

QUARTERLY ACTIVITY REPORT

31 March 2025

Frontier Energy Limited (ASX: FHE; OTCQB: FRHYF) (Frontier or the Company) provides its quarterly activity report for the quarter ended 31 March 2025 (**Quarter**). During the Quarter, the Company's activities were focused on advancing the process to secure financing for development of Stage One of the Waroona Renewable Energy Project (**Waroona Project**).

HIGHLIGHTS

- **Waroona Project selected as one of only four projects in Western Australia (WA) for the Australian Government's Capacity Investment Scheme (CIS).** CIS provides a guaranteed revenue floor for up to 15 years underwritten by the Australian Government
 - *Securing CIS enhances Frontier's ability to secure financing for the Waroona Project's development*
 - *This is the first tender for the CIS in WA. More than 13.5GWh of applications were submitted in the process, more than five times the final allocation of 2.6GWh*
- **Frontier has received multiple Non-Binding Indicative Offers (NBIOs) for investment at the Project level**
 - *The Company has shortlisted a select number of parties to advance to Stage Two of the financing process, which includes further due diligence, site visits, management presentations and negotiation of terms*
 - *All parties have indicated a preference for involvement in Project expansions beyond Stage One and support an accelerated expansion strategy*
- **Guy Chalkley appointed as Non-executive Chairman**
 - *Mr Chalkley has vast energy sector experience as he currently serves as CEO of Endeavour Energy and was previously CEO of Western Power, the WA State Government owned utility*
- **Energy prices during the March quarter continued to rise, increasing 11% year-on-year to \$89/MWh (average daily price). The average price during 2024 was \$80/MWh**
 - *The electricity price ceiling in Western Australia was increased to \$1,100/MWh from \$1,000/MWh, effective March 2025*
- **As at 31 March 2025, Frontier had cash of \$11.0m (unaudited)**

Waroona selected for Capacity Investment Scheme

During the Quarter, the Australian Government selected the Waroona Project as one of four WA renewable energy and energy storage projects to secure support under the Capacity Investment Scheme (CIS).

The CIS provides funding for the development of renewable energy capacity and is in addition to existing State and Territory Government initiatives. The CIS aims to support accelerated progress towards the Australian Government's 2030 target of 82% renewable electricity generation (from less than 40% in 2024¹).

The Australian Government's Department of Climate Change, Energy, the Environment and Water (**DCCEEW**) is responsible for administration of the CIS.

Round One of the CIS on the Wholesale Electricity Market (**WEM**) was targeting clean dispatchable capacity (batteries). On the WEM, four projects were selected representing a total of 654 megawatts (MW) or 2,595 MWh of dispatchable capacity. This is enough to power 600,000 households in the WA WEM during peak summer electricity demand for four hours.

The Company is now working with the DCCEEW to conclude an agreement shortly. For further information regarding CIS, we encourage investors to review the Government website link below.

<https://www.dcceew.gov.au/energy/renewable/capacity-investment-scheme>

Operation of the CIS

The CIS operates to underwrite revenue by providing a revenue 'floor' and 'ceiling', both of which are subject to an annual payment cap, for up to 15 years. The image below demonstrates how the CIS works.

