



**FRONTIER**  
ENERGY LTD

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# ANNUAL REPORT

**31 DECEMBER 2021**

ABN 64 139 522 553

## Corporate Information

### Directors

Mr Grant Davey - Non-Executive Director  
Mr Mike Young – Managing Director  
Mr Chris Bath - Executive Director  
Ms Dixie Marshall - Non-Executive Director

### Company Secretary

Mr Chris Bath

### Registered Office and Principal Place of Business

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

### Share Registry

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

### Auditors

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

### Website

<https://frontierhe.com/>

### Securities Exchange Listing

Frontier Energy Limited shares are listed on the Australian Securities Exchange under stock code FHE.

### Frontier Energy Limited

ABN 64 139 522 553

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The Directors present their report together with the consolidated financial statements of the Group comprising Frontier Energy Limited (the "Company") and its subsidiaries for the year ended 31 December 2021. On 28 January 2022, the Company changed its name from Superior Lake Resources Limited to Frontier Energy Limited.

## Directors

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

Name	Qualifications and experience
<p><b>Mr Grant Davey</b>                      Non-Executive Director                      Appointed 27 February 2018</p>	<p>Mr Davey is an entrepreneur with 30 years of senior management and operational experience in the development, construction and operation of precious metals, base metals, uranium and bulk commodities throughout the world. More recently, he has been involved in venture capital investments in several exploration and mining projects and has been instrumental in the acquisition and development of the Panda Hill niobium project in Tanzania, the Cape Ray gold project in Newfoundland and recently the acquisition of the Kayelekera Uranium mine in Malawi from Paladin Energy Limited. He is currently a director of Cradle Resources Limited (ASX:CXX), Lotus Resources Limited (ASX:LOT) and TSX-V listed Metallum Resources Inc and is a member of the Australian Institute of Company Directors.</p>
<p><b>Mr Mike Young</b>                      Managing Director and Chief Executive Officer                      Appointed 1 December 2021</p>	<p>Mr Young is a mining executive and resource development geologist with a strong capability in team building, feasibility studies, managing joint ventures, execution of mine development and management of mining operations. Mr Young has extensive experience in managing public companies, the delivery of on-time and on-budget feasibility studies, developing and implementing company strategy and maintaining strong relationships with key stakeholders, including governments. Most recently, Mr Young was the CEO and Managing Director of Vimy Resources Limited (ASX:VMY). Mr Young is a director of TSX-V listed Standard Uranium Inc.</p>
<p><b>Mr Chris Bath</b>                      Executive Director and Chief Financial Officer                      Appointed 1 December 2021</p>	<p>Mr Bath is a Chartered Accountant and member of the Australian Institute of Company Directors, with over 20 years of senior management experience in the energy and resources sector both in Australia and south-east Asia. Mr Bath has been Chief Financial Officer for companies listed on AIM, ASX and JSX. More recently he was a senior executive with a family office investment firm.</p> <p>Mr Bath is a director of Cradle Resources Limited.</p>
<p><b>Ms Dixie Marshall</b>                      Non-Executive Director                      Appointed 1 December 2021</p>	<p>Ms Marshall has over 38 years' experience in media, advertising, government relations and communications. She has worked across a range of platforms, including television, radio, newspapers, and digital.</p> <p>Ms Marshall is currently the Managing Director of Marketforce, WA's oldest advertising agency, and previously worked from the Western Australian Government Premier's Office for six years as the Director of Strategic Communications giving a unique insight into government policy.</p> <p>Ms Marshall is the Deputy Chair of the WA Football Commissioner, a Commissioner of The Australian Sports Commission, and currently a Non-Executive Director of Lotus Resources Limited (LOT.ASX).</p>

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## Mr Christopher Knee

Executive Director

Appointed 1 July 2020

Resigned 1 December 2021

Mr Knee is a Chartered Accountant with over 15 years' experience in a multinational accounting firm and senior finance roles across the resources industry with projects in Africa, Canada and Central Asia. He has a range of experience across a variety of disciplines including joint venture agreements, conducting due diligence, complex international tax structuring, financing transactions, accounting and compliance.

## Mr Alfred Gillman

Non-Executive Director

appointed 1 July 2020

Resigned 1 December 2021

Mr Gillman is a highly experienced geologist with over 40 years' experience in senior management and Board roles across uranium, gold and base metals. His extensive uranium experience includes exploration and resource development roles in Southern Africa (Esso Eastern), Northern Australia (Anaconda Inc), the United States (Peninsula Energy Inc.) and the Czech Republic.

## Directors' interests

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

	Ordinary Shares		Options over
	Held directly	Held indirectly	Ordinary shares
Mr G Davey	-	26,373,244	5,000,000
Mr M Young	-	1,538,461	4,999,999
Mr C Bath	-	1,923,076	5,000,000
Ms D Marshall	384,615	-	1,000,000

## Principal activities

At the end of 2020, the Company had announced it had entered into a definitive agreement to vend its interests in the Superior Lake Zinc Project ("Project") located in Ontario, Canada into the TSXV listed company Metallum Resources Inc. The divestment completed on 1 April 2021.

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

In October 2021, the Company announced the proposed acquisition of a 100% interest in Bristol Springs Solar Pty Ltd, which is developing a solar farm located southeast of Perth in Western Australia.

This acquisition required the Company to seek shareholder and regulatory approvals due to the significant change to the nature and scale of the Company's activities. As part of this change, the Company was renamed Frontier Energy Limited. The acquisition completed after the end of the financial year, with ASX re-instating to quotation the Company's securities from the commencement of trading on 3 March 2022.

## Review of operations

### Superior Lake Zinc Project

As noted above, at the end of 2020, the Company had announced it had entered into a definitive agreement to vend its interests in the Superior Lake Zinc Project (into the TSXV listed company Metallum Resources Inc. At the time of this announcement, the Project was the Company's main undertaking.

Since acquiring the Project in 2017, the Company had advanced its development through multiple studies, including a positive Bankable Feasibility Study ("BFS"). However, owing to a weakening in equity markets for junior resource companies and a sharp fall in the zinc price towards the end of 2019, securing the equity component required for a fully financed solution could not be achieved without substantially diluting existing shareholders. Subsequently, the impact of COVID-19 had made travel by the Company's Australian based team to the Project near impossible.

The transaction was subject to a number of conditions precedent, including shareholder by both FHE and MZN shareholders. The transaction completed on 1 April 2021. On completion, FHE's subsidiary, Ophiolite Holdings Pty Ltd, held approximately 67% of the shares in MZN. As a result of the Group having control over MZN, the assets, liabilities, income and expenses of MZN are included in the consolidated financial statements.

During the year, MZN completed a 2,100 metre six drill hole drilling program. The program targeted the up-dip and down-dip extensions of the lower Pick Zones outside of the current resource, as well as the up-dip extension of the Winston Horizon. In May 2021 MZN engaged consultants to lead the preparation of a feasibility study on the Project, to be based on the BFS, with updated pricing and incorporating the mineral resource estimate prepared by MZN in January 2021. In mid October 2021, MZN published the Feasibility Study technical report.

Ongoing work includes compilation and analysis of historical whole rock geochemistry. Re-interpretation of geophysical surveys has resulted in the generation of new near-surface targets up-dip of the Pick Lake Deposit. The ongoing reinterpretation plus new bore-hole geophysics data will be the basis of a follow up Phase 2 drill program.

### **Building a Clean Energy Company**

Having completed the divestment of its Superior Lake Zinc Project to MZN, the Company commenced an exhaustive review of projects across a range of sectors. The Board felt the standout sector was green energy, as it provides the best long-term potential for the Company. The importance of the sector in Australia was recently highlighted by the Government committing to net zero carbon emissions by 2050, joining more than 110 other countries around the globe to commit to this ambitious target.

In October 2021, the Company announced the proposed acquisition of a 100% interest in Bristol Springs Solar Pty Ltd, which is developing a solar farm located southeast of Perth in Western Australia.

This acquisition required the Company to seek shareholder and regulatory approvals due to the significant change to the nature and scale of the Company's activities, which required the Company to re-comply with Chapters 1 and 2 of the Listing Rules as if it were applying for admission to the Official List of ASX for the first time. The significant change to the nature and scale of the Company's activities and the Acquisition also required Shareholder approval under the Listing Rules.

A general meeting of shareholders was held on 28 January 2022 and shareholders approved the resolutions to effect the acquisition, together with approval of the change of name to Frontier Energy Limited.

The acquisition completed after the end of the financial year, with ASX lifting the suspension of trading in the Company's securities from the commencement of trading on 3 March 2022.

### Changes in the state of affairs

As noted above, in October 2021, the Company announced the proposed acquisition of a 100% interest in Bristol Springs Solar Pty Ltd, which is developing a solar farm located southeast of Perth in Western Australia. This is the first step in the Company's strategy to become an integrated clean energy company.

