

Independent energy expert forecasts higher revenue for Stage One of Waroona Project

Frontier Energy Limited (ASX: FHE) (Frontier or the Company) is pleased to report that an updated independent revenue forecast for Stage One of its Waroona Renewable Energy Project (the **Project**) has significantly increased projected revenue, compared to the 2024 Definitive Feasibility Study (DFS).

HIGHLIGHTS

- **Updated independent forecast for Stage One has increased the average revenue to \$72.5 million per annum, whilst the average EBITDA increased to \$61.4 million per annum over the first five years of operations**
 - *Forecast completed by Aurora, an independent energy market expert*
 - *Revenue forecast based on conservative assumptions for debt financiers, including the assumption that the energy transition occurs on time and in line with Government projections*
- **11.5% increase in revenue compared to the 2024 DFS of \$65 million (\$57 million EBITDA) over the initial five years of operations**
- **Forecast revenue increase, coupled with 48% of revenue guaranteed through fixed price reserve capacity, enhances the Project's ability to maximise debt financing**
- **Revenue increase drivers include higher reserve capacity pricing, increased peak electricity sales through a longer duration battery and higher average energy prices**
 - *These higher prices reflect WA energy prices in 2025, including a record high of \$88/MWh and the Reserve Capacity Price increasing by 67% to \$360,700/MW*
- **Debt related work programs advancing, including the appointment of independent technical engineer (ITE) for financiers and finalising negotiations for major equipment and EPC contracts**
- **Stage One of the Project is 120MW solar and 81.5MW battery (6.9 hour battery)**

Frontier CEO Adam Kiley commented: "The work programs for debt financing are advancing, including appointment of the independent technical engineer for the banks, independent energy forecaster and finalising equipment and EPC contracts. This has all been possible through the Project being assigned a fixed 5-year Reserve Capacity, which ensures revenue certainty of circa \$160 million for the Project.¹

Further to this, given the sector is typically valued on EBITDA multiples, higher forecast revenue for the Project, not only support's the Project's ability to enhance debt financing terms but will also further strengthen long-term returns for shareholders."

¹ Based on the assignment of 88.06MW of capacity credits, an RCP of \$360,700/MW and prior to any adjustment for inflation.

Forecast revenue increases on updated independent estimates

As part of its debt financing process for Stage One, the Company engaged Aurora, a global energy market expert, to provide independent forecasts for each revenue stream over the life of the Project's operation.

Aurora previously completed independent forecasts for each revenue stream as a critical input into the Company's February 2024 and December 2024 DFS. The December 2024 DFS comprised two scenarios – described as the 'Base Case' and the 'Debt Case'.

The Debt Case scenario contains more conservative assumptions and is the scenario relied upon by debt financiers. This scenario assumes all events regarding the energy transition, including coal-fired plant closures, grid expansion and the development of new projects on time and in line with guidance.

The 2024 Base Case assumed a two-year lag in the majority of these assumptions and, in the Company's view at the time, was the more likely scenario to occur. At the time the DFS was released, a number of these events already appeared to be behind schedule, and the Company therefore considered the Base Case as the most appropriate case to rely upon.

This view has subsequently been validated as the updated Debt Case scenario provided by Aurora mirrors the revenue forecasts in the Base Case previously provided.

The comparison of the updated revenue forecast against the 2024 Base Case and Debt Case is shown in Table 1 and Figure 1 below, with Figure 1 also highlighting the change in revenue by source.

Table 1: Project Revenue – Updated Aurora Forecast vs 2024 DFS Scenarios

Revenue breakdown (5-year average)		2026 Aurora Updated Stress Test	2024 DFS	
			Debt Case	Base Case
Energy Sales	\$m	39.3	32.5	39.6
Reserve Capacity	\$m	31.0	21.3	21.3
Other (LGCs, FCESS etc)	\$m	2.2	3.3	4.2
Total Revenue	\$m	72.5	57.0	65.1

Figure 1: Project Revenue by Source – Updated Aurora Forecast vs 2024 DFS Scenarios

