

QUARTERLY ACTIVITY REPORT

31 March 2022

Frontier Energy Limited (ASX: FHE) (Frontier or the Company) is pleased to provide its quarterly activities report for the quarter ended 31 March 2022 regarding the development of the Company's Bristol Spring's Solar Project (the **BSS Project**) and the Company's long-term strategy to become vertically integrated across all sectors of the green hydrogen industry.

HIGHLIGHTS

- **Frontier Energy Limited (formerly Superior Lake Resources) recommenced trading on ASX following strong demand for an \$8M capital raising**
 - *The Company's flagship clean energy asset is the Bristol Springs Solar Project (the BSS Project), a large-scale solar energy project (114MW dc of electricity production) in the South West region of Western Australia*
- **Former BC Iron (ASX: BCI) and Vimy Resources (ASX: VMY) CEO, Mike Young, was appointed Frontier's Managing Director with Grant Davey Non-Executive Chairman**
 - *The board provides experienced finance, media, marketing and government relations executives including Chris Bath (Executive Director) and Dixie Marshall (Non-Executive Director)*
- **Frontier commenced a Renewable Energy Expansion Study that will assess opportunities to increase power capacity at the BSS Project beyond 500MWdc**
- **A Green Hydrogen Study also commenced which will assess potential Green Hydrogen production using clean energy from the BSS Project whilst leveraging the world class infrastructure surrounding the BSS Project's location**
 - *Accessing infrastructure for Green Hydrogen exportation (power transfer, gas pipeline, ports) and exploitable water are two of the major barriers for Green Hydrogen production and exportation*
- **Frontier placed an order for a hydrogen refuelling station, one of the first hydrogen refuelling stations to be built and operating in Western Australia. This order aligns with the Company's long term strategy for vertical integration across the hydrogen industry**
 - *Multiple, high-profile in central Perth are being considered for the project*
- **The Company is currently finalising additional refuelling locations across Western Australia, with a strategy to roll out a 'Hydrogen Highway' across the State**
- **The Company's cash position as at 31 March 2022 was \$5.9 million**
 - *The Company also holds a major position in Metallum Resources Inc (TSXV:MZN). This position has a current valuation of approximately A\$9.5m (share price C\$0.07 per share – 20 April 2022)*



Frontier Energy successfully re-lists on ASX

On the 3 March 2022, Frontier Energy successfully re-listed on the ASX following a change in direction and strategy with a new focus on clean energy, and more specifically green hydrogen. With the long term target to become vertically integrated across the sectors of this fast growing industry, from clean energy producer at the Company's Bristol Spring Solar Project through to hydrogen sales and exportation using world-class supporting infrastructure that is already in place.

BSS Project - Overview

The BSS Project is a large-scale solar project located in Western Australia's South West region, 120km south of Perth. Stage One of the Project is designed to produce 114MWdc of electricity, incorporating the latest generation technology to deliver a relatively low-cost energy solution connected to the South West Interconnected System (SWIS).

The BSS Project has received Development Approval from the WA Regional Development Assessment Panel, and an application for an electricity transfer access contract (ETAC) is in progress with Western Power. The Project is on track to commence construction in early 2023 with power production during 2024.

Additional opportunities are available surrounding the Project that could allow an increase in solar power generation of up to ~490MWdc (see below).



Figure 1: Click on the image to view a Virtual site trip to the Bristol Springs Solar Project (or visit the Company's website- www.frontierhe.com/videos/)

Why Western Australia

The Company is currently focused on Western Australia, given the jurisdiction strategy, isolated grid (SWIS), and both State and Federal Government support for the region to become a major global player in the growing green hydrogen industry.

The Western Australian Government aims for the State to become a global leader in the production and export of Green Hydrogen with a target to match its significant current market share in LNG production by 2030 (in 2021 Australia was the world's largest exporter of LNG with WA accounting for more than half¹). WA currently produces no commercial green hydrogen; however, the value of WA's LNG sales in 2020-21 was \$15.8 billion¹. This is being supported by the Federal Government, with Prime Minister, Scott Morrison, recently announcing a commitment to spend \$200 million on four new hydrogen hubs in Western Australia (Source: The West Australian newspaper – 19 April 2022).

