

QUARTERLY ACTIVITY REPORT

Quarter ending 30 June 2024

Frontier Energy Limited (ASX: FHE; OTCQB: FRHYF) (Frontier or the **Company**) is pleased to provide its quarterly activity report for the quarter ending 30 June 2024. The Company's Waroona Renewable Energy Project (**Waroona Project** or the **Project**) is located in the South West region of Western Australia, approximately 120km from Perth.

HIGHLIGHTS

- **Post quarter end, Frontier mandates Infradebt Pty Limited (Infradebt) to provide up to \$215 million debt financing for the Stage One development of its Waroona Project**
 - Long-form documentation expected to be executed in September 2024
 - The deal includes a long-term partnership to finance further battery projects including Stage Two of the Waroona Project
- **Infradebt is an Australian based infrastructure financing specialist and is a significant lender to multiple renewable energy projects in Australia**
 - Infradebt investors include Australian superannuation funds and family offices
 - The Infradebt Ethical Fund (**IEF**), Australia's first ethically screened infrastructure debt fund, has a number of existing Western Australian investments including the 180MW Warradarge Wind Farm, 40MW Greenough Solar Farm and 35MW Albany Grasmere Wind Farm
 - Infradebt also financed Genex's 50MW/100MWh Bouldercombe Battery in QLD and Neoen's 100MW/200MWh Capital Battery in the ACT
- **The Company achieved a 12% increase in the battery duration to approximately 4.5 hours, at a reduced battery capex**
 - Longer battery duration increases Project revenue compared to the DFS
- **The Company signed contracts with Western Power to commence detailed design and procurement of long-lead items for interconnection works**
 - These works were identified in the DFS as a critical path item
- **The Australian Energy Market Operator (AEMO) forecasts major, growing power deficits from 2027 for the next decade**
 - Driven by 57% forecast electricity demand growth over the decade, along with closure of > 1GW coal fired capacity
 - 391MW of new capacity is required in 2027-28, and 2,880MW by 2033-34
- **The Company released its second annual Sustainability Report**
- **As at 30 June 2024, Frontier had cash of \$8.4m (unaudited)**

Frontier mandates specialised infrastructure financier

Following the release of a Stage One DFS in February 2024, a debt financing process commenced, led by debt advisory firm, Leeuwin Capital Partners. Following receipt of multiple proposals, the Company has signed a senior debt mandate with Infradebt, an Australian specialist infrastructure fund, for Infradebt to provide senior project finance debt for the construction and operation of Stage One of its Waroona Project (**Project Finance**). The DFS estimated the total capital cost for Stage One at \$304 million.

The Project Finance will be funded by discretionary funds managed by Infradebt¹ and co-investors advised by Infradebt. The majority of the Project Finance will be funded by the Infradebt Energy Transition Fund, a senior debt fund mandated specifically to provide debt finance to utility-scale battery projects in Australia.

Infradebt is a specialist infrastructure fund manager focused on lending to Australian infrastructure projects. Infradebt was founded in 2013 and is active in the renewable energy and decarbonisation real asset space, having financed over 50 projects in Australia. Infradebt is the manager of Australia's first ethically screened infrastructure debt fund, the Infradebt Ethical Fund.

The facility has a base rate (a combination of three-month BBSY and the 12-year Swap Rate) plus a margin. The facility tenor is 17 years, including the two-year construction period. A long-form facility agreement and security documentation are expected to be executed in September 2024.

For further information on the senior debt mandate with Infradebt, see ASX announcement dated 24 July 2024.

Final battery selection confirms longer battery duration at a lower capital cost, enhancing Project economics

As part of the Stage One development of the Project, Frontier concluded that the optimal strategy for Project development consists of a 120MW solar facility and an 80MW/320 MWh battery, i.e. the battery is capable of storing and discharging 80MW for 4 hours.

The Company's competitive tender process for key capital items has delivered significant improvements compared to the DFS. Battery capacity has increased to approximately 4.5 hours, a rise of 12% compared to the DFS specifications of 4 hours. Despite this material capacity increase, the capital cost of the battery has reduced by approximately 5% from the original estimate of \$118.5m in the DFS. The improved MWh from the original DFS compared to the latest technology selected is highlighted in Image 1 below.

¹ <https://www.infradebt.com.au/>.

