

# Half Year Report

For the half-year ended 30 June 2022



## Corporate Information

### Directors

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

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

### 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 half year ended 30 June 2022.

On 28 January 2022, the Company changed its name from Superior Lake Resources Limited to Frontier Energy Limited.

### Directors

The names of the Directors in office during the whole of this half year and up to the date of this report, unless otherwise indicated, were:

Name	Position	Details
<b>Mr Grant Davey</b>	Executive Chairman	Appointed as a director on 27 February 2018. Appointed Executive Chairman on 22 July 2022.
<b>Mr Chris Bath</b>	Executive Director and Chief Financial Officer	Appointed as a director on 1 December 2021.
<b>Ms Dixie Marshall</b>	Non-Executive Director	Appointed as a director on 1 December 2021.
<b>Ms Amanda Reid</b>	Non-Executive Director	Appointed as a director on 8 August 2022.
<b>Mr Mike Young</b>	Managing Director and Chief Executive Officer	Appointed as a director on 1 December 2021. Resigned as a director on 22 July 2022.

### Review of operations

In February 2022, the Company completed the acquisition of a 100% interest in Bristol Springs Solar Pty Ltd and its shares were re-instated to quotation on 3 March 2022. Bristol Springs Solar Pty Ltd holds a 100% interest in the Bristol Springs Project.

#### Bristol Springs Project

The Bristol Spring's Project (**BSS Project or the Project**) is a large, utility-scale solar energy project located in the southwest of Western Australia. Development is well advanced and is designed to produce 114MWdc of renewable electricity in Stage One with land acquisition opportunities to expand beyond this.

The Project is strategically located, close to major existing infrastructure surrounding the Project. This infrastructure includes connection to the existing Landwehr Terminal, allowing for excess solar renewable energy to be sold via the South West Interconnected System ("SWIS" - Western Australia's main energy grid), the Dampier Bunbury Natural Gas Pipeline as well as multiple existing water sources.

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.

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 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. Over the next quarter, the Company will finalise the cable route and substation location as part of securing the Access Offer from Western Power.