Renewable Energy Expansion Study

In addition to Stage One (114MWdc of electricity), the Company has commenced a study to assess increasing power capacity at the BSS Project, battery storage as well as other clean energy alternatives.

Solar Optimisation Study

As part of the solar optimisation study, the Company will assess the potential to increase the power potential at the project by assessing nearby opportunities. The Company believes this could see total power increase to ~500MWdc.

Solar energy is dominated by rooftop solar in WA, but according to RenewEnergy.com.au, there are currently only five industrial solar projects (200MWdc total capacity) connected to the SWIS in Western Australia. The BSS Project Stage One alone would account for approximately 36% of this production by 2024 based on current projections.



Figure 1: BSS Project with animated solar panel array

¹ Western Australian Government LNG Profile November 2021

Wind Energy Integration Study

The Company will complete a preliminary wind resource assessment combined with a concept design and cost modelling. Specifically, the study will assess scenarios for incorporating wind to determine the optimal solar / wind mix at the BSS Project.

Battery Energy Storage Optimisation Study

The Company will evaluate incorporating an onsite battery energy storage system (BESS) for the Stage One, 114MWdc solar farm and future expansion scenarios with and without wind. The study will review appropriate and emerging battery technologies and develop high level cost estimates. The battery study will also evaluate energy arbitrage opportunities and optimise grid stabilisation and feed-in controls as these options can add significant value to the project economics.

Green Hydrogen Study

A component of the Company's future strategy is to consider the development of Green Hydrogen production using clean energy from the BSS Project. The Western Australian Government has highlighted the need for WA clean energy projects and hydrogen manufacturing capability to help meet the State Government's plan to produce and export green hydrogen by 2030 to achieve the same market share as LNG now produced for export. The Company believes it can play an important role in this new energy market and that this is an ideal opportunity for the Company.

The planned work programs include a hydrogen market assessment, along with a distribution analysis that will drive the techno-economic evaluation for the production, storage, and export of green hydrogen produced by the Company using clean energy from the BSS Project.

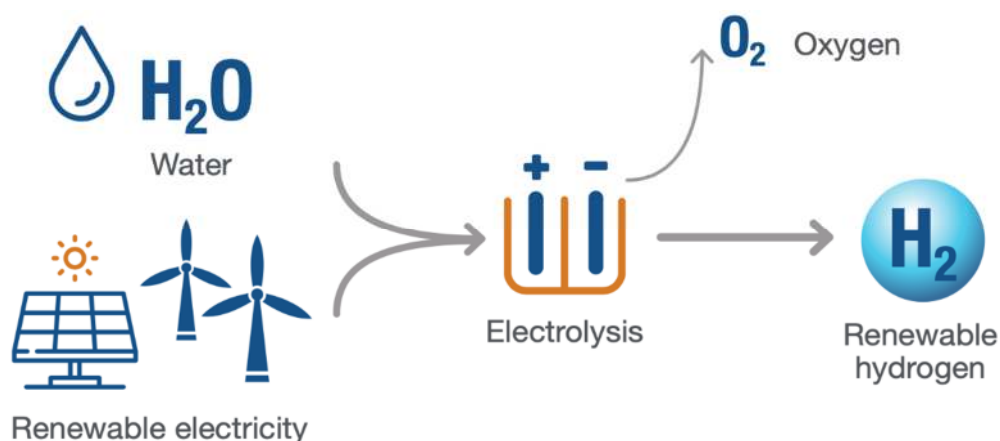


Figure 2: Typical pathway for hydrogen production (source: WA Renewable hydrogen Strategy)

The preferred case will then be carried forward to the techno-economic study where electrolyser options (PEM, alkaline, solid oxide etc), storage options, feedstock (water) requirements will be used to determine optimal hydrogen production rate and storage vessel sizing.