### Subsequent events

#### Acquisition

On 13 October 2021, the Company entered into a sale agreement ("Sale Agreement") to acquire 100% of the shares of Bristol Springs Solar Pty Ltd from Sector One Pty Ltd and Alicia Jane Goyder ("Vendors") ("Acquisition"). Ranger Loaders Pty Ltd ("Landowner"), the entity which owns the land on which the BSS Project is proposed to be built, is also a party to the Sale Agreement. The acquisition completed on 23 February 2022 ("Completion Date").

The consideration for the Acquisition was:

- 41,666,667 fully paid ordinary shares in the Company on completion of the Acquisition ("Consideration Shares");
- 12,500,000 tranche A performance shares which will be issued on the Completion Date ("Tranche A Performance Shares") and convert into Shares on the date that the Company or BSS and Western Power execute the Electricity Transfer Control Agreement; and
- 12,500,000 tranche B performance shares which will be issued on the Completion Date ("Tranche B Performance Shares") and convert into shares on the date that all approvals have been received, all studies have been completed and a final investment decision is taken in respect of the BSS Project.

#### Lease Agreement

The Company entered into an agreement to lease a minimum of 195 hectares of land from the Landowner for 3 years commencing from the Completion Date at an annual fee of A\$100,000 per annum.

#### Option to Purchase

The Company and the Landowner entered into an option to purchase agreement in which the Company will pay the Landowner an option fee of A\$1.5 million to secure a five-year option from the Completion Date to acquire the Land at a fixed value of A\$5 million.

#### Capital Raising

The Company completed a capital raising, issuing 61,538,462 new Shares at an issue price of \$0.13 per Share to raise \$8,000,000 before costs. The Company also issued options to directors, management and advisers totalling 24,499,999 options at various exercise prices.

### Environmental regulations

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

### Dividends

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

## Shares under option

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

Expiry date	Exercise price	Number
29 January 2024	\$0.22	2,000,000
29 January 2024	\$0.26	2,000,000
1 July 2024	\$0.00	890,894
23 February 2025 <sup>1</sup>	\$0.20	8,416,667
23 February 2025 <sup>1</sup>	\$0.25	8,041,666
23 February 2025 <sup>1</sup>	\$0.40	8,041,666
		<b>29,390,893</b>

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

Metallum Resources Inc has the following unissued shares over options:

- 30,750 options with an exercise price of \$8.40, expiry 19 June 2022
- 2,500 options with an exercise price of \$8.40, expiry 10 July 2022
- 53,625 options with an exercise price of \$8.80, expiry 17 December 2023
- 2,950,000 options with an exercise price of \$0.15, expiry 14 April 2031

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

## Shares issued on exercise of options

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

Number	Amount paid on each share
2,250,000	\$0.00
750,000	\$0.00

## Indemnification and insurance of directors and officers

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

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



### Indemnification of auditors

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

### Directors' meetings

The following table sets out the number of directors' meetings held during the financial year ended 31 December 2021 and the number of meetings attended by each director (while they were a director). During the financial year the following board meetings were held:

Directors	Board of Directors	
	No of eligible meetings to attend	Number attended
Mr G Davey	4	4
Mr M Young	-	-
Mr C Bath	-	-
Ms D Marshall	-	-
Mr C Knee	4	4
Mr A Gilman	4	4

There were seven circular resolutions during the year.

### Non-audit services

No non-audit services have been provided during the year. For details of amounts paid or payable to the auditor for audit services provided during the period are outlined in note 23 to the financial statements.

### Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

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

### Corporate governance

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

### Auditor's independence declaration

The Directors received the Auditor's Independence Declaration, as set out on page 16, from Ernst & Young.

### Remuneration report (audited)

The Directors present the Remuneration Report (the "Report"), which forms part of the Directors' Report, for the Group for the year ended 31 December 2021 and has been audited in accordance with section 300A of the Corporations Act 2001 and its regulations.

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

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

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

Details of KMP are set out below:

Name	Position	Appointed	Resigned
Mr G Davey	Non-Executive Director	27/02/2018	-
Mr M Young	Managing Director	1/12/2021	-
Mr C Bath	Executive Director	1/12/2021	-
Ms D Marshall	Non-Executive Director	1/12/2021	-
Mr C Knee	Executive Director	1/07/2020	1/12/2021
Mr A Gillman	Non-Executive Director	1/07/2020	1/12/2021

### Remuneration and nomination procedures

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

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

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

### Relationship structure

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

### Non-executive director remuneration

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Company's Constitution provides that the remuneration of non-executive directors will not be more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration has been set at an amount not to exceed \$450,000 per annum. Fees for non-executive directors are not linked to the performance of the Company.

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

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

### Executive remuneration

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

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

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

All Executive KMP remuneration comprises the following:

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

Element	Purpose	Performance metrics	Potential value
Base (fixed) remuneration	Provide a market competitive salary, including superannuation.	Nil	Within industry averages for the position's required skill and experience. Third party advice is sought periodically to ensure these are at or close to market median.
STI	Equity based reward for 12-month performance.	Corporate and project development objectives. Company strategy is set at the Board level and is used to determine the KPIs. STI objectives are set out below in detail.	Up to 40% of base remuneration.

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Element	Purpose	Performance metrics	Potential value
LTI	Alignment with growth in long-term shareholder value over a three-year period.	Achievement of key company objectives, linked to long term performance such as project milestones and share price performance.	Up to 60% of base remuneration.

### Balancing short-term and long-term performance

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

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

#### Short-term incentives

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

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

The STI performance objectives are communicated to KMPs at the beginning of the twelve-month performance period, with performance evaluations conducted following the end of the respective twelve-month performance period. The STIs related to the financing and development of the Pick Lake and Winston Lake Zinc Projects:

- Obtaining project financing;
- All permits, licenses and approval in place necessary to commence construction;
- Completion of a BFS in with the economics materially in line with the Restart Study; and
- Enter into binding offtakes.

At end of 2020, the Company had entered into an agreement to dispose of the Superior Lake Zinc Project, its main undertaking. For most of the year until the announcement of the acquisition of Bristol Springs Solar Pty Ltd, the Company was reviewing and assessing project opportunities and therefore did not set any KPIs as these would need to be linked to any new business or project acquired.

Accordingly, there were no STI issued during the year ended 31 December 2021.

#### Long-term incentives

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

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The vesting criteria for LTIs related to KPIs for the 1 July 2019 – 30 June 2021 performance period were:

- Project development;
- Share price performance; and
- Extension to the life of mine.

At end of 2020, the Company had entered into an agreement to dispose of the Superior Lake Zinc Project, its main undertaking. For most of the year until the announcement of the acquisition of Bristol Springs Solar Pty Ltd, the Company was reviewing and assessing project opportunities and therefore did not set any KPIs as these would need to be linked to any new business or project acquired. Accordingly, there were no LTIs issued during the year ended 31 December 2021.

No options vested or lapsed during the period.

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

### Executive employment arrangements

On 1 December 2021, the Company appointed Mr Mike Young as managing director. The executive services contract is ongoing until terminated by either party in accordance with the terms of the agreement. From the Commencement Date to the date on which the Company is admitted to the official list of the ASX, the Company shall pay the Mr Young a monthly fee of \$10,000 per month or part thereof, as the case may be.

From the date on which the Company is re-admitted to the official list of the ASX, Mr Young will receive a fixed salary of \$350,000, plus statutory superannuation.

On 1 December 2021, the Company appointed Mr Chris Bath as Executive Director. The Company shall pay Mr Bath a consulting fee of \$120,000 per annum inclusive of the compulsory superannuation contribution.

### Remuneration of Directors and Key Management Personnel

Actual remuneration earned by key management personnel for their services as directors and executives of the Company during the financial year ended 31 December 2021 and 31 December 2020 are set out below.

#### 31 December 2021

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

31 December 2020

Name	Short-term employee benefits		Post-employment benefits	Share-based payment options	Total	Proportion of remuneration performance related
	Salary and fees	Other services	Superannuation			
	\$	\$	\$	\$	\$	%
<b>Directors</b>						
Mr G Davey	120,000	-	-	120,000	240,000	50
Mr C Knee	-	-	-	98,692	98,692	100
Mr A Gillman	39,000	-	-	89,674	128,674	70
Mr D Woodall	46,265	-	2,233	-	48,498	-
<b>TOTAL</b>	<b>205,265</b>	<b>-</b>	<b>2,233</b>	<b>308,366</b>	<b>515,864</b>	<b>-</b>

**Key management personnel equity holdings**

**(i) Shareholdings of key management personnel**

	Balance held at 1 January 2021	On exercise of options	Net change other	Balance held at 31 December 2021
<b>Directors</b>				
Mr G Davey <sup>1</sup>	16,641,938	750,000	1,458,333	18,850,271
Mr M Young	-	-	-	-
Mr C Bath	-	-	-	-
Ms D Marshall	-	-	-	-
Mr C Knee <sup>2</sup>	750,000	-	(750,000)	-
Mr A Gillman <sup>2</sup>	35,909	-	(35,909)	-

<sup>1</sup>During the year, G Davey exercised options that were granted as part of their compensation in the prior year.

