services have been provided during the year. For details of amounts paid or payable to the auditor for audit services provided during the period are outlined in note 23 to the financial statements.

### 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 16, from Ernst & Young.

## 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 2021 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	Non-Executive Director	27/02/2018	-
Mr M Young	Managing Director	1/12/2021	-
Mr C Bath	Executive Director	1/12/2021	-
Ms D Marshall	Non-Executive Director	1/12/2021	-
Mr C Knee	Executive Director	1/07/2020	1/12/2021
Mr A Gillman	Non-Executive Director	1/07/2020	1/12/2021

## 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.

Element	Purpose	Performance metrics	Potential value
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 financing and development of the Pick Lake and Winston Lake Zinc Projects:

- Obtaining project financing;
- All permits, licenses and approval in place necessary to commence construction;
- Completion of a BFS in with the economics materially in line with the Restart Study; and
- Enter into binding offtakes.

At end of 2020, the Company had entered into an agreement to dispose of the Superior Lake Zinc Project, its main undertaking. For most of the year until the announcement of the acquisition of Bristol Springs Solar Pty Ltd, the Company was reviewing and assessing project opportunities and therefore did not set any KPIs as these would need to be linked to any new business or project acquired.

Accordingly, there were no STI issued during the year ended 31 December 2021.

### 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 July 2019 – 30 June 2021 performance period were:

- Project development;
- Share price performance; and
- Extension to the life of mine.

At end of 2020, the Company had entered into an agreement to dispose of the Superior Lake Zinc Project, its main undertaking. For most of the year until the announcement of the acquisition of Bristol Springs Solar Pty Ltd, the Company was reviewing and assessing project opportunities and therefore did not set any KPIs as these would need to be linked to any new business or project acquired. Accordingly, there were no LTIs issued during the year ended 31 December 2021.

No options vested or lapsed during the period.

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. The executive services contract is ongoing until terminated by either party in accordance with the terms of the agreement. From the Commencement Date to the date on which the Company is admitted to the official list of the ASX, the Company shall pay the Mr Young a monthly fee of \$10,000 per month or part thereof, as the case may be.

From the date on which the Company is re-admitted to the official list of the ASX, Mr Young will receive a fixed salary of \$350,000, plus statutory superannuation.

On 1 December 2021, the Company appointed Mr Chris Bath as Executive Director. The Company shall pay Mr Bath a consulting fee of \$120,000 per annum inclusive of the compulsory superannuation contribution.

## 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 2021 and 31 December 2020 are set out below.

### 31 December 2021

Name	Short-term employee benefits		Post-employment benefits	Share-based payment options	Total	Proportion of remuneration performance related
	Salary and fees	Other services	Superannuation			
	\$	\$	\$			
Directors						
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	-
TOTAL	236,727	-	379	(10,539)	226,567	

31 December 2020

Name	Short-term employee benefits		Post-employment benefits		Share-based payment options	Total	Proportion of remuneration performance related %
	Salary and fees \$	Other services \$	Superannuation \$				
<b>Directors</b>							
Mr G Davey	120,000	-	-		120,000	240,000	50
Mr C Knee	-	-	-		98,692	98,692	100
Mr A Gillman	39,000	-	-		89,674	128,674	70
Mr D Woodall	46,265	-	2,233		-	48,498	-
<b>TOTAL</b>	<b>205,265</b>	<b>-</b>	<b>2,233</b>		<b>308,366</b>	<b>515,864</b>	<b>-</b>

## Key management personnel equity holdings

## (i) Shareholdings of key management personnel

	Balance held at 1 January 2021	On exercise of options	Net change other	Balance held at 31 December 2021
<b>Directors</b>				
Mr G Davey <sup>1</sup>	16,641,938	750,000	1,458,333	18,850,271
Mr M Young	-	-	-	-
Mr C Bath	-	-	-	-
Ms D Marshall	-	-	-	-
Mr C Knee <sup>2</sup>	750,000	-	(750,000)	-
Mr A Gillman <sup>2</sup>	35,909	-	(35,909)	-

<sup>1</sup>During the year, G Davey exercised options that were granted as part of their compensation in the prior year.<sup>2</sup>Resigned 1 December 2021

## (ii) Option holdings of key management personnel

	Balance at 1 January 2021	Granted as remuneration	Exercised	Lapsed	Not vested and not exercisable	Other	Balance at the end of the year
<b>Directors</b>							
Mr G Davey	750,000	-	(750,000)	-	-	-	-
Mr M Young	-	-	-	-	-	-	-
Mr C Bath	-	-	-	-	-	-	-
Ms D Marshall	-	-	-	-	-	-	-
Mr C Knee <sup>1</sup>	281,571	-	-	-	(22,338)	(259,233)	-
Mr A Gillman <sup>1</sup>	1,250,000	-	-	-	-	(1,250,000)	-
	2,281,571	-	(750,000)	-	-	(1,531,571)	-

<sup>1</sup>Resigned 1 December 2021, options not forfeited on resignation.



## 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 2021.

	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2018	Year ended 31 December 2017
Net loss attributable to owners	(2,590,940)	(\$2,422,158)	(\$7,017,034)	(\$16,244,767)	(\$374,785)
Share price at end of year	-	\$0.1545	\$1.10	\$3.00	\$4.25
Basic earnings per share (cents per share)	(1.51)	(1.84)	(7.20)	(17.20)	(1.8)

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

In the year ended 31 December 2020, entities related to Mr Grant Davey received 9,247,992 shares in the Company as consideration for the acquisition by the Group of a further 7.5% in interest in Ophiolite Holdings Pty Ltd ("OPH"). The acquisition of the additional interest in OPH was approved by shareholders in March 2020.

Mr Grant Davey agreed to acquire 1,458,333 shares at an issue price of \$0.12 each as part of a placement undertaken by the Company in July 2020. The placement received shareholder approval at a general meeting held on 9 December 2020. The funds of \$175,000 were received and the shares issued in January 2021.

## End of remuneration report.

Signed in accordance with a resolution of the directors.



**Mr Grant Davey**

Non-Executive Director  
Perth, 31 March 2022





**Building a better  
working world**

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

As lead auditor for the audit of the financial report of Frontier Energy Limited for the financial year ended 31 December 2021, 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 [name of entity] and the entities it controlled during the financial year.

Ernst & Young

Pierre Dreyer  
Partner  
31 March 2022

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

For the year ended 31 December

	Notes	2021 \$	Restated 2020 \$
Revenue	5	1,373	1,271
Depreciation expense	12	(2,996)	(2,458)
Exploration and evaluation expenses		(1,046,946)	(619,563)
Accounting, audit and taxation fees		(74,844)	(46,562)
Occupancy expenses		(70,204)	(75,713)
Administrative expenses		(804,359)	(444,301)
Employee benefit expenses and consultancy fees	6(a)	(492,272)	(285,973)
Share based payments	22	(591,490)	(757,607)
Business development costs		(54,863)	(247,619)
Other expenses	6(b)	(11,753)	(139,829)
<b>Loss before income tax</b>		<b>(3,148,354)</b>	<b>(2,618,354)</b>
Income tax expense	8	-	-
<b>Loss for the year</b>		<b>(3,148,354)</b>	<b>(2,618,354)</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		(123,357)	303,928
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Changes in fair value of financial assets	10	107,545	(166,000)
<b>Other Comprehensive (loss)/income for the year</b>		<b>(15,812)</b>	<b>137,928</b>
<b>Total comprehensive loss for the year</b>		<b>(3,164,166)</b>	<b>(2,480,426)</b>
<b>Loss attributable to:</b>			
Owners of the Company		(2,494,937)	(2,560,086)
Non-controlling interests		(653,417)	(58,268)
		<b>(3,148,354)</b>	<b>(2,618,354)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		(2,590,940)	(2,422,158)
Non-controlling interest		(573,226)	(58,268)
		<b>(3,164,166)</b>	<b>(2,480,426)</b>
Basic and diluted loss per share (cents per share)	17 (c)	(1.51)	(1.84)

The above 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

	Notes	2021 \$	2020 \$ (Restated)	1 Jan 2020 \$ (Restated)
<b>Current Assets</b>				
Cash and cash equivalents	7	541,347	822,214	761,513
Trade and other receivables	9	330,220	66,297	206,124
<b>Total Current Assets</b>		<b>871,567</b>	<b>888,511</b>	<b>967,637</b>
<b>Non-Current Assets</b>				
Other financial assets	10	178,605	-	191,000
Exploration & evaluation assets	11	2,107,920	1,999,983	1,312,610
Property, plant and equipment	12	4,765	4,595	7,053
<b>Total Non-Current Assets</b>		<b>2,291,290</b>	<b>2,004,578</b>	<b>1,510,663</b>
<b>Total Assets</b>		<b>3,162,857</b>	<b>2,893,089</b>	<b>2,478,300</b>
<b>Current Liabilities</b>				
Trade and other payables	13	1,016,217	164,799	601,086
Funds received for shares to be issued		-	-	200,000
Provision for annual leave		-	-	22,356
<b>Total Current Liabilities</b>		<b>1,016,217</b>	<b>164,799</b>	<b>823,442</b>
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>1,016,217</b>	<b>164,799</b>	<b>823,442</b>
<b>Net Assets</b>		<b>2,146,640</b>	<b>2,728,290</b>	<b>1,654,858</b>
<b>Equity</b>				
Contributed equity	14 (a)	24,744,840	24,168,590	19,859,526
Reserves	15	1,452,910	2,940,760	2,045,225
Non-controlling interests	16	543,382	(865,416)	(1,940,715)
Accumulated losses	17	(24,594,492)	(23,515,644)	(18,309,178)
<b>Total Equity</b>		<b>2,146,640</b>	<b>2,728,290</b>	<b>1,654,858</b>

The above statement of financial position is to 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 (restated) – Note 3</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 (note 15 (c))	-	-	-	(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>(2,494,937)</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 14)	175,000	-	-	-	-	-	175,000
Acquisition of NCI (note 16)	-	(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 22)	-	-	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>

Statements of changes in equity should be read in conjunction with the accompanying notes

## Consolidated Statement of Changes in Equity

Year ended 31 December 2020

	Contributed equity \$	Accumulated losses \$	Share based payments reserve \$	Foreign currency translation reserve \$	Investment revaluation reserve \$	Non- controlling interest \$	Total \$
<b>Balance at 1 January 2020</b>	<b>22,871,434</b>	<b>(23,261,801)</b>	<b>2,128,714</b>	<b>(489)</b>	<b>(83,000)</b>	-	<b>1,654,858</b>
Restatements	(3,011,908)	4,952,623	-	-	-	(1,940,715)	-
<b>Balance at 1 January 2020 (restated)</b>	<b>19,859,526</b>	<b>(18,309,178)</b>	<b>2,128,714</b>	<b>(489)</b>	<b>(83,000)</b>	<b>(1,940,715)</b>	<b>1,654,858</b>
Loss for the year (restated)	-	(2,560,086)	-	-	-	(58,268)	(2,618,354)
Foreign exchange translation differences (note 15 (c))	-	-	-	303,928	-	-	303,928
Changes in fair value of financial assets (note 10)	-	-	-	-	(166,000)	-	(166,000)
<b>Total comprehensive loss for the year</b>	-	<b>(2,560,086)</b>	-	<b>303,928</b>	<b>(166,000)</b>	<b>(58,268)</b>	<b>(2,480,426)</b>
<b>Transactions with owners in their capacity as owners</b>							
Issue of shares (note 14)	2,800,001	-	-	-	-	-	2,800,001
Less: Share issue costs (note 14)	(143,750)	-	-	-	-	-	(143,750)
Issue of shares for exploration and evaluation (note 14)	140,000	-	-	-	-	-	140,000
Share based payments (note 22)	-	-	757,607	-	-	-	757,607
Transaction with NCI (note 16)	1,512,813	(2,646,380)	-	-	-	1,133,567	-
<b>At 31 December 2020</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>

Statements of changes in equity should be read in conjunction with the accompanying notes

## Consolidated Statement of Cash Flows

For the year ended 31 December

	Notes	2021 \$	2020 \$
<b>Operating Activities</b>			
Payments to suppliers and employees (inclusive of GST)		(957,612)	(1,303,031)
Interest received		1,373	969
Payments for exploration activities		(1,181,376)	(236,953)
Payments for exclusive options over uranium projects		-	(275,000)
<b>Net cash outflow from operating activities</b>	7	<b>(2,137,615)</b>	<b>(1,814,015)</b>
<b>Investing Activities</b>			
Purchase of property, plant and equipment		(145,407)	-
Payments for exploration: acquisition costs		-	(581,535)
<b>Net cash outflow from investing activities</b>		<b>(145,407)</b>	<b>(581,535)</b>
<b>Financing Activities</b>			
Transaction with NCI		1,930,256	-
Proceeds from issue of shares		175,000	2,600,001
Capital raising costs		-	(143,750)
<b>Net cash inflow from financing activities</b>		<b>2,105,256</b>	<b>2,456,251</b>
Net increase in cash and cash equivalents		(177,766)	60,701
Effects of exchange rate changes on cash and cash equivalents		(103,101)	-
Cash and cash equivalents at the beginning of the year		822,214	761,513
<b>Cash and cash equivalents at the end of the year</b>	7	<b>541,347</b>	<b>822,214</b>

The above 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 31 March 2022. 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.

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.

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****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) 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.

**(h) 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.

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.

**(i) 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 order 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.

**(j) 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.

**(k) 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.

**(l) Leases**

The Group only has short term lease arrangements, shorter than 12 months. Short term lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**(m) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company 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.

## (n) Issued capital

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

## (o) 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.

## (p) 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.

#### Subsequent measurement

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

- 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 for 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.

**(p) 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 EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

using the IER method. 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 IER 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. Significant accounting judgements, estimates and assumptions**

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.

**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.

### 3. Significant accounting judgements, estimates and assumptions (continued)

#### **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.

#### **Restatement of the Group's acquisition of interests in Ophiolite and non-controlling interests**

During the year ended 31 December 2021, the Group reviewed the accounting for the acquisition of its initial 70% interest in Ophiolite Holdings Pty Ltd ("Ophiolite") in the 2018 financial year and the subsequent increase in this interest to 87.5% in the 2020 financial year.

##### **(i) Initial acquisition of 70% in Ophiolite**

In the 2018 financial statements the Company accounted for the acquisition of its 70% interest in Ophiolite (via the acquisition of Ophiolite's parent entity, Superior Mining Pty Ltd) as a reverse acquisition business combination. On further review, the Group identified that this transaction should have been accounted for as a share-based payment transaction. As a share-based transaction (on the basis that Company was not a business and Superior Mining Pty Ltd was the accounting acquirer), the value of the consideration paid should have been measured with reference to the market capitalisation of the accounting acquiree (the Company) immediately before the transaction date. The adjustment to restate this transaction was to reduce the value of share capital and reduce accumulated losses.

##### **(ii) Adjustment for non-controlling interests and further acquisition of 17.5% in Ophiolite**

On 27 March 2020, the Company's shareholders approved the acquisition of a further 17.5% of Ophiolite, thereby increasing the Company's interest to 87.5%.

The Group, on reviewing the accounting for this transaction, determined that no account had been taken of the non-controlling interests' 30% share of Ophiolite's results from the time of the Company's initial 70% acquisition in Ophiolite. An adjustment to account for the non-controlling interest has now been processed, this resulted in recognition of \$58,268 in the statement of comprehensive income as an allocation of NCI.

The Group also re-assessed the acquisition of the additional 17.5% interest in Ophiolite. This transaction, which had originally been accounted for entirely as an adjustment to non-controlling interests, should have been treated as an equity transaction, as the Company already controlled Ophiolite. The adjustment to restate this transaction as an equity transaction and to adjust the non-controlling interests share of Ophiolite's net deficiency to 12.5% from the previous 30% was also adjusted at the date of the transaction. The non-controlling interest adjusted share of Ophiolite's results from the date of the subsequent acquisition to 31 December 2020 has also been restated.

#### **Restatement of amounts related to asset held for sale**

At 31 December 2020, the Group's exploration and evaluation asset was disclosed as an "Asset held for sale" in accordance with AASB 5 *Non-current Assets held for Sale and Discontinued Operations* ("AASB 5") and classified as a current asset on the consolidated statement of financial position.

During the current year the Group reviewed the accounting for disposal of the exploration and evaluation asset to Metallum Resources Inc ("Metallum"). Although the transaction in its legal form was a transaction whereby Metallum acquired the exploration and evaluation asset in exchange for cash and shares, the substance of the transaction was that the Company obtained control of Metallum through a share issue, resulting it being consolidated by the Group. As a result of the Group continuing to control the Project post the sale, the Group determined that the classification of the exploration and evaluation asset as an asset held for sale in accordance with AASB 5 at 31 December 2020 was not appropriate. This asset has now been disclosed as a non-current exploration and evaluation asset in the consolidated statement of financial position.

These errors have been corrected by restating the comparative financial information for 31 December 2020 in this financial report.

## Restatement of comparative financial information at 1 January 2020

	1 January 2020 previously disclosed \$	Transactions with minority shareholders \$	1 January 2020 Restated \$
<b>Impact on consolidated statement of financial position</b>			
Accumulated losses	(23,261,801)	4,952,623	(18,309,178)
Share capital	22,871,434	(3,011,908)	19,859,526
Non-controlling interest	-	(1,940,715)	(1,940,715)
Reserves	2,045,225	-	2,045,225
<b>Total Equity</b>	<b>1,654,858</b>	<b>-</b>	<b>1,654,858</b>

## Restatement of comparative financial information at 1 January 2021

	1 January 2021 previously disclosed \$	Transactions with minority shareholders \$	Asset held for sale \$	1 January 2021 Restated \$
<b>Impact on consolidated statement of financial position</b>				
Asset held for sale	1,999,983	-	(1,999,983)	-
Exploration and evaluation asset	-	-	1,999,983	1,999,983
Accumulated losses	(25,880,155)	2,364,511	-	(23,515,644)
Share capital	27,180,498	(3,011,908)	-	24,168,590
Non-controlling interest	(1,512,813)	647,397	-	(865,416)
Reserves	2,940,760	-	-	2,940,760
<b>Total Equity</b>	<b>2,728,290</b>	<b>-</b>	<b>-</b>	<b>2,728,290</b>

As a result of the above restatements, loss per share for the year ended 31 December 2020 has been restated from 1.89 cents per share to 1.84 cents per share. There is no impact on prior year loss as the restated amount has been taken to other comprehensive income.

