

Frontier Energy to Acquire Waroona Energy

Waroona Energy Inc. (TSXV: WHE; OTC: WHEFF) (“**Waroona**” or the “**Company**”) is pleased to announce that, further to its September 5th news release, the Company has entered into a binding agreement (the “**Arrangement Agreement**”) on October 6, 2023 with Frontier Energy Limited (ASX: FHE) (“**Frontier**”), a non-arm’s length party to the Company, under which Frontier has agreed to acquire all of the outstanding shares of Waroona that it does not already own or control (the “**Transaction**”).

Pursuant to the Transaction, Waroona shareholders will receive one common share of Frontier for every 4.27 common shares of Waroona that they hold which implies an offer price of C\$0.069 per Waroona share (based on the Canadian dollar equivalent of the 20-day volume-weighted-average-price (VWAP) of Frontier’s shares on the Australian Securities Exchange (ASX) ending on October 5, 2023.

The implied offer price under the Transaction represents a premium of 52.4% and 46.8% to the closing price and the 10-day trailing VWAP, respectively, of Waroona’s shares on the TSX Venture Exchange (the “**TSXV**”) prior to the announcement of the Transaction on September 5th. Upon implementation, Waroona shareholders would hold approximately 31% and the common shareholders of Frontier would hold approximately 69% of the combined company on a fully diluted share basis.

HIGHLIGHTS

- Offer premium to Waroona shareholders of 52.4% over the closing price and 46.8% to the 10-day VWAP of Waroona shares prior to the announcement of the Transaction
- The combined entity will hold development approvals for total solar generation capacity of 355MW and the potential to expand to more than 1GW based on freehold land ownership and grid connections
- Combined project scale simplifies the project financing strategy and negotiations with equity participates, debt financing as well as potentially government grants
- The combined entity has AUD\$22¹ million in cash, which positions it to be fully funded until a final investment decision is made
- Both companies share key stakeholders including the government at all levels, local communities, potential project financiers and equity investors. The combined company streamlines stakeholder discussions, lowers overheads and creates a more transparent plan for stakeholders to support
- The combined company aims to create a fully integrated green hydrogen and renewable energy project, with the initial early cash flow generation through the development of a solar facility
- Offer unanimously recommended by Waroona’s Board of Directors

Tony Wonnacott, Chairman, said: *Waroona and Frontier have been working extremely closely through a Collaboration Agreement since re-listing, that has seen significant work completed on both companies’ respective projects, including the advancement of our respective solar projects, Frontier’s*

¹ As at 30 June 2023



green hydrogen production strategy and their Australian Government Hydrogen Headstart submission and more recently the Study commenced by Waroona to develop a green hydrogen Peaking Plant which is due to be completed later this year.

Through this work, it has become clear that a combined entity will be beneficial not only through the cost savings, but also through the significantly larger and more diversified project portfolio from the combined entity.

Perhaps the largest benefit will however be a more simplified message to all stakeholders and investors regarding the Company's strategy moving forward, that is critically important given the Company's strategy to commence the development of its solar project in the first half of 2024.

Details of the Transaction

The Transaction will be implemented by way of a court-approved plan of arrangement under the *Business Corporations Act* (British Columbia) and will require the approval of 66 2/3% of the votes cast by the holders of Waroona's common shares at a special meeting of Waroona shareholders to be held to consider the Transaction (the "**Special Meeting**"). In addition to approval by Waroona shareholders, the Transaction is also subject to the receipt of court approval, regulatory approvals including approval under the *Investment Canada Act* and from the TSXV, and other customary closing conditions for transactions of this nature. The Transaction is expected to be completed prior to the end of 2023.

The Arrangement Agreement provides for customary deal-protection provisions, including a non-solicitation covenant on the part of Waroona. The directors and senior officers of Waroona, owning in aggregate approximately 2.5% of Waroona's voting securities have agreed to vote all the securities they own or control in favour of the Transaction.