<sup>2</sup>Resigned 1 December 2021

**(ii) Option holdings of key management personnel**

	Balance at 1 January 2021	Granted as remuneration	Exercised	Lapsed	Not vested and not exercisable	Other	Balance at the end of the year
<b>Directors</b>							
Mr G Davey	750,000	-	(750,000)	-	-	-	-
Mr M Young	-	-	-	-	-	-	-
Mr C Bath	-	-	-	-	-	-	-
Ms D Marshall	-	-	-	-	-	-	-
Mr C Knee <sup>1</sup>	281,571	-	-	-	(22,338)	(259,233)	-
Mr A Gillman <sup>1</sup>	1,250,000	-	-	-	-	(1,250,000)	-
	2,281,571	-	(750,000)	-	-	(1,531,571)	-

<sup>1</sup>Resigned 1 December 2021, options not forfeited on resignation.

## Performance of Frontier Energy Limited

The table below sets out summary information about the entity's earnings and movements in shareholder wealth for the five years to 31 December 2021.

	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2018	Year ended 31 December 2017
Net loss attributable to owners	(2,590,940)	(\$2,422,158)	(\$7,017,034)	(\$16,244,767)	(\$374,785)
Share price at end of year	-	\$0.1545	\$1.10	\$3.00	\$4.25
Basic earnings per share (cents per share)	(1.51)	(1.84)	(7.20)	(17.20)	(1.8)

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

In the year ended 31 December 2020, entities related to Mr Grant Davey received 9,247,992 shares in the Company as consideration for the acquisition by the Group of a further 7.5% in interest in Ophiolite Holdings Pty Ltd ("OPH"). The acquisition of the additional interest in OPH was approved by shareholders in March 2020.

Mr Grant Davey agreed to acquire 1,458,333 shares at an issue price of \$0.12 each as part of a placement undertaken by the Company in July 2020. The placement received shareholder approval at a general meeting held on 9 December 2020. The funds of \$175,000 were received and the shares issued in January 2021.

## End of remuneration report.

Signed in accordance with a resolution of the directors.



**Mr Grant Davey**

Non-Executive Director  
Perth, 31 March 2022



**Building a better  
working world**

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Fax: +61 8 9429 2436  
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## **Auditor's independence declaration to the directors of Frontier Energy Limited**

As lead auditor for the audit of the financial report of Frontier Energy Limited for the financial year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

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

This declaration is in respect of [name of entity] and the entities it controlled during the financial year.

Ernst & Young

Pierre Dreyer  
Partner  
31 March 2022

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

For the year ended 31 December

	Notes	2021 \$	Restated 2020 \$
Revenue	5	1,373	1,271
Depreciation expense	12	(2,996)	(2,458)
Exploration and evaluation expenses		(1,046,946)	(619,563)
Accounting, audit and taxation fees		(74,844)	(46,562)
Occupancy expenses		(70,204)	(75,713)
Administrative expenses		(804,359)	(444,301)
Employee benefit expenses and consultancy fees	6(a)	(492,272)	(285,973)
Share based payments	22	(591,490)	(757,607)
Business development costs		(54,863)	(247,619)
Other expenses	6(b)	(11,753)	(139,829)
<b>Loss before income tax</b>		<b>(3,148,354)</b>	<b>(2,618,354)</b>
Income tax expense	8	-	-
<b>Loss for the year</b>		<b>(3,148,354)</b>	<b>(2,618,354)</b>
<b>Other comprehensive loss net of tax</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of foreign operations		(123,357)	303,928
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Changes in fair value of financial assets	10	107,545	(166,000)
<b>Other Comprehensive (loss)/income for the year</b>		<b>(15,812)</b>	<b>137,928</b>
<b>Total comprehensive loss for the year</b>		<b>(3,164,166)</b>	<b>(2,480,426)</b>
<b>Loss attributable to:</b>			
Owners of the Company		(2,494,937)	(2,560,086)
Non-controlling interests		(653,417)	(58,268)
		<b>(3,148,354)</b>	<b>(2,618,354)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		(2,590,940)	(2,422,158)
Non-controlling interest		(573,226)	(58,268)
		<b>(3,164,166)</b>	<b>(2,480,426)</b>
Basic and diluted loss per share (cents per share)	17 (c)	(1.51)	(1.84)

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

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## Consolidated Statement of Financial Position

As at 31 December

	Notes	2021 \$	2020 \$ (Restated)	1 Jan 2020 \$ (Restated)
<b>Current Assets</b>				
Cash and cash equivalents	7	541,347	822,214	761,513
Trade and other receivables	9	330,220	66,297	206,124
<b>Total Current Assets</b>		<b>871,567</b>	<b>888,511</b>	<b>967,637</b>
<b>Non-Current Assets</b>				
Other financial assets	10	178,605	-	191,000
Exploration & evaluation assets	11	2,107,920	1,999,983	1,312,610
Property, plant and equipment	12	4,765	4,595	7,053
<b>Total Non-Current Assets</b>		<b>2,291,290</b>	<b>2,004,578</b>	<b>1,510,663</b>
<b>Total Assets</b>		<b>3,162,857</b>	<b>2,893,089</b>	<b>2,478,300</b>
<b>Current Liabilities</b>				
Trade and other payables	13	1,016,217	164,799	601,086
Funds received for shares to be issued		-	-	200,000
Provision for annual leave		-	-	22,356
<b>Total Current Liabilities</b>		<b>1,016,217</b>	<b>164,799</b>	<b>823,442</b>
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>1,016,217</b>	<b>164,799</b>	<b>823,442</b>
<b>Net Assets</b>		<b>2,146,640</b>	<b>2,728,290</b>	<b>1,654,858</b>
<b>Equity</b>				
Contributed equity	14 (a)	24,744,840	24,168,590	19,859,526
Reserves	15	1,452,910	2,940,760	2,045,225
Non-controlling interests	16	543,382	(865,416)	(1,940,715)
Accumulated losses	17	(24,594,492)	(23,515,644)	(18,309,178)
<b>Total Equity</b>		<b>2,146,640</b>	<b>2,728,290</b>	<b>1,654,858</b>

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

## Consolidated Statement of Changes in Equity

Year ended 31 December 2021

	Contributed equity \$	Accumulated losses \$	Share based payments reserve \$	Foreign currency translation reserve \$	Investment revaluation reserve \$	Non-controlling interest \$	Total \$
<b>Balance at 1 January 2021 (restated) – Note 3</b>	<b>24,168,590</b>	<b>(23,515,644)</b>	<b>2,886,321</b>	<b>303,439</b>	<b>(249,000)</b>	<b>(865,416)</b>	<b>2,728,290</b>
Loss for the year	-	(2,494,937)	-	-	-	(653,417)	(3,148,354)
Foreign exchange translation differences (note 15 (c))	-	-	-	(203,548)	-	80,191	(123,357)
Change in fair value of financial assets (note 10)	-	-	-	-	107,545	-	107,545
<b>Total comprehensive loss for the year</b>	-	<b>(2,494,937)</b>	-	<b>(203,548)</b>	<b>107,545</b>	<b>(573,226)</b>	<b>(3,164,166)</b>
<b>Transactions with owners in their capacity as owners</b>							
Issue of shares (note 14)	175,000	-	-	-	-	-	175,000
Acquisition of NCI (note 16)	-	(47,401)	-	-	-	1,575,099	1,527,698
Metallum share based payment	-	-	-	-	-	381,956	381,956
Metallum share issue (NCI dilution)	-	263,359	-	-	-	24,969	288,328
Share based payments (note 22)	-	-	209,534	-	-	-	209,534
Options expired	-	1,200,131	(1,200,131)	-	-	-	-
Exercise of employee share options	401,250	-	(401,250)	-	-	-	-
<b>At 31 December 2021</b>	<b>24,744,840</b>	<b>(24,594,492)</b>	<b>1,494,474</b>	<b>99,891</b>	<b>(141,455)</b>	<b>543,382</b>	<b>2,146,640</b>