#### 4. Segment information

The Group operates in one segment, being mineral exploration, via its subsidiary Metallum. All of the Group's mineral exploration activity is based in Canada.

	31 December 2021 \$	31 December 2020 \$
<b>5. Revenue</b>		
Interest income	1,373	969
Other income	-	302
	<u>1,373</u>	<u>1,271</u>



	31 December 2021 \$	31 December 2020 \$
<b>6. Other expenses</b>		
(a) Employee benefit expenses and consultancy fees includes the following specific expenses:		
Director and consulting fees	226,567	163,768
Salary and wages	148,626	26,352
Other consultants	117,079	95,853
	<u>492,272</u>	<u>285,973</u>
(b) Other expenses include the following:		
Foreign exchange loss	11,753	139,829
	<u>11,753</u>	<u>139,829</u>
<b>7. Cash and cash equivalents</b>		
Cash at bank and on hand	<u>541,347</u>	<u>822,214</u>
<b>Reconciliation of loss for the year to net cash flows used in operating activities:</b>		
Loss for the year	(3,148,354)	(2,618,354)
<i>Non-cash expenses:</i>		
Depreciation	2,996	2,458
Share based payments	591,490	757,607
Acquisition of exclusivity options	-	140,000
Net exchange differences	(242,423)	198,091
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in:		
Trade and other receivables	(37,066)	144,364
Prepayments	(84,616)	462
Security deposits	(71,060)	20,000
Increase/(decrease) in:		
Trade and other payables	824,938	(436,287)
Accruals	26,480	-
Provision for employee entitlements	-	(22,356)
Net cash flows used in operating activities	<u>(2,137,615)</u>	<u>(1,814,015)</u>

	31 December 2021	31 December 2020
	\$	\$

**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>	(3,148,354)	(2,618,354)
At statutory income tax rate of 30%	(944,506)	(680,772)
Non-deductible expenses	40,131	358,064
Deferred tax assets not brought to account	904,375	322,708
Total income tax expense	-	-

**(b) Deferred tax assets and liabilities**

Deferred income tax at balance date relates to the following:

Deferred tax asset:

- Tax Losses	5,944,460	5,395,174
- Deferred tax assets not brought to account	(5,944,460)	(5,395,174)
	-	-

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 2021	31 December 2020
	\$	\$

**9. Trade and other receivables**

Trade debtors	2,315	44,365
Other debtors and prepayments	248,789	21,932
GST recoverable	79,116	-
	330,220	66,297



	31 December 2021 \$	31 December 2020 \$
<b>10. Other financial assets</b>		
Security bond	71,060	-
<b>Financial assets at fair value through other comprehensive income</b>		
<i>Listed securities – Shares</i>		
Opening balance	-	166,000
Fair value movement	107,545	(166,000)
Closing balance	178,605	-

The Group holds 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.

	31 December 2021 \$	31 December 2020 \$
<b>11. Exploration &amp; evaluation assets</b>		
Opening Balance	1,999,983	1,312,610
Additions		
- Pick Lake	-	525,707
- Foreign exchange adjustment	107,937	161,666
Closing Balance	2,107,920	1,999,983

	31 December 2021 \$	31 December 2020 \$
<b>12. Property, plant and equipment</b>		
Plant and equipment – at cost	13,519	176,643
Accumulated depreciation	(8,754)	(172,048)
Closing Balance	4,765	4,595

	31 December 2021 \$	31 December 2020 \$
<b>Movement in property, plant and equipment</b>		
<b>Cost</b>		
At 1 January	176,643	176,643
Assets written off	(166,290)	-
Additions	3,166	-
Closing balance	13,519	176,643
<b>Accumulated depreciation</b>		
At 1 January	(172,048)	(169,590)
Disposals	166,290	-
Depreciation	(2,996)	(2,458)
	(8,754)	(172,048)
<b>13. Trade and other payables</b>		
Trade creditors	606,272	124,129
Sundry creditors and accruals	58,480	32,000
Other payables	351,465	8,670
Total	1,016,217	164,799
<b>14. Issued capital</b>		
<b>(a) Share capital</b>		
166,561,155 (2020: 162,102,822) ordinary shares fully paid	24,744,840	24,168,590

		No. of shares	\$
<b>(b) Movement in ordinary shares on issue</b>			
Date	Details		
1 January 2020	Opening balance	1,081,815,614	19,859,526
27 March 2020	Share consolidation (10:1)	(973,633,940)	-
27 March 2020	Transaction with minority shareholder	21,611,617	1,512,813
7 April 2020	Issue of shares to Grant Davey	1,142,858	200,000
18 June 2020	Placement of shares at \$0.05 per share	12,000,000	600,000
30 July 2020	Placement of shares at \$0.12 per share	16,666,673	2,000,001
9 October 2020	Exercise of options	1,500,000	-
11 November 2020	Issue of shares to Sachem Cove	1,000,000	140,000
31 December 2020	Share issue costs	-	(143,750)
31 December 2020	Closing 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
		166,561,155	24,744,840

On 31 March 2020, the Company completed a share consolidation of one (1) share for every ten (10) shares currently held. Prior period shareholdings have been adjusted for comparative purposes.

**(c) Funds to be received for shares to be issued**

In the prior year, Director Mr Grant Davey agreed to subscribe for 1,458,333 shares at an issue price of \$0.12 each as part of a placement undertaken by the Company in July 2020. The placement was approved by shareholders at a general meeting held on 9 December 2020, with subscription funds of \$175,000 received and the shares issued in January 2021.

**(d) 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.

**(e) 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 2020 and 2019. The Group is not subject to any externally imposed capital requirements.

		31 December 2021 \$	31 December 2020 \$
<b>15. Reserves</b>			
	<b>Note</b>		
<b>Reserves</b>			
Share based payments reserve	(a)	1,494,474	2,886,321
Investment revaluation reserve	(b)	(141,455)	(249,000)
Foreign currency translation reserve	(c)	99,891	303,439
Balance at the end of the year		<u>1,452,910</u>	<u>2,940,760</u>

**(a) Share based payments reserve**

Balance at the beginning of the year	2,886,321	2,128,714
Share based payments to directors, executives and suppliers	209,534	757,607
Exercise of Employee Share Scheme options	(401,250)	-
Expiry of Employee Share Scheme options	(1,200,131)	-
Balance at the end of the year	<u>1,494,474</u>	<u>2,886,321</u>

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>2021</b>		
Balance at 1 January 2021	19,019,642	2,886,321
Employee and contractor STI	4,000,000	209,534
Less options cancelled	(10,196,863)	(1,200,131)
Less options exercised	(3,000,000)	(401,250)
Balance at 31 December 2021	<u>9,822,779</u>	<u>1,494,474</u>

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

	31 December 2021 \$	31 December 2020 \$
<b>(b) Investment revaluation reserve</b>		
Balance at the beginning of the year	(249,000)	(83,000)
Change in investment revaluation reserve	107,545	(166,000)
Balance at the end of the year	<u>(141,455)</u>	<u>(249,000)</u>

The Group holds 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.

	31 December 2021	31 December 2020
	\$	\$
<b>15. Reserves (continued)</b>		
<b>(c) Foreign currency revaluation reserve</b>		
Balance at the beginning of the year	303,439	(489)
Change in translation reserve	(203,548)	303,928
Balance at the end of the year	99,891	303,439

The foreign currency revaluations 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 2021	31 December 2020
	\$	\$
<b>16. Non-controlling interest</b>		
Opening Balance	(865,416)	(1,940,715)
NCI on acquisition of MZN	1,575,099	-
NCI on acquisition of 17.5% Ophiolite	-	1,133,567
NCI - share of loss	(653,417)	(58,268)
NCI - MZN dilution	24,969	-
NCI - MZN share based payment	381,956	-
NCI on share of foreign exchange	80,191	-
	543,382	(865,416)

#### 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).

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 in the Company's shareholding.

	31 December 2021	31 December 2020
	\$	\$

**17. Accumulated losses****Accumulated losses**

Balance at the beginning of the year	(23,515,644)	(18,309,178)
Net loss for the year	(2,494,937)	(2,560,086)
Gain / loss on change of NCI ownership	215,958	(2,646,380)
Transfer of share-based payments reserve - expired unexercised options	1,200,131	-
Balance at the end of the year	(24,594,492)	(23,515,644)

	31 December 2021	31 December 2020
	\$	\$

**17. 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	(2,494,937)	(2,560,086)
--	-------------	-------------

31 December 2021	31 December 2020
Number of shares	Number of shares

**(b) Weighted average number of shares used as the denominator**

Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	165,002,250	138,777,087
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<b>(c) Basic and diluted loss per share – cents per share</b>	(1.51)	(1.84)
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On 31 March 2020, the Company completed a share consolidation of one (1) share for every ten (10) shares currently held. The basic loss and diluted loss per share have been proportionally adjusted for comparative purposes.

At the end of the 2021 financial year, the Group had 9,822,779 unissued shares under option (2020: 19,019,642), refer note 22. The Group does not report diluted earnings per share on annual losses generated by the Group. During the 2021 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 2021, all options on issue and unissued shares could potentially dilute basic loss per share in the future.

**18. Dividends**

No dividends were paid during the financial year (2020: Nil). No recommendation for payment of dividends has been made (2020: Nil).

## 19. 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 2021 \$	31 December 2020 \$
0 to 1 year	186,539	-
1 to 5 years	-	-
5+ years	-	-
	<u>186,539</u>	<u>-</u>

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

0 to 1 year	270,000	78,988
1 to 5 years	247,500	-
5+ years	-	-
	<u>517,500</u>	<u>78,988</u>

## 20. Financial instruments

### (a) Financial risk management objectives

The Group's principal financial instruments comprise an investment in a listed company, 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 2021 \$	31 December 2020 \$
<b>Financial assets</b>		
Cash and cash equivalents	541,347	822,214
Trade and other receivables	223,672	44,365
Other financial assets	178,605	-
	<u>943,624</u>	<u>866,579</u>
<b>Financial liabilities</b>		
Trade and other payables	<u>957,737</u>	<u>164,799</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.

**20. Financial instruments (continued)**

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) Interest rate risk management**

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.

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>332,331</b>	<b>801,383</b>	<b>-</b>
<b>Financial Liabilities</b>						
Trade and other payables	-	-	-	957,737	957,737	NA
Funds received for shares to be issued	-	-	-	-	-	NA
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>957,737</b>	<b>957,737</b>	<b>NA</b>

2020	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	822,214	-	-	-	822,214	0.01%
Trade and other receivables	-	-	-	44,365	44,365	NA
Other financial assets	-	-	-	-	-	NA
<b>Total Financial Assets</b>	<b>822,214</b>	<b>-</b>	<b>-</b>	<b>44,365</b>	<b>866,579</b>	<b>-</b>
<b>Financial Liabilities</b>						
Trade and other payables	-	-	-	164,799	164,799	NA
Funds received for shares to be issued	-	-	-	-	-	NA
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>164,799</b>	<b>164,799</b>	<b>NA</b>



**20. Financial instruments (continued)****(c) Equity price risk management**

The Group holds 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.

**(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. At 31 December 2020, the Group has no significant exposure to liquidity risk as there is effectively no debt.

*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 2021				31 December 2020			
	≤6 months \$	6 – 12 month s \$	1-5 Years \$	Total \$	≤6 months \$	6 – 12 month s \$	1-5 Years \$	Total \$
<i>Financial liabilities</i>								
Trade and other payables	957,737			957,737	164,799	-	-	164,799
Funds received for shares to be issued					-	-	-	-
<b>Total Financial Liabilities</b>	<b>957,737</b>			<b>957,737</b>	<b>164,799</b>	<b>-</b>	<b>-</b>	<b>164,799</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 Company. The Company's potential concentration of credit risk consists mainly of cash deposits with banks. The Company'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 Company 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 Company believes that the credit risk is not material to the Company's operations.

## 20. 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 Company'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.

## 21. 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	Non-Executive Director
Mr M Young	Managing Director (appointed 1 December 2021)
Mr C Bath	Executive Director (appointed 1 December 2021)
Ms D Marshall	Non-Executive Director (appointed 1 December 2021)
Mr C Knee	Executive Director (appointed 1 July 2020, resigned 1 December 2021)
Mr A Gillman	Non-Executive Director (appointed 1 July 2020, resigned 1 December 2021)

### (b) Compensation of Key Management Personnel

	31 December 2021 \$	31 December 2020 \$
Short-term benefits	236,727	205,265
Post-employment benefits	379	2,233
Share-based payments	(10,539)	308,366
	<u>226,567</u>	<u>515,864</u>

### (c) Loans to Key Management Personnel

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

### (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).

Grant date	Expiry date	Exercise Price \$	2021	2020
9/12/2020	26/06/2023	Nil	-	750,000
26/06/2020	26/06/2023	Nil	-	1,500,000

## 21. Key management personnel

### (e) Transactions with related parties

In the year ended 31 December 2020, entities related to Mr Grant Davey received 9,247,992 shares in the Company as consideration for the acquisition by the Group of a further 7.5% in interest in Ophiolite Holdings Pty Ltd ("OPH"). The acquisition of the additional interest in OPH was approved by shareholders in March 2020.

Mr Grant Davey agreed to acquire 1,458,333 shares at an issue price of \$0.12 each as part of a placement undertaken by the Company in July 2020. The placement received shareholder approval at a general meeting held on 9 December 2020 and were issued on 7 January 2021.

Mr Grant Davey is a director and shareholder of Matador Capital. The Company makes payments to Matador Capital under a Shared Services Agreement in which Matador Capital 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 Capital are recovered from the Company on a cost-plus basis. As at 31 December 2021 the Company an amount outstanding in trade creditors of \$47,853 for services rendered under this arrangement to Matador Capital.

## 22. Share based payments

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

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

	2021	2020
Expense arising from equity-settled share-based payments	374,000	308,366

The share-based payments plan is described below.

### (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.

## 22. Share based payments

The following table represents the Company's outstanding balance as at 31 December 2021:

Grant 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
09/04/2018	09/04/2021	\$0.30	5,200,000	(5,200,000)	-	-	-
23/02/2018	23/02/2022	\$0.30	666,666	-	-	666,666	-
23/02/2018	23/02/2022	\$0.30	666,667	-	-	666,667	-
23/02/2018	23/02/2022	\$0.30	666,667	-	-	666,667	-
15/03/2019	15/03/2022	\$0.60	2,000,000	-	-	2,000,000	-
15/07/2019	01/07/2022	-	1,580,177	(1,398,292)	-	181,885	-
15/07/2019	01/07/2024	-	1,739,465	(848,571)	-	890,894	-
30/08/2018	30/04/2021	\$0.60	1,000,000	(1,000,000)	-	-	-
30/08/2018	30/04/2021	\$0.80	1,000,000	(1,000,000)	-	-	-
26/06/2020	29/06/2023	-	3,750,000	(750,000)	(2,250,000)	750,000	-
09/12/2020	26/06/2023	-	750,000	-	(750,000)	-	-
29/01/2021	29/01/2024	\$0.22	-	-	2,000,000	2,000,000	2,000,000
29/01/2021	29/01/2024	\$0.26	-	-	2,000,000	2,000,000	2,000,000
<b>Total</b>			19,019,642	(10,196,863)	1,000,000	9,822,779	4,000,000

The following table represents Metallum Resources Inc outstanding balance as at 31 December 2021:

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	30,750	-	-	30,750	30,750
11/07/2012	11/07/2012	10/07/2022	\$8.40	2,500	-	-	2,500	2,500
18/12/2013	18/12/2013	17/12/2023	\$8.80	53,625	-	-	53,625	53,625
15/04/2021	15/04/2021	14/04/2031	\$0.15	2,950,000	-	-	2,950,000	2,950,000
<b>Total</b>				3,036,875	-	-	3,036,875	3,036,875

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

The weighted average remaining contractual life for the share-based payments outstanding at 31 December 2021 is 1.3 years (2020: 1.4 years). (Metallum 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 \$0.60 (2020: \$0.00 to \$0.80). (Metallum \$0.15 to \$8.40).

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

The weighted average fair value of share-based payments granted during the year was \$0.093 (2020: \$0.13).

### 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.

**23. Remuneration of auditors**

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

	31 December 2021 \$	31 December 2020 \$
Fees for auditing the statutory financial report of the group	38,480	21,000
Fees for auditing the statutory financial report of subsidiary	38,110	-
Fees for other assurance and agreed upon procedures	17,530	-
	<b>94,120</b>	<b>21,000</b>

**24. Contingent liabilities**

The directors are not aware of any contingent liabilities as at 31 December 2021 (2020: None).

**25. Group information**

As at, and throughout, the financial year ended 31 December 2021, the parent entity of the Group was Frontier Energy Limited.

	31 December 2021 \$	31 December 2020 \$
<b>Statement of Financial Position</b>		
<b>Assets</b>		
Current assets	394,100	881,674
Non-current assets	160,966	1,831,691
Total assets	<b>555,066</b>	<b>2,713,365</b>
<b>Liabilities</b>		
Current liabilities	343,074	164,799
Non-current liabilities	-	-
Total liabilities	<b>343,074</b>	<b>164,799</b>
<b>Equity</b>		
Contributed equity	24,744,840	24,168,590
Reserves	1,494,474	2,637,321
Accumulated losses	(26,027,322)	(24,257,345)
Total equity	<b>211,992</b>	<b>2,548,566</b>
<b>Statement of Comprehensive income</b>		
Loss for the year	(1,637,260)	(2,548,506)
Other comprehensive income	33,129	969
Total comprehensive loss for the year	<b>(1,506,013)</b>	<b>(2,547,537)</b>

## 25. Group information

### Details of controlled entities

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

	Country of Incorporation	Percentage Owned %	
		2021	2020
Superior Mining Pty Ltd	Australia	100.0%	100%
Ophiolite Holdings Pty Ltd	Australia	87.5%	70%
Metallum Resource Inc.	Canada	67.0%	-
Pick Lake Limited	Canada	100.0%	100%

## 26. Events occurring after the balance sheet date

In October 2021, the Company announced the proposed acquisition of a 100% interest in Bristol Springs Solar Pty Ltd, which is developing a solar farm located southeast of Perth in Western Australia. This acquisition resulted in a significant change to the nature and scale of the Company's activities and required the Company to re-comply with Chapters 1 and 2 of the Listing Rules as if it were applying for admission to the Official List of ASX for the first time. The significant change to the nature and scale of the Company's activities and the Acquisition also required Shareholder approval under the Listing Rules.