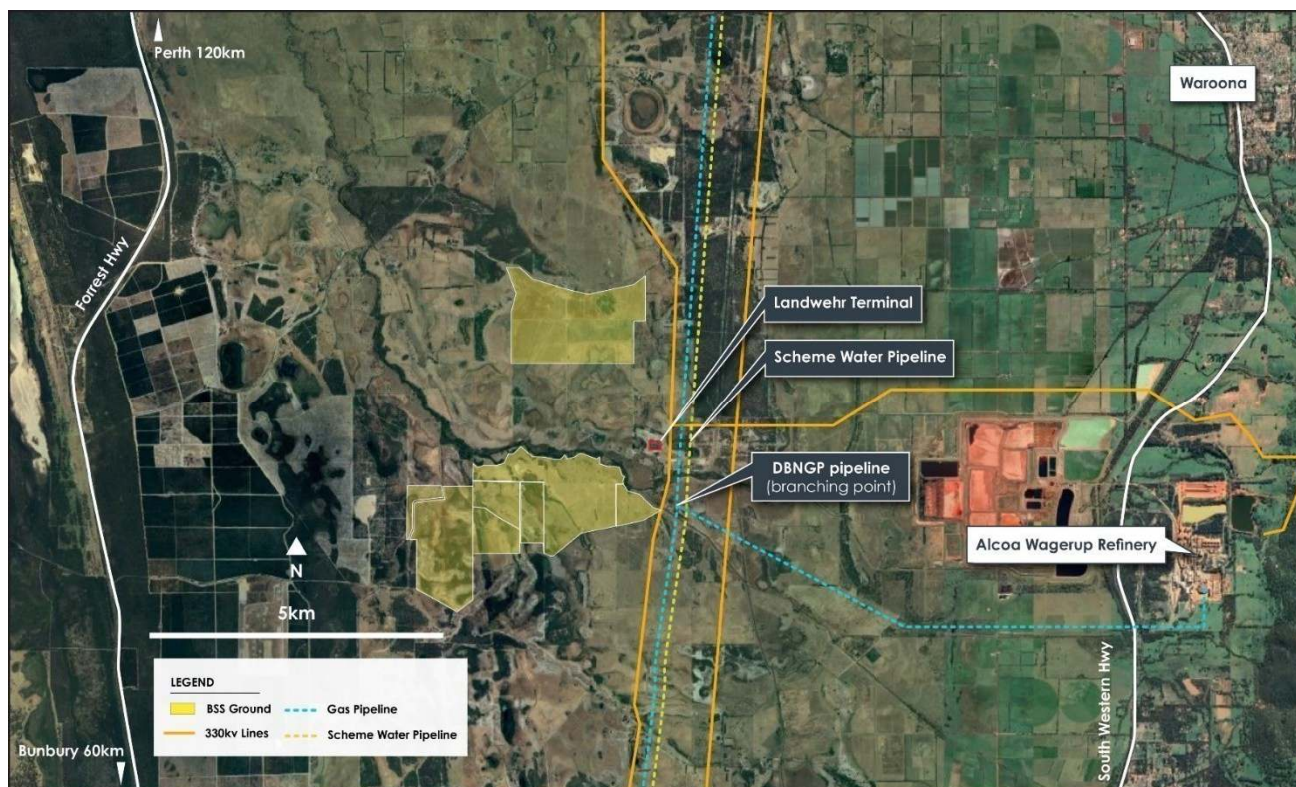


Figure 1: BSS Project and adjoining land

The Company engaged Xodus Group (part of the Subsea 7 Group of companies), to complete a Study assessing the potential for green hydrogen production (Hydrogen Study) at the Project as well as assess the growth potential (Expansion Study).

Results of the Hydrogen 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. Key reasons for this include:

- Connection to the SWIS** – access to this power grid, only 3.5km from the Stage One site, allows the Company to sell power in excess of requirements for green hydrogen into the SWIS.

Importantly, it also provides the opportunity for the Company to purchase renewable energy from other providers (eg. wind energy) during low or no-sun periods when the solar plant is not generating power. Using other sources of clean energy and power arbitrage or swaps, the SWIS may be able to provide a 'virtual' battery for the project.
- Multiple fresh water sources** exist in the region avoiding the need for a desalination facility. The requirement for desalination materially increases capital and operating costs and involves significantly more complex approvals extending timelines to achieve first production.

In addition, the Project is surrounded by major infrastructure and industries that are likely to be early movers regarding the transition from fossil fuels to green hydrogen. These include:

- **Hydrogen blending in natural gas networks** - The Dampier to Bunbury Natural Gas Pipeline (DBNGP) is Western Australia's most significant gas transmission asset and provides natural gas to Western Australia.

Importantly, a possible connection point to the DBNGP is located approximately 3km from the BSS Project where the pipeline branches off to provide gas to Alcoa's Wagerup Alumina Refinery.

The Western Australian government announced in May 2022 that to support the renewable hydrogen industry in Western Australia they have commenced investigating the implementation of a Renewable Hydrogen Target<sup>1</sup>. This would involve setting targets for retailers to procure a certain percentage of energy fuelled by renewable hydrogen. This would create the first local market which would support emerging hydrogen projects and improve energy grid stability. The work is targeted for completion by late 2022.

- **Replace diesel in the long-haul transportation industry** - Given advancements in hydrogen fuel cell electric vehicles (FCEV), most notably in long-haul vehicles, it is likely that long-haul transportation will be an early adopter for the hydrogen industry.

The Western Australia government identified domestically produced green hydrogen as a key part of the strategy to reduce the reliance on diesel, which is all imported. Currently WA imports approximately 6.7 billion litres of diesel per year<sup>2</sup>. The importance of energy security has been accelerated during 2022, most notably in Europe due to the Russia – Ukraine conflict.

### Superior Lake Zinc and Copper Project

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%. The Group has two of four directors on the Board and has dominant voting rights relative to the size and dispersion of other shareholders of MZN and has concluded it controls 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.

