QUARTERLY ACTIVITY REPORT
31 December 2025

Frontier Energy Limited (ASX: FHE; OTCQB: FRHYF) (**Frontier** or the **Company**) provides its quarterly activity report for the quarter ended 31 December 2025 (**Quarter**).

HIGHLIGHTS

- **Stage One of the Waroona Project (Stage One) was assigned 88.06 MW of peak capacity credits for the 2027-2028 Reserve Capacity Cycle. Based on the Reserve Capacity Price of $360,700/MW, this will result in revenue (pre-energy sales) of ~ $32 million for the 2027-2028 capacity year**
  - *Revenue received from capacity credits is in addition to revenue from energy sales and other market opportunities available to the Project*
- **As Stage One is a fixed price facility, for the first 5 years of its operation (October 2027 until September 2032), total reserve capacity revenue is forecast at ~$160 million[1]**
- **Debt related work programs advancing, including the appointment of independent technical engineer (ITE) and finalisation of negotiations for major equipment and EPC contracts**
- **Updated independent price forecasts (as part of the debt financing process) increased the forecast 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 revenue increase, coupled with 48% of revenue guaranteed through fixed price reserve capacity, enhances the Project's ability to maximise debt financing*
- **Record high prices in the WA electricity market in 2025**
  - *The average price on the wholesale energy market (WEM) during 2025 reached a record high of $88/MWh, 10% higher than 2024*
  - *Energy prices during peak periods (4pm to 10pm) averaged $120/MWh in 2025, the period in which the majority of Stages One's electricity will be sold*
- **Successful completion of $11.5 million capital raising at $0.25 per share, with proceeds to be used to complete the debt financing process and pay the security deposit required under the Reserve Capacity Mechanism[2]**

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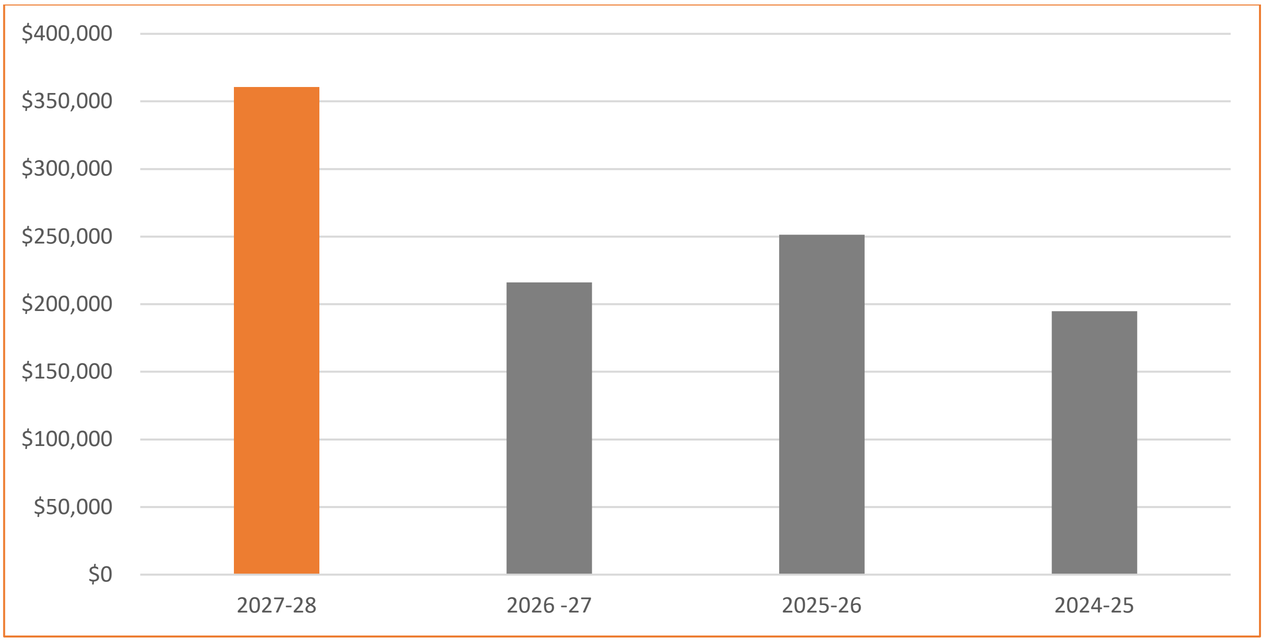
[1] *Based on the assignment of 88.06MW of capacity credits, an RCP of $360,700/MW and prior to any adjustment for inflation.*

