



Waroona Renewable Energy Project

Near term energy solution in Western Australia's heartland of industry

Pareto Renewable Energy Conference
Oslo, Norway



Artist impression of solar facility



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ACKNOWLEDGEMENT OF COUNTRY

Frontier Energy acknowledges the traditional custodians throughout Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures; and to Elders both past and present.

Near-term renewable energy production to meet Western Australia's increasing energy demand



Stage One - Ready for development / derisked



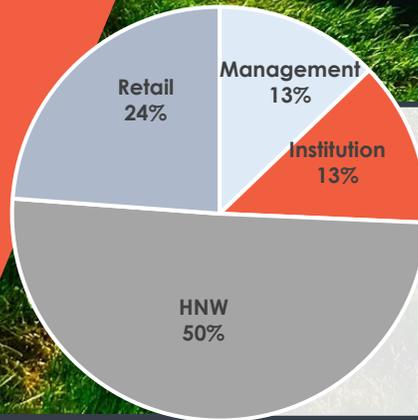
Strategically located proximal to grid and customers



Major organic growth potential of 1GW



Market fundamentals for electricity stronger than ever



CAPITAL STRUCTURE

515m
Shares on issue

~\$14m
Dec 24
Cash

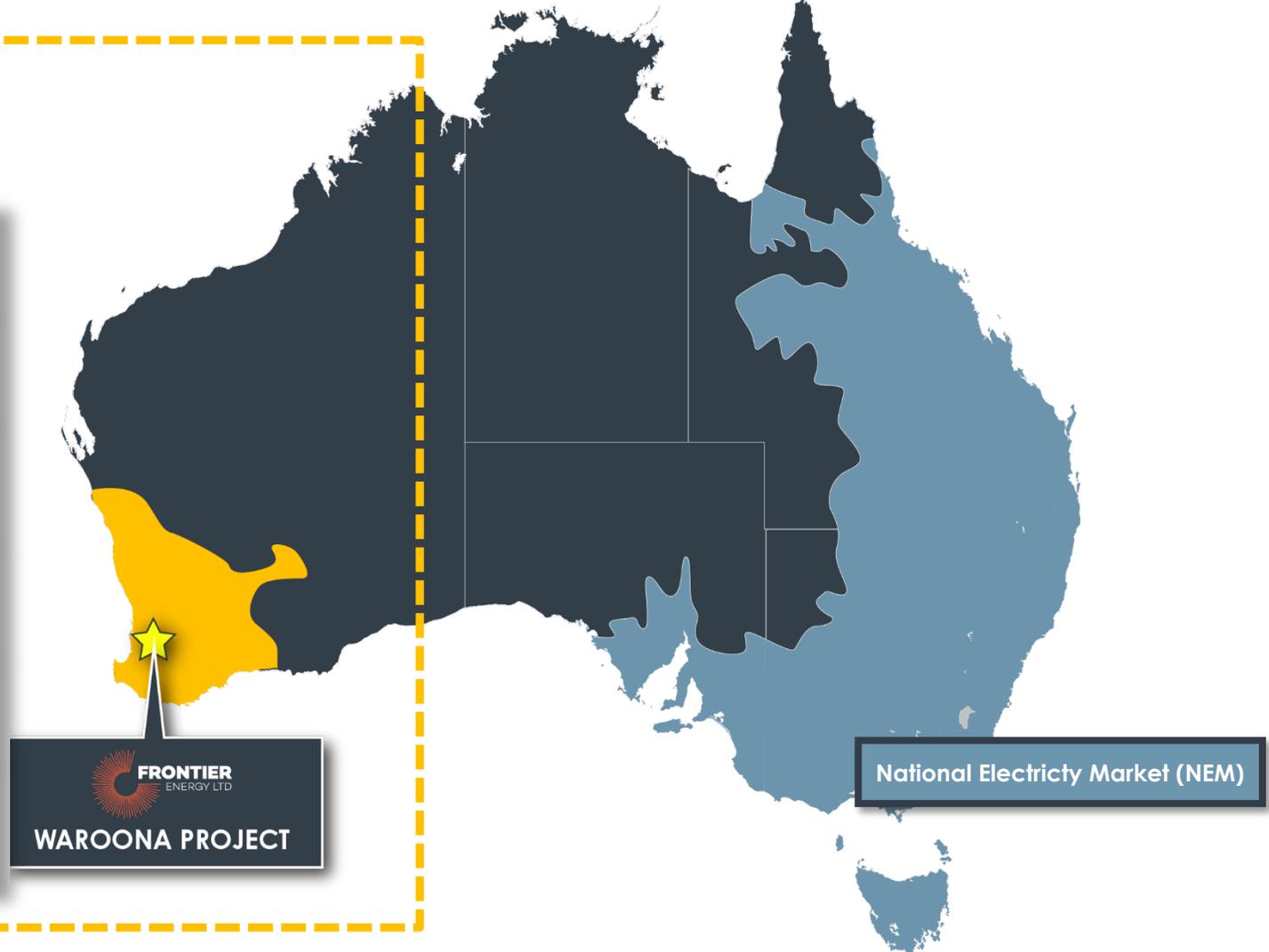
\$67m
At \$0.13 / share
Market Cap



Australian Energy Markets – WEM and NEM

Wholesale Electricity Market (WEM)