MZN owns a 100% interest in the Superior Lake Zinc and Copper Project. During the half year, MZN completed a non-brokered private placement with the issuance of 87,371,674 units at \$0.06 each, for gross proceeds of \$5,242,300. Each unit consists of one common share of the Company and one warrant which entitles the holder to purchase one additional common share at \$0.14 for two years from closing. OPH did not participate in this private placement and its interest in MZN reduced to approximately 45.5%.

MZN and Pays Plat First Nation ("PPFN") 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 the Impact Benefit Agreement ("IBA") which is the final agreement required before mine development can commence.

<sup>1</sup> [www.mediastatements.wa.gov.au/Pages/McGowan/2022/05/Renewable-hydrogen-target-to-be-investigated-for-Western-Australia.aspx](http://www.mediastatements.wa.gov.au/Pages/McGowan/2022/05/Renewable-hydrogen-target-to-be-investigated-for-Western-Australia.aspx)

<sup>2</sup> The West Australian – 6 June 2022



During the period MZN released updated economics for its Superior Lake Zinc and Copper Project. Based on updated assumptions, the Project's NPV8 Pre-tax has increased to C\$383m (previously – C\$175.8m) whilst the average EBITDA has increased to C\$102m per annum (previously C\$67.6m).

### Principal activities

Following the acquisition of Bristol Springs Solar Pty Ltd in February 2022 the Group's principal activities are the development of a renewable energy project and exploration and development of the Superior Lake Zinc and Copper Project.

### Financial results

The loss of the Group for the half year ended 30 June 2022 was \$3,143,191 (30 June 2021: \$1,362,268)

Cash and cash equivalents amounted to \$9,319,474 (30 June 2021: \$541,347)

### Changes in the state of affairs

In February 2022, the Company completed the acquisition of a 100% interest in Bristol Springs Solar Pty Ltd, which is developing a large, utility-scale solar energy project in the southwest of Western Australia. This is the first step in the Company's strategy to become an integrated renewable energy company.

### Events occurring after the balance sheet date

Subsequent to the end of the reporting period, the Company has entered into multiple land option agreements ("Options") to acquire ground adjacent to the existing site for the Bristol Springs Project. The Options have various exercise dates, as set out below:

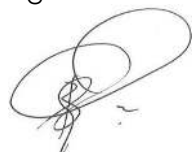
Period	\$
Q4 2022	10,799,999
Q3 2023	1,120,000
Q3 2024	396,094
	<b>12,316,093</b>

The Company is reviewing a number of funding options, including sale and leaseback type arrangements, as well as debt and equity funding structures.

### 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 8.

Signed in accordance with a resolution of the directors.



**Mr Grant Davey**


Executive Chairman  
Perth, 6 September 2022

## 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 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 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  
6 September 2022



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

For the half year ended 30 June 2022

	Notes	2022 \$	2021 \$
			Restated
Other income		12,297	749
Depreciation expense		(30,690)	(1,274)
Exploration and evaluation expenses		(326,392)	(563,482)
Study expenses		(194,511)	-
Administrative expenses		(886,708)	(252,299)
Employee benefit expenses and consultancy fees		(680,127)	(282,703)
Share based payments	14(a)	(1,020,229)	(244,866)
Finance Costs		(16,831)	-
Business development costs		-	(10,510)
Other expenses		-	(7,883)
<b>Loss before income tax</b>		<b>(3,143,191)</b>	<b>(1,362,268)</b>
Income tax expense		-	-
<b>Loss for the half year</b>		<b>(3,143,191)</b>	<b>(1,362,268)</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	14(c)	314,073	(347,372)
<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/(loss) for the half year</b>		<b>455,528</b>	<b>(347,372)</b>
<b>Total comprehensive loss for the half year</b>		<b>(2,687,663)</b>	<b>(1,709,640)</b>
<b>Loss attributable to:</b>			
Owners of the Company		(2,795,477)	(1,168,212)
Non-controlling interests		(347,714)	(194,056)
		<b>(3,143,191)</b>	<b>(1,362,268)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		(2,464,642)	(1,501,070)
Non-controlling interest		(223,021)	(208,570)
		<b>(2,687,663)</b>	<b>(1,709,640)</b>
Basic and diluted loss per share (cents per share)		(1.38)	(0.88)