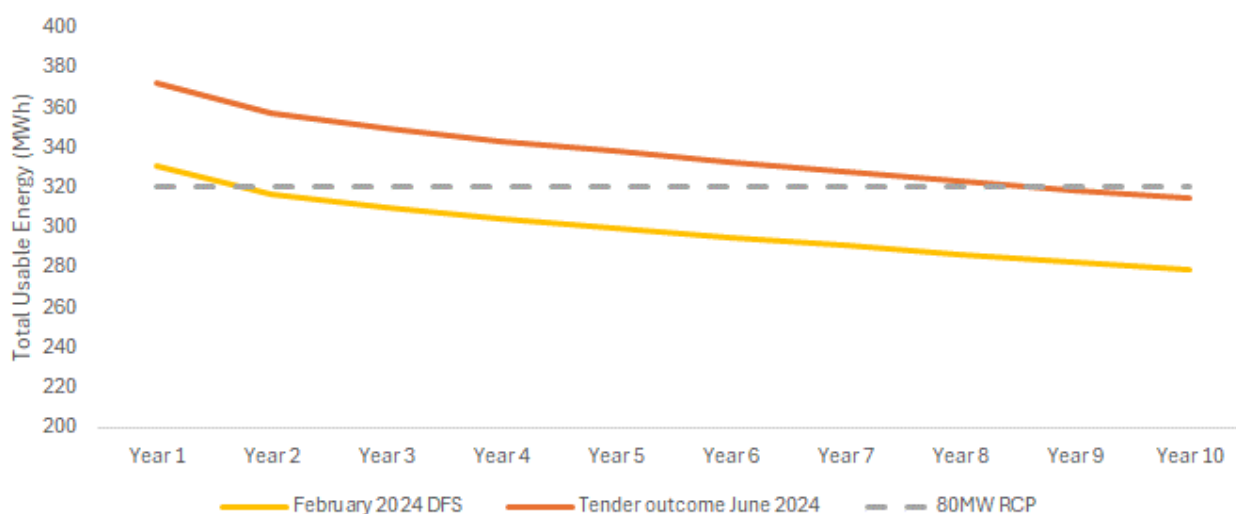


Image 1: Battery degradation curve

The improvements in the Project's battery technology effectively mean it can deliver more energy over time. This significantly enhances Reserve Capacity Payment revenue compared to the DFS, where the 4-hour power level dropped below 80MW (320 MWh/h) from year 2 due to degradation. The larger storage capacity also enables additional storage of electricity during times of low pricing (morning / midday) and dispatch during times of peak pricing.

Frontier signs early works contracts with Western Power

A key strategic advantage of the Project is its proximity to the Landwehr Terminal, located within 0.5km of the Project, enabling the sale of electricity into the South West Interconnected System, which is operated by Western Power, WA's state-owned electricity utility.

During the quarter, the Company executed a contract for Western Power to prepare detailed design of the connection to the Landwehr Terminal. It also executed a contract for procurement of long-lead items comprising key high-voltage equipment including high voltage circuit breakers and switches, to make the Landwehr Terminal ready for the Project to connect. Commencing the detailed design and procurement of long-lead items is required to enable the Project to remain on track to complete construction during 2H2026.

The connection at the Landwehr Terminal can support a much larger facility than the Company's Stage One development. The Project will not require additional connection works to be completed for future expansion, giving Frontier the ability to increase capacity in subsequent stages at both a lower capital cost (estimated ~\$10m lower than the DFS of \$21m) and shorter connection time when compared to the DFS (estimated ~18 months vs 24 months in the DFS).

AEMO again highlights need for sustained investment

During the quarter, AEMO, which is responsible for managing the electricity and gas systems and markets across Australia, released its annual Wholesale Electricity Market (**WEM**) Electricity Statement of Opportunities (**ESOO**). The 2024 WEM ESOO forecasts the Reserve Capacity Target (**RCT**) for each Capacity Year between 2024-25 and 2033-34.

The ESOO highlights that, while the near-term supply-demand balance has improved since the 2023 WEM ESOO, substantial and sustained investment in new generation, storage, demand side programs and transmission capacity is still needed, particularly from 2027 onwards. Whilst there are multiple factors highlighted in the Report affecting both supply and demand, the key drivers are:

- **Increased business, industrial and electrification (Demand)** – demand is forecast to grow significantly due to growth in business electrification, along with growth in cooling load (air-conditioning), electric vehicles, and the expansion of industrial loads. Demand is now forecast to grow at an average annual rate of 4.6% and reach 27.9TWh per annum in 2033-34, a 57% increase over 10 years. In the High Scenario, demand is forecast to grow 11.7% annually or 202% over 10 years.
- **Renewable Energy Transition (Supply)** – the transition to deploy renewable energy has been accelerated significantly over the past 12 months. In WA, the State Government targets are to reduce government emissions by 80% below the 2020 level by 2030, and to meet net zero by 2050². This has seen the WA State Government announce the closure of coal-fired power generation in WA by 2029.