[2] *See ASX announcement dated 22 October 2025.*

Assignment of capacity credits secures fixed revenue

Following determination of the Network Access Quantity by the Australian Energy Market Operator (**AEMO**) in October 2025, Frontier received confirmation that Stage One had been assigned 88.06 MW of peak capacity credits and that the price of those capacity credits was $360,700/MW, a 67% increase compared to the previous year's price of $216,000/MW. Figure 1 shows the Reserve Capacity Price over the past four years.

Figure 1: Historical Reserve Capacity Price[3]



Based on the assignment of 88.06 MW of peak capacity credits in each of the first five years and the Reserve Capacity Price of $360,700/MW, Stage One expects to receive annual revenue from capacity credits of approximately $32 million, fixed for five years, subject to the Company meeting its reserve capacity obligations.[1]

Revenue received from capacity credits represents approximately 45% of the forecast revenue for Stage One.[4] Revenue is also expected to be generated via energy sales, Large-scale Generation Certificates and other market opportunities, such as FCESS.

Independent energy expert forecasts higher revenue for Stage One

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

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[3] *https://www.aemo.com.au/energy-systems/electricity/wholesale-electricity-market-wem/wa-reserve-capacity-mechanism/benchmark-reserve-capacity-price.*

[4] *ASX announcement – 27 January 2025*

Aurora previously completed independent price forecasts for each revenue stream as a critical input into the February 2024 and December 2024 definitive feasibility studies (**DFS**). The December 2024 DFS comprised two scenarios – 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, network expansion and the development of new projects are 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 December 2024 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.

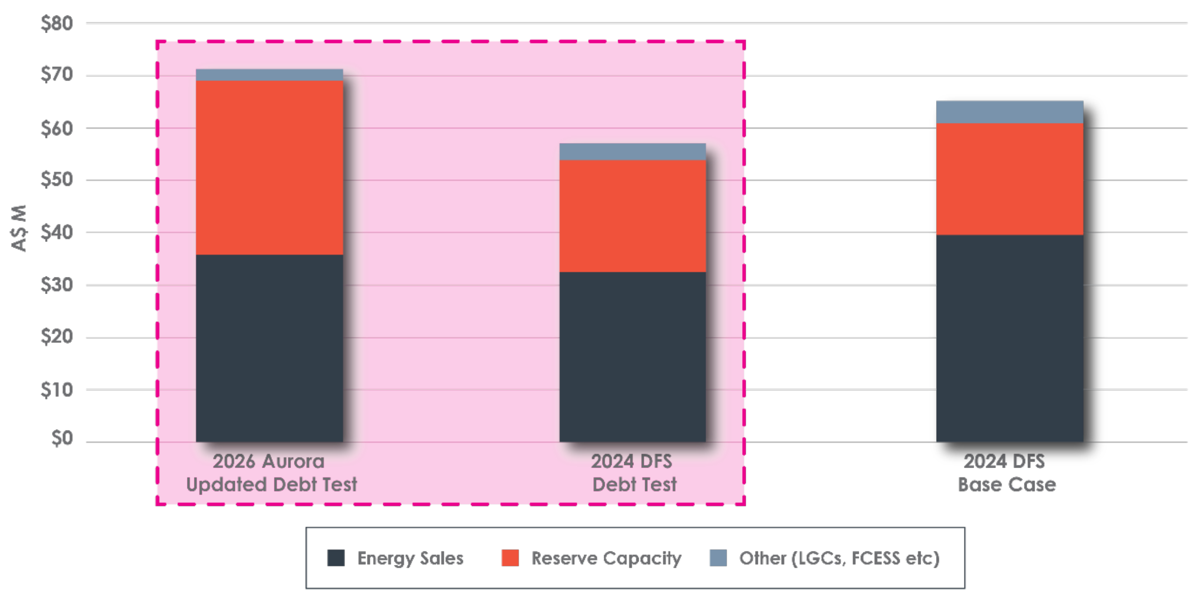
This view has subsequently been validated, as the updated Debt Case scenario provided by Aurora mirrors the price forecasts in the Base Case previously provided.