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 2022

	Notes	30 June 2022 \$	31 December 2021 \$
<b>Current Assets</b>			
Cash and cash equivalents	5	9,319,474	541,347
Trade and other receivables	6	348,739	330,220
<b>Total Current Assets</b>		<b>9,668,213</b>	<b>871,567</b>
<b>Non-Current Assets</b>			
Other financial assets	7	182,057	178,605
Right-of-use asset	8	228,056	-
Property, plant and equipment	9	9,650,827	4,765
Exploration & evaluation assets	10	2,218,843	2,107,920
<b>Total Non-Current Assets</b>		<b>12,279,783</b>	<b>2,291,290</b>
<b>Total Assets</b>		<b>21,947,996</b>	<b>3,162,857</b>
<b>Current Liabilities</b>			
Trade and other payables	11	1,143,022	1,016,217
Lease liability	12	100,000	-
<b>Total Current Liabilities</b>		<b>1,243,022</b>	<b>1,016,217</b>
<b>Non-Current Liabilities</b>			
Lease liability	12	114,884	-
<b>Total Non-Current Liabilities</b>		<b>114,884</b>	<b>-</b>
<b>Total Liabilities</b>		<b>1,357,906</b>	<b>1,016,217</b>
<b>Net Assets</b>		<b>20,590,090</b>	<b>2,146,640</b>
<b>Equity</b>			
Contributed equity	13 (a)	38,015,479	24,744,840
Reserves	14	3,224,602	1,452,910
Non-controlling interests	15	3,610,746	543,382
Accumulated losses		(24,260,737)	(24,594,492)
<b>Total Equity</b>		<b>20,590,090</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

Half year ended 30 June 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 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)
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	-	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>

Consolidated statements of changes in equity should be read in conjunction with the accompanying notes

## Consolidated Statement of Changes in Equity

Half year ended 30 June 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>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>
Restatements	(3,011,908)	2,364,511				647,397	-
<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 half year (restated)	-	(1,168,212)	-	-	-	(194,056)	(1,362,268)
Foreign exchange translation differences (restated)	-	-	-	(332,858)	-	(14,514)	(347,372)
<b>Total comprehensive loss for the half year</b>	<b>-</b>	<b>(1,168,212)</b>	<b>-</b>	<b>(332,858)</b>	<b>-</b>	<b>(208,570)</b>	<b>(1,709,640)</b>
<b>Transactions with owners in their capacity as owners</b>							
Acquisition of NCI	-	-	-	-	-	1,575,099	1,575,099
Issue of shares	175,000	-	-	-	-	-	175,000
Exercise of employee share options	375,000	-	(375,000)	-	-	-	-
Expiry of employee share options	-	1,200,131	(1,200,131)	-	-	-	-
Share based payments	-	-	244,866	-	-	-	244,866
<b>At 30 June 2021</b>	<b>24,718,590</b>	<b>(23,483,725)</b>	<b>1,556,056</b>	<b>(29,419)</b>	<b>(249,000)</b>	<b>501,113</b>	<b>3,013,615</b>

Consolidated statements of changes in equity should be read in conjunction with the accompanying not