Network	<ul style="list-style-type: none">• Largest micro grid in the world• ~21TWh of electricity annually
Annual operational demand	<ul style="list-style-type: none">• Current ~17TWh• Growth – 4.5% pa (54% by 2033)
Capacity market?	<ul style="list-style-type: none">• Australia's only capacity market• Introduced in 2006 following backouts in WA
Reserve Capacity Price	<ul style="list-style-type: none">• A\$360,700 / MW (2027 / 2028)• Paid per firm MW in peak period
Electricity price cap	<ul style="list-style-type: none">• A\$1,000/MWh
Energy mix 2024	<ul style="list-style-type: none">• Renewables – 39%• Gas – 32%• Coal – 29%





WA already seeing rising electricity prices prior to transition

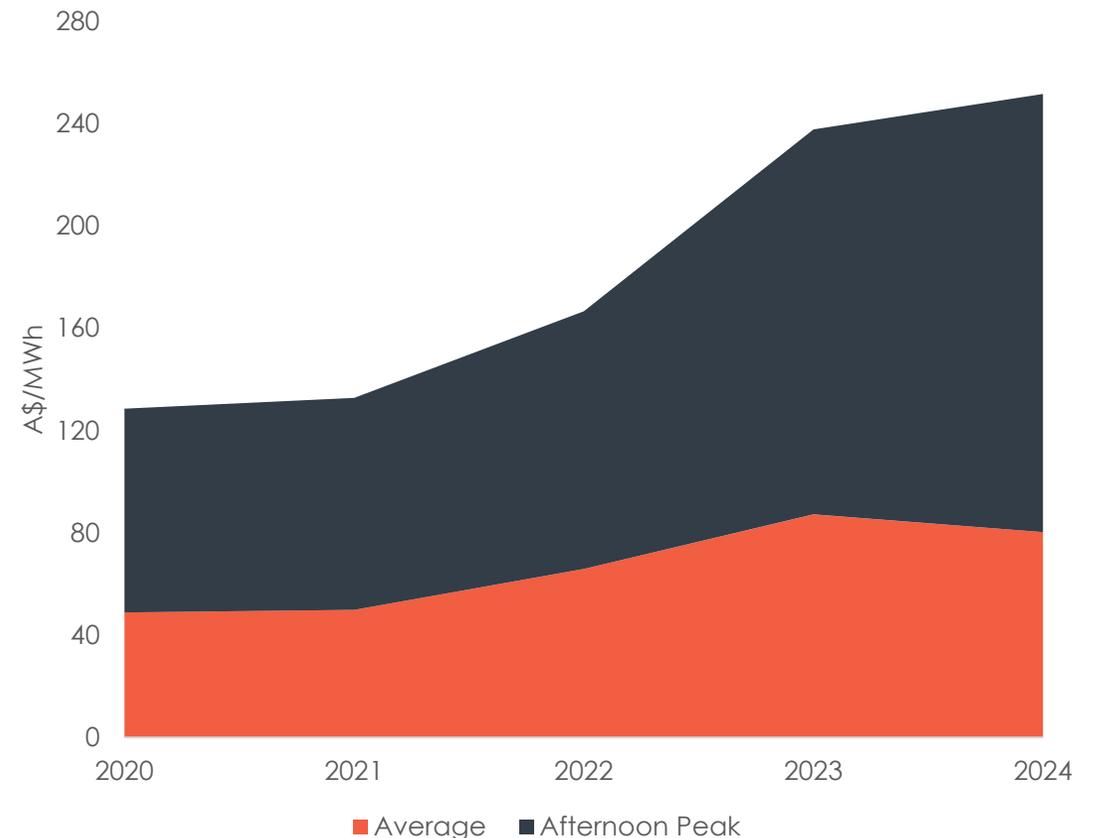
WEM electricity prices have increased consistently over the past four years

- **Average price** – Electricity prices have increased by ~61% over the past three years, from A\$50/MWh in 2021 to A\$80/MWh in 2024
- **Afternoon peak (5pm-9pm)** – electricity prices have increased by ~107% over the past three years, from A\$83/MWh in 2021 to A\$171/MWh in 2024

What has driven up the energy price up so significantly during that time?