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

## Consolidated Statement of Changes in Equity

Year ended 31 December 2020

	Contributed equity \$	Accumulated losses \$	Share based payments reserve \$	Foreign currency translation reserve \$	Investment revaluation reserve \$	Non- controlling interest \$	Total \$
<b>Balance at 1 January 2020</b>	<b>22,871,434</b>	<b>(23,261,801)</b>	<b>2,128,714</b>	<b>(489)</b>	<b>(83,000)</b>	-	<b>1,654,858</b>
Restatements	(3,011,908)	4,952,623	-	-	-	(1,940,715)	-
<b>Balance at 1 January 2020 (restated)</b>	<b>19,859,526</b>	<b>(18,309,178)</b>	<b>2,128,714</b>	<b>(489)</b>	<b>(83,000)</b>	<b>(1,940,715)</b>	<b>1,654,858</b>
Loss for the year (restated)	-	(2,560,086)	-	-	-	(58,268)	(2,618,354)
Foreign exchange translation differences (note 15 (c))	-	-	-	303,928	-	-	303,928
Changes in fair value of financial assets (note 10)	-	-	-	-	(166,000)	-	(166,000)
<b>Total comprehensive loss for the year</b>	-	<b>(2,560,086)</b>	-	<b>303,928</b>	<b>(166,000)</b>	<b>(58,268)</b>	<b>(2,480,426)</b>
<b>Transactions with owners in their capacity as owners</b>							
Issue of shares (note 14)	2,800,001	-	-	-	-	-	2,800,001
Less: Share issue costs (note 14)	(143,750)	-	-	-	-	-	(143,750)
Issue of shares for exploration and evaluation (note 14)	140,000	-	-	-	-	-	140,000
Share based payments (note 22)	-	-	757,607	-	-	-	757,607
Transaction with NCI (note 16)	1,512,813	(2,646,380)	-	-	-	1,133,567	-
<b>At 31 December 2020</b>	<b>24,168,590</b>	<b>(23,515,644)</b>	<b>2,886,321</b>	<b>303,439</b>	<b>(249,000)</b>	<b>(865,416)</b>	<b>2,728,290</b>

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

## Consolidated Statement of Cash Flows

For the year ended 31 December

	Notes	2021 \$	2020 \$
<b>Operating Activities</b>			
Payments to suppliers and employees (inclusive of GST)		(957,612)	(1,303,031)
Interest received		1,373	969
Payments for exploration activities		(1,181,376)	(236,953)
Payments for exclusive options over uranium projects		-	(275,000)
<b>Net cash outflow from operating activities</b>	7	<b>(2,137,615)</b>	<b>(1,814,015)</b>
<b>Investing Activities</b>			
Purchase of property, plant and equipment		(145,407)	-
Payments for exploration: acquisition costs		-	(581,535)
<b>Net cash outflow from investing activities</b>		<b>(145,407)</b>	<b>(581,535)</b>
<b>Financing Activities</b>			
Transaction with NCI		1,930,256	-
Proceeds from issue of shares		175,000	2,600,001
Capital raising costs		-	(143,750)
<b>Net cash inflow from financing activities</b>		<b>2,105,256</b>	<b>2,456,251</b>
Net increase in cash and cash equivalents		(177,766)	60,701
Effects of exchange rate changes on cash and cash equivalents		(103,101)	-
Cash and cash equivalents at the beginning of the year		822,214	761,513
<b>Cash and cash equivalents at the end of the year</b>	7	<b>541,347</b>	<b>822,214</b>

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

## 1. Corporate information

The consolidated financial statements of Frontier Energy Limited (the **Company** or **FHE**) and its subsidiaries (the **Group**) were authorised for issue in accordance with a resolution of the directors on 31 March 2022. FHE is a for profit company limited by shares incorporated and domiciled in Australia and whose shares are publicly traded on the Australian stock Exchange.

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

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

## 2. Summary of significant accounting policies

### (a) Basis of preparation

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

The financial report has been prepared on a historical cost basis except for certain financial assets which have been measured at fair value through profit and loss.

The financial report is presented in Australian dollars.

### (b) Statement of compliance

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

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

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

### (c) Basis of consolidation

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

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

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

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

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

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

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

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

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

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

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

**(d) Foreign currency translation**

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

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

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

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

**(e) Cash and cash equivalents**

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

**(f) Exploration and evaluation assets**

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

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

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

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

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

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

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

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

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

**(h) Income tax**

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

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

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

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

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

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

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

**(i) Earnings per share**

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

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



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

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

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

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

**(k) Share-based payments**

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

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

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

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

**(l) Leases**

The Group only has short term lease arrangements, shorter than 12 months. Short term lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**(m) Trade and other payables**

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

**(n) Issued capital**

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

**(o) Other taxes**

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

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

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

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

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

**(p) Financial instruments**

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

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

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

**Subsequent measurement**

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

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

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

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

**Derecognition**

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

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

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

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

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

**Subsequent measurement**

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

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

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

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

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

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

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

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

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

**Derecognition**

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

**3. Significant accounting judgements, estimates and assumptions**

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

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

**Share based payment transactions**

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

### 3. Significant accounting judgements, estimates and assumptions (continued)

#### **Exploration and evaluation costs carried forward**

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

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

#### **Restatement of the Group's acquisition of interests in Ophiolite and non-controlling interests**

During the year ended 31 December 2021, the Group reviewed the accounting for the acquisition of its initial 70% interest in Ophiolite Holdings Pty Ltd ("Ophiolite") in the 2018 financial year and the subsequent increase in this interest to 87.5% in the 2020 financial year.

##### (i) Initial acquisition of 70% in Ophiolite

In the 2018 financial statements the Company accounted for the acquisition of its 70% interest in Ophiolite (via the acquisition of Ophiolite's parent entity, Superior Mining Pty Ltd) as a reverse acquisition business combination. On further review, the Group identified that this transaction should have been accounted for as a share-based payment transaction. As a share-based transaction (on the basis that Company was not a business and Superior Mining Pty Ltd was the accounting acquirer), the value of the consideration paid should have been measured with reference to the market capitalisation of the accounting acquiree (the Company) immediately before the transaction date. The adjustment to restate this transaction was to reduce the value of share capital and reduce accumulated losses.

##### (ii) Adjustment for non-controlling interests and further acquisition of 17.5% in Ophiolite

On 27 March 2020, the Company's shareholders approved the acquisition of a further 17.5% of Ophiolite, thereby increasing the Company's interest to 87.5%.

The Group, on reviewing the accounting for this transaction, determined that no account had been taken of the non-controlling interests' 30% share of Ophiolite's results from the time of the Company's initial 70% acquisition in Ophiolite. An adjustment to account for the non-controlling interest has now been processed, this resulted in recognition of \$58,268 in the statement of comprehensive income as an allocation of NCI.

The Group also re-assessed the acquisition of the additional 17.5% interest in Ophiolite. This transaction, which had originally been accounted for entirely as an adjustment to non-controlling interests, should have been treated as an equity transaction, as the Company already controlled Ophiolite. The adjustment to restate this transaction as an equity transaction and to adjust the non-controlling interests share of Ophiolite's net deficiency to 12.5% from the previous 30% was also adjusted at the date of the transaction. The non-controlling interest adjusted share of Ophiolite's results from the date of the subsequent acquisition to 31 December 2020 has also been restated.

#### **Restatement of amounts related to asset held for sale**

At 31 December 2020, the Group's exploration and evaluation asset was disclosed as an "Asset held for sale" in accordance with AASB 5 *Non-current Assets held for Sale and Discontinued Operations* ("AASB 5") and classified as a current asset on the consolidated statement of financial position.

During the current year the Group reviewed the accounting for disposal of the exploration and evaluation asset to Metallum Resources Inc ("Metallum"). Although the transaction in its legal form was a transaction whereby Metallum acquired the exploration and evaluation asset in exchange for cash and shares, the substance of the transaction was that the Company obtained control of Metallum through a share issue, resulting it being consolidated by the Group. As a result of the Group continuing to control the Project post the sale, the Group determined that the classification of the exploration and evaluation asset as an asset held for sale in accordance with AASB 5 at 31 December 2020 was not appropriate. This asset has now been disclosed as a non-current exploration and evaluation asset in the consolidated statement of financial position.

These errors have been corrected by restating the comparative financial information for 31 December 2020 in this financial report.