In parallel, the Company will complete a hydrogen market assessment to identify potential offtake partners and market prices for green hydrogen.

The assessment will consider domestic demand (power, transport and industrial) as well as international export markets and other global opportunities. The optimum commercial pathway for large-scale hydrogen production, including location of infrastructure will be defined during the study phase.

Frontier places an order for the first of its kind hydrogen refuelling station for Perth, Western Australia

Frontier has placed an order to enable it to build a hydrogen refuelling station in Perth, Western Australia. The order was placed with ENGV, who will work with IVYS Inc. and PDC Machines Inc., a partnership that has recently delivered the first hydrogen refuelling station in Australia. The development of this project will be the first of its kind in Western Australia, with targeted completion by 2023.



Figure 1: First Australia hydrogen retail station built in Canberra, Australia

The Company is close to finalising the location of the refuelling station with a number of high-profile locations in Perth being considered. In addition, the Company is identifying additional locations for refuelling stations, with the plan to roll out a hydrogen highway across Western

Australia aligning with broader Western Australian Government plans. Further information regarding this will be released as locations are finalised.

Frontier's first hydrogen refuelling station will be a compact, on-site hydrogen station that will be a Western Australian first. It will integrate an electrolyser, compression, storage and dispensing sub-systems to support a fleet of hydrogen vehicles. The system will be capable of delivering 20 kg/day of green hydrogen at 700 bar pressure for fast-fill refuelling adhering to SAE Protocols. Fuelling will take under 3 minutes to completely fill up a 5 kg tank from empty.

Corporate

Cash at the end of the Quarter

As at 31 March 2021, Frontier had cash on hand of \$5.9 million (unaudited).

Metallum Resources Inc.

As part of the divestment of the Superior Lake zinc asset, Frontier owns 128.9 million shares in TSXV listed, Metallum Resources Inc. This holding has a current valuation of approximately A\$9.5m (share price C\$0.07 per share – 20 April 2022).

Payments to Related Parties

During the Quarter, payments to related parties for directors' fees totalled \$124,673.

Mr Grant Davey, who is a Non-Executive Director of the Company, is a director and shareholder of Matador Capital Pty Ltd. The Company makes payments to Matador Capital under Shared Services and Office Use Agreements in which Matador Capital provides office space, general office administration services and accounting services to the Company. The services provided by Matador Capital are recovered from the Company on a cost-plus basis and totalled \$29,906. An amount of \$62,018 was also paid to Matador Capital representing the Company's pro rata share of office lease bank guarantee, which is repayable to the Company on termination of the relevant agreement.