A general meeting of shareholders was held on 28 January 2022 and shareholders approved the resolutions to effect the acquisition, together with a number of other resolutions, as set out below.

### Acquisition

On 13 October 2021, the Company entered into a sale agreement (Sale Agreement) to acquire 100% of the shares of Bristol Springs Solar Pty Ltd from Sector One Pty Ltd and Alicia Jane Goyder ("Acquisition"). Ranger Loaders Pty Ltd ("Landowner"), the entity which owns the land on which the BSS Project is proposed to be built, is also a party to the Sale Agreement.

The consideration for the Acquisition was:

- 41,666,667 fully paid ordinary shares in the Company on completion of the Acquisition ("Consideration Shares");
- 12,500,000 tranche A performance shares which will be issued on the Completion Date ("Tranche A Performance Shares") and convert into Shares on the date that the Company or BSS and Western Power execute the Electricity Transfer Control Agreement; and
- 12,500,000 tranche B performance shares which will be issued on the Completion Date ("Tranche B Performance Shares") and 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.

### Lease Agreement

The Company entered into an agreement to lease a minimum of 195 hectares of land from the Landowner for 3 years commencing from the Completion Date at an annual fee of A\$100,000 per annum.

### Option to Purchase

The Company and the Landowner entered into an option to purchase agreement in which the Company will pay the Landowner an option fee of A\$1.5 million to secure a five-year option from the Completion Date to acquire the Land at a fixed value of A\$5 million.

### Capital Raising

The Company issuing 61,538,462 new Shares at an issue price of \$0.13 per Share to raise \$8,000,000 before costs. The Company also issued options to directors, management and advisers totalling 24,499,999 options at various exercise prices.

### 26. Events occurring after the balance sheet date

The effect of the transaction is:

- (a) An increase in the Company's issued capital as a result of the issue of the Consideration Shares and the new Shares issued to investors totalling 103,205,129 ordinary shares;
- (b) The issue of the Tranche A and Tranche B performance shares;
- (c) The issue of 24 million options to directors, management and brokers;
- (d) An increase in the Company's cash by \$8,000,000 (before costs);
- (e) The acquisition of Bristol Springs Solar Pty Ltd at fair value; and
- (f) The recognition of a right to use asset in relation to the Lease Agreement.

Other than the above, no other matters or circumstance has arisen since 31 December 2021, which has significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company 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 Company and of the Group are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's and the Group's financial position as at 31 December 2021 and of their 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 2021.

On behalf of the Board.



**Mr Grant Davey**

Chairman

31 March 2022





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 2021, 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 2021 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 each 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 these matters. 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 matters below, provide the basis for our audit opinion on the accompanying financial report.

## 1. Restatement of comparative information

### Why significant

During the current year the Group reviewed the accounting for the acquisition of its initial 70% interest in Ophiolite Holdings Pty Ltd ("Ophiolite") and the subsequent increase in this interest to 87.5% in prior years.

As a result of this review, the Group determined that the initial acquisition should have been accounted for as a share-based payment transaction rather than a reverse acquisition business combination, which impacted the measurement of this transaction. The non-controlling interests share of the results of Ophiolite, determined from the time of the initial acquisition, as well as the subsequent equity transaction to increase the Group's interest in Ophiolite had also been incorrectly calculated.

Furthermore, the Group also reviewed the disclosure of the asset held for sale relating to the Metallum Resources Inc ("Metallum") transaction in the 31 December 2020 financial report. As a result, the Group determined that the asset did not meet the criteria in AASB 5 *Non-current Assets held for Sale and Discontinued Operations* ("AASB 5") in order to be classified and disclosed as an asset held for sale.

Adjustments have been made to the comparative information in the 31 December 2021 financial report for these restatements. The Group has disclosed these restatements of comparative information in Note 3 of the financial report.

Due to the judgment involved in determining the accounting treatment for the above transactions and the quantum of the amounts involved, we consider these restatements to be a key audit matter.

### How our audit addressed the key audit matter

Our audit procedures in assessing the treatment of, and the adjustments required, for these restatements included:

- ▶ Obtaining and reading the agreements, as well as the relevant ASX announcements, for the initial and subsequent acquisitions in Ophiolite in order to understand the terms and conditions of these agreements.
- ▶ Obtaining and reading the agreement relating to the asset held for sale in the Metallum transaction in order to understand the terms and conditions of this agreement and assessing whether it met the criteria in AASB 5 to be disclosed as an asset held for sale.
- ▶ Reviewing the Group's revised accounting treatments, including the related measurement adjustments, in relation to the Ophiolite acquisitions and the asset held for sale.
- ▶ Reviewing and reperforming the non-controlling interest calculations.
- ▶ Reperforming the calculations for the measurement of these restatements.
- ▶ Reviewing the adequacy of the disclosures in relation to the restatement of comparative information set out in note 3 to the financial report.

## 2. Carrying value of exploration and evaluation assets

### Why significant

At 31 December 2021, the Group held capitalised exploration and evaluation assets of \$2.1 million, representing 69% of the Group's total assets.

The carrying value of exploration and evaluation assets is assessed for impairment by the Group when facts and circumstances indicate that the exploration and evaluation assets may exceed their recoverable amount.

The determination as to whether there are any indicators to require an exploration and evaluation asset to be assessed for impairment, involves a number of judgements including whether the Group has tenure, will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. The Group did not identify any impairment indicators as at 31 December 2021.

Refer to Note 11 in the financial report for capitalised exploration and evaluation asset balances and related disclosures.

### How our audit addressed the key audit matter

In performing our procedures, we:

- ▶ Considered whether the Group's right to explore was current, which included obtaining and assessing supporting documentation such as license agreements;
- ▶ Considered the Group's intention to carry out significant ongoing exploration and evaluation activities in the relevant areas of interest which included reviewing the Group's approved cash flow forecast and enquiring of senior management and the directors as to their intentions and the strategy of the Group;
- ▶ Assessed whether any exploration and evaluation data existed to indicate that the carrying value of capitalised exploration and evaluation is unlikely to be recovered through development or sale; and
- ▶ Assessed the adequacy of the disclosures in Note 11 of the financial report.

## 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 2021 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 2021.

In our opinion, the Remuneration Report of Frontier Energy Ltd for the year ended 31 December 2021, 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  
31 March 2022

## 1. Top Twenty shareholders

	Name	Number of Shares	%
1	HSBC Custody Nominees (Australia) Limited	20,985,899	9.16%
2	Davey Holdings (Aus) Pty Ltd <Burnaford A/C>	11,427,000	4.99%
3	Kitara Investments Pty Ltd <Kumova Family A/C>	9,833,868	4.29%
4	Davey Holdings (Aus) Pty Ltd	7,836,258	3.42%
5	J P Morgan Nominees Australia Pty Limited	7,067,145	3.09%
6	Shandong Ishine Mining Industry Co	6,315,130	2.76%
7	Zero Nominees Pty Ltd	5,819,539	2.54%
8	Sandhurst Trustees Ltd <JMFG Consol A/C>	4,897,695	2.14%
9	Tr Nominees Pty Ltd	4,705,035	2.05%
10	Mrs Sonja Louise Newman Heath	4,533,850	1.98%
11	Davey Management (Aus) Pty Ltd <Davey Family Super Fund A/C>	3,919,191	1.71%
12	Netwealth Investments Limited <Wrap Services A/C>	3,630,971	1.59%
13	Taurus Corporate Services Pty Ltd	3,369,221	1.47%
14	Mr Samuel Lewis Mccardel	3,249,044	1.42%
15	Davey Management (Aus) Pty Ltd <Davey Family Super Fund A/C>	3,190,795	1.39%
16	Celtic Capital Pty Ltd <The Celtic Capital A/C>	3,076,924	1.34%
17	Mcneil Nominees Pty Limited	2,587,707	1.13%
18	Terra Capital Natural Resources Fund	2,457,693	1.07%
19	Kgbr Future Fund Pty Ltd	2,381,319	1.04%
20	Mr James Thompson & Mrs Sonja Louise Newman Heath <T H Capital Super Fund A/C>	2,319,769	1.01%
		<b>113,604,053</b>	<b>49.6%</b>

### Class of shares and voting rights

The voting rights attached to the Fully Paid Ordinary Shares of the Company are:

- 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
- 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	135	99,776
above 1,000 up to and including 5,000	124	383,972
above 5,000 up to and including 10,000	93	743,348
above 10,000 up to and including 100,000	451	15,070,146
above 100,000	245	212,734,260
<b>Totals</b>	<b>1,048</b>	<b>229,031,502</b>

## 3. Substantial shareholders

Holder name	No. shares	%
Grant Davey	26,373,244	11.51
Alicia Jane Goyder	20,000,001	7.39
Ilwella Pty Ltd	16,606,801	6.13

## 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</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</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	21,999,999
• CEO Options	4,999,999
• Director Options	11,000,000
• 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	1	7,509	0.00%
above 10,000 up to and including 100,000	4	94,100	0.01%
above 100,000	13	13,952,325	99.28%
<b>Totals</b>	<b>18</b>	<b>14,053,934</b>	<b>100.00%</b>

### Unquoted securities by class

Class	Number
Options @\$0.20 EXP 25/02/2025	5,500,000
Options @\$0.25 EXP 25/02/2025	2,750,000
Options @\$0.40 EXP 25/02/2025	2,750,000
Options @\$0.25 EXP 25/02/2025	3,000,000
Options @\$0.40 EXP 25/02/2025	3,000,000
Options @\$0.20 EXP 25/02/2025	1,666,667
Options @\$0.25 EXP 25/02/2025	1,666,666
Options @\$0.40 EXP 25/02/2025	1,666,666
Options @ \$0.00 EXP 01/07/2024	890,894
Options @ \$0.22 EXP 29/01/2024	2,000,000
Options @ \$0.26 EXP 29/01/2024	2,000,000
Options @\$0.20 EXP 25/02/2025	1,250,000
Options @\$0.25 EXP 25/02/2025	625,000
Options @\$0.25 EXP 25/02/2025	625,000

**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
Ontario, Canada	Pick Lake Mining Ltd	535017	100%	Granted

Country	Entity	Tenement	Interest	Status
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
Ontario, Canada	Pick Lake Mining Ltd	229859	100%	Granted

Country	Entity	Tenement	Interest	Status
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

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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



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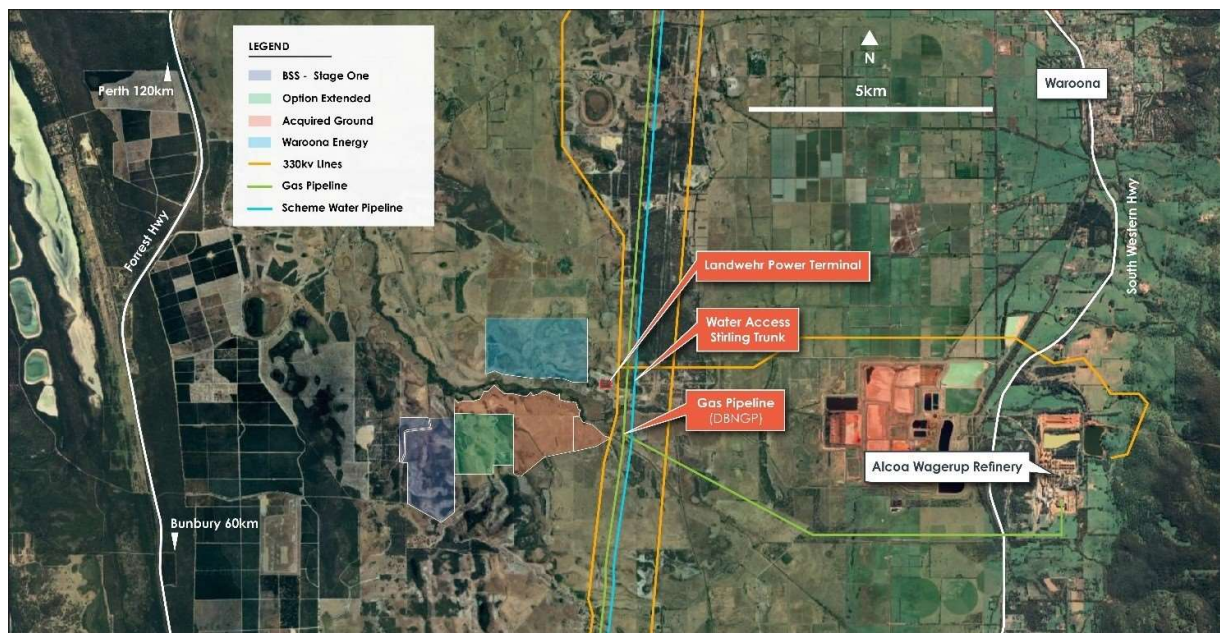
<sup>4</sup> Refer ASX Announcement dated 19 December 2022





### 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 read "Grant Davey", written over a faint 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>\$</b>	<b>\$</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.

A handwritten signature in black ink, appearing to read "Grant Davey", written over a faint circular stamp.

**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**

For personal use only

**APPENDIX H**  
**INTERIM FINANCIAL STATEMENTS OF FRONTIER**

(See attached.)

For personal use only



# Half Year Report

For the half-year ended 30 June 2023

For personal use only



## 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

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The Directors present their report together with the consolidated financial statements of the Group comprising Frontier Energy Limited ("Frontier" or the "Company") and its subsidiaries for the half year ended 30 June 2023.

## Directors

The names of the Directors in office during the half year and up to the date of this report, unless otherwise indicated, were:

Name	Position
Mr Grant Davey	Executive Chairman
Mr Samuel Lee Mohan	Managing Director
Mr Chris Bath	Executive Director and Chief Financial Officer
Ms Dixie Marshall	Non-Executive Director
Ms Amanda Reid	Non-Executive Director

## Review of operations

### Bristol Springs Project

The Bristol Spring's Project (**BSS Project or the Project**) is a large, utility-scale renewable energy project located in the southwest of Western Australia.

In March 2023 the Company released its Stage One Definitive Feasibility Study (DFS or the Study). The Study confirmed the Project's potential to be a low-cost, early mover in Australia's green hydrogen industry.

The Company engaged global engineering firm, GHD, to complete engineering and cost studies to a Class 3 CAPEX and OPEX estimate (10% - 15% accuracy) to assess the case for hydrogen production based on a 36 MW electrolyser. Incite Energy, a provider of utility scale energy solutions, investigated maximum energy yield and costs for the 114MW solar plant. These pieces of work form the basis of the DFS.

The Study forecasts annual green hydrogen production of up to approximately 4.9 million kilograms per annum.

Based on the assumptions and key inputs adopted in the Study, the Study results in a total unit cost<sup>1</sup> of approximately \$2.77 per kilogram of hydrogen.

### Water Supply Secured

In March 2023, the Company and Water Corporation signed a Binding Agreement (**Agreement**) for the supply of up to 1,250 KI/day of water to be used at the Project. This volume of water is not only sufficient for Stage One but will also support major expansion into the future.

The Agreement is conditional on the Project achieving a Final Investment Decision by 31 December 2024.