- **Demand** – strong increase in demand due to increasing cooling load, electrification and demand from EVs
- **Supply** – minimal industrial supply introduced in recent years
- **Increased costs** – increase in the raw input prices of baseload energy solutions (e.g. WA domestic gas prices has increased from \$2/GJ to \$9/GJ since 2021 – Aurora forecast \$15/GJ long-term)

WA Wholesale Electricity Price¹



¹ - annual average of half-hourly prices reported by AEMO, no price cut-offs
data sources:
<https://data.wa.aemo.com.au/public/market-data/wemde/referenceTradingPrice/previous/> (post Sep 2023);
<https://aemo.com.au/energy-systems/electricity/wholesale-electricity-market-wem/data-wem/market-data-wa> (pre Sep 2023)



The challenge facing WA's energy market

Demand

Showing no signs of slowing

AEMO forecast 57% demand growth over the next 10 years

AI and Data centers at infancy and not in demand forecast (Microsoft plans to extend Azure to WA by mid-2025)

Supply

Coal closure

State owned coal assets closures from 2025-2029

Coal - 29% of generation

+ Delays in new generation

New generation delayed by network constraints and expansion delays

Only 2 new development generation assets planned by 2027



Standalone Batteries

New major load prior to discharging. May put additional pressure on the grid and prices in peak conditions

Will help flatten the “duck curve” but will also increase the water below the duck (increased average price)



Why are there only a limited number of listed pure-play renewables? They have all been taken over

- Listed renewable energy companies in Australia are typically subject to competitive takeovers resulting in generous premiums
- Frontier offers unique exposure to returns from a renewable energy development

Current listed pure-play renewables



Acquirer	N/A	N/A
Acquisition date	N/A	N/A
Enterprise value	\$48M	\$270M
EV / EBITDA (actuals)	N/A	18x
EV / EBITDA (forecast)	<1x	N/A

Transactions - Takeovers



Infigen



J-Power

Iberdrola

PowAR / Mercury

KKR-led consortium

2024

2020

2021

2021

\$1,077M

\$1,331M

NZ\$3,124M

\$19,531M

77x

8.2x

28x

24x

16x

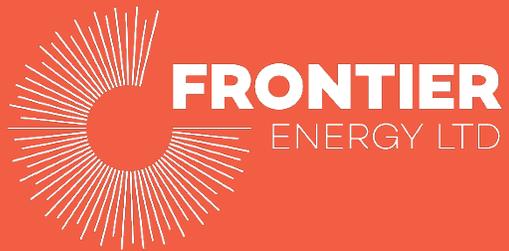
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N/A

N/A

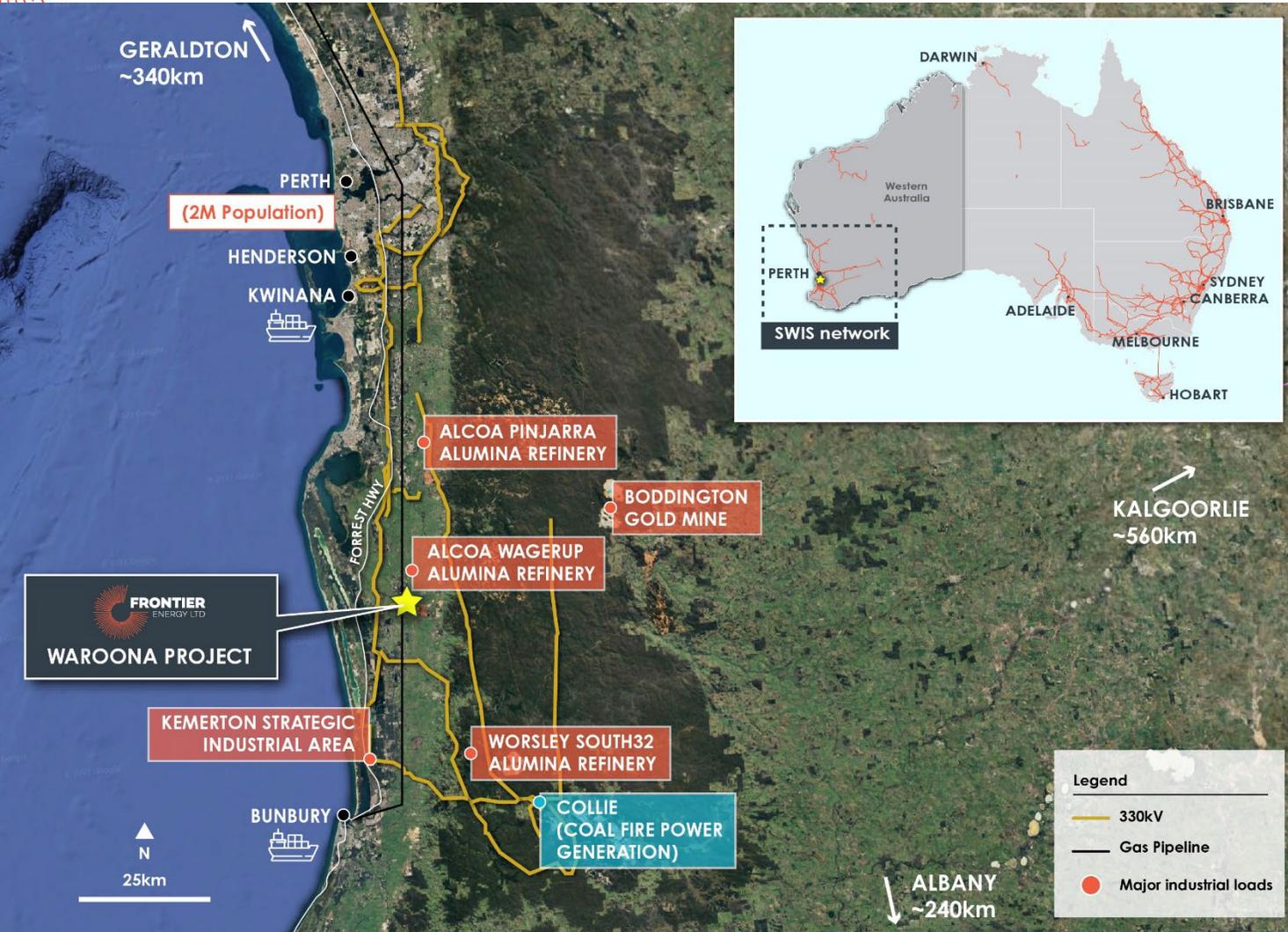
See slide 16 for source of data.