The comparison of the updated revenue forecast against the Base Case and Debt Case in the December 2024 DFS is shown in Table 1 and Figure 2 below.

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	2024 DFS 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 2: Project Revenue by Source – Updated Aurora Forecast vs 2024 DFS Scenarios



Electricity prices reach new highs on the WEM in 2025

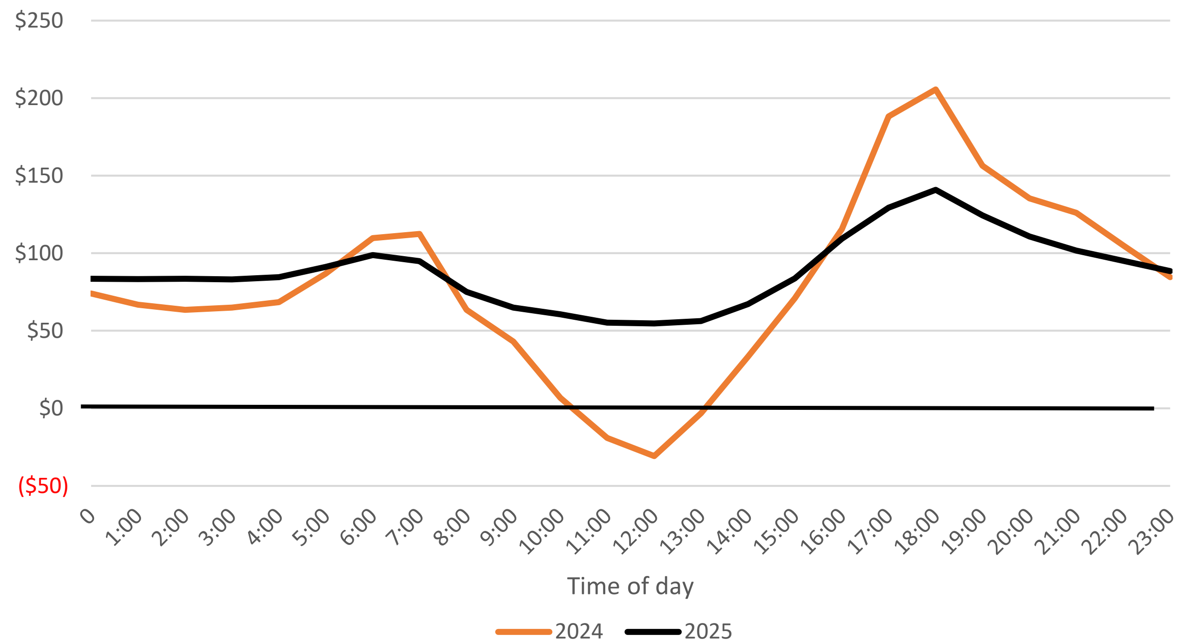
Average electricity prices on the WEM increased to $88/MWh in 2025, an 11% increase on 2024 and a 33% increase on 2022 (Table 2). Electricity prices during peak periods (4pm to 10pm) averaged $120/MWh in 2025, a decrease on 2024 ($152/MWh), driven by an increase in standalone battery storage facilities on the network.

Table 2: Average WEM energy prices, 2022-25[5]

Year	Average 24 hours $/MWh	Peak (4pm-9pm) $/MWh
2022	66	97
2023	87	143
2024	79	152
2025	**88**	**120**

The increase in battery storage saw a significant decrease in the number of negative price periods (less than $0/MWh) throughout the year, decreasing to 5.5% compared to 21.8% in 2024 (Figure 3).

Figure 3: Average WEM price over a 24 hour period during 2024 and 2025[6]