<sup>1</sup> Total unit costs = (total operating costs direct (annual) / annual production) + (total initial capital + total sustaining capital /life of operation production)

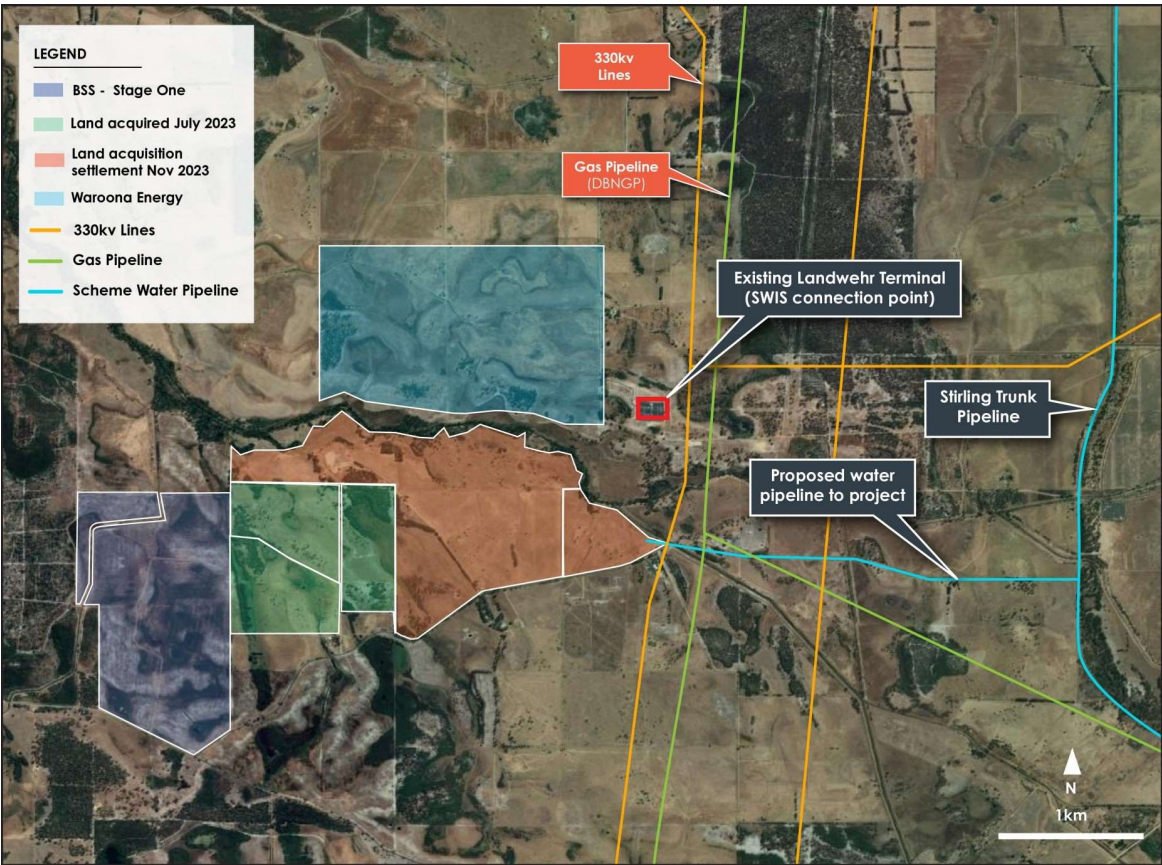


Image 1: BSS and Waroona Projects, adjoining land and infrastructure

**Pathways for commercialisation**

The Company is strongly positioned to be one of the first commercial green hydrogen producers in Australia, due to the Project's low operating and initial capital cost for Stage One production. More importantly, the Company has multiple existing domestic market offtake opportunities that are both accessible and ready for early offtake/consumption of green hydrogen. These include:

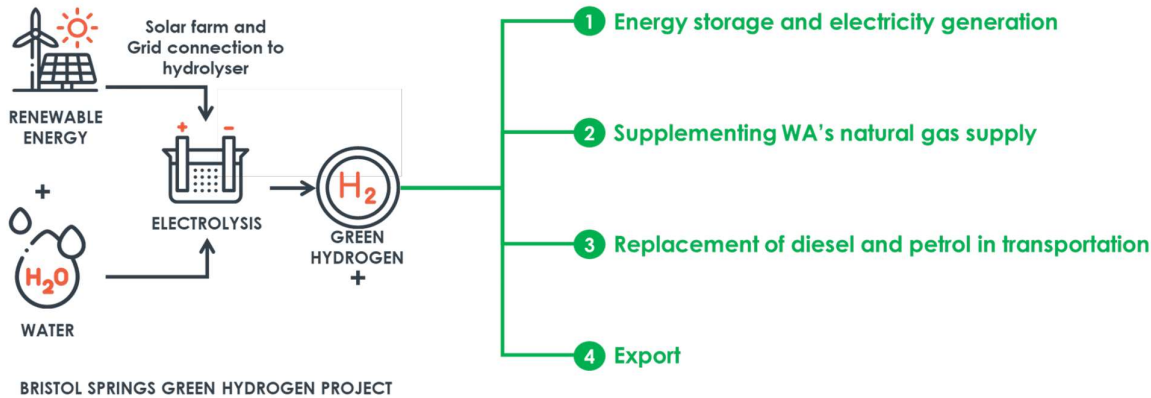


Image 2: Markets for green hydrogen

Energy storage and power generation: Existing markets where hydrogen can replace current carbon emitting fuel sources that require no technological advancements, mass adoption or legislative changes are the most likely first adopters/consumers of green hydrogen.

Energy storage and power generation in a dual fuel peaking plant provides a near term market opportunity, given maturity of the technology and the well-established market for electricity generation.

Supplementing natural gas: Blending hydrogen with natural gas into the Dampier to Bunbury Natural Gas Pipeline (DBNGP) for domestic gas supply is another advanced market.

Long haul transport industry: In the medium term, the long haulage transport industry (diesel replacement), appears to be one of the more lucrative sub sectors and is technologically advanced. An increase in vehicle availability and refuelling stations is, however, required before this market consumes significant volumes of green hydrogen.

#### **Pre-certification for zero carbon**

During the half year the Smart Energy Council completed pre-certification for the Zero Carbon Certification Scheme for the BSS Project. This is a major milestone as it gives assurance to all stakeholders, including shareholders, financiers and offtakers, that the production process will deliver zero carbon hydrogen, or green hydrogen.

#### **Collaboration Agreement signed with AGIG**

AGIG is the owner of the DBNGP, the major gas pipeline connecting the North West Shelf gas fields near Dampier with markets principally located in the South West of Western Australia, terminating at Bunbury.

In May 2023 FHE and AGIG signed a Collaboration Agreement to work together for injection of an agreed percentage of hydrogen into the Mainline South section of the Dampier to Bunbury Natural Gas Pipeline (DBNGP). As part of the agreement, the parties will make joint submissions to the relevant WA Government departments in relation to this hydrogen injection. AGIG completed a positive Feasibility Study in 2022 assessing the injection of hydrogen into the DBNGP. This Study found the pipeline adjacent to the Project (Mainline South) is already capable of injecting up to 9% hydrogen without any major modifications.

#### **Investment In Waroona Energy Inc**

At the beginning of the period, Frontier's subsidiary, Ophiolite Holdings Pty Ltd (**OPH**), held approximately 45.5% of the shares in Metallum Resources Inc (**Metallum**).

In May 2023 the shareholders of Metallum approved the acquisition of Waroona Energy Pty Ltd and a change of name from Metallum to Waroona Energy Inc (**WHE**). WHE also completed a private placement of 150,000,000 shares at C\$0.06 to raise gross proceeds of C\$9 million.

Frontier participated in the placement by subscribing for 19,695,883 shares at a total cost of approximately \$1.3 million. Following participation in the placement, the Group owns 147.6 million shares in WHE, however, following the completion of the private placement this resulted in dilution of the Group's ownership interest in WHE to 20%. As a result of this dilution, the Group assessed that it had lost control over WHE effective 15 May 2023, and the Group deconsolidated its interest in WHE from the date this change occurred.

The Group now classifies WHE as an associate. An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.





The interest in WHE is accounted for using the equity method. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investee, until the date on which significant influence ceases. Refer to note 2(b) for the relevant accounting policies applied by the Group.

WHE is developing a renewable energy project adjacent to Frontier's Bristol Springs Project. The Project is situated on 300 hectares of flat, cleared land and has solar farm development approvals in place and an electricity transfer access contract with Western Power.

In June 2023, WHE announced it had commenced a study to assess a Dual Fuel Green Hydrogen Peaking Plant. Dual fuel peaking plants are a mature technology and have emerged as an early consumer of green hydrogen.

Given the shared boundaries of Waroona's Renewable Energy Project and Frontier's Project, Frontier and WHE's subsidiary, Waroona Energy Pty Ltd entered into a Collaboration Agreement in 2022. The key areas of collaboration include:

- Shared discussions with stakeholders
- Shared services and shared IP (through Study works); and
- Long term potential for capital cost savings by sharing infrastructure

#### Superior Lake Zinc and Copper Project

WHE retains its 100% ownership of the Superior Lake Zinc and Copper Project in Ontario, Canada (**Superior Lake Project**). The Superior Lake Project is located approximately 200km east of Thunder Bay in the province of Ontario, Canada, and is an advanced stage development asset surrounded by substantial existing infrastructure.

The Superior Lake Project ranks as one of the highest grade zinc projects in North America. WHE completed a positive Feasibility Study that highlights that the Superior Lake Project will rank in the lowest quartile of operating costs (C1 costs – C\$0.44 / lb; AISC C\$0.51 / lb). These low costs combined with the high grade of the Superior Lake Project drive robust economic returns. The majority of permits and licenses are in place allowing for a quick re-development following a Final investment Decision.

WHE is continuing the consultation process with the impacted communities.

#### Principal activities

The Group's principal activities are the development of the Bristol Springs Renewable Energy Project.

#### Financial results

The net profit of the Group for the half year ended 30 June 2023 was \$3,906,783 (30 June 2022: net loss of \$3,143,191), which included a gain on the deconsolidation of Waroona Energy Inc of \$7,052,175.

Cash and cash equivalents at 30 June 2023 amounted to \$8,810,532 (31 December 2022: \$13,455,335).

#### Changes in the state of affairs

As noted above, the Group's interest in WHE reduced from 45% to 20% during the half year, resulting in WHE being deconsolidated from the date this change in interest occurred and the Group equity accounting its interest in WHE from this point forward.



### Events occurring after the balance sheet date

Subsequent to the end of the half year, the Group settled the acquisition of two land parcels pursuant to land option agreements entered into by the Company in 2022, for a total consideration of \$1,120,000, excluding acquisition-related costs.

Aside from the transactions disclosed above, there are no other matters or circumstances which have arisen since 30 June 2023, which have 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.

### Auditor's independence declaration

The auditor's independence declaration as required pursuant to section 307C of the *Corporations Act 2001* is set out on page 9.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read "Grant Davey".

**Mr Grant Davey**

Executive Chairman  
Perth, 28 August 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 review of the half-year financial report of Frontier Energy Ltd for the half-year ended 30 June 2023, 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 review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Pierre Dreyer  
Partner  
28 August 2023

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

For the half year ended 30 June 2023

	Notes	2023 \$	2022 \$
Other income		137,597	12,297
Depreciation and amortisation expenses		(42,944)	(30,690)
Exploration and evaluation expenses		(3,297)	(326,392)
Study expenses		(7,720)	(194,511)
Administrative expenses	17	(985,536)	(886,708)
Employee benefit expenses and consultancy fees		(598,851)	(680,127)
Share-based payments	14(a)	(1,512,202)	(1,020,229)
Finance costs		(10,076)	(16,831)
Gain - deconsolidation of Waroona Energy Inc	16	7,052,175	-
Share in loss of equity-accounted investee		(122,285)	-
Other expenses		(78)	-
<b>Net profit/ (loss) before income tax</b>		<b>3,906,783</b>	<b>(3,143,191)</b>
Income tax expense		-	-
<b>Net profit/ (loss) for the half-year</b>		<b>3,906,783</b>	<b>(3,143,191)</b>
<b>Other comprehensive income, net of tax</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of foreign operation	14(c)	1,133,522	314,073
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Changes in fair value of assets	14(b)	-	141,455
<b>Other comprehensive income for the half-year</b>		<b>1,133,522</b>	<b>455,528</b>
<b>Total comprehensive income for the half-year</b>		<b>5,040,305</b>	<b>(2,687,663)</b>
<b>Profit/ (Loss) attributable to:</b>			
Owners of the Company		3,887,579	(2,795,477)
Non-controlling interests		19,204	(347,714)
		<b>3,906,783</b>	<b>(3,143,191)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		4,654,098	(2,464,642)
Non-controlling interest		386,207	(223,021)
		<b>5,040,305</b>	<b>(2,687,663)</b>
Basic and diluted income/ (loss) per share (cents per share)		1.32	(1.38)

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 30 June 2023

	Notes	30 June 2023 \$	31 December 2022 \$
<b>Current Assets</b>			
Cash and cash equivalents	5	8,810,532	13,455,335
Trade and other receivables	6	114,518	272,536
<b>Total Current Assets</b>		<b>8,925,050</b>	<b>13,727,871</b>
<b>Non-Current Assets</b>			
Other financial assets	7	182,057	182,057
Equity-accounted investment	16	9,672,297	-
Right-of-use asset	8	142,152	184,751
Property, plant and equipment	9	16,064,355	15,731,866
Exploration & evaluation assets	10	-	2,108,781
<b>Total Non-Current Assets</b>		<b>26,060,861</b>	<b>18,207,455</b>
<b>Total Assets</b>		<b>34,985,911</b>	<b>31,935,326</b>
<b>Current Liabilities</b>			
Trade and other payables	11	4,891,105	5,168,609
Provision for annual leave		25,216	9,460
Lease liability	12	50,000	100,000
<b>Total Current Liabilities</b>		<b>4,966,321</b>	<b>5,278,069</b>
<b>Non-Current Liabilities</b>			
Lease liability	12	83,291	75,277
<b>Total Non-Current Liabilities</b>		<b>83,291</b>	<b>75,277</b>
<b>Total Liabilities</b>		<b>5,049,612</b>	<b>5,353,346</b>
<b>Net Assets</b>		<b>29,936,299</b>	<b>26,581,980</b>
<b>Equity</b>			
Contributed equity	13	48,829,756	46,465,228
Reserves	14	4,830,553	3,871,185
Non-controlling interests	15	(722,043)	3,232,900
Accumulated losses		(23,001,967)	(26,987,333)
<b>Total Equity</b>		<b>29,936,299</b>	<b>26,581,980</b>

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

## Consolidated Statement of Changes in Equity

Half year ended 30 June 2023

	Contributed equity \$	Accumulated losses \$	Share- based payments reserve \$	Foreign currency translation reserve \$	Non- controlling interests \$	Total \$
<b>Balance at 1 January 2023</b>	<b>46,465,228</b>	<b>(26,987,333)</b>	<b>3,731,135</b>	<b>140,050</b>	<b>3,232,900</b>	<b>26,581,980</b>
Profit for the half-year	-	3,887,579		-	19,204	3,906,783
Foreign exchange translation differences	-	89,530	-	676,989	367,003	1,133,522
<b>Total comprehensive income for the half-year</b>	<b>-</b>	<b>3,977,109</b>	<b>-</b>	<b>676,989</b>	<b>386,207</b>	<b>5,040,305</b>
<b>Transactions with owners in their capacity as owners</b>						
Issue of shares	1,000,000	-	-	-	-	1,000,000
Share- based payment	-	-	1,512,202	-	-	1,512,202
Deconsolidation of WHE	-	-		(817,039)	(4,341,150)	(5,158,189)
Exercise of employee share options	1,364,528	-	(404,527)	-	-	960,001
Expiry of employee share options	-	8,257	(8,257)	-	-	-
<b>Balance at 30 June 2023</b>	<b>48,829,756</b>	<b>(23,001,967)</b>	<b>4,830,553</b>	<b>-</b>	<b>(722,043)</b>	<b>29,936,299</b>

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

## Consolidated Statement of Changes in Equity

Half year ended 30 June 2022

	Contributed equity \$	Accumulated losses \$	Share- based payments reserve \$	Foreign currency translation reserve \$	Investment revaluation reserve \$	Non- controlling interests \$	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 half-year	-	(2,795,477)	-	-	-	(347,714)	(3,143,191)
Foreign exchange translation differences	-	-	-	189,380	-	124,693	314,073
Gain on disposal of financial assets	-	-	-	-	141,455	-	141,455
<b>Total comprehensive loss for the half-year</b>	<b>-</b>	<b>(2,795,477)</b>	<b>-</b>	<b>189,380</b>	<b>141,455</b>	<b>(223,021)</b>	<b>(2,687,663)</b>
<b>Transactions with owners in their capacity as owners</b>							
Issue of shares	8,000,000	-	-	-	-	-	8,000,000
Less: Share issue costs	(314,530)	-	-	-	-	-	(314,530)
WHE 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	-	1,068,370	(1,068,370)	-	-	-	-
Share-based payments	45,650	-	974,579	-	-	-	1,020,229
<b>Balance at 30 June 2022</b>	<b>38,015,479</b>	<b>(24,260,737)</b>	<b>2,935,331</b>	<b>289,271</b>	<b>-</b>	<b>3,610,746</b>	<b>20,590,090</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 half year ended 30 June 2023

	Notes	2023 \$	2022 \$
<b>Cash from operating activities</b>			
Payments to suppliers and employees (inclusive of GST)		(1,186,094)	(1,928,818)
Interest received		115,133	10,299
Interest paid		(8,014)	(7,174)
Rent received		1,552	-
Payments for exploration activities and evaluation activities		(3,272)	(342,598)
Payments for studies		(7,720)	(74,268)
<b>Net cash used in operating activities</b>		<b>(1,088,415)</b>	<b>(2,342,559)</b>
<b>Cash from investing activities</b>			
Release of cash on deconsolidation of Waroona Energy Inc		(13,440,833)	-
Purchases of property, plant and equipment		(332,834)	(1,939,731)
Payment of exploration costs		(110,372)	-
Cash acquired on acquisition of subsidiary		-	11,252
Proceeds from disposals of investment		-	250,734
Proceeds from disposals property, plant and equipment		1,790	-
Cash paid for security deposits		-	(70,827)
<b>Net cash used in investing activities</b>		<b>(13,882,249)</b>	<b>(1,748,572)</b>
<b>Cash from financing activities</b>			
Lease payment		(41,986)	(42,827)
Proceeds from issue of shares by WHE		8,636,612	-
Proceeds from issue of shares		1,960,000	13,730,542
Capital raising costs		-	(612,615)
Capital raising costs at WHE before deconsolidation		(341,663)	-
Repayment of borrowings		-	(331,476)
<b>Net cash from financing activities</b>		<b>10,212,963</b>	<b>12,743,624</b>
Net (decrease)/increase in cash and cash equivalents		(4,757,701)	8,652,493
Effects of exchange rate changes on cash and cash equivalents		112,898	125,634
Cash and cash equivalents at the beginning of the period		13,455,335	541,347
<b>Cash and cash equivalents at the end of the period</b>	5	<b>8,810,532</b>	<b>9,319,474</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 28 August 2023. FHE is a for profit company limited by shares, incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange with 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 at Level 20, 140 St Georges Terrace, Perth WA 6000.

## 2. Summary of significant accounting policies

### (a) Basis of preparation

The interim consolidated financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*.

These interim consolidated financial statements do not include all notes of the type normally included in the annual financial statements. Accordingly, these interim consolidated financial statements are to be read in conjunction with the financial statements contained within the annual report for the year ended 31 December 2022 and any public announcements made by the Company during the half-year ended 30 June 2023 in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the *ASX Listing Rules*.

The accounting policies are consistent with those disclosed in the 31 December 2022 financial statements and the comparative half-year period except for the impact of new or amended standards and interpretations effective from 1 January 2023. The adoption of these standards and interpretations did not result in any significant changes to the Group's accounting policies.

Any new, revised or amending Accounting Standards or interpretations that are not yet mandatory have not been adopted early.