Waroona Renewable Energy Project





Waroona Renewable Project – In the heart of Industrial WA



- ~120km south of Perth in the Shire of Waroona
- Approved connection point – ETAC
 - Connection to 330kV transmission line
 - Exceptionally high MLF
- Surrounded by major loads with limited new supply

Stage One is development-ready

- Stage One - 120MWdc solar / 80MW (4.75 hr / 380MWh) DC coupled battery
 - Updated DFS completed in late 2024
- All key permits and approvals in place
 - Targeted commercial operation late 2027

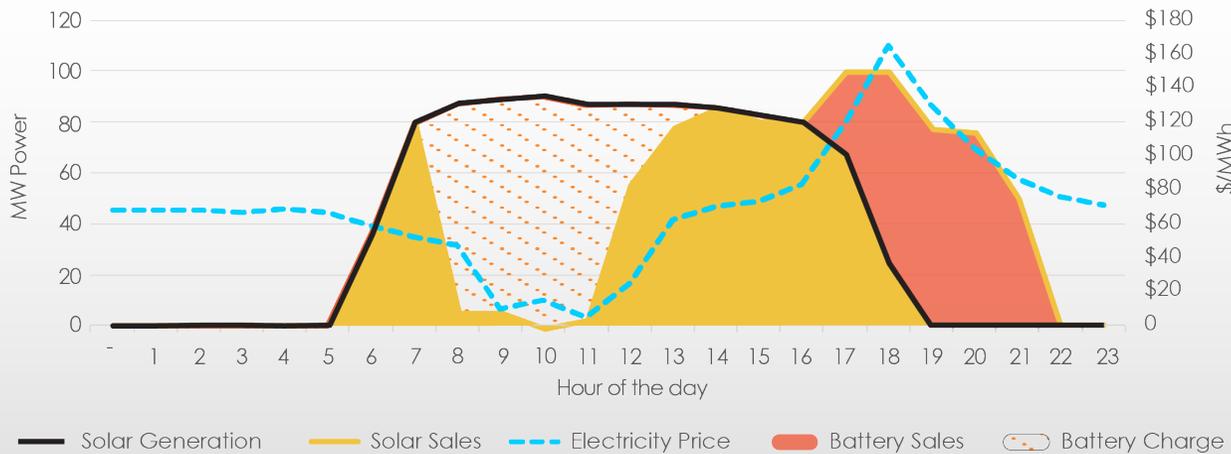
Major expansion at Project location

- Two connections – potential of up to >840MW
 - 1 approved / 1 under application
- Land owned – 820 ha of freehold
 - Sufficient for +400MW solar generation
 - Rapid expansion post FID Stage One