## Restatement of comparative financial information at 1 January 2020

	1 January 2020 previously disclosed \$	Transactions with minority shareholders \$	1 January 2020 Restated \$
<b>Impact on consolidated statement of financial position</b>			
Accumulated losses	(23,261,801)	4,952,623	(18,309,178)
Share capital	22,871,434	(3,011,908)	19,859,526
Non-controlling interest	-	(1,940,715)	(1,940,715)
Reserves	2,045,225	-	2,045,225
<b>Total Equity</b>	<b>1,654,858</b>	<b>-</b>	<b>1,654,858</b>

## Restatement of comparative financial information at 1 January 2021

	1 January 2021 previously disclosed \$	Transactions with minority shareholders \$	Asset held for sale \$	1 January 2021 Restated \$
<b>Impact on consolidated statement of financial position</b>				
Asset held for sale	1,999,983	-	(1,999,983)	-
Exploration and evaluation asset	-	-	1,999,983	1,999,983
Accumulated losses	(25,880,155)	2,364,511	-	(23,515,644)
Share capital	27,180,498	(3,011,908)	-	24,168,590
Non-controlling interest	(1,512,813)	647,397	-	(865,416)
Reserves	2,940,760	-	-	2,940,760
<b>Total Equity</b>	<b>2,728,290</b>	<b>-</b>	<b>-</b>	<b>2,728,290</b>

As a result of the above restatements, loss per share for the year ended 31 December 2020 has been restated from 1.89 cents per share to 1.84 cents per share. There is no impact on prior year loss as the restated amount has been taken to other comprehensive income.

#### 4. Segment information

The Group operates in one segment, being mineral exploration, via its subsidiary Metallum. All of the Group's mineral exploration activity is based in Canada.

	31 December 2021 \$	31 December 2020 \$
<b>5. Revenue</b>		
Interest income	1,373	969
Other income	-	302
	<u>1,373</u>	<u>1,271</u>

	31 December 2021	31 December 2020
	\$	\$
<b>6. Other expenses</b>		
(a) Employee benefit expenses and consultancy fees includes the following specific expenses:		
Director and consulting fees	226,567	163,768
Salary and wages	148,626	26,352
Other consultants	117,079	95,853
	<u>492,272</u>	<u>285,973</u>
(b) Other expenses include the following:		
Foreign exchange loss	11,753	139,829
	<u>11,753</u>	<u>139,829</u>
<b>7. Cash and cash equivalents</b>		
Cash at bank and on hand	<u>541,347</u>	<u>822,214</u>
<b>Reconciliation of loss for the year to net cash flows used in operating activities:</b>		
Loss for the year	(3,148,354)	(2,618,354)
<i>Non-cash expenses:</i>		
Depreciation	2,996	2,458
Share based payments	591,490	757,607
Acquisition of exclusivity options	-	140,000
Net exchange differences	(242,423)	198,091
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in:		
Trade and other receivables	(37,066)	144,364
Prepayments	(84,616)	462
Security deposits	(71,060)	20,000
Increase/(decrease) in:		
Trade and other payables	824,938	(436,287)
Accruals	26,480	-
Provision for employee entitlements	-	(22,356)
Net cash flows used in operating activities	<u>(2,137,615)</u>	<u>(1,814,015)</u>

	31 December 2021	31 December 2020
	\$	\$

**8. Income tax****(a) Income tax expense/(benefit)**

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

<b>Loss for year</b>	(3,148,354)	(2,618,354)
At statutory income tax rate of 30%	(944,506)	(680,772)
Non-deductible expenses	40,131	358,064
Deferred tax assets not brought to account	904,375	322,708
Total income tax expense	-	-

**(b) Deferred tax assets and liabilities**

Deferred income tax at balance date relates to the following:

Deferred tax asset:

- Tax Losses	5,944,460	5,395,174
- Deferred tax assets not brought to account	(5,944,460)	(5,395,174)
	-	-

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

	31 December 2021	31 December 2020
	\$	\$

**9. Trade and other receivables**

Trade debtors	2,315	44,365
Other debtors and prepayments	248,789	21,932
GST recoverable	79,116	-
	330,220	66,297

	31 December 2021	31 December 2020
	\$	\$

**10. Other financial assets**

Security bond	71,060	-
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**Financial assets at fair value through other comprehensive income***Listed securities – Shares*

Opening balance	-	166,000
Fair value movement	107,545	(166,000)
Closing balance	<u>178,605</u>	<u>-</u>

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

	31 December 2021	31 December 2020
	\$	\$

**11. Exploration & evaluation assets**

Opening Balance	1,999,983	1,312,610
Additions		
- Pick Lake	-	525,707
- Foreign exchange adjustment	107,937	161,666
Closing Balance	<u>2,107,920</u>	<u>1,999,983</u>

	31 December 2021	31 December 2020
	\$	\$

**12. Property, plant and equipment**

Plant and equipment – at cost	13,519	176,643
Accumulated depreciation	(8,754)	(172,048)
Closing Balance	<u>4,765</u>	<u>4,595</u>



	31 December 2021	31 December 2020
	\$	\$
<b>Movement in property, plant and equipment</b>		
<b>Cost</b>		
At 1 January	176,643	176,643
Assets written off	(166,290)	-
Additions	3,166	-
Closing balance	<u>13,519</u>	<u>176,643</u>
<b>Accumulated depreciation</b>		
At 1 January	(172,048)	(169,590)
Disposals	166,290	-
Depreciation	(2,996)	(2,458)
	<u>(8,754)</u>	<u>(172,048)</u>
<b>13. Trade and other payables</b>		
Trade creditors	606,272	124,129
Sundry creditors and accruals	58,480	32,000
Other payables	351,465	8,670
Total	<u>1,016,217</u>	<u>164,799</u>
<b>14. Issued capital</b>		
<b>(a) Share capital</b>		
166,561,155 (2020: 162,102,822) ordinary shares fully paid	<u>24,744,840</u>	<u>24,168,590</u>

		No. of shares	\$
<b>(b) Movement in ordinary shares on issue</b>			
<b>Date</b>	<b>Details</b>		
1 January 2020	Opening balance	1,081,815,614	19,859,526
27 March 2020	Share consolidation (10:1)	(973,633,940)	-
27 March 2020	Transaction with minority shareholder	21,611,617	1,512,813
7 April 2020	Issue of shares to Grant Davey	1,142,858	200,000
18 June 2020	Placement of shares at \$0.05 per share	12,000,000	600,000
30 July 2020	Placement of shares at \$0.12 per share	16,666,673	2,000,001
9 October 2020	Exercise of options	1,500,000	-
11 November 2020	Issue of shares to Sachem Cove	1,000,000	140,000
31 December 2020	Share issue costs	-	(143,750)
31 December 2020	Closing balance	162,102,822	24,168,590
6 January 2021	Issued shares	1,458,333	175,000
various	Issued shares on conversion of ESS options	3,000,000	401,250
		<u>166,561,155</u>	<u>24,744,840</u>

On 31 March 2020, the Company completed a share consolidation of one (1) share for every ten (10) shares currently held. Prior period shareholdings have been adjusted for comparative purposes.

**(c) Funds to be received for shares to be issued**

In the prior year, Director Mr Grant Davey agreed to subscribe for 1,458,333 shares at an issue price of \$0.12 each as part of a placement undertaken by the Company in July 2020. The placement was approved by shareholders at a general meeting held on 9 December 2020, with subscription funds of \$175,000 received and the shares issued in January 2021.

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

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

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

**(e) Capital risk management**

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

The Company does not have a defined share buy-back plan. No dividends were paid or declared in the years ending 2020 and 2019. The Group is not subject to any externally imposed capital requirements.

		31 December 2021	31 December 2020
		\$	\$
<b>15. Reserves</b>			
	<b>Note</b>		
<b>Reserves</b>			
Share based payments reserve	(a)	1,494,474	2,886,321
Investment revaluation reserve	(b)	(141,455)	(249,000)
Foreign currency translation reserve	(c)	99,891	303,439
Balance at the end of the year		<u>1,452,910</u>	<u>2,940,760</u>

**(a) Share based payments reserve**

Balance at the beginning of the year	2,886,321	2,128,714
Share based payments to directors, executives and suppliers	209,534	757,607
Exercise of Employee Share Scheme options	(401,250)	-
Expiry of Employee Share Scheme options	(1,200,131)	-
Balance at the end of the year	<u>1,494,474</u>	<u>2,886,321</u>

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

	Number of Options	\$
<b>2021</b>		
Balance at 1 January 2021	19,019,642	2,886,321
Employee and contractor STI	4,000,000	209,534
Less options cancelled	(10,196,863)	(1,200,131)
Less options exercised	(3,000,000)	(401,250)
Balance at 31 December 2021	<u>9,822,779</u>	<u>1,494,474</u>

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

	31 December 2021	31 December 2020
	\$	\$
<b>(b) Investment revaluation reserve</b>		
Balance at the beginning of the year	(249,000)	(83,000)
Change in investment revaluation reserve	107,545	(166,000)
Balance at the end of the year	<u>(141,455)</u>	<u>(249,000)</u>

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

	31 December 2021	31 December 2020
	\$	\$
<b>15. Reserves (continued)</b>		
<b>(c) Foreign currency revaluation reserve</b>		
Balance at the beginning of the year	303,439	(489)
Change in translation reserve	(203,548)	303,928
Balance at the end of the year	<u>99,891</u>	<u>303,439</u>

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

	31 December 2021	31 December 2020
	\$	\$
<b>16. Non-controlling interest</b>		
Opening Balance	(865,416)	(1,940,715)
NCI on acquisition of MZN	1,575,099	-
NCI on acquisition of 17.5% Ophiolite	-	1,133,567
NCI - share of loss	(653,417)	(58,268)
NCI - MZN dilution	24,969	-
NCI - MZN share based payment	381,956	-
NCI on share of foreign exchange	80,191	-
	<u>543,382</u>	<u>(865,416)</u>

#### NCI on acquisition of MZN

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

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

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

#### NCI - MZN dilution

During the period, MZN issued additional shares, resulting in dilution in the Company's shareholding.