The financial statements have been prepared on a historical cost basis, except for certain non-current financial assets that are measured at fair value. All amounts are presented in Australian dollars, unless otherwise noted. The interim consolidated financial statements comprise the financial results of the Group for the half-year ended 30 June 2023.

### (b) Accounting policies adopted during the half-year for new transactions and events

#### (i) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in an associate. An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies. They are initially recognised at cost (equivalent to fair value at the date of acquisition), which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investee, until the date on which significant influence ceases.

### 3. Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

#### Deconsolidation of WHE

In April 2022, WHE completed a C\$5.2 million private placement by issuing 87,371,674 shares at C\$0.06 each. Ophiolite Holdings Pty Ltd ("OPH"), a subsidiary of the Company, did not participate in this placement, resulting in dilution of OPH's holding to approximately 45.5%. At 31 December 2022, OPH's holding remained at 45.5% of the voting power and the Company's indirect interest was 45.5% of WHE.

On 15 May 2023, WHE (formerly Metallum Resources Inc) completed a C\$9 million private placement by issuing 150,000,000 shares at C\$0.06 each. The Company participated in the placement purchasing 19,695,883 shares for a consideration of C\$1,181,752.98 (A\$1,296,834.03). This placement diluted OPH's holding in WHE to 17.33%. As at 30 June 2023, the Company holds 2.67% voting power directly and has a total interest of 20.0%. The Company controls OPH and as such controls OPH's voting in WHE.

Accordingly, after collectively considering the Group's power, rights to variable returns and the ability to use the power over the investee to affect amount of the returns on investment over WHE, the Group assessed that it had lost control over WHE effective 15 May 2023 but that it exercised significant influence over WHE from that date. As a result, it was required to deconsolidate its interest in WHE and account for its remaining interest in WHE as an associate. The deconsolidation and subsequent recognition of an interest in an associate was accounted for in these financial statements. The recognition of the remaining investment in WHE as an associate and the application of equity accounting took place from 15 May 2023 to the reporting date.

### 4. Segment information

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 are primarily related to renewable energy within Australia. In the prior financial reporting period, the Group's activities were attributable to two geographical and business segments being, mineral exploration in Canada, through WHE and renewable energy in Australia.

	Operating profit/ (Loss)		Total Assets		Total Liabilities	
	30/06/2023	30/06/2022	30/06/2023	31/12/2022	30/06/2023	31/12/2022
	\$	\$	\$	\$	\$	\$
Renewable energy	(2,830,961)	(2,292,546)	34,985,911	26,014,534	5,049,612	5,217,225
Corporate	7,052,175	-	-	-	-	-
Mineral exploration	(314,431)	(850,645)	-	5,920,792	-	136,121
	<u>3,906,783</u>	<u>(3,143,191)</u>	<u>34,985,911</u>	<u>31,935,326</u>	<u>5,049,612</u>	<u>5,353,346</u>

### 5. Cash and cash equivalents

	30 June 2023 \$	31 December 2022 \$
Cash at bank	2,810,532	13,455,335
Term deposits	6,000,000	-
	<u>8,810,532</u>	<u>13,455,335</u>



**6. Trade and other receivables**

	30 June 2023 \$	31 December 2022 \$
Trade debtors	-	9,839
GST recoverable	55,139	139,682
Other debtors and prepayments	59,379	123,015
	<b>114,518</b>	<b>272,536</b>

**7. Other financial assets**

Security deposits	<b>182,057</b>	<b>182,057</b>
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**Financial assets at fair value through other comprehensive income***Listed securities – Shares*

Balance at beginning of the period/year	-	107,545
Disposal of investments	-	(250,734)
Gain on disposal of investments	-	1,734
Fair value movement	-	141,455
Balance at end of the period/year	-	-

The Group sold its 8,300,000 shares in Athena Resources Limited ("AHN"), on 16 June 2022 at \$0.031 per share for a 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 disposal of the investment.

**8. Right-of-use asset**

	30 June 2023 \$	31 December 2022 \$
Land right-of-use	257,710	257,710
Less: Accumulated amortisation	(115,558)	(72,959)
	<b>142,152</b>	<b>184,751</b>

**9. Property, plant and equipment**

	30 June 2023 \$	31 December 2022 \$
Land	5,699,787	5,658,323
Land options	1,592,604	1,592,604
Bristol Springs Solar Project in progress	8,316,212	8,024,842
Bristol Springs Hydrogen Project in progress	455,000	455,000
Plant and equipment – at cost	13,576	13,576
Accumulated depreciation	(12,824)	(12,479)
	<b>16,064,355</b>	<b>15,731,866</b>

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

Balance at beginning of the period/year	15,744,345	13,519
Additions	332,834	15,730,826
Balance at end of the period/year	<b>16,077,179</b>	<b>15,744,345</b>

**Accumulated depreciation**

Balance at beginning of the period/year	(12,479)	(8,754)
Depreciation	(345)	(3,725)
Balance at end of the period/year	<b>(12,824)</b>	<b>(12,479)</b>

**Additions comprise the following:**

Bristol Springs Solar Project in progress (1)	291,370	8,024,899
Bristol Springs Hydrogen Project in progress	-	455,000
Land (2)	41,464	5,658,323
Land Options (3)	-	1,592,604
Total additions	<b>332,834</b>	<b>15,730,826</b>

(1) On 23 February 2022, the Group acquired 100% of the shares in Bristol Springs Solar Pty Ltd. The acquisition was 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:

	\$
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	1,657,500
	<b>7,074,167</b>

**Assets and liabilities acquired**

Cash and cash equivalents	8,427
Trade and other receivables	5,096
Property, plant and equipment	301,957
Trade and other payables	(10,000)

**Net assets acquired**

<b>Bristol Springs Solar Project construction work in progress acquired</b>	<b>305,480</b>
	<b>6,768,687</b>

## 9. Property, plant and equipment (continued)

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.

(2) 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 paid	(75,000)
Payment	<u>405,000</u>

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.

(3) The Group has acquired a sole and exclusive option to purchase the land associated with the Bristol Springs Project 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.

## 10. Exploration & evaluation assets

	30 June 2023 \$	31 December 2022 \$
At beginning of the period/year	2,108,781	2,107,920
Additions	110,372	-
Deconsolidation of WHE	(2,284,391)	-
Foreign exchange adjustment	65,238	861
At end of the period/year	<u>-</u>	<u>2,108,781</u>

**11. Trade and other payables**

	<b>30 June 2023 \$</b>	<b>31 December 2022 \$</b>
Trade creditors	271,059	459,760
Sundry creditors and accruals	283,261	374,491
Other payables (1)	4,336,785	4,334,358
	<b>4,891,105</b>	<b>5,168,609</b>

(1) Includes \$4,320,000 payable as consideration for the purchase of land in Wagerup, Western Australia. The settlement was set on 30 November 2023.

**12. Lease Liability**

	<b>30 June 2023 \$</b>	<b>31 December 2022 \$</b>
Lease liability -current	50,000	100,000
Lease liability land – non-current	83,291	75,277
	<b>133,291</b>	<b>175,277</b>

**Amount recognised in profit or loss:**

Interest on lease liability, recorded as part of finance costs	8,014	7,174
Expenses relating to short-term leases, recorded as part of occupancy fees	68,771	16,604

**Amount recognised in consolidated statement of cash flows:**

Total cash flow for leases	<b>(41,986)</b>	<b>(42,827)</b>
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**13. Issued capital**

	<b>30 June 2023 \$</b>	<b>31 December 2022 \$</b>
298,997,607 (31 December 2022: 292,477,893) ordinary shares fully paid	48,829,756	46,465,228

**Movement in ordinary shares on issue**

<b>Date</b>	<b>Details</b>	<b>No. of shares</b>	<b>\$</b>
1 January 2022	Balance at beginning of the year	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 (1)	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	45,650
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	Balance at end of the year	<b>292,477,893</b>	<b>46,465,228</b>
1 January 2023	Balance at beginning of the period	<b>292,477,893</b>	<b>46,465,228</b>
Various	Issued shares on conversion of ESS options	138,761	30,528
27 April 2023	Shares issued on conversion of options	4,000,000	1,334,000
26 May 2023	Shares issued	2,380,953	1,000,000
30 June 2023	Balance at end of the period	298,997,607	48,829,756

(1) Escrowed shares 24 months from the quotation date.

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.

**14. Reserves**

		30 June 2023 \$	31 December 2022 \$
	<b>Note</b>		
Share based payments reserve	(a)	4,830,553	3,731,135
Investment revaluation reserve	(b)	-	-
Foreign currency translation reserve	(c)	-	140,050
Balance at the end of the year		<b>4,830,553</b>	<b>3,871,185</b>
<b>(a) Share based payments reserve</b>			
Balance at the beginning of the period/year		3,731,135	1,494,474
Share-based payments to directors, executives, and contractors		1,512,202	1,699,635
Acquisition of Bristol Springs Solar Project		-	1,657,500
Exercise of Employee Share Scheme options		(404,527)	(122,852)
Expiry of Employee Share Scheme options		(8,257)	(997,622)
Balance at the end of the period/year		<b>4,830,553</b>	<b>3,731,135</b>

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>30 June 2023</b>		
Balance at the beginning of the period	61,500,894	3,731,135
Share-based payments to directors, executives, and consultants	15,938,556	1,512,202
Expiry of Employee Share Scheme options	(1,759,591)	(8,257)
Exercise of Employee Share Scheme options	(4,138,761)	(404,527)
Balance at the end of the period	<b>71,541,098</b>	<b>4,830,553</b>
<b>31 December 2022</b>		
Balance at the beginning of the year	9,822,779	1,494,474
Share-based payments to directors, executives, and consultants	66,940,999	3,357,135
Expiry of Employee Share Scheme options	(14,330,999)	(997,622)
Exercise of Employee Share Scheme options	(931,885)	(122,852)
Balance at the beginning of the year	<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.

For the half-year ended 30 June 2023, the Company issued 15,938,556 (31 December 2022: 66,940,999) unlisted options to directors, executives, and consultants 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's total share-based payment expense for the relevant year has been recognised in relation to both these options issued during the year as well as unlisted options issued in prior periods which vest over varying time periods.

**14. Reserves (continued)**

	30 June 2023 \$	31 December 2022 \$
<b>(b) Investment revaluation reserve</b>		
Balance at the beginning of the period/year	-	(141,455)
Change in investment revaluation reserve	-	141,455
Balance at the end of the period/year	-	-

As disclosed in note 7, the Group sold its holdings in AHN on 16 June 2022.

<b>(c) Foreign currency translation reserve</b>		
Balance at the beginning of the period/year	140,050	99,891
Change in investment revaluation reserve	676,989	40,159
Deconsolidation of WHE	(817,039)	-
Balance at the end of the period/year	-	140,050

The foreign currency translation reserve represented the cumulative gain and losses arising on the revaluation of a subsidiary with a functional currency other than Australian Dollars which was recognised in the other comprehensive income. The deconsolidation of WHE resulted in a \$complete derecognition of the balance at the reporting date.

**15. Non-controlling interests**

	30 June 2023 \$	31 December 2022 \$
At end of period/year	3,232,900	543,382
NCI - share of profit/ (loss)	19,204	(626,935)
NCI – WHE deconsolidation	(4,341,150)	3,290,385
NCI on share of foreign exchange from 1 January to 15 May 2023	367,003	26,068
At end of period/year	(722,043)	3,232,900

**NCI – WHE dilution**

In April 2022, WHE completed a placement and issued 87,371,674 additional shares to participating shareholders. OPH did not participate in this placement, resulting in dilution of OPH's holding from 58.6% to 45.5%. FHE controls OPH and as such controls OPH's voting in WHE.

On 15 May 2023, WHE completed another placement and issued 150,000,000 shares. FHE participated in the placement by acquiring 19,695,883 shares for a consideration of C\$1,181,752.98 (A\$1,296,834). This placement resulted in a further dilution of OPH holding to 17.33%. Effective on that date, FHE's direct shareholdings reduced to 2.67%; with both FHE and OPH held 20% share interests in aggregate.

**16. Equity-accounted investment**

	30 June 2023 \$	31 December 2022 \$
Investment in Waroona Energy Inc	<b>9,672,297</b>	-

As discussed in note 15, on 15 May 2023, WHE issued additional shares which resulted in a dilution of FHE's and OPH's aggregate shareholding to 20.00%.

In accordance with AASB 10 *Consolidated Financial Statements*, the reduction in FHE's shareholding in WHE to 20% resulted to FHE losing control over WHE. The Group, however, determined that whilst it had lost control over WHE that it had significant influence over WHE with effect from 15 May 2023. Accordingly, it was determined that WHE should be deconsolidated and have accounted for using the equity method of accounting from the date which the Company obtained significant influence based on the guidance in AASB 128, *Investment in Associates and Joint Ventures*.

As a result of the deconsolidation at 15 May 2023, the Group recognised its investment in WHE at a fair value at that date of \$9,794,582 (equivalent to 147,615,883 shares at C\$0.06 or A\$0.07 per share) as well as a net gain on deconsolidation of \$7,051,175.

	15 May 2023 \$
Fair value of investment at date significant influence obtained	9,794,582
Add: Foreign currency translation reserve	817,039
Add: Dilution of non-controlling interest	11,674,670
Less: Net assets at 15 May 2023	<u>(15,234,116)</u>
Net gain on deconsolidation	<u>7,052,175</u>

The following table summarises the financial information of WHE as included in its own financial statements, adjusted for fair value adjustments at the date of deconsolidation (i.e., 15 May 2023). The table also reconciles the summarised financial information to the carrying amount of the Group's interest in WHE at 30 June 2023. The 2022 comparative is not presented as the deconsolidation took effect on 15 May 2023. The comparative financial statements of the group included the financial results and performance of WHE. The results of WHE in the table below were for the period from 16 May 2023 to 30 June 2023 only, as WHE became an associate of the Group effective on 15 May 2023.



**16. Equity-accounted investment (continued)**

	30 June 2023	31 December 2022
	\$	\$
<b>Percentage of ownership</b>	<b>20%</b>	-
Non-current assets	41,954,912	-
Current assets	12,916,218	-
Non-current liabilities	(3,709,444)	-
Current liabilities	(945,542)	-
Net assets (100%)	50,216,144	-
Group's share of net assets (20%)	10,043,228	-
Fair value adjustments, including foreign currency differences	(370,931)	-
<b>Carrying amount of interest in associate</b>	<b>9,672,297</b>	-
Net loss before income tax (100%)	(611,424)	-
Other comprehensive loss (100%)	-	-
Total comprehensive loss (100%)	(611,424)	-
Total comprehensive loss/Group's share of total comprehensive loss (20%)	(122,285)	-

**17. Administrative expenses**

Compliance costs	127,294	301,983
Occupancy fees	68,771	34,796
Advertising and promotions	150,470	364,894
Other administrative expenses	639,001	185,035
	<u>985,536</u>	<u>886,708</u>

**18. Dividends**

No dividends were paid during the half year ended 30 June 2023 (2022: Nil). No recommendation for payment of dividends has been made (2022: Nil).

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

Subsequent to the end of the half year, the Group settled the acquisition of two land parcels pursuant to land option agreements entered into by the Company in 2022, for a total consideration of \$1,120,000 excluding acquisition-related costs.

Aside from the transactions disclosed above, there are no other matters or circumstances which have arisen since 30 June 2023, which have 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.

## Directors Declaration



In accordance with a resolution of directors of Frontier Energy Limited, the Directors of the Company declare that:

In the opinion of the directors:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half-year ended on the date; and
  - (ii) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board.

A handwritten signature in black ink, appearing to read "Grant Davey", written over a circular stamp or seal.