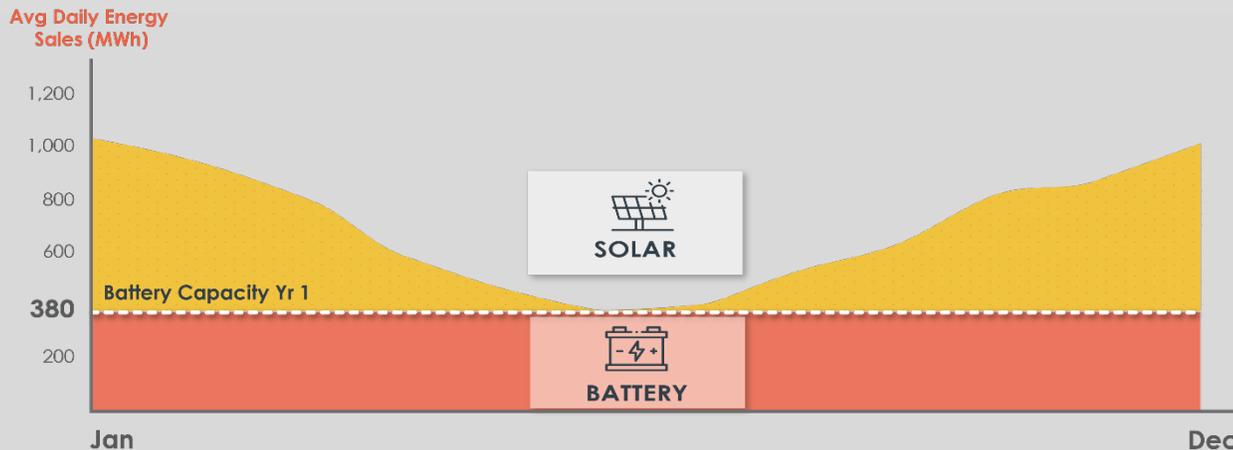


Strategy – Creating our own arbitrage opportunity

Energy sales (battery charging / battery and excess solar sales)



Energy sales on a seasonal basis (battery and excess solar)



Creating our own arbitrage whilst minimising curtailment

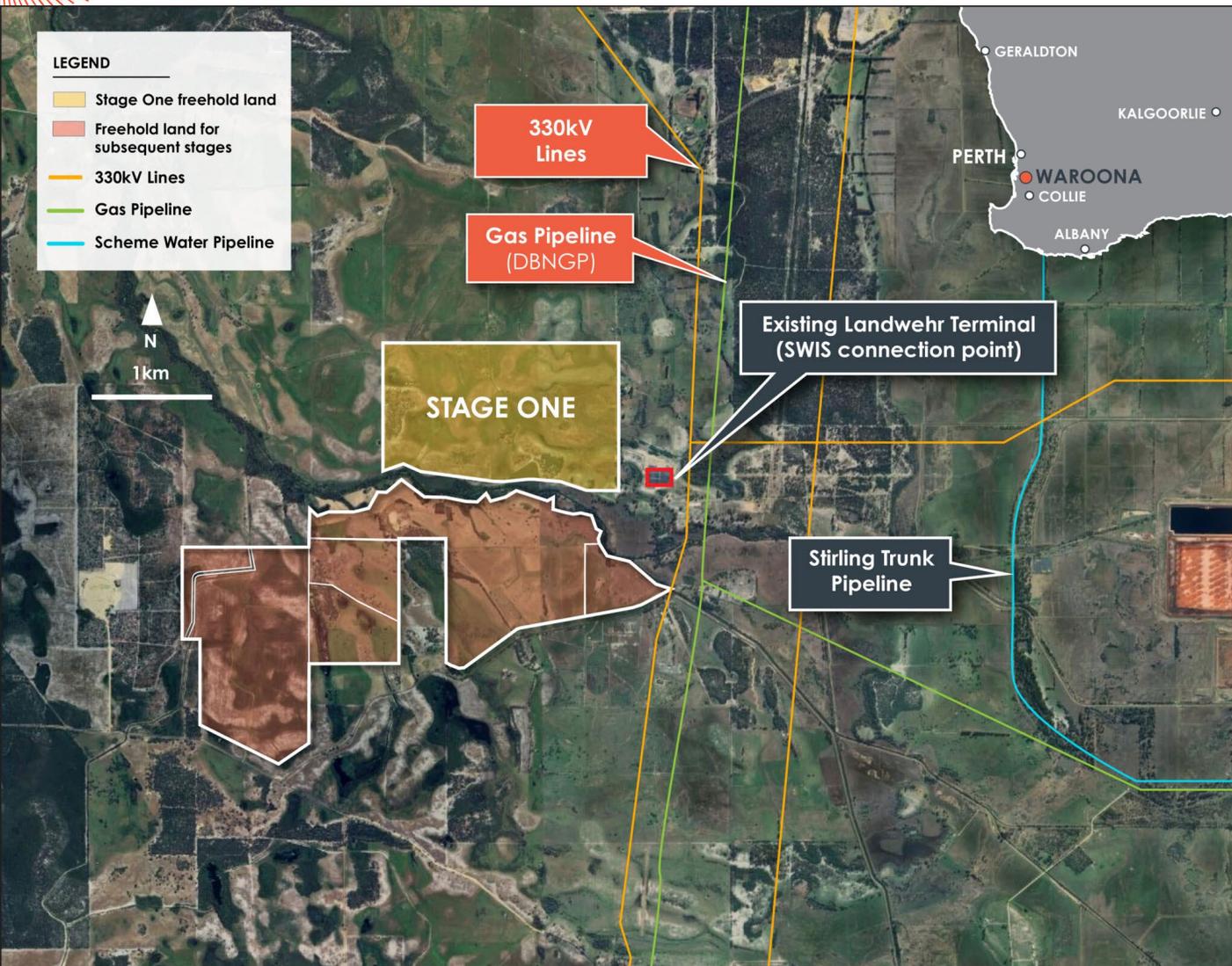
- Battery was sized (80MW / 380MWh) to match the lowest generation periods (June/July)
- Integrating strategy allows for solar to be stored and sold during peak demand and prices periods
 - *Summer charging* – charge battery during midday peak; excess solar sales in shoulders
 - *Winter charging* – solar charges battery as a priority
- Excess solar sold in “shoulder periods”, reduces the risk of curtailment (<1%) and creates an arbitrage from low to high price periods