¹ www.opennem.org.au

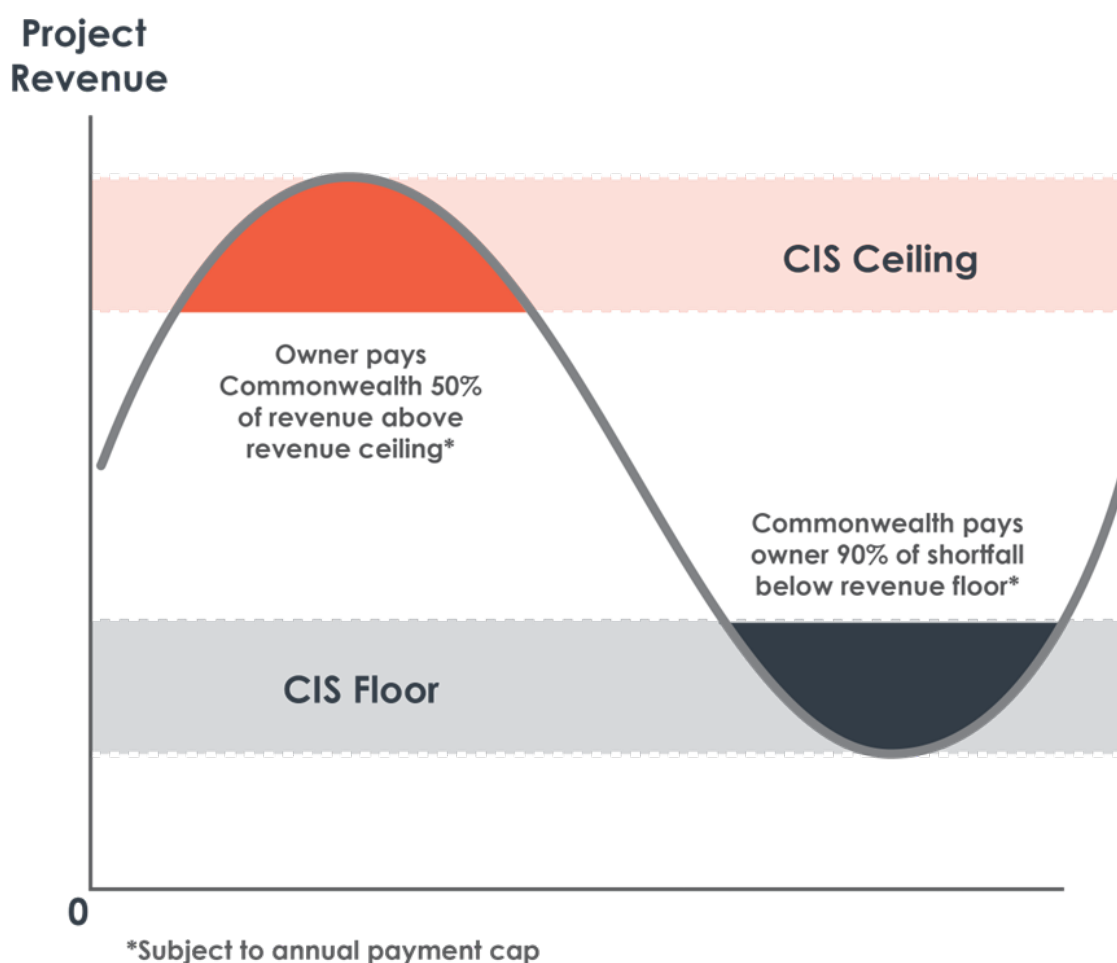


Image 1: Dispatchable CISA structure²

For the purposes of round one of CIS on the WEM, revenue is comprised of all revenue generated from the battery component of the Waroona Project. This includes electricity sales (whether merchant or under bilateral agreement), reserve capacity payments and essential system services relating to the battery. Revenue generated by the solar facility is excluded from the CIS revenue calculation.

Strategic Investor Process advances to Stage Two

Following the completion of the Definitive Feasibility Study for Stage One of the Waroona Project in December 2024, the Company prioritised a process to deliver a strategic investor to support the financing of the Waroona Project (**Strategic Investor Process**).

The Company identified that securing a strategic investor was a critical element of its financing strategy, as it reduces Frontier's equity requirement and has the potential to provide additional advantages, including the parties' capacity to leverage relationships with

² <https://www.dccew.gov.au/sites/default/files/documents/capacity-investment-scheme-wa-design-paper-webinar.pdf>

project financiers and equipment suppliers and support the evaluation of development alternatives.

The Company received multiple NBIOs during the Quarter and was highly encouraged by the number and calibre of parties submitting offers. These NBIOs were also received prior to the Waroona Project being selected for financial support under the CIS.

The NBIOs are non-binding and indicative, and accordingly, investors are cautioned that there is no certainty that a transaction will be finalised on terms acceptable to the Company.

Next Step

After assessing the merits of each NBIO, a select number of parties have been invited to participate in Stage Two of the process. This comprises additional due diligence, site visits and further negotiations of acceptable terms. Following this process the Company anticipates selecting a preferred party that will be provided exclusivity to finalise binding terms.

Q1 2025 electricity prices higher, ceiling raised again

On aggregate, averaging across all times of day, the March 2025 quarter average price increased by 13% to \$89/MWh from \$78/MWh a year ago.