**Mr Grant Davey**

Executive Chairman

28 August 2023





**Building a better  
working world**

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

### **Conclusion**

We have reviewed the accompanying half-year financial report of Frontier Energy Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### **Basis for conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### **Directors' responsibilities for the half-year financial report**

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Ernst & Young



Pierre Dreyer  
Partner  
Perth  
28 August 2023

# **APPENDIX I** **PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS**

## **Pro Forma Consolidated Statement of Financial Position**

	Frontier As at 30 June 2023 A\$	Warroona As at 30 June 2023 C\$	Warroona As at 30 June 2023 A\$	Notes	Pro forma adjustments A\$	Pro forma consolidated A\$
<b>Current Assets</b>						
Cash and cash equivalents	8,810,532	11,223,118	12,735,369	1	(743,857)	20,802,044
Trade and other receivables	114,518	164,215	186,372		-	300,890
<b>Total Current Assets</b>	<b>8,925,050</b>	<b>11,387,333</b>	<b>12,921,741</b>		<b>(743,857)</b>	<b>21,102,934</b>
<b>Non-Current Assets</b>						
Other financial assets	182,057	64,783	73,839		-	255,896
Equity-accounted investment	9,672,297	-	-	2	(9,672,297)	-
Right-of-use asset	142,152	-	-		-	142,152
Property, plant and equipment	16,064,355	22,047,989	25,068,929	1, 2	10,028,699	51,161,983
Exploration & evaluation assets	-	14,530,585	16,480,959	1, 2	6,593,124	23,074,083
<b>Total Non-Current Assets</b>	<b>26,060,861</b>	<b>36,643,357</b>	<b>41,623,727</b>		<b>6,949,526</b>	<b>74,634,114</b>
<b>Total Assets</b>	<b>34,985,911</b>	<b>48,030,690</b>	<b>54,545,467</b>		<b>6,205,669</b>	<b>95,737,048</b>
<b>Current Liabilities</b>						
Trade and other payables	4,891,105	833,646	948,390		-	5,839,495
Provision for annual leave	25,216	-	-		-	25,216
Lease liability	50,000	-	-		-	50,000
<b>Total Current Liabilities</b>	<b>4,966,321</b>	<b>833,646</b>	<b>948,390</b>		<b>-</b>	<b>5,914,711</b>
<b>Non-Current Liabilities</b>						
Other liability	-	3,270,465	3,727,663		-	3,727,663
Lease liability	83,291	-	-		-	83,291
<b>Total Non-Current Liabilities</b>	<b>83,291</b>	<b>3,270,465</b>	<b>3,727,663</b>		<b>-</b>	<b>3,810,954</b>
<b>Total Liabilities</b>	<b>5,049,612</b>	<b>4,104,111</b>	<b>4,676,053</b>		<b>-</b>	<b>9,725,665</b>
<b>Net Assets</b>	<b>34,902,620</b>	<b>43,926,579</b>	<b>49,869,414</b>		<b>6,205,669</b>	<b>86,011,383</b>
<b>Equity</b>						
Contributed equity	48,829,756	93,312,360	105,837,246	3	(49,310,305)	105,356,697
Reserves	4,830,553	3,810,196	4,580,370	4	(4,580,370)	4,830,553
Non-controlling interests	(722,043)	-	-		-	(722,043)
Accumulated losses	(23,001,967)	(53,195,977)	(60,548,201)	5	60,096,344	(23,453,824)
<b>Total Equity</b>	<b>29,936,299</b>	<b>43,926,579</b>	<b>49,869,415</b>		<b>6,205,669</b>	<b>86,011,383</b>

**Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income –  
For the six months ended 30 June 2023**

	Frontier Six months ended 30 June 2023 A\$	Waroona Six months ended 30 June 2023 C\$	Waroona Six months ended 30 June 2023 A\$	Note	Pro forma adjustments A\$	Pro forma consolidated A\$
Other income	137,597	152,583	167,449		-	305,046
Depreciation and amortisation expenses	(42,944)	-	-		-	(42,944)
Exploration and evaluation expenses	(3,297)	(7,862)	(8,628)		-	(11,925)
Study expenses	(7,720)	-	-		-	(7,720)
Administrative expenses	(985,536)	(397,806)	(436,564)		-	(1,422,100)
Employee benefit expenses and consultancy fees	(598,851)	(214,748)	(235,671)		-	(834,522)
Share-based payments	(1,512,202)	(192,164)	(210,886)		-	(1,723,088)
Finance costs	(10,076)	(14,711)	(16,144)		-	(26,220)
Gain - deconsolidation of Waroona Energy Inc	7,052,175	-	-		-	7,052,175
Share in loss of equity-accounted investee	(122,285)	-	-		-	(122,285)
Other expenses	(78)	-	-		-	(78)
<b>Net profit/ (loss) before income tax</b>	<b>3,906,783</b>	<b>(674,708)</b>	<b>(740,444)</b>		-	<b>3,166,339</b>
Income tax expense	-	-	-		-	-
<b>Net profit/ (loss) for the half-year</b>	<b>3,906,783</b>	<b>(1,349,416)</b>	<b>(1,480,888)</b>		-	<b>3,166,339</b>
<b>Other comprehensive income, net of tax:</b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Foreign exchange gain reclassified to net loss	-	(148,101)	(162,530)		-	(162,530)
Exchange differences on foreign operation	1,133,522	(228,128)	(250,354)		-	883,168
<b>Other comprehensive income for the half-year</b>	<b>1,133,522</b>	<b>(228,128)</b>	<b>(412,884)</b>		-	<b>720,638</b>
<b>Total comprehensive income for the half-year</b>	<b>5,040,305</b>	<b>(1,050,937)</b>	<b>(1,153,328)</b>		-	<b>3,886,977</b>
<b>Earnings/(loss) per share</b>	<b>1.32</b>	<b>(0.00)</b>	<b>(0.00)</b>			<b>0.0045</b>

**Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 31 December 2022**

	Frontier Year ended 31 December 2022 A\$	Waroona Year ended 31 December 2022 C\$	Waroona Year ended 31 December 2022 A\$	Note	Pro forma adjustments A\$	Pro forma consolidated A\$
Other income	124,600	74,793	82,791		-	207,391
Depreciation and amortisation expenses	(76,684)	(2,387)	(2,642)		-	(79,326)
Exploration and evaluation expenses	(624,577)	(564,243)	(624,577)		-	(1,249,154)
Study expenses	(178,235)	-	-		-	(178,235)
Administrative expenses	(998,904)	(283,717)	(314,055)	1	(451,857)	(1,764,816)
Employee benefit expenses and consultancy fees	(1,583,201)	(421,608)	(466,690)		-	(2,049,891)
Share-based payments	(1,818,285)	(65,949)	(73,001)		-	(1,891,286)
Finance costs	(29,601)	-	-		-	(29,601)
Investor relations	(527,651)	-	-		-	(527,651)
Occupancy expenses	(103,948)	-	-		-	(103,948)
Stakeholder management	(258,039)	(149,415)	(165,392)		-	(423,431)
Other expenses	(74,799)	(10,872)	(12,035)		-	(86,834)
	(6,149,324)	(1,423,398)	(1,575,601)			(8,176,782)
<b>Net profit/ (loss) before income tax</b>					(451,857)	
Income tax expense	-	30,046	33,259		-	33,259
<b>Net profit/ (loss) for the half-year</b>	<b>(6,149,324)</b>	<b>(1,393,352)</b>	<b>(1,542,342)</b>		<b>(451,857)</b>	<b>(8,143,523)</b>
<b>Other comprehensive income, net of tax:</b>						
<b>Items that will not be reclassified subsequently to profit or loss</b>						
Change in fair value of financial assets	141,455	-	-		-	141,455
<b>Items that may be reclassified subsequently to profit or loss</b>						
Exchange differences on foreign operation	64,290	-	-		-	64,290
<b>Other comprehensive income for the half-year</b>	<b>205,745</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>205,745</b>
<b>Total comprehensive income for the half-year</b>	<b>(5,943,579)</b>	<b>(1,393,352)</b>	<b>(1,542,342)</b>		<b>(451,857)</b>	<b>(7,937,778)</b>
<b>Earnings/(loss) per share</b>	<b>(2.13)</b>	<b>(0.01)</b>	<b>(0.01)</b>			<b>(0.02)</b>

**Notes reference:**

1. Acquisition- related costs borne by Frontier and Waroona amounting to A\$292,000 and A\$451,857, respectively. The A\$451,857 was recognized in profit or loss.
2. The acquisition of Waroona is considered an asset acquisition with the previously acquired interest not remeasured, however the equity accounted carrying value is considered the accumulated cost for the initial portion acquired and forms part of the cost of acquisition. As a result, adjustments are recognised to:
  - (i) Eliminate the interest in Waroona previously acquired by Frontier A\$9,672,297;
  - (ii) Recognise the fair value of Frontier shares issued as consideration for A\$56,526,941; plus
  - (iii) Frontier's capitalised transaction costs of A\$292,000; less,
  - (iv) Waroona net assets acquired at A\$49,869,415 result in a fair value adjustment of A\$16,621,823 allocated between the carrying values of Waroona's PPE and the exploration assets acquired.
3. Elimination of Waroona share capital of A\$105,837,246 and recognition of Frontier shares issued as consideration of A\$56,526,941.
4. Elimination of Waroona's reserves of A\$4,580,370.
5. Elimination of Waroona's accumulated losses of A\$60,548,201 plus the recognition of transaction costs to be borne by Waroona of A\$451,857.



## 1. Basis of Preparation

Frontier Energy Limited ("Frontier") was incorporated on September 18, 2009.

Frontier's shares are publicly traded on the Australian Stock Exchange under the ASX code FHE. Its registered and head office is located at Level 20, 140 St Georges Terrace, Perth Western Australia, Australia 6000.

On October 6, 2023, Frontier entered into an Arrangement Agreement with Waroona pursuant to which Frontier agreed to acquire all of the issued and outstanding Waroona Shares that it does not already own by way of a statutory plan of arrangement (collectively referred as the "Transaction").

The unaudited pro forma consolidated financial statements of Frontier as at and for the six months ended June 30, 2023 and for the year ended December 31, 2022 ("Pro forma Consolidated Financial Statements") have been prepared by the management of Frontier in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board or AASB and Corporations Act 2001. Compliance with Australian Accounting Standards ensures that the financial statements also comply with the International Financial Reporting Standards ("IFRS").

The Pro forma Consolidated Financial Statements are presented in Australian dollars ("A\$").

These Pro forma Consolidated Financial Statements were prepared for illustrative purposes only after giving effect to the transaction between Frontier and Waroona. The unaudited proforma consolidated statement of financial position as at June 30 2023 and the unaudited pro forma consolidated statements of profit or loss and other comprehensive income for the six months ended June 30, 2023 and for the year ended December 31, 2022 have been prepared from the information derived from and should be read in conjunction with the following:

- Interim consolidated financial statements of Frontier as at and for the six months ended June 30, 2023;
- Interim consolidated financial statements of Waroona as at and for the six months ended June 30, 2023;
- Annual consolidated statement of profit or loss and other comprehensive income of Frontier for the year ended December 31, 2022; and
- Annual consolidated statement of profit or loss and other comprehensive income of Waroona for the year ended December 31, 2022.

Frontier is considered to be the acquiring company and the acquisition of Waroona will be accounted for as an asset acquisition where Frontier's assets and liabilities, equity and historical operating results are included at the historical carrying values. Frontier shall measure the individual identifiable assets acquired and liabilities assumed from Waroona based on their relative fair values applying the relevant accounting standard when the control passes to Frontier or at the date of the transaction. Transaction costs that are incurred by Waroona in connection with the Transaction have been expensed as incurred. Transaction costs that are incurred by Frontier in connection with the transaction are capitalised in accordance with asset acquisition accounting.

It is management's opinion that the unaudited Pro forma Consolidated Financial Statements include adjustments relating to recognition and measurements of the transactions arising necessary for the fair presentation, in all material respect of the transaction described in note 3 in accordance with Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board or AASB and Corporations Act 2001. Compliance with Australian Accounting Standards ensures that the financial statements also comply with IFRS and are applied on a basis consistent with Frontier and Waroona's accounting policies.

The unaudited pro forma consolidated statement of financial position as at June 30, 2023 have been prepared as if the transactions have been effected as at that date whilst the unaudited proforma consolidated statements of profit or loss and other comprehensive income for the six months ended June 30, 2023 and December 31, 2022 have been prepared as if the transactions have been effected on January 1, 2022. The unaudited Pro forma Consolidated Financial Statements are not necessarily indicative of the financial position or results of operations which would have occurred if the transaction had actually occurred on June 30, 2023.

## 2. Summary of significant accounting policies

The unaudited Pro forma Consolidated Financial Statements have been compiled using the significant accounting policies as set out in the audited financial statements of Frontier as described in Note 2 to the audited consolidated financial statements for the year ended December 31, 2022 and Note 2 to the interim consolidated financial statements as at and for the six months ended June 30, 2023.

### 3. Pro forma assumptions and adjustments

#### a) Acquisition

The Transaction is considered to be outside the scope of IFRS 3 *Business Combinations* since Waroona's operations do not meet the definition of a business for accounting purposes and is not considered to be an acquired business under the accounting guidance. Accordingly, the transaction is accounted for as an asset acquisition pursuant to IFRS 2 *Share-Based Payments* whereby Frontier will issue shares in exchange for the net assets of Waroona. As a result, the transaction is treated as a capital transaction with the equity consideration being measured at fair value of the Frontier shares issued. In addition, upon completion of the Transaction, the former shareholders of Waroona will acquire approximately 31% interest in Frontier.

The cost of acquisition is allocated as follows:

	A\$
Interest previously acquired	9,672,297
Fair value of Frontier shares (145,687,992 shares at \$0.388 cents per share)	56,526,941
Transaction costs	292,000
	<u>66,491,238</u>
Identifiable fair value of net assets of Waroona acquired:	
Cash and cash equivalents	12,735,369
Trade and other receivables	186,372
Property, plant and equipment	35,097,628
Exploration and evaluation assets	23,074,083
Other non-current assets	73,839
Trade and other payables	(948,390)
Other liability	(3,727,663)
	<u>66,491,238</u>

#### b) Transaction costs

In connection with the plan of arrangement, Frontier and Waroona incurred accounting, audit, financial advisory and legal costs totaling \$743,857.

### 4. Pro forma share capital

Details	No. of shares	A\$
Shares issued and outstanding at June 30, 2023 <sup>1</sup>	298,997,607	48,829,756
Shares issued for Waroona acquisition	145,687,992	56,526,941
	<u>445,685,599</u>	<u>105,356,697</u>

<sup>1</sup>Shares on issue exclude 25,500,000 Performance Shares which have been classified as restricted securities and subject to the following vesting criteria:

- 12,750,000 Performance Shares convert into Shares upon the Company or its subsidiary Bristol Springs Solar Pty Ltd ("BSS") 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
- 12,750,000 Performance Shares 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 Pro BSS Project.

## APPENDIX J

### INFORMATION CONCERNING THE COMBINED COMPANY

The following information about Frontier following completion of the Arrangement should be read in conjunction with the documents incorporated by reference in this Circular, and the information concerning Frontier and the Company, as applicable, appearing elsewhere in this Circular.

#### 1. Overview

On completion of the Arrangement, Frontier will directly own 82.7% and indirectly 17.3% (via its 87.5% interest in Ophiolite Holdings Pty Ltd) all of the Waroona Shares and Waroona will be a subsidiary of Frontier. Immediately following completion of the Arrangement, former Shareholders (other than Dissenting Shareholders) will be shareholders of Frontier. Based on the number of Waroona Shares and Frontier Shares outstanding on September 30, 2023, immediately following completion of the Arrangement former Shareholders immediately prior to the Effective Time are anticipated to collectively own approximately 31% of the Frontier Shares on a fully diluted basis. All of the directors of Waroona will resign concurrently with the completion of the Arrangement.

Upon the completion of the Arrangement, the rights of Shareholders who receive Frontier Shares under the Arrangement will be governed by Australian Law. While the rights and privileges of shareholders of an Australian company are, in many instances, comparable to those of shareholders of a BCBCA company, there are certain differences. Those differences which management of Waroona and Frontier feel are most material to the Shareholders are summarized in Appendix L – *Comparison of Relevant Laws*. Such comparison is a summary only and is not exhaustive, and may not address all the differences between the BCBCA and the Australian Law that a Shareholder may find relevant. Shareholders should consult their legal advisors regarding all of the implications of the transactions contemplated in the Arrangement.

The registered and head office of Frontier following completion of the Arrangement will continue to be situated at Level 20, 140 St Georges Terrace, Perth, Western Australia, Australia 6000.

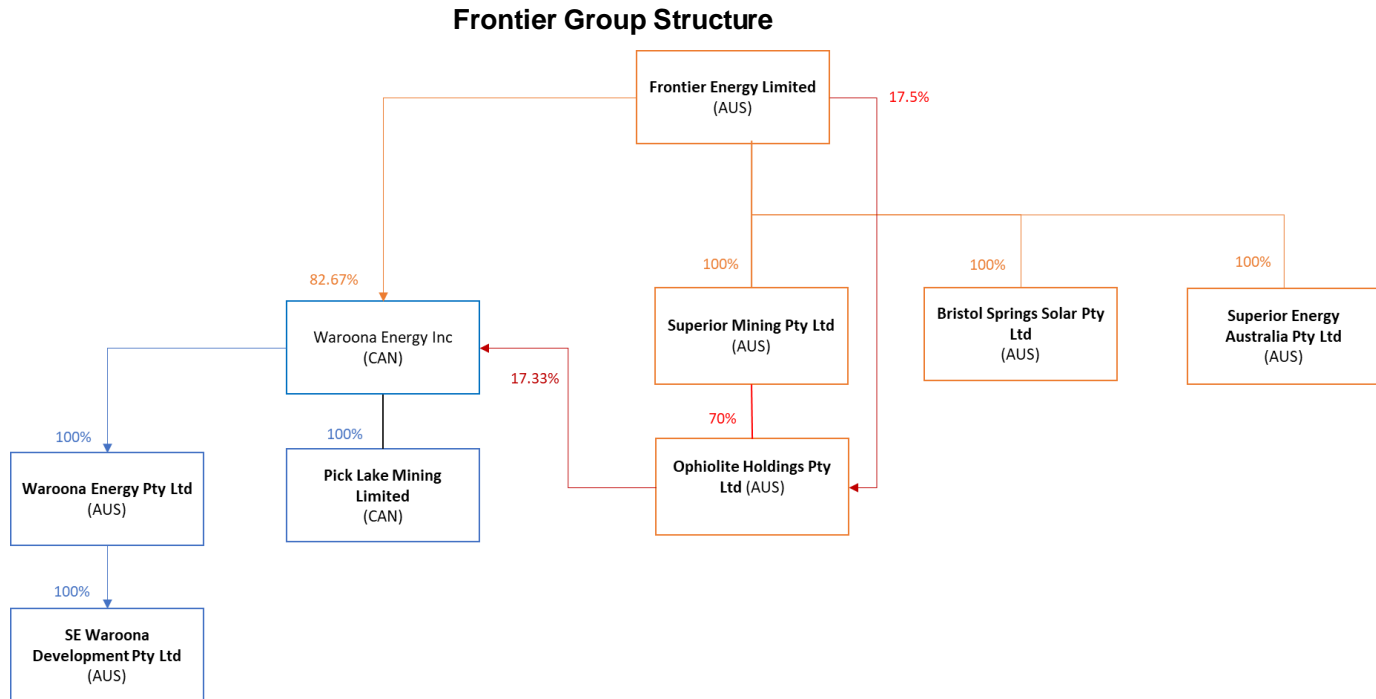
#### 2. Intercorporate Relationships

The table below sets out Frontier's main operating subsidiaries upon the completion of the Arrangement.

Name	Jurisdiction	% of Voting Securities Held (directly or indirectly)
Superior Mining Pty Limited	Australia	100.0%
Bristol Springs Solar Pty Limited	Australia	100.0%
Superior Energy Australia Pty Limited	Australia	100.0%
Ophiolite Holdings Pty Limited	Australia	87.5%
Waroona Energy Inc	Canada	100.0%
Waroona Energy Pty Ltd	Australia	100.0%
SE Waroona Development Pty Ltd	Australia	100.0%
Pick Lake Mining Limited	Canada	100.0%

### 3. Corporate Structure

The following chart demonstrates the corporate structure of Frontier and its significant subsidiaries following the Arrangement with respect to the main assets of Frontier, the percentage of voting securities of each subsidiary beneficially owned, controlled or directed, directly or indirectly by Frontier.. The jurisdiction of incorporation of each entity is shown in the table above. Please also see disclosure under the heading of “*Corporate Structure*” in Appendix F - *Information Concerning Frontier* for details of Frontier’s current corporate structure.