	31 December 2021	31 December 2020
	\$	\$
<b>17. Accumulated losses</b>		
<b>Accumulated losses</b>		
Balance at the beginning of the year	(23,515,644)	(18,309,178)
Net loss for the year	(2,494,937)	(2,560,086)
Gain / loss on change of NCI ownership	215,958	(2,646,380)
Transfer of share-based payments reserve - expired unexercised options	1,200,131	-
Balance at the end of the year	<u>(24,594,492)</u>	<u>(23,515,644)</u>

	31 December 2021	31 December 2020
	\$	\$

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

Loss attributable to the ordinary equity holders of the Company used in calculating basic and diluted loss per share	<u>(2,494,937)</u>	<u>(2,560,086)</u>
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	31 December 2021	31 December 2020
	Number of shares	Number of shares

**(b) Weighted average number of shares used as the denominator**

Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<u>165,002,250</u>	<u>138,777,087</u>
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**(c) Basic and diluted loss per share – cents per share**

	(1.51)	(1.84)
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On 31 March 2020, the Company completed a share consolidation of one (1) share for every ten (10) shares currently held. The basic loss and diluted loss per share have been proportionally adjusted for comparative purposes.

At the end of the 2021 financial year, the Group had 9,822,779 unissued shares under option (2020: 19,019,642), refer note 22. The Group does not report diluted earnings per share on annual losses generated by the Group. During the 2021 financial year the Group's unissued shares under option were anti-dilutive.

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

As the Company has made a loss for the year ended 31 December 2021, all options on issue and unissued shares could potentially dilute basic loss per share in the future.

**18. Dividends**

No dividends were paid during the financial year (2020: Nil). No recommendation for payment of dividends has been made (2020: Nil).

## 19. Commitments

### (a) Exploration commitments

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

	31 December 2021	31 December 2020
	\$	\$
0 to 1 year	186,539	-
1 to 5 years	-	-
5+ years	-	-
	<u>186,539</u>	<u>-</u>

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

0 to 1 year	270,000	78,988
1 to 5 years	247,500	-
5+ years	-	-
	<u>517,500</u>	<u>78,988</u>

## 20. Financial instruments

### (a) Financial risk management objectives

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

	31 December 2021	31 December 2020
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	541,347	822,214
Trade and other receivables	223,672	44,365
Other financial assets	178,605	-
	<u>943,624</u>	<u>866,579</u>
<b>Financial liabilities</b>		
Trade and other payables	<u>957,737</u>	<u>164,799</u>

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

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

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

**20. Financial instruments (continued)**

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

**(b) Interest rate risk management**

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

2021	Floating Interest Rate	Fixed Interest Rate		Non-Interest Bearing	Total	Weighted Effective Interest Rate
		1 Year or Less	1 to 5 Years			
	\$	\$	\$	\$	\$	
<b>Financial Assets</b>						
Cash	468,962	-	-	72,385	541,347	0.01%
Trade and other receivables	-	-	-	81,431	81,431	NA
Other financial assets	-	-	-	178,605	178,605	NA
<b>Total Financial Assets</b>	<b>468,962</b>	<b>-</b>	<b>-</b>	<b>332,331</b>	<b>801,383</b>	<b>-</b>
<b>Financial Liabilities</b>						
Trade and other payables	-	-	-	957,737	957,737	NA
Funds received for shares to be issued	-	-	-	-	-	NA
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>957,737</b>	<b>957,737</b>	<b>NA</b>

2020	Floating Interest Rate	Fixed Interest Rate		Non-Interest Bearing	Total	Weighted Effective Interest Rate
		1 Year or Less	1 to 5 Years			
	\$	\$	\$	\$	\$	
<b>Financial Assets</b>						
Cash	822,214	-	-	-	822,214	0.01%
Trade and other receivables	-	-	-	44,365	44,365	NA
Other financial assets	-	-	-	-	-	NA
<b>Total Financial Assets</b>	<b>822,214</b>	<b>-</b>	<b>-</b>	<b>44,365</b>	<b>866,579</b>	<b>-</b>
<b>Financial Liabilities</b>						
Trade and other payables	-	-	-	164,799	164,799	NA
Funds received for shares to be issued	-	-	-	-	-	NA
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>164,799</b>	<b>164,799</b>	<b>NA</b>

## 20. Financial instruments (continued)

### (c) Equity price risk management

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

### (d) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and term deposits, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. At 31 December 2020, the Group has no significant exposure to liquidity risk as there is effectively no debt.

#### Maturities of financial liabilities

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

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

	31 December 2021				31 December 2020			
	≤6 months \$	6 – 12 month s \$	1-5 Years \$	Total \$	≤6 months \$	6 – 12 month s \$	1-5 Years \$	Total \$
<i>Financial liabilities</i>								
Trade and other payables	957,737			957,737	164,799	-	-	164,799
Funds received for shares to be issued					-	-	-	-
<b>Total Financial Liabilities</b>	<b>957,737</b>			<b>957,737</b>	<b>164,799</b>	<b>-</b>	<b>-</b>	<b>164,799</b>

### (e) Credit risk

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

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



## 20. Financial instruments (continued)

### (f) Fair value

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

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

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

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

## 21. Key management personnel

### (a) Details of key management personnel

Directors

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

Mr G Davey	Non-Executive Director
Mr M Young	Managing Director (appointed 1 December 2021)
Mr C Bath	Executive Director (appointed 1 December 2021)
Ms D Marshall	Non-Executive Director (appointed 1 December 2021)
Mr C Knee	Executive Director (appointed 1 July 2020, resigned 1 December 2021)
Mr A Gillman	Non-Executive Director (appointed 1 July 2020, resigned 1 December 2021)

### (b) Compensation of Key Management Personnel

	31 December 2021	31 December 2020
	\$	\$
Short-term benefits	236,727	205,265
Post-employment benefits	379	2,233
Share-based payments	(10,539)	308,366
	<u>226,567</u>	<u>515,864</u>

### (c) Loans to Key Management Personnel

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

### (d) Interest held by Key Management Personnel under the Employee Share and Option Plan

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

Grant date	Expiry date	Exercise Price \$	2021	2020
9/12/2020	26/06/2023	Nil	-	750,000
26/06/2020	26/06/2023	Nil	-	1,500,000

## 21. Key management personnel

### (e) Transactions with related parties

In the year ended 31 December 2020, entities related to Mr Grant Davey received 9,247,992 shares in the Company as consideration for the acquisition by the Group of a further 7.5% in interest in Ophiolite Holdings Pty Ltd ("OPH"). The acquisition of the additional interest in OPH was approved by shareholders in March 2020.

Mr Grant Davey agreed to acquire 1,458,333 shares at an issue price of \$0.12 each as part of a placement undertaken by the Company in July 2020. The placement received shareholder approval at a general meeting held on 9 December 2020 and were issued on 7 January 2021.

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

## 22. Share based payments

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

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

	2021	2020
Expense arising from equity-settled share-based payments	374,000	308,366

The share-based payments plan is described below.