Energy generation and sales by category

- Battery sales – 134GWh (Year One)
- Excess solar – 99GWh (Year One)



DFS confirms Stage One is a long-life, profitable Project



Stage One - 120MW solar / 80MW 4.75hr battery (380MWh)

- DFS confirms the Project as a highly profitable renewable energy project with long life (30 years) and low operating costs, providing strong returns on all key metrics

Key Inputs	Units	Base Case
Operation Life	Yrs	30
Capex	A\$ m	\$282
Battery sales / output (Yr 1)	GWh	134
Excess solar sales / output (Yr 1)	GWh	99
Key Financial Returns (10 Yr Average)	Units	Base Case
Revenue	A\$ m	\$65
Operating Costs (real)	A\$ m	\$6.8
EBITDA	A\$ m	\$58
NPV _{7%}	A\$ m	\$243
IRR – Ungearred (100% equity)	%	15.4%
Payback (post-tax)	Years	6.1
Payback (pre-tax)	Years	5.0



WA energy market is the only capacity market in Australia

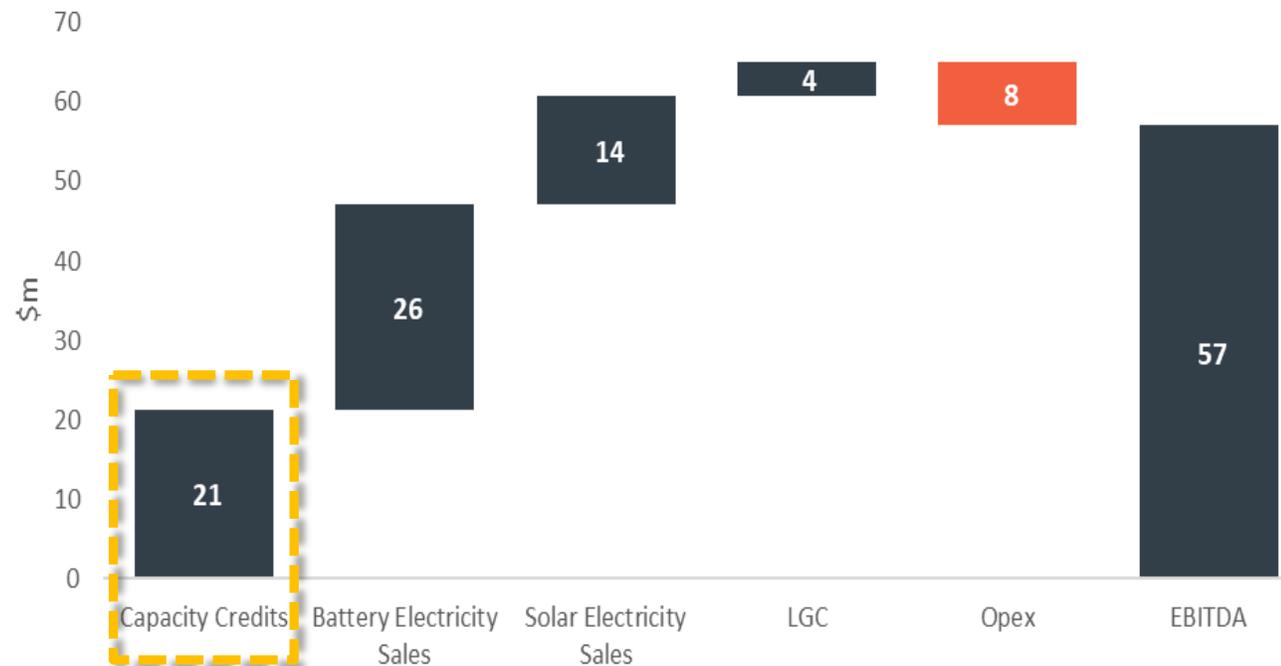
Frontier has diversified revenue streams

- The WA energy market provides multiple revenue streams for hybrid renewable energy projects. These include:
 - Energy sales – Direct from solar generation
 - Energy sales – From the solar-charged battery
 - Reserve capacity – Payments to generators that can supply energy during peak demand periods
 - Large Generation Certificates (LGCs) or carbon credits
 - Frequency Control Essential System Services (FCESS) – nil value applied in DFS due to infancy of market (upside)

What is a capacity market?