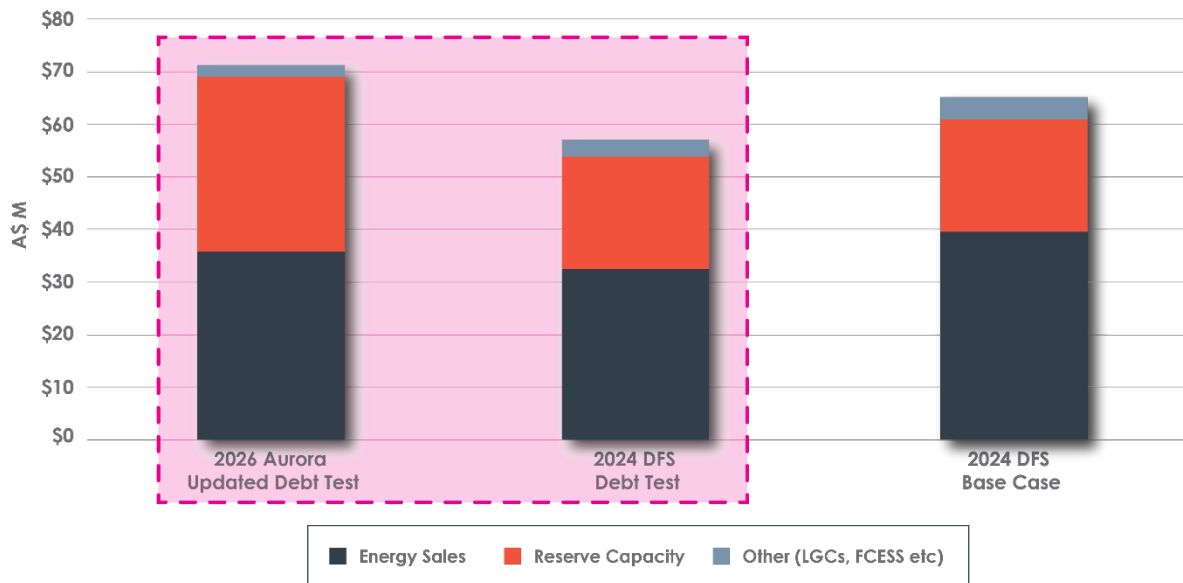
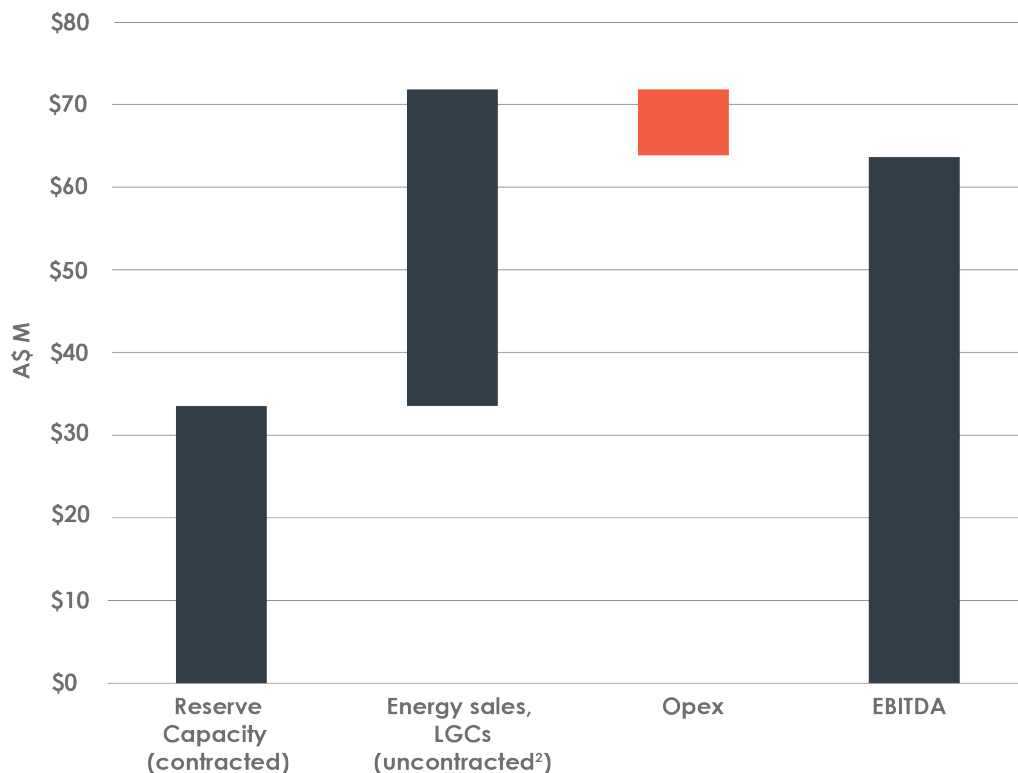


Figure 2 below shows the EBITDA waterfall, with average annual EBITDA increasing to \$63.4 million, compared to the 2024 DFS Debt Case scenario of \$49.0 million.²

Figure 2: EBITDA Waterfall – Updated Aurora Forecast



² For information on the 2024 Debt Case, see ASX announcement dated 4 December 2024.

Aurora's approach

Aurora models the Wholesale Electricity Market in an integrated fashion, with detailed modelling of demand drivers including industrial electrification and adoption of EVs, and modelling of supply drivers including new renewables generation, battery capacity installations (both behind-the-meter and utility scale battery storage), the decommissioning of coal-fired generation, and cost drivers such as domestic gas and capital to install new capacity.

The Company's project financing process requires updated independent pricing, and banks require the more conservative Stress Test scenario for modelling of Project cash flows. Revenue would likely be higher than this case if either (i) demand exceeded the forecast, or (ii) supply response was delayed due to delays in building out the grid or delays in new energy generation projects.

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

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