### (b) Employee share option plan

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

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

#### Vesting conditions of the STI and LTI

##### Short-term incentives

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

##### Long-term incentives

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

## 22. Share based payments

The following table represents the Company's outstanding balance as at 31 December 2021:

Grant date	Expiry date	Exercise price	Number of options	Options lapsed / forfeited	Options Issued / exercised	Number of options at the end of year	
						On issue	Vested
09/04/2018	09/04/2021	\$0.30	5,200,000	(5,200,000)	-	-	-
23/02/2018	23/02/2022	\$0.30	666,666	-	-	666,666	-
23/02/2018	23/02/2022	\$0.30	666,667	-	-	666,667	-
23/02/2018	23/02/2022	\$0.30	666,667	-	-	666,667	-
15/03/2019	15/03/2022	\$0.60	2,000,000	-	-	2,000,000	-
15/07/2019	01/07/2022	-	1,580,177	(1,398,292)	-	181,885	-
15/07/2019	01/07/2024	-	1,739,465	(848,571)	-	890,894	-
30/08/2018	30/04/2021	\$0.60	1,000,000	(1,000,000)	-	-	-
30/08/2018	30/04/2021	\$0.80	1,000,000	(1,000,000)	-	-	-
26/06/2020	29/06/2023	-	3,750,000	(750,000)	(2,250,000)	750,000	-
09/12/2020	26/06/2023	-	750,000	-	(750,000)	-	-
29/01/2021	29/01/2024	\$0.22	-	-	2,000,000	2,000,000	2,000,000
29/01/2021	29/01/2024	\$0.26	-	-	2,000,000	2,000,000	2,000,000
<b>Total</b>			19,019,642	(10,196,863)	1,000,000	9,822,779	4,000,000

The following table represents Metallum Resources Inc outstanding balance as at 31 December 2021:

Grant date	Vesting date	Expiry date	Exercise price	Number of options	Options lapsed / forfeited	Options Issued / exercised	Number of options at the end of year	
							On issue	Vested
20/06/2012	20/06/2012	19/06/2022	\$8.40	30,750	-	-	30,750	30,750
11/07/2012	11/07/2012	10/07/2022	\$8.40	2,500	-	-	2,500	2,500
18/12/2013	18/12/2013	17/12/2023	\$8.80	53,625	-	-	53,625	53,625
15/04/2021	15/04/2021	14/04/2031	\$0.15	2,950,000	-	-	2,950,000	2,950,000
<b>Total</b>				3,036,875	-	-	3,036,875	3,036,875

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

The weighted average remaining contractual life for the share-based payments outstanding at 31 December 2021 is 1.3 years (2020: 1.4 years). (Metallum 9.57 years).

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

The range of exercise price for share based payments outstanding at the end of the year is \$0.00 to \$0.60 (2020: \$0.00 to \$0.80). (Metallum \$0.15 to \$8.40).

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

The weighted average fair value of share-based payments granted during the year was \$0.093 (2020: \$0.13).

### Valuation of share-based payments

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

### 23. Remuneration of auditors

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

	31 December 2021 \$	31 December 2020 \$
Fees for auditing the statutory financial report of the group	38,480	21,000
Fees for auditing the statutory financial report of subsidiary	38,110	-
Fees for other assurance and agreed upon procedures	17,530	-
	<b>94,120</b>	<b>21,000</b>

### 24. Contingent liabilities

The directors are not aware of any contingent liabilities as at 31 December 2021 (2020: None).

### 25. Group information

As at, and throughout, the financial year ended 31 December 2021, the parent entity of the Group was Frontier Energy Limited.

	31 December 2021 \$	31 December 2020 \$
<b>Statement of Financial Position</b>		
<b>Assets</b>		
Current assets	394,100	881,674
Non-current assets	160,966	1,831,691
Total assets	<b>555,066</b>	<b>2,713,365</b>
<b>Liabilities</b>		
Current liabilities	343,074	164,799
Non-current liabilities	-	-
Total liabilities	<b>343,074</b>	<b>164,799</b>
<b>Equity</b>		
Contributed equity	24,744,840	24,168,590
Reserves	1,494,474	2,637,321
Accumulated losses	(26,027,322)	(24,257,345)
Total equity	<b>211,992</b>	<b>2,548,566</b>
<b>Statement of Comprehensive income</b>		
Loss for the year	(1,637,260)	(2,548,506)
Other comprehensive income	33,129	969
Total comprehensive loss for the year	<b>(1,506,013)</b>	<b>(2,547,537)</b>

## 25. Group information

### Details of controlled entities

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

	Country of Incorporation	Percentage Owned %	
		2021	2020
Superior Mining Pty Ltd	Australia	100.0%	100%
Ophiolite Holdings Pty Ltd	Australia	87.5%	70%
Metallum Resource Inc.	Canada	67.0%	-
Pick Lake Limited	Canada	100.0%	100%

### 26. Events occurring after the balance sheet date

In October 2021, the Company announced the proposed acquisition of a 100% interest in Bristol Springs Solar Pty Ltd, which is developing a solar farm located southeast of Perth in Western Australia. This acquisition resulted in a significant change to the nature and scale of the Company's activities and required the Company to re-comply with Chapters 1 and 2 of the Listing Rules as if it were applying for admission to the Official List of ASX for the first time. The significant change to the nature and scale of the Company's activities and the Acquisition also required Shareholder approval under the Listing Rules.

A general meeting of shareholders was held on 28 January 2022 and shareholders approved the resolutions to effect the acquisition, together with a number of other resolutions, as set out below.

#### Acquisition

On 13 October 2021, the Company entered into a sale agreement (Sale Agreement) to acquire 100% of the shares of Bristol Springs Solar Pty Ltd from Sector One Pty Ltd and Alicia Jane Goyder ("Acquisition"). Ranger Loaders Pty Ltd ("Landowner"), the entity which owns the land on which the BSS Project is proposed to be built, is also a party to the Sale Agreement.

The consideration for the Acquisition was:

- 41,666,667 fully paid ordinary shares in the Company on completion of the Acquisition ("Consideration Shares");
- 12,500,000 tranche A performance shares which will be issued on the Completion Date ("Tranche A Performance Shares") and convert into Shares on the date that the Company or BSS and Western Power execute the Electricity Transfer Control Agreement; and
- 12,500,000 tranche B performance shares which will be issued on the Completion Date ("Tranche B Performance Shares") and convert into shares on the date that all approvals have been received, all studies have been completed and a final investment decision is taken in respect of the BSS Project.

#### Lease Agreement

The Company entered into an agreement to lease a minimum of 195 hectares of land from the Landowner for 3 years commencing from the Completion Date at an annual fee of A\$100,000 per annum.

#### Option to Purchase

The Company and the Landowner entered into an option to purchase agreement in which the Company will pay the Landowner an option fee of A\$1.5 million to secure a five-year option from the Completion Date to acquire the Land at a fixed value of A\$5 million.

#### Capital Raising

The Company issuing 61,538,462 new Shares at an issue price of \$0.13 per Share to raise \$8,000,000 before costs. The Company also issued options to directors, management and advisers totalling 24,499,999 options at various exercise prices.

## 26. Events occurring after the balance sheet date

The effect of the transaction is:

- (a) An increase in the Company's issued capital as a result of the issue of the Consideration Shares and the new Shares issued to investors totalling 103,205,129 ordinary shares;
- (b) The issue of the Tranche A and Tranche B performance shares;
- (c) The issue of 24 million options to directors, management and brokers;
- (d) An increase in the Company's cash by \$8,000,000 (before costs);
- (e) The acquisition of Bristol Springs Solar Pty Ltd at fair value; and
- (f) The recognition of a right to use asset in relation to the Lease Agreement.

Other than the above, no other matters or circumstance has arisen since 31 December 2021, which has significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

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

In the opinion of the directors:

- (a) the financial statements and notes of the Company and of the Group are in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the Company's and the Group's financial position as at 31 December 2021 and of their performance for the year ended on the date; and
  - (ii) complying with the Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and
- (b) the financial statements and notes also comply with International Financial Reporting Standards;
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2021.

On behalf of the Board.



**Mr Grant Davey**  
Chairman  
31 March 2022



Building a better  
working world

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

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Frontier Energy Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

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

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

#### Key audit matters

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

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

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## 1. Restatement of comparative information

### Why significant

During the current year the Group reviewed the accounting for the acquisition of its initial 70% interest in Ophiolite Holdings Pty Ltd (“Ophiolite”) and the subsequent increase in this interest to 87.5% in prior years.

As a result of this review, the Group determined that the initial acquisition should have been accounted for as a share-based payment transaction rather than a reverse acquisition business combination, which impacted the measurement of this transaction. The non-controlling interests share of the results of Ophiolite, determined from the time of the initial acquisition, as well as the subsequent equity transaction to increase the Group’s interest in Ophiolite had also been incorrectly calculated.

Furthermore, the Group also reviewed the disclosure of the asset held for sale relating to the Metallum Resources Inc (“Metallum”) transaction in the 31 December 2020 financial report. As a result, the Group determined that the asset did not meet the criteria in AASB 5 *Non-current Assets held for Sale and Discontinued Operations* (“AASB 5”) in order to be classified and disclosed as an asset held for sale.

Adjustments have been made to the comparative information in the 31 December 2021 financial report for these restatements. The Group has disclosed these restatements of comparative information in Note 3 of the financial report.

Due to the judgment involved in determining the accounting treatment for the above transactions and the quantum of the amounts involved, we consider these restatements to be a key audit matter.

