

# Half Year Report

For the half-year ended 30 June 2023



## 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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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)



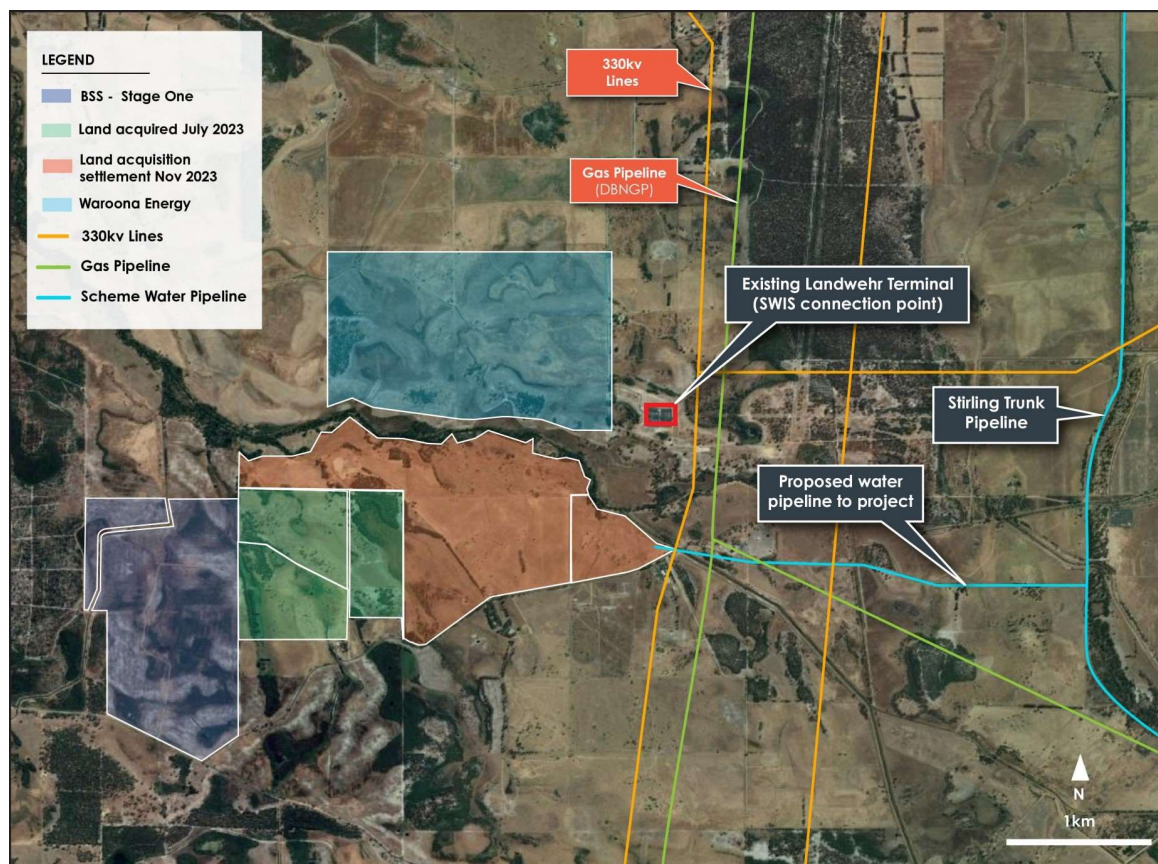


Image 1: BSS and Waroona Projects, adjoining land and infrastructure

### 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:

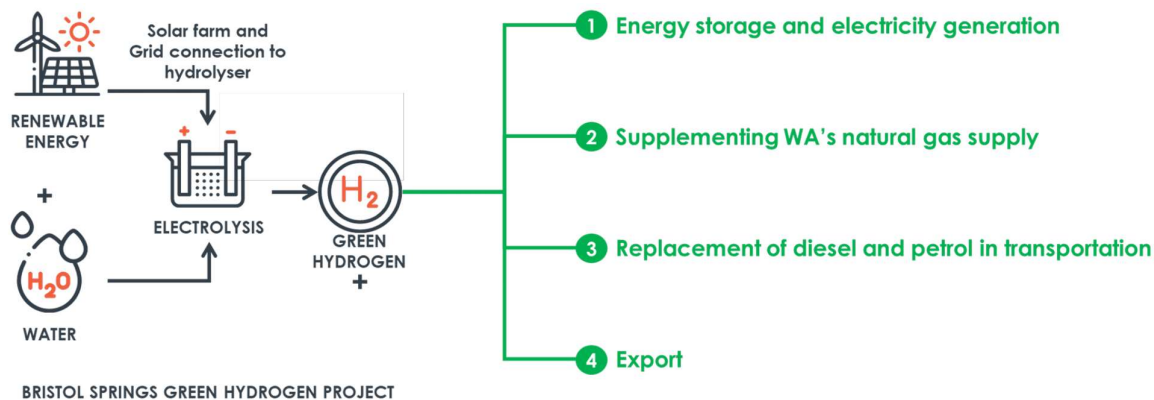


Image 2: Markets for green hydrogen

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", is written over a circular stamp.

**Mr Grant Davey**

Executive Chairman  
Perth, 28 August 2023





## 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	<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 \$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

		30 June 2023 \$	31 December 2022 \$
298,997,607 (31 December 2022: 292,477,893) ordinary shares fully paid		48,829,756	46,465,228
<b>Movement in ordinary shares on issue</b>			
Date	Details	No. of shares	\$
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**

		<b>30 June 2023 \$</b>	<b>31 December 2022 \$</b>
	<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.

	<b>Number of Options</b>	<b>\$</b>
<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	61,500,894	3,731,135

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	<u>9,672,297</u>	<u>-</u>

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.

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", is written over a circular stamp or seal.

**Mr Grant Davey**

Executive Chairman

28 August 2023

## 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