### 4. Description of the Business

Following the Arrangement, Frontier will be a leading ASX listed large-scale Australian renewable energy company, with development approvals in place to construct up to 355MW of solar generation and the potential to expand to more than 1GW at its project located in the South West of Western Australia, based on the combined freehold land ownership and the two grid connections that have been secured.

Frontier will be in a position to provide a unique and accelerated turnkey solution for the development and consumption of green hydrogen, via the proposed development of a 120MW dual fuel peaking plant, which will consume both natural gas and green hydrogen, with a plan to transition to 100% green hydrogen over time.

The synergies and advantages of the combination of the two projects include:

#### A. Larger project to capture scale benefits and capital efficiencies

- Solar generation capacity significantly increased by combining Frontier’s 114MW Stage 1 with Waroona’s 241MW solar capacity, providing a potential of 355MW of renewable solar power generation with development approvals in place.
- Frontier will have two grid connections to the SWIS. Waroona already has an Electricity Transfer Access Contract (ETAC) and Interconnection Works Contract (IWC) in place, while Frontier is well advanced in finalising ETAC and IWC for its connection.
- The Waroona Solar Project is located closer to existing infrastructure including the Landwehr Terminal, reducing capex for a new single switchyard that can connect the BSS Project and future expansions to the grid. Please see disclosure under the heading of “*Summary*”

*Description of Business*” in Appendix F - *Information Concerning Frontier* and the 2022 Frontier AR for details of the BSS Project.

- Potential for significant capex optimisation and opex savings, by eliminating infrastructure duplication, minimising overhead cables and developing the project in the most cost-efficient manner.
- Combined freehold land of 868ha (Waroona: 303ha, Frontier: 565ha), with capacity to accommodate in excess of 1GW renewable solar energy and green hydrogen electrolysis generation.

**B. Strengthened balance sheet reduces need for additional funding pre a final investment decision (“FID”)**

- The Combined Company will have a strong balance sheet with a cash position of ~A\$18.7m as at 30 September 2023. The Combined Company will be fully funded until FID for the development of the initial solar production facility. Please also see disclosure under the heading of *“Consolidated Capitalisation”* in Appendix F - *Information Concerning Frontier* and the 2022 Frontier AR for details of Frontier’s capitalisation.

**C. Integrating Frontier’s hydrogen plant with Waroona’s dual fuel peaking plant creates an initial offtake for Frontier’s hydrogen**

- Vertically integrating solar, peaking plant and hydrogen facilities will enable the generation of early revenue through solar sales, while also creating green hydrogen offtake via the dual fuel peaking plant

**D. Combined financial scale and integrated holding will facilitate project funding**

- The combined project will be significantly more attractive to debt financiers, given enhanced scale, efficiencies and scalability.
- The combined market capitalisation will better position Frontier to raise equity funding once a FID is made.

**E. Strengthened position to engage with regulators and community stakeholders**

- Engaging with regulators on a single project is more efficient and effective than engaging on two separate projects that are located adjacent to each other.
- Permit and approvals processes can be streamlined.
- A consolidated project will, by virtue of its increased capacity and larger footprint, be more strategically important to regulators.
- Both companies and projects share important key stakeholders, including equity investors, potential project financiers, local communities and governments.

The Company is strongly positioned to be one of the first commercial green hydrogen producers in Australia, due to the Project’s low operating and initial capital cost for Stage One production. More importantly, the Company has multiple existing domestic market offtake opportunities that are both accessible and ready for early offtake/consumption of green hydrogen.

Frontier’s business will be the primary focus of the Combined Company’s business upon completion of the Arrangement. An investment in the securities of the Combined Company involves certain risk and uncertainties. Please see *“Risk Factors”* in Appendix F - *Information Concerning Frontier* and the 2022 Frontier AR for details.

## **5. Description of Securities**

The securities of the Combined Company will have the same rights, privileges, restrictions and conditions as those are attached to Frontier’s securities. Please see disclosure under the heading of *“Consolidated Capitalisation”* in Appendix F - *Information Concerning Frontier* for description of Frontier’s securities.

## **6. Dividend Policy**

The Combined Company does not currently have any plans to pay dividends for the foreseeable

future. The board of the Combined Company will determine the future dividend policy of the Combined Company.

## **7. Board and Management**

The directors, key management and board committee members of the Combined Company shall consist of the current directors, key management and board committee members of Frontier. Please see disclosure under the heading of “*Directors and executive officers*” in Appendix F - *Information Concerning Frontier* for details.

The directors, key management and board committee members of the Combined Company will be compensated in accordance with Frontier’s existing compensation program. Please see disclosure under the heading of “*Executive Compensation*” in Appendix F - *Information Concerning Frontier* for details of their compensation in the last three completed financial years and description of Frontier’s current compensation program.

## **8. Board Mandate**

The Combined Company will continue to adopt Frontier’s current corporate governance policies, procedures and charters. Please see disclosure under the heading of “*Corporate Governance*” in Appendix F - *Information Concerning Frontier* for details.

## **9. Other Reporting Issuer Experience**

Certain directors of Frontier, who will also be the directors of the Combined Company, are presently directors of other reporting issuers. Please see disclosure under the heading of “*Directors and executive officers*” in Appendix F - *Information Concerning Frontier* for details.

## **10. Post-Arrangement Shareholdings and Principal Shareholders**

Based on the Frontier and Waroona securities outstanding on September 30, 2023, immediately following completion of the Arrangement, former Shareholders who receive Frontier Shares under the Arrangement will hold approximately 31% of the Frontier Shares issued and outstanding immediately after the Effective Time.

To the knowledge of the directors and executive officers of Waroona and Frontier, immediately following completion of the Arrangement, no person or company is anticipated to beneficially own, directly or indirectly, or exercise control or direction over, voting securities of the Combined Company carrying 10% or more of the voting rights attached to any class of voting securities of the Combined Company.

## **11. Auditors and registrar**

The auditor of Frontier following completion of the Arrangement will continue to be Ernst & Young and the registrar for the Frontier shares will continue to be Automic Registry Services Limited. Please see disclosure under the headings of “*Auditor*” and “*Transfer Agent and Registrar*” in Appendix F - *Information Concerning Frontier* for details.

## **12. Material Contracts**

There are no material contracts other than those disclosed in Appendix F - *Information Concerning Frontier*.

## **13. Documents Incorporated by Reference**

The following documents of Frontier filed with the ASX are specifically incorporated by reference into and form an integral part of this Appendix J:

- (a) Frontier’s half year report for the six months ended June 30 2023;

- (b) the Frontier ARs;
- (c) Frontier's notice of meeting dated April 6, 2023 in respect of the annual general meeting of shareholders of Frontier held on May 26, 2023;
- (d) the audited consolidated financial statements of Frontier as at and for the years ended December 31, 2022, 2021 and 2020, together with the notes thereto and the auditors' report thereon; and
- (e) Frontier's operating and financial review of the financial condition and results of operations of Frontier as at and for the year ended December 31, 2022, as contained in the 2022 Frontier AR.

The above-noted documents are defined, as applicable, and also incorporated by reference, in Appendix F - *Information Concerning Frontier*.

#### **Additional Information**

Additional information relating to Frontier can be found in the Frontier ARs on [www.asx.com.au/markets/company/fhe](http://www.asx.com.au/markets/company/fhe). Additional financial information is available in Frontier's audited financial statements for the years ended December 31, 2022 and 2021, a copy of which has been filed on ASX at [www.asx.com.au](http://www.asx.com.au). For copies of documents, please contact Frontier at [info@frontierhe.com](mailto:info@frontierhe.com).

## APPENDIX K DISSENT PROVISIONS OF THE BCBCA

### Definitions and application

**237** (1) In this Division:

**“dissenter”** means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

**“notice shares”** means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

**“payout value”** means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
- (b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,
- (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, or
- (d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

- (a) the court orders otherwise, or
- (b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

### Right to dissent

**238** (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles
  - (i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on,
  - (ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company's community purposes within the meaning of section 51.91, or
  - (iii) without limiting subparagraph (i), in the case of a benefit company, to alter the company's benefit provision;
- (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
- (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
- (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;



- (g) in respect of any other resolution, if dissent is authorized by the resolution;
- (h) in respect of any court order that permits dissent.
- (1.1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent under section 51.995 (5) in respect of a resolution to alter its notice of articles to include or to delete the benefit statement.
- (2) A shareholder wishing to dissent must
  - (a) prepare a separate notice of dissent under section 242 for
    - (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
    - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
  - (b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and
  - (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.
- (3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must
  - (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
  - (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

#### **Waiver of right to dissent**

- 239** (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.
- (2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must
    - (a) provide to the company a separate waiver for
      - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
      - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and
    - (b) identify in each waiver the person on whose behalf the waiver is made.
  - (3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to
    - (a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and
    - (b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.
  - (4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

**Notice of resolution**

**240** (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
  - (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.
- (2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,
- (a) a copy of the proposed resolution, and
  - (b) a statement advising of the right to send a notice of dissent.
- (3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,
- (a) a copy of the resolution,
  - (b) a statement advising of the right to send a notice of dissent, and
  - (c) if the resolution has passed, notification of that fact and the date on which it was passed.
- (4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

**Notice of court orders**

**241** If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.

**Notice of dissent**

**242** (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) or (1.1) must,

- (a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,
- (b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
- (c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
  - (i) the date on which the shareholder learns that the resolution was passed, and
  - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

- (a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or
  - (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.
- (3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company
- (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
  - (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.
- (4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:
- (a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;
  - (b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and
    - (i) the names of the registered owners of those other shares,
    - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
    - (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;
  - (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and
    - (i) the name and address of the beneficial owner, and
    - (ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.
- (5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

### **Notice of intention to proceed**

- 243** (1) A company that receives a notice of dissent under section 242 from a dissenter must,
- (a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of
    - (i) the date on which the company forms the intention to proceed, and
    - (ii) the date on which the notice of dissent was received, or
  - (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.
- (2) A notice sent under subsection (1) (a) or (b) of this section must
- (a) be dated not earlier than the date on which the notice is sent,
  - (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
  - (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

### **Completion of dissent**

- 244** (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

- (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
  - (b) the certificates, if any, representing the notice shares, and
  - (c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.
- (2) The written statement referred to in subsection (1) (c) must
  - (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
  - (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
    - (i) the names of the registered owners of those other shares,
    - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
    - (iii) that dissent is being exercised in respect of all of those other shares.
- (3) After the dissenter has complied with subsection (1),
  - (a) the dissenter is deemed to have sold to the company the notice shares, and
  - (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.
- (4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.
- (5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.
- (6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

### **Payment for notice shares**

- 245** (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must
- (a) promptly pay that amount to the dissenter, or
  - (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may
- (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,
  - (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and
  - (c) make consequential orders and give directions it considers appropriate.
- (3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must
- (a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

- (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),
  - (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or
  - (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.
- (5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that
  - (a) the company is insolvent, or
  - (b) the payment would render the company insolvent.

### **Loss of right to dissent**

**246** The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

### **Shareholders entitled to return of shares and rights**

**247** If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

## APPENDIX L COMPARISON OF RELEVANT LAWS

In this Appendix L — “*Comparison of Relevant Laws*”, unless there is something in the subject matter or context inconsistent therewith, capitalized terms have the meanings ascribed to those terms in the “*Glossary of Terms*” as set out in the accompanying Circular.

**The following is a summary of certain differences between the BCBCA and the ACA, but it is not intended to be a comprehensive review of the two statutes. Reference should be made to the full text of both statutes and the regulations thereunder for particulars of any differences between them, and Shareholders should consult their legal or other professional advisors with regard to all of the implications of the Arrangement which may be of importance to them.**

### Introduction

Waroona is a company incorporated under the BCBCA. Waroona Shares are listed on the TSXV. As Waroona is a “reporting issuer” in the provinces of British Columbia and Alberta, it is subject to certain Canadian securities laws, and due to its listing on the TSXV, is also subject to the rules of the TSXV.

Frontier is a public company registered under Australian law. Frontier Shares are listed on the ASX.

If the Arrangement is implemented, the rights of Shareholders who receive Frontier Shares will, in respect of those shares, be governed by the constitution of Frontier (“**Frontier Constitution**”), Australian law and in certain respects, the ASX Listing Rules.

A comparison of some of the material provisions of Australian company law and British Columbia corporate law as they relate to Frontier and Waroona, respectively, is set out below, along with a description of certain securities laws and stock exchange rules where applicable.

References to “Australian law” where they appear in this Appendix L — “Comparison of Relevant Laws” are references to the ACA, ASX Listing Rules, the operating rules of the ASX Settlement Pty Limited (the “**ASX Settlement Operating Rules**”) and Australian common law, as applicable. References to “Canadian law” are references to the Articles of Waroona, the BCBCA, Canadian corporate and securities laws and Canadian common law, as applicable. References to “TSX Rules” are references to the market rules of the TSX, primarily embodied in the TSX Company Manual. The comparison below is not an exhaustive statement of all relevant laws, rules and regulations and is intended as a general guide only. Shareholders should consult with their own legal adviser if they require further information.

### Meetings of shareholders

#### ***Calling meetings***

##### *Frontier*

Under the ACA, the annual general meeting of Frontier is required to be held within five months after the end of its financial year.

A general meeting of Frontier Shareholders may be called from time to time by the Frontier Board, individual directors or by Frontier Shareholders in the circumstances set out below. When requested to do so by Frontier Shareholders holding at least 5% of the votes that may be cast at the meeting, directors must call a general meeting within 21 days after the request is given to Frontier, and the meeting must be held not later than two months after the date upon which that request is first given.

Alternatively, Frontier Shareholders holding at least 5% of the votes that may be cast at the meeting may

themselves call, and arrange to hold, a general meeting.

Frontier Shareholders holding at least 5% of the votes that may be cast at a meeting or at least 100 Frontier Shareholders who are entitled to vote at a meeting may also require a resolution to be moved at a meeting convened by the Frontier Board or an individual director.

#### *Waroona*

Under the BCBCA, a company must hold an annual meeting of Shareholders at least once in each calendar year and not more than 15 months after the last preceding annual meeting. Furthermore, the TSXV rules require the annual meeting of Shareholders to occur not more than 15 months after its last preceding annual meeting and at least once every calendar year. The BCBCA as well as Waroona's articles provide that the Board may call a meeting of Shareholders at any time. The BCBCA further provides that the holders of not less than 5% of the issued Waroona Shares that carry the right to vote at general meetings, at the date on which a requisition is received by Waroona, may requisition the Board to call a general meeting of Shareholders for the purposes stated in the requisition.

#### **Notice of meetings**

##### *Frontier*

As Frontier Shares are quoted on ASX, notice of a general meeting of Frontier must be given at least 28 days before the date of the proposed meeting. Frontier is required to give notice only to Frontier Shareholders entitled to vote at the meeting, as well as its directors and auditors. The quorum for a general meeting under Frontier's Constitution is two Eligible Members present (including virtually) and entitled to vote at a meeting.

Under Frontier's Constitution, an "Eligible Member" means, in respect of a meeting of shareholders:

- a) the date and time specified in the applicable notice of that meeting, a person whose name is entered in Frontier's register of holders of Frontier Shares kept in accordance with Australian law at that time; or
- b) as otherwise determined by the party calling that meeting.

Provided that the time is not more than 48 hours prior to that meeting.

##### *Waroona*

The BCBCA and Waroona's articles require that notice of a meeting of Shareholders must be provided not less than 21 days, and not more than two months before the meeting to each Shareholder entitled to vote at the meeting. Management proxy circulars, in the required form, are required to be provided under applicable Canadian securities laws for any solicitation of proxies by management.

Waroona's articles provide that, subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of Shareholders is two persons who are, or who represent by proxy, Shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.

#### **Voting requirements**

##### *Frontier*

Unless the ACA or the Frontier Constitution requires a special resolution, resolutions are passed by a simple majority of votes cast on the resolution. Under the ACA, a special resolution may only be passed by Frontier Shareholders if Frontier gives to all Frontier Shareholders not less than 28 days' notice of its proposal to

convene a general meeting to consider and vote upon that special resolution, specifying the intention to propose the special resolution and stating the terms of that special resolution. A special resolution must be passed by at least 75% of the votes cast by shareholders entitled to vote, who attend at the meeting, in person or by proxy.

The ACA requires certain matters to be resolved by a company by special resolution, including:

- the change of name of the company;
- any proposed amendment to the constitution of the company;
- a selective reduction of capital or selective share buy-back;
- where required, shareholder approval to the giving by the company of financial assistance in connection with an acquisition of shares in the company or a holding company of the company;
- the variation of rights attaching to classes of shares;
- the conversion of the company from one type or form to another; and
- a decision to wind up the company voluntarily.

Each Frontier Share (subject to any specific terms of issue) confers a right to vote at all general meetings. On a show of hands, each Frontier Shareholder present in person, or by proxy, attorney or body corporate representative, has one vote. If a poll is held, Frontier Shareholders present in person or by their proxy, attorney or body corporate representative will have one vote for every Frontier Share held at the record date for the meeting.

A proxy's appointment must be signed and sent to Frontier or its share registry so as to be received at least 48 hours before the time and date for the convening of the meeting.

#### *Waroona*

Under the BCBCA, certain extraordinary corporate actions, such as amalgamations, continuances, reorganizations, liquidations and arrangements, require approval of the Shareholders by special resolution. Under the BCBCA, a resolution passed by a special majority at a general meeting for which proper notice has been provided constitutes a special resolution. A special majority is a majority of votes, as specified by Waroona's articles, that is at least two-thirds of the votes cast on the resolution. Unless the BCBCA or Waroona's articles requires a special resolution to approve a particular item of business, an ordinary resolution of Shareholders is required to approve such item. Ordinary resolutions are passed by a simple majority of votes cast on the resolution.