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

ENDS

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

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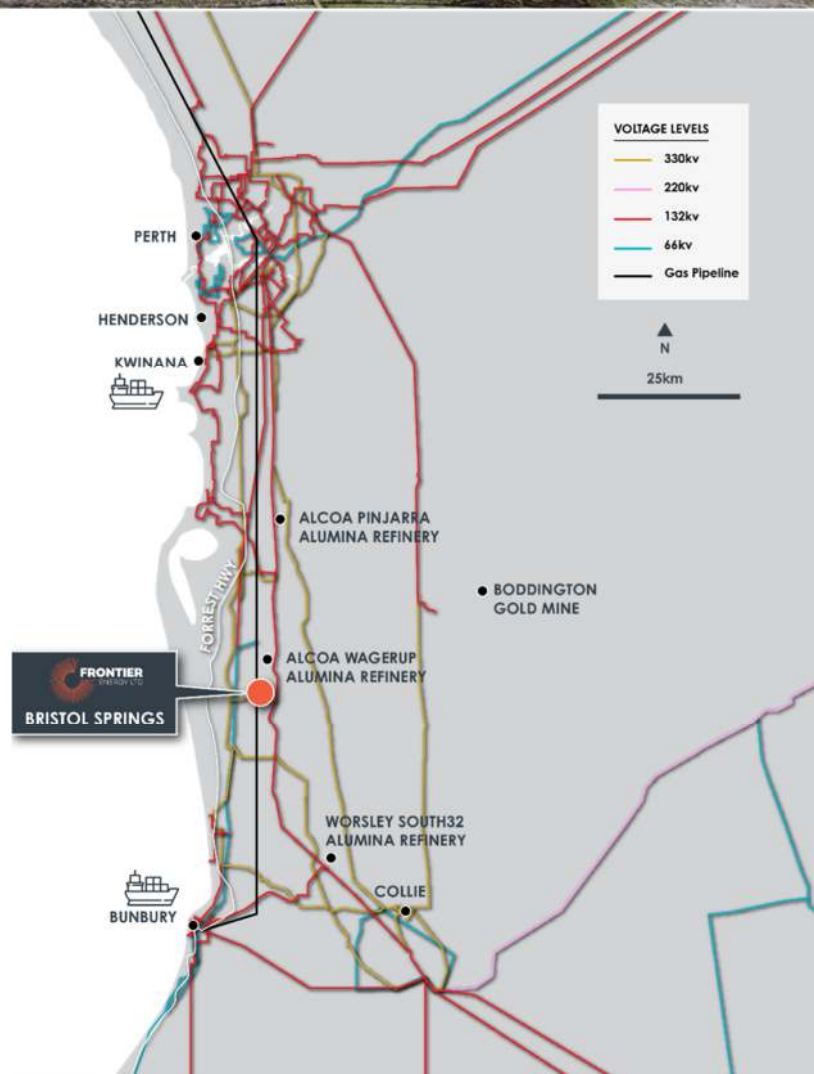


About Frontier Energy

Frontier Energy Ltd (ASX: FHE) is a clean energy company developing the Bristol Springs Solar Project (BSS Project) near Waroona in Western Australia.

The BSS Project will provide enough power for 45,000 homes and abate 180,000t of CO₂ emissions per year.

The Project is located 120 km south of Perth, and importantly is within the "Golden Triangle" of Kwinana-Bunbury-Collie, which provides both supporting infrastructure and potential offtake customers.



Directors and Management

Mr Grant Davey
Non-Executive Chairman

Mr Mike Young
Managing Director

Mr Chris Bath
Executive Director

Ms Dixie Marshall
Non-Executive Director

Registered Office

Level 20, 140 St Georges Terrace
Perth WA 6000

Share Registry

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

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

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Frontier Energy Limited

ABN

64 139 522 553

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(190)	(190)
(f) administration and corporate costs	(785)	(785)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (Metallum - exploration expenditure)	(80)	(80)
1.8 Other (Study)	(30)	(30)
1.9 Net cash from / (used in) operating activities	(1,084)	(1,084)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1,779)	(1,779)
(d) investments	-	-
(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	(f) other non-current assets Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	4	4
2.6	Net cash from / (used in) investing activities	(1,775)	(1,775)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	8,558	8,558
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(315)	(315)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	8,244	8,244

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	541	541
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,084)	(1,084)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,775)	(1,775)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	8,244	8,244
4.5	Effect of movement in exchange rates on cash held	(15)	(15)
4.6	Cash and cash equivalents at end of period	5,911	5,911

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,911	541
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,911	541

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	216 ¹
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

¹ Includes \$62k paid to Matador Capital Pty Ltd for pro rata share of office lease guarantee, repayable to FHE on termination of lease.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	1,084
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,911
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	5,911
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.5
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? <div style="border: 1px solid black; padding: 5px; min-height: 30px;">Answer:</div>	
	8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? <div style="border: 1px solid black; padding: 5px; min-height: 30px;">Answer:</div>	
	8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? <div style="border: 1px solid black; padding: 5px; min-height: 30px;">Answer:</div>	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2022

Authorised by: **By the Board**

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.