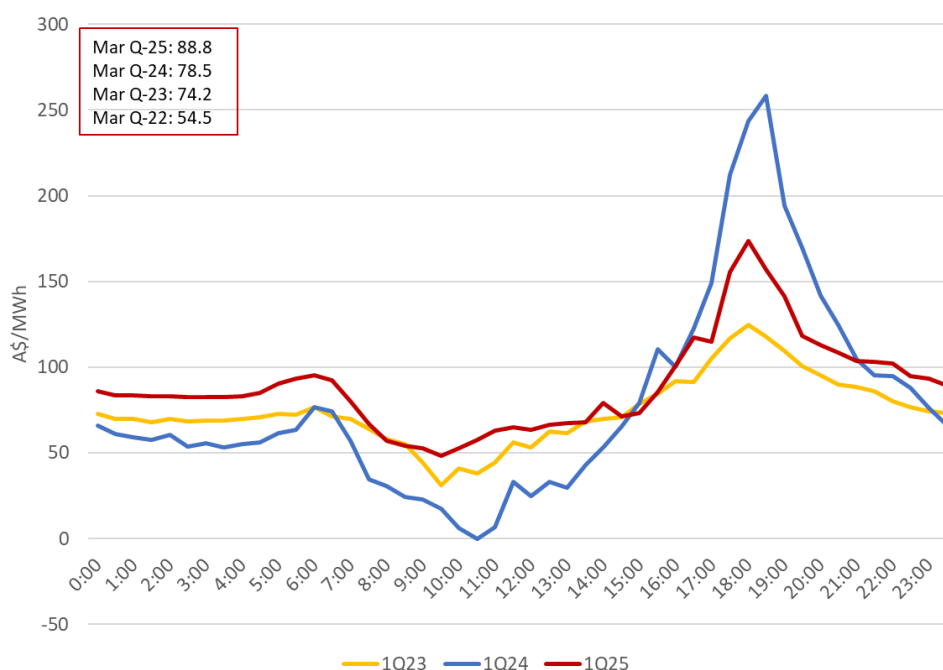


Image 2: March 2025 quarter average electricity prices by time of day³

³ Source: AEMO; straight averages, with no cut-offs or weighting applied

The flattening of the duck curve (higher lows and lower highs) was expected, following the ~400MW battery capacity that came on stream in late 2024 (comprising Synergy's 200MW 4-hour battery and Neoen's 200 MW 4-hour battery). The average energy price reached new highs year on year, whilst also being higher than the average price during 2024.

In addition, the energy price ceiling in Western Australia was raised to \$1,100/MWh from \$1,000/MWh effective 1 March 2025⁴.

Corporate

Appointment of independent Non-executive Chair

Frontier is committed to re-positioning the Board with relevant energy, technical and independent financial oversight and during the Quarter, appointed Guy Chalkley as Non-executive Chair.

In 2016, Mr Chalkley was appointed Chief Executive Officer of Western Power, a Western Australian Government-owned transmission and distribution network corporation, after earlier roles including Chief Financial Officer. Prior to joining Western Power, he worked in senior finance and regulatory director roles at Veolia Water and Thames Water for over a decade.

Mr Chalkley is currently the Chief Executive Officer of Endeavour Energy (**Endeavour**), which owns, develops, operates and maintains electricity distribution assets in NSW. Endeavour is 50.4% owned by an Australian-led consortium of long-term investors in the private sector, operating the network under a 99-year lease. The remaining 49.6 percent is held by the State of NSW.

Cash at the end of the Quarter

As at 31 March 2025, Frontier had cash of \$11.0m. During the Quarter, the Company spent \$2.9m on long-lead items for Stage One of the Waroona Project to maintain the critical path.

Payments to Related Parties

During the Quarter, payments to related parties for directors' fees totalled \$150,177.

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 in 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 \$305,882.

⁴ <https://www.erawa.com.au/electricity/wholesale-electricity-market/price-setting/market-price-limits/energy-offer-price-ceiling>

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

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

Adam Kiley
Chief Executive Officer
+61 8 9200 3428

Nathan Ryan
NWR Communications
+61 (0) 420 582 887
nathan.ryan@nwrcommunications.com.au

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 2025

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	(239)	(239)
(f) administration and corporate costs	(311)	(311)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	129	129
1.5 Interest and other costs of finance paid	(7)	(7)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (Rent received)	19	19
1.8 Other (Study)	-	-
1.9 Net cash from / (used in) operating activities	(409)	(409)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	(2,888)	(2,888)
(j) investments	-	-
(k) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(l) other non-current assets	-	-
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	-	-
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	(2,888)	(2,888)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(35)	(35)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (lease payments)	-	-
3.11	Net cash from / (used in) financing activities	(35)	(35)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	14,335	14,335
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(409)	(409)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,888)	(2,888)

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 3.11 above)	(35)	(35)
4.5	Effect of movement in exchange rates on cash held	9	9
4.6	Cash and cash equivalents at end of period	11,012	11,012

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	11,012	14,335
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)	11,012	14,335

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	456
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>		

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)	(409)
8.2	Cash and cash equivalents at quarter end (item 4.6)	11,012
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	11,012
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	26.9
	<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?	
	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	
	<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: 30 April 2025

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.