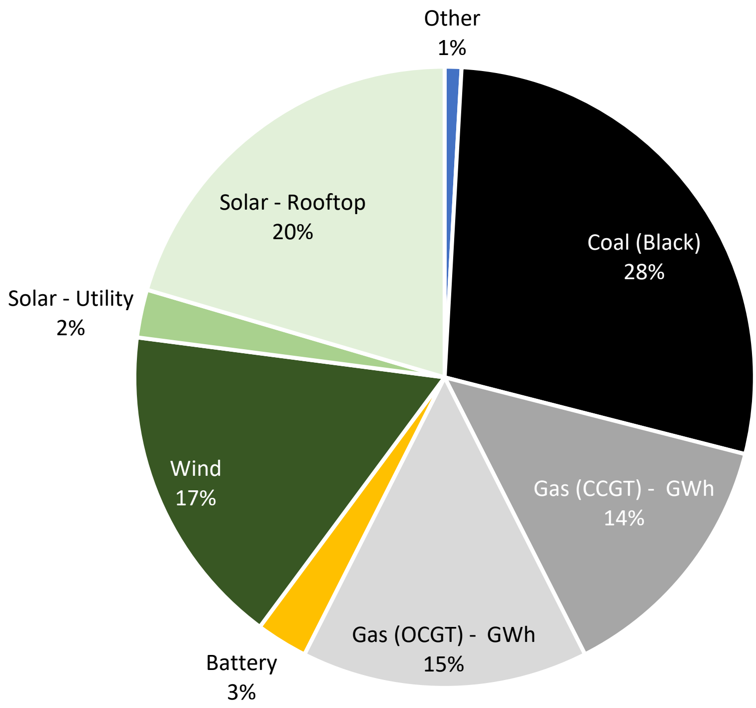
[5] *Australian Energy Market Operator.*

[6] *Australian Energy Market Operator.*

Impending generation shortfall

In 2025, the South West Interconnected System (**SWIS**) continued to be highly dependent on carbon emissions generation, which accounted for approximately 57% of electricity supply (coal (28%), gas (29%)). Renewable energy accounted for approximately 40% of electricity supply, a 1% increase on 2024 and significantly short of the Australian Government's target of 82% renewable energy generation by 2030[7] (Figure 4).

Figure 4: Source of electricity on the WEM in 2025[8]



During the year, there was only one new renewable energy generation facility added to the SWIS – the Cunderdin solar/BESS Project (128 MW solar, 55 MW 4 hr BESS), which was just the second renewable energy generation facility to be developed on the SWIS since 2021.

The WA Government remains committed to the closure of the State-owned (Synergy) coal and gas generation facilities by 2029. Table 3 shows the forecast closures, the generation of these assets in 2025 and their capacity.

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[7] *https://www.dcceew.gov.au/.*

[8] *Australian Energy Market Operator.*

Table 3: Generation and capacity of projects forecast to close on the WEM[9]

Project	Closure (yr)	Generation in 2025 (GWh)	Capacity (MW)
Collie – coal	2027	950	317
Pinjar (2-7) – gas	2029	26	177
Muja – coal	2029	2,160	422
Pinjar (9-11) – gas	2031	280	344
Total Closures[10]		**3.4 TWh**	**1,260**
Demand – growth3[11]		3.7 TWh	NA
Total		**7.1 TWh**	**1,260**

Combined with AEMO's forecast increase in demand, as set out in its 2025 WEM Electricity Statement of Opportunities, approximately 7.1TWh of additional generation (and additional storage) will be required by 2031. This compares to total generation on the WEM in 2025 of 22.4TWh.

Project development

Early works undertaken by Monford Group (**Monford**) are nearing completion, with the majority of the design deliverables finalised and approximately 90% of the early works scope concluded. A major change incorporated in the early works design is the use of higher capacity panels to improve the direct current output of the facility (to make use of new technology PV modules, without changing the number of panels), which will not affect the DSOC (Declared Sent Out Capacity) or capacity credits.

Work with Western Power on the design and procurement scopes of work to enable Stage One to connect to the network is continuing.

Work associated with procurement of long-lead items for the sub-station continued to progress, with the engagement of Mott Macdonald to support the tender process for the main transformer, with that tender having now been issued.

In addition, Frontier undertook an independent review of the status of its environmental and development approvals. The review confirmed that no material environmental constraints to development have been identified and that all existing environmental and planning approvals required to proceed to development are valid.

Corporate

Share placement

The Company completed a placement of 46 million new fully paid ordinary shares (**New Shares**) at a price of $0.25 per New Share (**Placement**) to professional and sophisticated

[9] *Source: explore.openelectricity.org.au/facility/au/WEM/PINJAR/?range=all&interval=1M.*

[10] *2025 WEM ESOO and https://explore.openelectricity.org.au/ Each asset as at 12 January 2026 – 12 monthly historical.*

[11] *2025 WEM Electricity Statement of Opportunities Data register – Ch 2.8.*

investors to raise $11.5 million. The Placement included the issue of approximately 23 million attaching options (one attaching option for every two New Shares issued), exercisable at $0.40, expiring two years from the date of issue.