Each Waroona Share entitles the holder to one vote at a meeting of Shareholders. With respect to proxies, Waroona's articles provide that a proxy for a meeting of shareholders must (a) be received at the registered office of Waroona or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days, before the day set for the holding of the meeting, or (b) unless the notice provides otherwise, be provided at the meeting to the chair of the meeting or to a person designated by the chair of the meeting.

#### ***Shareholders' rights to bring a resolution before a meeting***

##### *Frontier*

See "Calling meetings" above.

##### *Waroona*

The BCBCA includes a detailed regime for shareholder proposals. A shareholder proposal (a "Proposal")



is a document setting out a matter that the submitter wishes to have considered at the next annual general meeting of Waroona. Under the BCBCA, Proposals may be submitted by both registered and beneficial Shareholders who have been Shareholders for an uninterrupted period of at least two years and who are entitled to vote at an annual shareholders' meeting ("**Qualified Shareholders**"). To be valid, the Proposal must, among other things, be signed by Qualified Shareholders who are registered or beneficial holders of Waroona Shares that either (a) constitute at least one percent of the issued and outstanding Shares, or (b) have a fair market value of not less than \$2,000.

## **Directors**

### ***Directors' management of the business of the company***

#### *Frontier*

Under the Frontier Constitution, the business of Frontier is to be managed by or under the direction of Frontier's directors. Those directors may exercise all the powers of Frontier, except any powers that the ACA, the ASX Listing Rules or Frontier's Constitution preserve for the exercise of Frontier Shareholders in a general meeting.

#### *Waroona*

According to the BCBCA, the directors of Waroona shall, subject to the BCBCA, the BCBCA regulations and Waroona's articles, manage or supervise the management of the business and affairs of Waroona.

### ***Number and election of directors***

#### *Frontier*

Under the Frontier Constitution, Frontier must have not less than three directors. Under the ACA, at least two directors must ordinarily reside in Australia. At each annual general meeting, one- third of directors (or the number nearest to one-third) must retire from office but no director may retain office past the third consecutive annual general meeting following the director's appointment or three years (whichever is longer). The director or directors to retire are those who have been longest in office since their election and, as between those who became directors on the same day, as determined by lot unless they otherwise agree. A retiring director is eligible for re-election. The managing director is exempt from retirement by rotation. Casual vacancies between annual general meetings may be filled by appointments made by the Frontier Board. In addition, the Frontier Board has the power to appoint additional directors, but so that the total number of directors does not at any time exceed eleven.

#### *Waroona*

According to the BCBCA and Waroona's articles, because Waroona is a public company, it must have a minimum of three directors.

## **Amendments to constituent documents**

### ***Frontier***

Any amendment to the Frontier Constitution must be approved by a special resolution passed by Frontier Shareholders present and voting on the resolution.

The Frontier Constitution is lodged with ASIC, the Australian corporate regulator, and a copy is kept at Frontier's registered office.

## **Waroona**

The required authorization to amend the Notice of Articles or Articles of Waroona under the BCBCA will be specified in the BCBCA or the Articles of Waroona depending on the type of amendment proposed. In many instances, including a change of name or amendments to the Articles, the BCBCA or the articles may provide for approval solely by a resolution of the directors or by ordinary resolution of Shareholders. If the type of resolution is not specified in the BCBCA or the articles, most amendments will require a special resolution of the shareholders.

The Notice of Articles of Waroona is filed with the Registrar of Companies, while the Articles of Waroona are kept at Waroona's records office and available under its SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

## **Issue of new shares**

### **Frontier**

Under the ACA and its Constitution, Frontier may issue an unlimited number of ordinary shares. The ability to issue an unlimited number of shares is restricted by provisions of the ASX Listing Rules, in particular the requirement under ASX Listing Rule 7.1 and ASX Listing Rule 7.1A.

Subject to specified exceptions (for example, pro rata issues), ASX Listing Rule 7.1 applies to restrict Frontier from issuing, or agreeing to issue, more ordinary shares (or securities convertible or exercisable into ordinary shares) than the number calculated as follows in any 12-month period unless Frontier has shareholder approval – namely not in excess of 15% of the total of:

- the number of fully paid ordinary shares on issue 12 months before the date of the issue or agreement; plus
- the number of fully paid ordinary shares issued in the 12 months under a specified exception; plus
- the number of partly paid ordinary shares that became fully paid in the 12 months; plus
- the number of fully paid ordinary shares issued in the 12 months with shareholder approval; less the number of fully paid ordinary shares cancelled in the 12 months; and
- the number of fully paid ordinary shares issued or agreed to be issued in the 12 months before the date of issue or agreement to issue, but not under a specified exception or with shareholder approval.

ASX Listing Rule 7.1A enables eligible entities (as defined below) to obtain at its annual general meeting shareholder approval to have an additional placement capacity of up to 10% of its fully paid ordinary issued capital over a 12-month period after the annual general meeting (10% Placement Facility). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1. An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

Subject to certain exceptions, ASX Listing Rules 10.11 and 10.14 require the approval of Frontier Shareholders by ordinary resolution in order for Frontier to issue shares or options to directors. Under the Frontier Constitution, Frontier directors may issue shares or other securities on terms determined by the directors at such times as they think fit, subject to the ACA, the ASX Listing Rules, and any special rights previously conferred on the holders of any existing Frontier Shares or other class of shares.

### **Waroona**

The BCBCA permits shares with or without par value. According to Waroona's Notice of Articles, Waroona is authorized to issue an unlimited number of Waroona Shares without par value. Waroona Shares may be

issued for such consideration as the directors of Waroona may determine. Shares, such as Waroona Shares, issued by a company governed by the BCBCA, are non-assessable and may only be issued if consideration for such shares is fully paid.

### **Protection of minority shareholders/oppression remedy**

#### ***Frontier***

Under the ACA, any Frontier Shareholder can bring an action in cases of conduct which is contrary to the interests of shareholders as a whole, or oppressive to, unfairly prejudicial to, or unfairly discriminatory against, any shareholder(s), whether in their capacity as a shareholder or in any other capacity. Former shareholders can also bring an action if it relates to the circumstances in which they ceased to be a shareholder.

A statutory derivative action may also be instituted by a Frontier Shareholder, former Frontier Shareholder or person entitled to be registered as a Frontier Shareholder. In all cases, leave of the court to commence that action is required.

#### ***Waroona***

Under the BCBCA, a shareholder of a company and any other person whom the court considers an appropriate person to make an application has the right to apply to the court on the grounds that: (i) the affairs of the company are being or have been conducted, or that the powers of the directors are being or have been exercised, in a manner oppressive to one or more of the shareholders, including the applicant, or (ii) some act of the company has been done or is threatened, or that some resolution of the shareholders or of the shareholders holding shares of a class or series of shares has been passed or is proposed, that is unfairly prejudicial to one or more of the shareholders, including the applicant. On such an application, the court may make such order as it sees fit, including an order to prohibit any act proposed by the company.

Under the BCBCA, a shareholder, defined as including a beneficial shareholder and any other person whom the court considers to be an appropriate person to make an application under the BCBCA, or a director of a corporation may, with leave of the court, bring an action in the name and on behalf of the corporation to enforce an obligation owed to the corporation that could be enforced by the corporation itself or to obtain damages for any breach of such an obligation. An applicant may also, with leave of the court, defend a legal proceeding brought against a corporation. Leave may be granted on terms the court considers appropriate if: (i) the complainant has made reasonable efforts to cause the directors of the corporation to prosecute or defend the legal proceeding; (ii) notice of the application for leave has been given to the corporation and any other person the court may order; (iii) the complainant is acting in good faith; and (iv) it appears to the court that it is in the best interests of the corporation for the legal proceeding to be prosecuted or defended.

The BCBCA provides that shareholders entitled to vote on certain matters may exercise dissent rights and demand payment for the fair value of their shares (as of the last business day before the day the resolution on which the shareholder dissent was adopted), provided that they comply strictly with the requirements in the BCBCA. Dissent rights exist when there is a vote upon matters such as:

- an alteration to Waroona's articles to alter restrictions on the powers of Waroona or on the business it is permitted to carry on;
- any adoption of an amalgamation agreement or an amalgamation in certain instances;
- an arrangement, the terms of which arrangement permit dissent;
- a sale, lease or other disposition of all or substantially all the undertaking of Waroona other than in the ordinary course of business;
- a continuance into a jurisdiction other than British Columbia;
- and any other resolution, if dissent is authorized by the resolution.

## Takeover requirements

### *Frontier*

Australian law places restrictions on a person acquiring interests in the voting shares of a public company such as Frontier where, as a result of the acquisition, that person's or someone else's voting power in the company increases from 20% or below to more than 20%, or from a starting point that is above 20% and below 90% (the “**20% Rule**”). Generally, such acquisitions cannot be made unless:

- the person does not acquire more than 3% of the voting shares in the company in the six-month period before the acquisition;
- the acquisition is made with shareholder approval; or
- the acquisition is made under a takeover bid made in accordance with Australian law.

There are numerous other exemptions from the application of the 20% Rule. Takeover bids must treat all shareholders, as far as is possible, equally and must not involve any collateral benefits being given to some target shareholders only. Various restrictions about conditional offers exist and there are also substantial restrictions concerning the withdrawal and suspension of takeover offers.

### *Waroona*

Under applicable Canadian securities legislation, a “take-over bid” occurs when there is an offer to acquire outstanding voting or equity securities made to any person in any province or territory where the securities subject to the offer, together with the securities owned or controlled by the offeror and its affiliates and associates, constitute 20% or more of the outstanding securities.

Unless an exemption is available, a take-over bid must be made to all holders of each class of voting or equity securities being purchased, and the same price per security must be offered to each holder of securities. These provisions require, among other things, the production, filing and mailing of a takeover bid circular to shareholders of the target company. Takeover bids must treat all securityholders alike and must not involve any collateral agreements, with certain exceptions for employment compensation arrangements. Except under certain circumstances, takeover bids must remain open for a minimum of 105 days from the date of the mailing of the circular, and no deposited securities can be taken up and paid for by the offeror during the first 105 days of the offer (subject to a reduction of the minimum deposit period to a minimum of 35 days with the consent of the target's board of directors or where certain competing take-over bids or alternative change in control transactions are outstanding).

For the protection of target securityholders, the takeover bid rules contain various additional requirements, such as restrictions applicable to conditional offers and the withdrawal, amendment or suspension of offers. Securities regulators also retain a general public interest jurisdiction to regulate takeovers and may intervene to halt or prevent activity that is abusive. Issuer bids are regulated similarly to takeover bids.

There are extensive disclosure requirements associated with takeover bids, beginning with “early warning” disclosure, required when an acquirer crosses the 10% ownership threshold. Generally, further disclosure is required for additional purchases or dispositions of 2% or more of the outstanding securities of an issuer for which such early warning disclosure is required. Purchases outside the bid, before, during, and after the bid, are also restricted.

Following a bid, second step transactions where the acquirer brings its percentage ownership to 100% are governed by the BCBCA. No shareholder approval of the acquisition would be required if the acquirer obtained 90% of the outstanding shares owned by shareholders during the bid. Otherwise, a meeting must be called and associated regulations complied with for a second step acquisition, including obtaining a special resolution of shareholders. The acquirer is generally permitted to vote the shares acquired pursuant

to the bid at such meeting. Appraisal (or dissent) rights are available for objecting shareholders who fulfil certain procedural requirements.

Canadian securities laws allow certain exemptions to the formal bid requirements, on specified conditions. For example, private agreements to purchase securities from up to five persons are permitted if the purchase price does not exceed 115% of the market price. Under the normal course purchase exception, the offeror (together with any joint offerors) may acquire up to 5% of a class of securities within a 12-month period if there is a published market for the relevant class and the consideration paid does not exceed the market price at the date of acquisition.

## **Takeover defence mechanisms**

### ***Frontier***

Under Australian takeovers legislation and policy, boards of target companies are limited in the defensive mechanisms that they can adopt to discourage or defeat a takeover bid, as such mechanisms may not always be in the best interests of the shareholders of the target company. Such tactics may also give rise to a declaration of unacceptable circumstances by the Australian Takeovers Panel, which if so declared, could result in the prohibition, termination of progress or unwinding of the defensive mechanism.

### ***Waroona***

The Canadian securities regulatory authorities have recognized that takeover bids play an important role in the economy by acting as a discipline on corporate management and as a means of reallocating economic resources to their best uses. In considering the merits of a takeover bid, there is a possibility that the interests of management of the target company will differ from those of its shareholders. The CSA considers the primary objective of the takeover bid provisions of Canadian securities legislation to be the protection of the bona fide interests of the shareholders of the target company. Because certain defensive measures taken by management of a target company may have the effect of denying shareholders the ability to make a fully informed decision and frustrating an open takeover bid process, Canadian securities regulators will therefore examine target company defensive tactics in specific cases to determine whether they are abusive of shareholder rights.

Without limiting the foregoing, defensive tactics that may come under scrutiny if undertaken during the course of a bid, or immediately before a bid (if the board of directors has reason to believe that a bid might be imminent) include:

- the issuance of, or granting of an option for the purchase of, securities representing a significant percentage of the outstanding securities of the target company;
- the sale or acquisition or granting of an option for the purchase of assets of a material amount; and
- entering into a contract or taking corporate action other than in the normal course of business.

Shareholder approval of a particular corporate action may be a factor in the decision as to whether the tactics are appropriate.

Notwithstanding the above, defensive tactics may be taken by a board of directors of a target company in a genuine attempt to obtain a better bid; however, tactics that are likely to deny or limit severely the ability of the shareholders to respond to a takeover bid or a competing bid may result in action by the Canadian securities regulators.

**APPENDIX M**  
**REPORTING PACKAGE IN RESPECT OF CHANGE OF AUDITOR**

(See attached.)

For personal use only

VIA SEDAR

July 20, 2023

**BDO Audit Pty Ltd.**  
Level 9, Mia Yellagonga Tower 2  
5 Spring Street, Perth, WA 6000  
Australia

**Smythe LLP, Chartered Professional Accountants**  
1700 – 475 Howe Street  
Vancouver, BC V6C 2B3  
Canada

Dear Sirs/Mesdames:

**RE: Notice of Change of Auditors dated effective July 20, 2023  
Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations*  
(the “Instrument”) of the Canadian Securities Administrators**

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The Company hereby provides notice pursuant to the Instrument of a change of auditor by Waroona Energy Inc. (the “**Company**”) from Smythe LLP, Chartered Professional Accountants to BDO Audit Pty Ltd.

The Company confirms that:

- (a) The Company wishes to change its current auditor from Smythe LLP, Chartered Professional Accountants (the “**Former Auditors**”) to an Australian-based auditor and, in this regard, has appointed BDO Audit Pty Ltd. (the “**Successor Auditors**”). The Former Auditors submitted their resignation effective July 20, 2023. The Successor Auditors have agreed to their appointment as the Company’s new auditors, effective July 20, 2023.  
  
At the next annual general meeting of the Company, the shareholders of the Company will be asked to approve the appointment of the firm, BDO Audit Pty Ltd., as Successor Auditors.
- (b) There were no reservations contained in the Former Auditors’ Reports for either of the Company’s two most recently completed fiscal years or for any period subsequent thereto for which an audit report was issued, preceding the date of this notice.
- (c) The Company’s Audit Committee and board of directors have participated and approved the change of auditor for the Company and have also approved the appointment of BDO Audit Pty Ltd., as Successor Auditors.
- (d) In the opinion of the Company, no “reportable events”, as that term is defined in the Instrument have occurred prior to the date of this notice.

The Company requested that the Successor Auditor, BDO Audit Pty Ltd., and the Former Auditor, Smythe LLP, Chartered Professional Accountants, provide the Company with a letter, in digital format, addressed to the regulatory authorities stating whether it agrees with the above statements.

Yours truly,

**WAROONA ENERGY INC.**

Per: “Adam Lee Kiley”

Adam Lee Kiley  
President and CEO



July 21, 2023

**Private and Confidential**

British Columbia Securities Commission  
Alberta Securities Commission  
TSX Venture Exchange

Dear Sirs/Mesdames:

**RE:     WAROONA ENERGY INC. (THE "COMPANY")**  
**CHANGE OF AUDITOR**

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We are writing in accordance with Section 4.11(5)(a) of National Instrument 51-102 *Continuous Disclosure Obligations* ("NI 51-102"). We wish to confirm that we have read the Notice of Change of Auditor of the Company dated July 20, 2023 and that based on our current knowledge we are in agreement with the information contained in such Notice.

Yours very truly,

A handwritten signature in black ink that reads 'Smythe LLP'.

Chartered Professional Accountants

**VANCOUVER**

1700-475 Howe St  
Vancouver, BC V6C 2B3  
T: 604 687 1231  
F: 604 688 4675

**LANGLEY**

600-19933 88 Ave  
Langley, BC V2Y 4K5  
T: 604 282 3600  
F: 604 357 1376

**NANAIMO**

201-1825 Bowen Rd  
Nanaimo, BC V9S 1H1  
T: 250 755 2111  
F: 250 984 0886



British Columbia Securities Commission  
Alberta Securities Commission  
TSX Venture Exchange

24 July 2023

Dear Sirs/Mesdames:

RE: Waroona Energy Inc. (the "Company")  
Change of Auditors

As required by Section 4.11 of National Instrument 51-102, we have reviewed the information contained in the Notice of Change of Auditor dated July 20, 2023 (the "Notice") for the Company and have the following comments:

With exception to the last sentence of paragraph (a) and paragraph (c) of the Notice, with which we agree, we have no basis on which to agree or disagree with the statements made in paragraphs (a), (b) or (d) of the Notice.

We understand that the Notice of Change of Auditor, together with this letter and a similar letter from Smythe LLP, Chartered Professional Accountants, the resigning auditors, will be provided to the Company's registered shareholders with the meeting materials relating to the Company's next annual general meeting of shareholders.

Yours truly,

BDO Audit Pty Ltd

BDO  


Phillip Murdoch  
Director