### How our audit addressed the key audit matter

Our audit procedures in assessing the treatment of, and the adjustments required, for these restatements included:

- ▶ Obtaining and reading the agreements, as well as the relevant ASX announcements, for the initial and subsequent acquisitions in Ophiolite in order to understand the terms and conditions of these agreements.
- ▶ Obtaining and reading the agreement relating to the asset held for sale in the Metallum transaction in order to understand the terms and conditions of this agreement and assessing whether it met the criteria in AASB 5 to be disclosed as an asset held for sale.
- ▶ Reviewing the Group’s revised accounting treatments, including the related measurement adjustments, in relation to the Ophiolite acquisitions and the asset held for sale.
- ▶ Reviewing and reperforming the non-controlling interest calculations.
- ▶ Reperforming the calculations for the measurement of these restatements.
- ▶ Reviewing the adequacy of the disclosures in relation to the restatement of comparative information set out in note 3 to the financial report.

## 2. Carrying value of exploration and evaluation assets

### Why significant

At 31 December 2021, the Group held capitalised exploration and evaluation assets of \$2.1 million, representing 69% of the Group's total assets.

The carrying value of exploration and evaluation assets is assessed for impairment by the Group when facts and circumstances indicate that the exploration and evaluation assets may exceed their recoverable amount.

The determination as to whether there are any indicators to require an exploration and evaluation asset to be assessed for impairment, involves a number of judgements including whether the Group has tenure, will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. The Group did not identify any impairment indicators as at 31 December 2021.

Refer to Note 11 in the financial report for capitalised exploration and evaluation asset balances and related disclosures.

### How our audit addressed the key audit matter

In performing our procedures, we:

- ▶ Considered whether the Group's right to explore was current, which included obtaining and assessing supporting documentation such as license agreements;
- ▶ Considered the Group's intention to carry out significant ongoing exploration and evaluation activities in the relevant areas of interest which included reviewing the Group's approved cash flow forecast and enquiring of senior management and the directors as to their intentions and the strategy of the Group;
- ▶ Assessed whether any exploration and evaluation data existed to indicate that the carrying value of capitalised exploration and evaluation is unlikely to be recovered through development or sale; and
- ▶ Assessed the adequacy of the disclosures in Note 11 of the financial report.

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

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 Annual Report, but does not include the financial report and our auditor's report thereon.

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

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

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

## Responsibilities of the directors for the financial report

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

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

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

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

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

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

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

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

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

## **Report on the audit of the Remuneration Report**

### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Frontier Energy Ltd for the year ended 31 December 2021, complies with section 300A of the *Corporations Act 2001*.

### **Responsibilities**

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

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that appears to be 'P. Dreyer' in a cursive style.

Pierre Dreyer  
Partner  
Perth  
31 March 2022

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## 1. Top Twenty shareholders

	Name	Number of Shares	%
1	HSBC Custody Nominees (Australia) Limited	20,985,899	9.16%
2	Davey Holdings (Aus) Pty Ltd <Burnaford A/C>	11,427,000	4.99%
3	Kitara Investments Pty Ltd <Kumova Family A/C>	9,833,868	4.29%
4	Davey Holdings (Aus) Pty Ltd	7,836,258	3.42%
5	J P Morgan Nominees Australia Pty Limited	7,067,145	3.09%
6	Shandong Ishine Mining Industry Co	6,315,130	2.76%
7	Zero Nominees Pty Ltd	5,819,539	2.54%
8	Sandhurst Trustees Ltd <JMFG Consol A/C>	4,897,695	2.14%
9	Tr Nominees Pty Ltd	4,705,035	2.05%
10	Mrs Sonja Louise Newman Heath	4,533,850	1.98%
11	Davey Management (Aus) Pty Ltd <Davey Family Super Fund A/C>	3,919,191	1.71%
12	Netwealth Investments Limited <Wrap Services A/C>	3,630,971	1.59%
13	Taurus Corporate Services Pty Ltd	3,369,221	1.47%
14	Mr Samuel Lewis Mccardel	3,249,044	1.42%
15	Davey Management (Aus) Pty Ltd <Davey Family Super Fund A/C>	3,190,795	1.39%
16	Celtic Capital Pty Ltd <The Celtic Capital A/C>	3,076,924	1.34%
17	Mcneil Nominees Pty Limited	2,587,707	1.13%
18	Terra Capital Natural Resources Fund	2,457,693	1.07%
19	Kgbr Future Fund Pty Ltd	2,381,319	1.04%
20	Mr James Thompson & Mrs Sonja Louise Newman Heath <T H Capital Super Fund A/C>	2,319,769	1.01%
		<b>113,604,053</b>	<b>49.6%</b>

### Class of shares and voting rights

The voting rights attached to the Fully Paid Ordinary Shares of the Company are:

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

Options do not carry any voting rights.

## 2. Distribution of quoted ordinary shares

Analysis of numbers of ordinary shares by size of holding:

Range	Holders	Total Units
above 0 up to and including 1,000	135	99,776
above 1,000 up to and including 5,000	124	383,972
above 5,000 up to and including 10,000	93	743,348
above 10,000 up to and including 100,000	451	15,070,146
above 100,000	245	212,734,260
<b>Totals</b>	<b>1,048</b>	<b>229,031,502</b>

## 3. Substantial shareholders

Holder name	No. shares	%
Grant Davey	26,373,244	11.51
Alicia Jane Goyder	20,000,001	7.39
Ilwella Pty Ltd	16,606,801	6.13

## 4. Performance shares

	No. shares	%
<b>Tranche A</b>		
Alicia Jane Goyder	6,993,167	54.85
Sector One Pty Ltd	3,542,667	27.78
Pearl Clean Energy Pty Ltd	2,214,166	17.37
	<b>12,750,000</b>	<b>100</b>
<b>Tranche B</b>		
Alicia Jane Goyder	6,993,167	54.85
Sector One Pty Ltd	3,542,666	27.78
Pearl Clean Energy Pty Ltd	2,214,167	17.37
	<b>12,750,000</b>	<b>100</b>

The Performance Shares are comprised of the following two tranches:

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

## 5. Escrowed securities

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

Class	Number of Restricted Securities
Shares	41,666,667
Performance Shares	25,500,000
Options	21,999,999
• CEO Options	4,999,999
• Director Options	11,000,000
• Lead Manager Options	3,000,000
• Adviser Options	3,000,000

## 6. Unquoted equity securities

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	1	7,509	0.00%
above 10,000 up to and including 100,000	4	94,100	0.01%
above 100,000	13	13,952,325	99.28%
<b>Totals</b>	<b>18</b>	<b>14,053,934</b>	<b>100.00%</b>

### Unquoted securities by class

Class	Number
Options @\$0.20 EXP 25/02/2025	5,500,000
Options @\$0.25 EXP 25/02/2025	2,750,000
Options @\$0.40 EXP 25/02/2025	2,750,000
Options @\$0.25 EXP 25/02/2025	3,000,000
Options @\$0.40 EXP 25/02/2025	3,000,000
Options @\$0.20 EXP 25/02/2025	1,666,667
Options @\$0.25 EXP 25/02/2025	1,666,666
Options @\$0.40 EXP 25/02/2025	1,666,666
Options @ \$0.00 EXP 01/07/2024	890,894
Options @ \$0.22 EXP 29/01/2024	2,000,000
Options @ \$0.26 EXP 29/01/2024	2,000,000
Options @\$0.20 EXP 25/02/2025	1,250,000
Options @\$0.25 EXP 25/02/2025	625,000
Options @\$0.25 EXP 25/02/2025	625,000



**Unquoted securities > 20% holders**

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

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Country	Entity	Tenement	Interest	Status
Ontario, Canada	Pick Lake Mining Ltd	117859	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	152325	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	168944	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	169024	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	172104	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	181763	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	198338	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	206270	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	209404	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	264851	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	272321	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	275425	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	284404	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	284407	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	291726	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	311369	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	321021	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	320935	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	343927	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535117	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535108	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535016	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535116	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535119	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535120	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535121	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535106	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535109	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535110	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535111	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535118	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535113	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535115	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535107	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535112	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	535017	100%	Granted

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Country	Entity	Tenement	Interest	Status
Ontario, Canada	Pick Lake Mining Ltd	535015	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	101307	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	103721	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	110861	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	110862	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	116128	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	114012	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	128641	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	135278	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	135279	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	135280	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	140125	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	143152	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	157778	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	161749	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	161750	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	161751	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	162597	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	162598	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	162599	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	162600	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	167794	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	175304	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	182220	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	181227	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	187277	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	202441	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	209168	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	214845	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	216569	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	216570	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	216571	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	221892	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	221893	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	229858	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	229859	100%	Granted

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Country	Entity	Tenement	Interest	Status
Ontario, Canada	Pick Lake Mining Ltd	235678	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	236644	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	236645	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	238387	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	242037	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	242038	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	238291	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	238292	100%	Granted
Ontario, Canada	Pick Lake Mining Ltd	238293	100%	Granted

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