- The Reserve Capacity Mechanism (RCM) is designed to ensure adequate generation capacity is available to meet forecast peak electricity demand
 - RCM introduced to WA in 2006 following blackouts/power outages in 2004
- Energy generators and storage facilities are incentivized to install capacity capable of supplying power at peak demand periods

Cumulative Cash Flows and EBITDA – Base Case – 10-year average





Benchmark Reserve Capacity provides further financial support

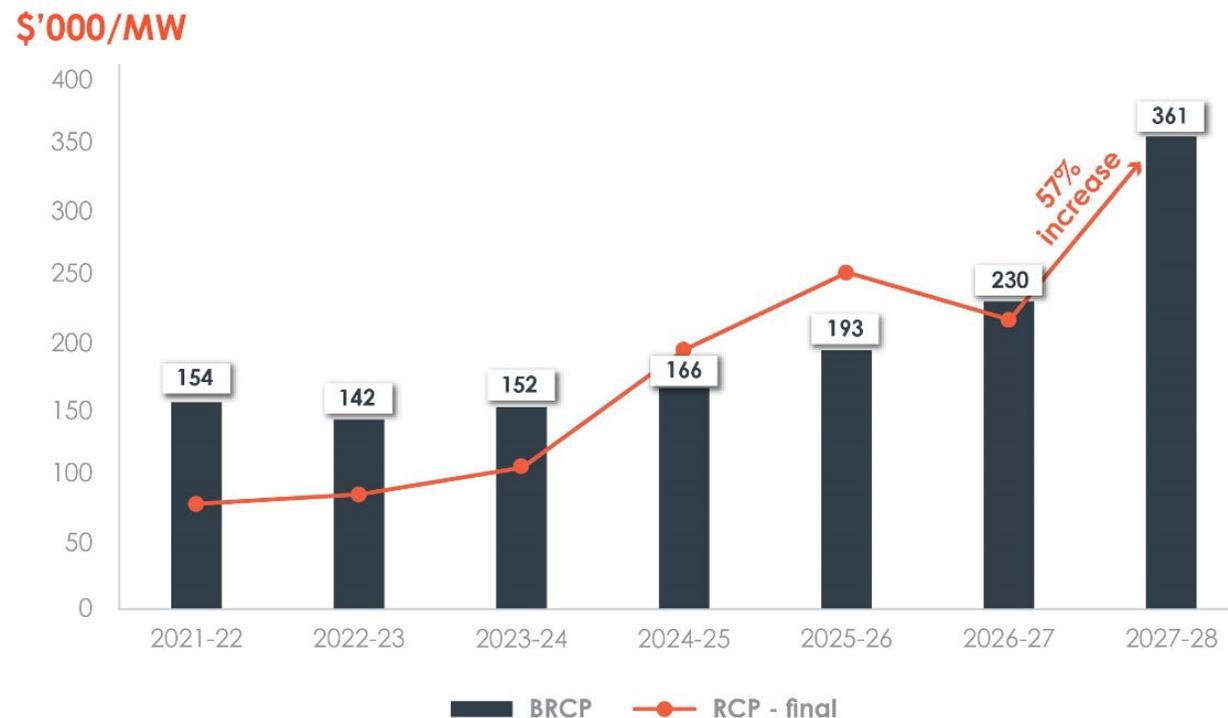
Upward trend in BRCP accelerated due to technology change

- BRCP has steadily increased, to \$360,700/MW in 2027/28, reflecting increased costs to install new generating capacity
 - *In 2027/28, the reference technology changed to a 200MW / 800MWh lithium-ion four-hour battery*