There are no finder's fees payable in connection with the Transaction.

Waroona Board of Directors and Special Committee Recommendations

A special committee comprised entirely of independent directors of Waroona (the "**Special Committee**") unanimously recommended the Transaction to the board of directors of Waroona (the "**Waroona Board**"). The Waroona Board has evaluated the Arrangement Agreement with the Company's management and legal and financial advisors and, following the receipt and review of a unanimous recommendation from the Special Committee, the Waroona Board has unanimously determined that the Arrangement Agreement is in the best interests of the Company, and the Waroona Board has resolved to recommend that the Company's shareholders vote in favour of the Transaction, all subject to the terms and conditions contained in the Arrangement Agreement.

Red Cloud Securities Inc. has provided an opinion to the Special Committee and the Waroona Board, that based upon and subject to various assumptions, limitations and qualifications, the consideration to be received by the holders of Waroona common shares (other than Frontier and its affiliates) under the Arrangement Agreement is fair, from a financial point of view, to the holders of Waroona common shares.

Further details regarding the terms of the Transaction are set out in the Arrangement Agreement, which will be publicly filed by Waroona under its profile on SEDAR+ at www.sedarplus.ca. Additional information regarding the terms of the Arrangement Agreement, the background to the Transaction,



the rationale for the recommendations made by the Special Committee and the Waroona Board and how Waroona shareholders can participate in and vote at the Special Meeting to be held to consider the Transaction, will be provided in the management information circular for the Special Meeting which will also be filed at www.sedarplus.ca. Shareholders are urged to read these and other relevant materials when they become available.

Advisors and Counsel

Red Cloud Securities Inc. is acting as financial advisor to Waroona, and DLA Piper (Canada) LLP is acting as legal counsel to Waroona.

Farris LLP is acting as legal counsel to Frontier on the Transaction.

Neither TSX Venture Exchange nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release.

ON BEHALF OF THE BOARD

For further information, contact:

Adam Kiley
President & CEO
+61 8 9200 3428 (Australia)
contact@waroonaenergy.com

Tony Wonnacott
Chairman
+1 416.953.5879 (North America)
contact@waroonaenergy.com

Website: www.waroonaenergy.com

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this news release constitute forward-looking statements within the

Certain statements contained in this news release constitute forward-looking statements within the meaning of Canadian securities legislation. All statements included herein, other than statements of historical fact, are forward-looking statements and include, without limitation, statements about the Company's development plans for its solar project, the completion of the Transaction and expectations with respect to the combined company. Often, but not always, these forward looking statements can be identified by the use of words such as "estimate", "estimates", "estimated", "potential", "open", "future", "assumed", "projected", "used", "detailed", "has been", "gain", "upgraded", "offset", "limited", "contained", "reflecting", "containing", "remaining", "to be", "periodically", or statements that events, "could" or "should" occur or be achieved and similar expressions, including negative variations.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any results, performance or achievements expressed or implied by forward-looking statements. Such uncertainties and factors include, among others, the uncertainties inherent in the estimated economics of the Company's projects; whether exploration and development of the Company's

properties will proceed as planned; changes in general economic conditions and financial markets; the Company or any joint venture partner not having the financial ability to meet its exploration and development goals; risks associated with the results of exploration and development activities, estimation of mineral resources and the geology, grade and continuity of mineral deposits; unanticipated costs and expenses; risks associated with COVID-19 including adverse impacts on the world economy, exploration and development efforts and the availability of personnel; and such other risks detailed from time to time in the Company's quarterly and annual filings with securities regulators and available under the Company's profile on SEDAR+ at www.sedarplus.ca. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

Forward-looking statements contained herein are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to: the accuracy of the estimated economics of the Company's projects; that the Company's stated goals and planned exploration and development activities will be achieved; that there will be no material adverse change affecting the Company or its properties; and such other assumptions as set out herein. Forward-looking statements are made as of the date hereof and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on forward-looking statements.