## Consolidated Statement of Cash Flows

For the half year ended 30 June 2022

	Notes	2022 \$	2021 \$
<b>Operating Activities</b>			
Payments to suppliers and employees (inclusive of GST)		(1,928,818)	(1,794,298)
Interest received		10,299	915
Interest paid		(7,174)	-
Payments for exploration activities and evaluation activities		(342,598)	(157,563)
Payments for studies		(74,268)	-
<b>Net cash outflow from operating activities</b>		<b>(2,342,559)</b>	<b>(1,950,946)</b>
<b>Investing Activities</b>			
Purchase of property, plant and equipment		(1,939,731)	(567)
Cash acquired on acquisition of subsidiary		11,252	1,930,040
Proceeds from sale of investment		250,734	-
Disposal of Tenement		-	750,216
Cash paid for security deposits		(70,827)	-
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(1,748,572)</b>	<b>2,679,689</b>
<b>Financing Activities</b>			
Repayment of borrowings		(331,476)	-
Lease payment		(42,827)	-
Proceeds from issue of shares		13,730,542	175,000
Capital raising costs		(612,615)	-
<b>Net cash inflow from financing activities</b>		<b>12,743,624</b>	<b>175,000</b>
Net increase in cash and cash equivalents		8,652,493	903,743
Effects of exchange rate changes on cash and cash equivalents		125,634	-
Cash and cash equivalents at the beginning of the half-year		541,347	822,214
<b>Cash and cash equivalents at the end of the half-year</b>	5	<b>9,319,474</b>	<b>1,725,957</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 6 September 2022. 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 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 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 2021 and any public announcements made by the Company during the half-year ended 30 June 2022 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 2021 financial statements and the comparative half-year period except for the impact of new or amended standards and interpretations effective from 1 January 2021. 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, modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities.

The financial statements comprise the financial results of the Group for the half-year ended 30 June 2022. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date at which the Group ceases to have control.

The subsidiaries of the Group have the same reporting period and accounting policies as the parent company. All intercompany balances and transactions, including unrealised profits and losses arising from intragroup transactions, have been eliminated in full.

The financial statements provide comparative information in respect of the previous reporting periods. Minor reclassifications of items in the financial statements of the previous period have been made in accordance with the classification of items in the financial statements of the current period.

### (b) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. 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.



## 2. Summary of significant accounting policies (continued)

### (c) Lease liabilities and right-of-use assets

#### *The Group as a lessee*

For any new contracts entered into on or after 1 January 2019, 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 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.

## 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.

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%. The Group has two of four directors on the Board and has dominant voting rights relative to the and dispersion of other shareholders of MZN and has concluded that it controls MZN.



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

#### A. 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 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 change in equity</b>				
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>

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

#### B. Adjustment for the acquisition of interest in Metallum Resources Inc (MZN) for the period half-year 30 June 2021

On 6 April 2021, the Group acquired a 58% interest in MZN. The Group, on reviewing the accounting for this transaction, determined that preacquisition costs of \$983,053 and exploration costs of \$2,673,307, initially recognised in the statement of profit or loss, should have been allocated to non-controlling interests. The loss for the half-year ended 30 June 2021 was previously disclosed as \$5,018,628 in the 30 June 2021 half-year accounts. The adjustment for this matter has resulted in a decrease in the loss after tax by \$3,656,360 resulting in a restated loss after tax for the half-year ended 30 June 2021 of \$1,362,268 (previously \$5,018,628), a reduction in accumulated losses of \$3,338,711, an increase in non-controlling interests by \$303,135 and an increase in foreign currency translation reserve of \$14,514. As a result of these adjustments, the share of the loss allocated to non-controlling interest has reduced from \$511,705 to \$208,570 for the half-year ended 30 June 2021 while the foreign currency translation reserve for the same half-year reduced from \$511,705 to \$208,570. The restated basic and diluted loss per share reduced from (3.07) to (0.88).

#### Restatement of comparative financial information at 30 June 2021

	30 June 2021 previously disclosed \$	Pre- acquisition and exploration costs \$	Transactions with minorities and foreign currency \$	30 June 2021 Restated \$
<b>Impact on consolidated statement of profit or loss and other comprehensive income</b>				
Loss before and after tax	(5,018,628)	3,656,360	-	(1,362,268)
<b>Impact on consolidated statement of financial position</b>				
Accumulated losses	(29,186,947)	3,338,711	2,364,511	(23,483,725)
Non-controlling interest/minority shareholders	(3,802,644)	3,656,360	647,397	501,113
Foreign currency translation reserve	(43,933)	-	14,614	(29,419)
<b>Total Equity</b>	<b>3,013,614</b>	-	-	<b>3,013,614</b>