Cash at the end of the Quarter

As at 31 December 2025, Frontier had cash of $5.6 million. The Company also has an $8 million cash backed interest bearing security deposit with AEMO, as required under the Reserve Capacity Mechanism for the Stage One development of the Waroona Renewable Energy Project.

The Company expects this security deposit to be replaced by a bank guarantee as part of a senior project debt facility, which would result in the current cash deposit being returned to Frontier.

General Meeting

At the general meeting held on 19 January 2026, all resolutions put to shareholders were approved.

Payments to Related Parties

During the Quarter, payments to related parties for directors' fees totalled $186,436.

Mr Grant Davey, who is a director of the Company, is a director and shareholder of Matador Capital Pty Ltd (**Matador Capital**). The Company makes payments to Matador Capital under Shared Services and Office Use Agreements, under which Matador Capital provides office space, general office administration services, corporate and project personnel, accounting services and IT hardware and infrastructure to the Company. The services provided by Matador Capital are recovered from the Company on a cost-plus basis and totalled $316,548.

Frontier secured short term funding of $6 million from an entity associated with Frontier director Mr Grant Davey to fund working capital and for corporate purposes (**Davey Loan**). The Davey Loan had a fixed daily interest of $1,000 on a non-compounding basis (equivalent to 6.083% per annum) and was unsecured. The Davey Loan was repaid during the quarter. Frontier formed the view that securing the funding via the Davey Loan was in the best interests of Frontier's shareholders.

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

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

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Appendix 4C

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

Name of entity

Frontier Energy Limited

ABN	**Quarter ended ("current quarter")**
64 139 522 553	31 December 2025

	Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 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	(253)	(1,086)
	(f)	administration and corporate costs	(281)	(1,459)
1.3	Dividends received (see note 3)		-	-
1.4	Interest received		12	259
1.5	Interest and other costs of finance paid		-	(8)
1.6	Income taxes received		-	-
1.7	Government grants and tax incentives		-	-
1.8	Other (Rent received)		19	76
1.8	Other (Study)		-	-
1.9	**Net cash from / (used in) operating activities**		**(503)**	**(2,218)**

2.	**Cash flows from investing activities**			
2.1	Payments to acquire or for:			
	(g)	entities	-	-
	(h)	businesses	-	-
	(i)	property, plant and equipment	(1,001)	(9,769)
	(j)	investments	-	-
	(k)	intellectual property	-	-

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
	(l) other non-current assets – security deposits	-	(7,941)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	31	220
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(970)**	**(17,490)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	7,500	7,500
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	(461)	(491)
3.5	Proceeds from borrowings	6,000	14,000
3.6	Repayment of borrowings	(10,000)	(14,058)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Proceeds from share placement paid in advance	-	4,000
3.11	**Net cash from / (used in) financing activities**	**3,039**	**10,951**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,017	14,335
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(503)	(2,218)

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(970)	(17,490)
4.4	Net cash from / (used in) financing activities (item 3.11 above)	3,039	10,951
4.5	Effect of movement in exchange rates on cash held	-	5
4.6	**Cash and cash equivalents at end of period**	**5,583**	**5,583**

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	**5,583**	**4,017**
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)**	**5,583**	**4,017**

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	2,438
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**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.

On 5 December 2025, a loan agreement was executed between Davey Holdings (Aus) Pty Ltd ATF Burnaford Trust (**Lender**), an entity related to Grant Davey (the Company's Director) and Frontier Energy Limited (**Borrower**). The loan was repaid immediately in December and had the following terms:

- Loan Amount: AU$6,000,000
- Commencement date: 5 December 2025
- Interest: AU$1,000 per day, non-compounding
- Repayment Terms: On or before 15 December 2025 unless otherwise agreed

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(503)
8.2	Cash and cash equivalents at quarter end (item 4.6)	5,583
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	5,080
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	10.10

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.

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?

Answer: Not applicable

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?

Answer: Not applicable

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?

Answer: Not applicable

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.

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: 30 January 2026

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.