Proposed rule changes further strengthen RCP prices for the long term

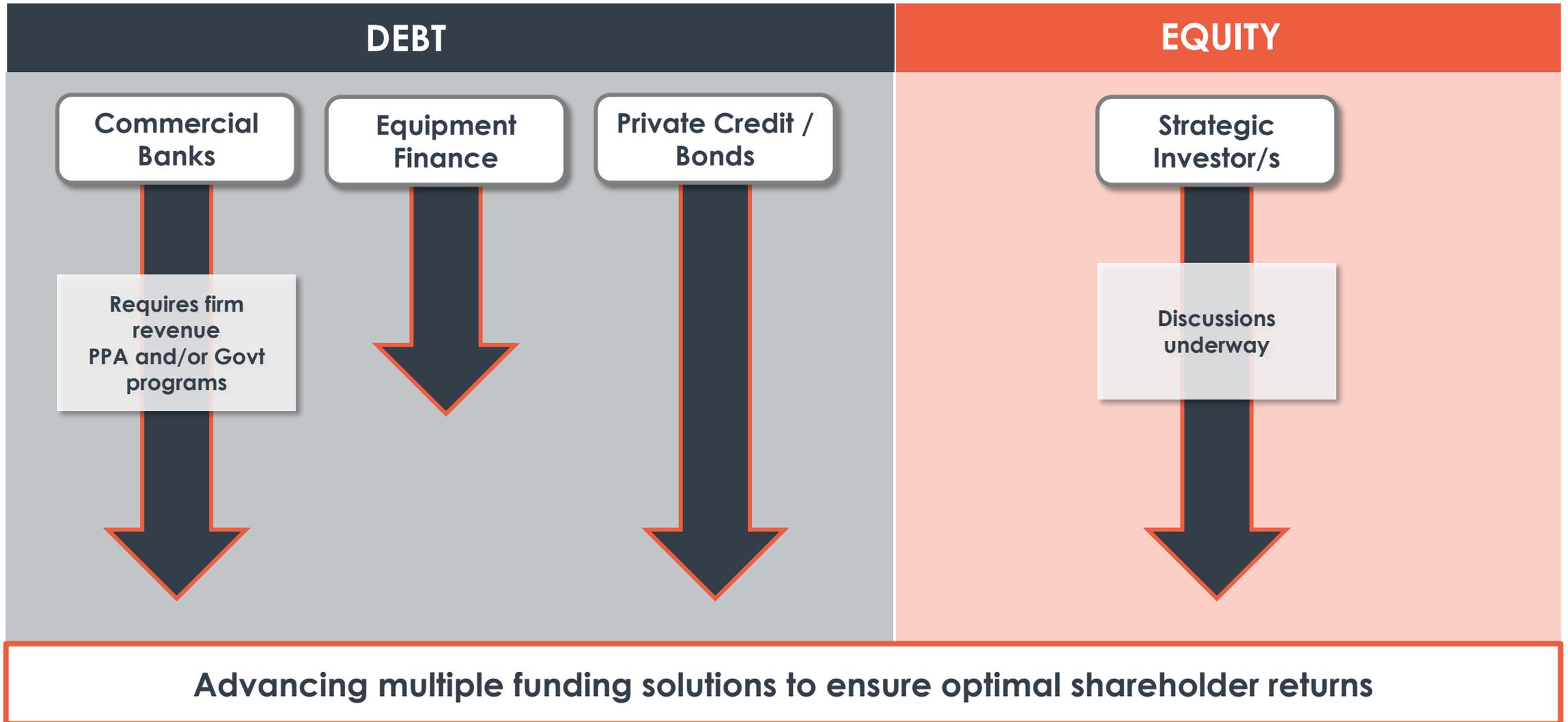
- Subsequent to the DFS, Energy Policy WA released rule changes including a revised RCP curve:
 - *The proposed curve provides a minimum capacity price floor at 50% of the BRCP (as opposed to the current zero price floor)*
 - *There is also up to 50% upside if the capacity deficit exceeds 5%*
- An RCP floor enhances bankability, especially in light of the increased BRCP of \$361k/MW set for 2027/28
 - *A 50% floor would imply a minimum RCP of \$180k/MW*

2027/28 BRCP and historical BRCPs/RCPs





Progressing multiple financing streams in parallel





NEAR TERM ENERGY SOLUTION

WAROONA RENEWABLE ENERGY PROJECT



Stage One development

- 120MW / 80MW 4.75hr (380MWh)
- Lower capex and strong returns
- Development ready



Strategically located proximal to grid and customers



Fundamentals for grid connected electricity stronger than ever





Appendix 1: Source information for slide 7

- Listed renewable energy companies in Australia are typically subject to competitive takeovers resulting in generous premiums
- For investors seeking exposure to a renewable energy development, Frontier, as the only standalone renewable energy company listed on the ASX, represents a unique opportunity



Trading

Transactions

Acquirer	N/A	N/A	J-Power	Iberdrola	PowAR / Mercury	KKR-led consortium
Acquisition date	N/A	N/A	2024	2020	2021	2021
Market cap / equity consideration	\$62M ¹	\$263M ²	\$374M ³	\$893M ⁴	NZ\$2,956M ⁵	\$5,200M ⁶
Net debt	(\$14M) ¹	\$17M ²	\$703M ³	\$438M ⁴	NZ\$156M ⁵	\$14,331M ⁶
Enterprise value	\$48M	\$280M	\$1,077M	\$1,331M	NZ\$3,124M ⁵	\$19,531M
EBITDA (actuals)	N/A	\$15.3M ²	\$14.4M ³	\$163.3M ⁴	NZ\$105M ⁵	\$811M ⁶
EV / EBITDA (actuals)	N/A	18x	77x	8.2x	28x ⁵	24x
EBITDA (forecast)	\$57.0M ¹	N/A	\$66.0M ³	N/A	N/A	N/A
EV / EBITDA (forecast)	<1x	N/A	16x	N/A	N/A	N/A

Source

- Based on share price of \$0.12/share (29 January 2025). EBITDA is average annual EBITDA over first 10 years from DFS (ASX announcement 4 December 2024). Cash of \$14M per December quarterly report.
- Based on share price of \$2.96/share (29 January 2025). EBITDA and net debt from FY2024 annual report (ASX announcement 23 August 2024).
- GNX announcement dated 29 April 2024.
- Infigen – FY20 full year results – ASX announcement 20 August 2020
- Tilt - <https://announcements.asx.com.au/asxpdf/20210315/pdf/44tn3rjfk7kcx.pdf>. Note due to partial year, EBITDA is based on broker consensus per Scheme announcement on 14 March 2021.
- Spark - [SKI HY2021 Investor Presentation](#). Due to half-year, the HY 2021 EBITDA of \$405.5M has been annualised to assume a full year figure of \$811M.



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