### 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	
	30/06/2022 \$	30/06/2021 \$	30/06/2022 \$	31/12/2021 \$	30/06/2022 \$	31/12/2021 \$
Renewable energy	(2,292,546)	-	14,948,143	-	1,089,543	-
Mineral exploration	(850,645)	(1,362,268)	6,999,853	3,162,857	268,363	1,016,217
	(3,143,191)	(1,362,268)	21,947,996	3,162,857	1,357,906	1,016,217

	30 June 2022	31 December 2021
	\$	\$

## 5. Cash and cash equivalents

Cash at bank and on hand	9,319,474	541,347
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## 6. Trade and other receivables

Trade debtors	-	2,315
Other debtors and prepayments	233,944	248,789
GST recoverable	114,795	79,116
	348,739	330,220

## 7. Other financial assets

Security deposits	182,057	71,060
Financial assets at FVTOCI	-	107,545
	182,057	178,605

### Financial assets at fair value through other comprehensive income

#### Listed securities – Shares

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

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.

	30 June 2022	31 December 2021
	\$	\$

## 8. Right-of-use asset

Land right-of-use	257,710	-
Less: Accumulated depreciation	(29,654)	-
	228,056	-

9. Property, plant & equipment	30 June 2022 \$	31 December 2021 \$
<b>Movement in property, plant and equipment</b>		
Cost		
At 1 January	13,519	176,643
Assets written off	-	(166,290)
Additions	9,647,098	3,166
Closing balance	9,660,617	13,519
<b>Accumulated depreciation</b>		
At 1 January	(8,754)	(172,048)
Disposals	-	166,290
Depreciation	(1,036)	(2,996)
	(9,790)	(8,754)
<b>Property Plant &amp; Equipment</b>	<b>9,650,827</b>	<b>4,765</b>

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.

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:

<b>Consideration</b>	<b>\$</b>
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
	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	(10,000)
<b>Net assets acquired</b>	<b>305,480</b>
<b>Property, plant &amp; equipment acquired</b>	<b>6,768,687</b>

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.

30 June 2022	31 December 2021
\$	\$

## 10. Exploration & evaluation assets

Opening balance	2,107,920	1,999,983
- Foreign exchange adjustment	110,923	107,937
Closing balance	2,218,843	2,107,920

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the Consolidated Statement of Financial Position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves.

Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the period in which the decision is made.

Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The balance carried forward represents the expenditure on projects which are in the exploration and evaluation phase. Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas.

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Where impairment has been triggered, assets are written down to their recoverable amount.

30 June 2022	31 December 2021
\$	\$

## 11. Trade and other payables

Trade creditors	524,622	606,272
Sundry creditors and accruals	601,090	58,480
Other payables	17,310	351,465
	1,143,022	1,016,217



	30 June 2022 \$	31 December 2021 \$
<b>12. Lease Liability</b>		
Lease liability land – current	50,000	-
Interest	2,516	-
Payment - principal	(42,827)	-
Payment - interest	(2,516)	-
Movement from non-current to current	92,827	-
	<u>100,000</u>	<u>-</u>
Lease liability land – non-current	207,711	-
Interest	4,658	-
Payment of interest	(4,658)	-
Movement from non-current to current	(92,827)	-
	<u>114,884</u>	<u>-</u>

### 13. Issued capital

#### (a) Share capital

271,049,322 (31 December 2021:166,561,155) ordinary shares fully paid

	38,015,479	24,744,840
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No. of shares	\$
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#### (b) Movement in ordinary shares on issue

Date	Details		
1 January 2021	Opening balance	162,102,822	24,168,590
Various	Issued shares on conversion of ESS options	3,000,000	401,250
6 January 2021	Issued shares	1,458,333	175,000
31 December 2021	Balance as at 31 December 2021	<u>166,561,155</u>	<u>24,744,840</u>
1 January 2022	Opening balance	166,561,155	24,744,840
Various	Issued shares on conversion of ESS options	931,885	122,852
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 <sup>2</sup>	351,153	45,650
30 June 2022	Closing balance	<u>271,049,322</u>	<u>38,015,479</u>

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

<sup>2</sup>Escrowed shares 6 months from listing

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.

30 June 2022      31 December 2021  
\$                              \$

## 14. Reserves

	Note		
Share based payments reserve	(a)	2,935,331	1,494,474
Investment revaluation reserve	(b)	-	(141,455)
Foreign currency translation reserve	(c)	289,271	99,891
Balance at the end of the year		3,224,602	1,452,910

### (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	974,579	209,534
Acquisition of Bristol Springs Solar Project	1,657,500	-
Exercise of Employee Share Scheme options	(122,852)	(401,250)
Expiry of Employee Share Scheme options	(1,068,370)	(1,200,131)
Balance at the end of the year	2,935,331	1,494,474

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>Half year ended 30 June 2022</b>		
Balance at 1 January 2022	9,822,779	1,494,474
Employee and contractor STI	59,940,999	2,561,331
Less options cancelled	(4,000,000)	(997,622)
Less options exercised	(931,885)	(122,852)
Balance at 30 June 2022	64,831,893	2,935,331

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 half year ended 30 June 2022, the Company issued 24,499,999 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. A total share-based payment expense of \$974,579 for the current half-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.

**14. Reserves (continued)**

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
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
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
Mike Young	CEO options @ 20c	20/01/2022	20/01/2023	1,666,667	42,198
Mike Young	CEO options @ 25c	20/01/2022	20/01/2024	1,666,666	18,615
Mike Young	CEO options @ 40c	20/01/2022	20/01/2024	1,666,666	13,667
Chris Bath	STI	10/06/2022	31/12/2022	554,000	4,780
Mike Young	STI	10/06/2022	31/12/2022	1,777,000	15,331
Chris Bath	LTI	10/06/2022	31/12/2024	1,108,000	3,128
Mike Young	LTI	10/06/2022	31/12/2024	3,554,000	10,033
<b>TOTAL</b>				<b>22,992,999</b>	<b>664,960</b>

<b>30 June</b>	<b>31 December</b>
<b>2022</b>	<b>2021</b>
<b>\$</b>	<b>\$</b>

**(b) Investment revaluation reserve**

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.

<b>30 June</b>	<b>31 December</b>
<b>2022</b>	<b>2021</b>
<b>\$</b>	<b>\$</b>

**(c) Foreign currency translation reserve**

Balance at the beginning of the year	99,891	303,439
Change in translation reserve	189,380	(203,548)
Balance at the end of the year	289,271	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.

30 June 31 December  
2022 2021  
\$ \$

## 15. Non-controlling interest

Opening Balance	543,382	(865,416)
NCI on acquisition of MZN	-	1,575,099
NCI - share of loss	(347,714)	(653,417)
NCI – MZN dilution	3,290,385	24,969
NCI – MZN share based payment	-	381,956
NCI on share of foreign exchange	124,693	80,191
	3,610,746	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).

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 current half-year, MZN issued additional shares, resulting in a reduction in OPH's interest from 67% to approximately 45.5% and the Group's interest in MZN reducing from 58.6% to approximately 40%.

## 16. Dividends

No dividends were paid during the half year ended 30 June 2022 (2021: Nil). No recommendation for payment of dividends has been made (2021: Nil).

## 17. Events occurring after the balance sheet date

Subsequent to the end of the reporting period, the Company has entered into multiple land option agreements ("Options") to acquire ground adjacent to the existing site for the Bristol Springs Project. The Options have various exercise dates, as set out below:

Period	\$
Q4 2022	10,799,999
Q3 2023	1,120,000
Q3 2024	396,094
	12,316,093

The Company is reviewing a number of funding options, including sale and leaseback type arrangements, as well as debt and equity funding structures.

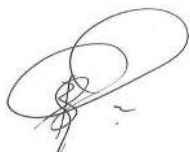
Other than the above, no other matters or circumstance has arisen since 30 June 2022, which has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

In accordance with a resolution of directors of Frontier Energy Limited, 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 2022 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 and the Corporations Regulations 2001; 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.



**Mr Grant Davey**

Executive Chairman

6 September 2022

## 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 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 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, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 30 June 2022 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 2022 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

6 September 2022