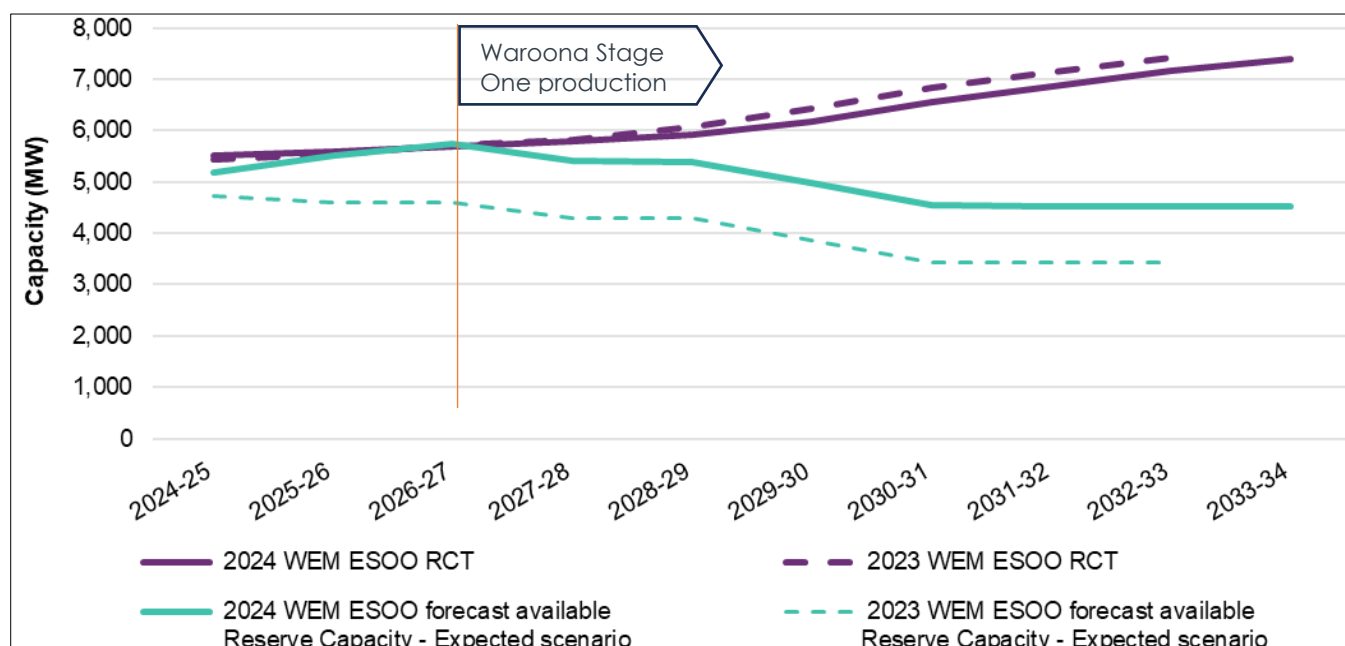


Image 2: 2024 WEM ESOO Forecast supply / demand balance, Expected Demand scenario

² <https://www.wa.gov.au/service/environment/business-and-community-assistance/government-emissions-interim-target>.

Achieving balance in 2026/27 requires an additional >1,460MW capacity (the bulk of which is new utility scale batteries) to come on stream by this time. This is ~34% of current capacity. The report highlights that timely delivery of these committed projects is critical to ensuring the capacity requirement is satisfied and flags that various factors impact the delivery of planned projects across Australia, including global supply chain and labour constraints. As such, AEMO is monitoring the progress of committed projects and encouraging proponents to take early actions to mitigate any potential delays.

The ESOO identifies that substantial and sustained investment in new capacity will be required beyond existing and committed capacity, with 391 MW required in 2027-28 increasing to 2,880 MW by 2033-34.

The Stage One development of the Waroona Project is targeting commencement of production in the 2026/27 capacity year, immediately prior to the significant deficits that are forecast in the ESOO – see Image 2. With the Company's landholding of 868 hectares (Stage One utilises only 303 hectares), there is scope to expand beyond Stage One, with potential for more than 1GW of network connections. The scale of deficits forecast in the ESOO highlights the opportunity for the Company to expand beyond Stage One at the Waroona Project. Studies for a Stage Two expansion are expected to commence shortly after a Final Investment Decision for Stage One.

Markets respond to capacity challenge with high prices

Average peak prices in the WA electricity market (WEM) have shown continued strength, as capacity constraints and higher than expected demand for energy bite. Peak period prices for the June quarter of 2024 averaged \$156/MWh³, 3% lower than the 2023 June quarter as can be seen in Table 1, despite 2023 having a record June month due to unplanned power outages. These prices are for times when the Waroona Project's battery would dispatch into the market (between 4pm and 9pm) and are ~10% higher than forecast in Frontier's DFS.

Period	March Quarter	April	May	June	June Quarter
Average Energy Price (\$/MWh)					
2024	78.5	75.9	91.7	70.4	79.3
2023	74.2	85.2	91.1	130.1	102.1
% change	6%	-11%	1%	-46%	-22%
Peak Energy Price (\$/MWh)					
2024	171.6	163.6	155.9	149.1	156.2
2023	104.2	115.7	154.6	211.8	160.7
% change	65%	41%	1%	-30%	-3%

Table 1: WEM prices⁴

³ Source: AEMO; straight averages, no price cut-offs applied.

⁴ AEMO pre-October 2023; <https://data.wa.aemo.com.au/public/market-data/wemde/referenceTradingPrice/> from Oct 2023; straight averages, no price cut-offs applied.

Peak prices have doubled in the past 2.5 years, as can be seen in Image 3.

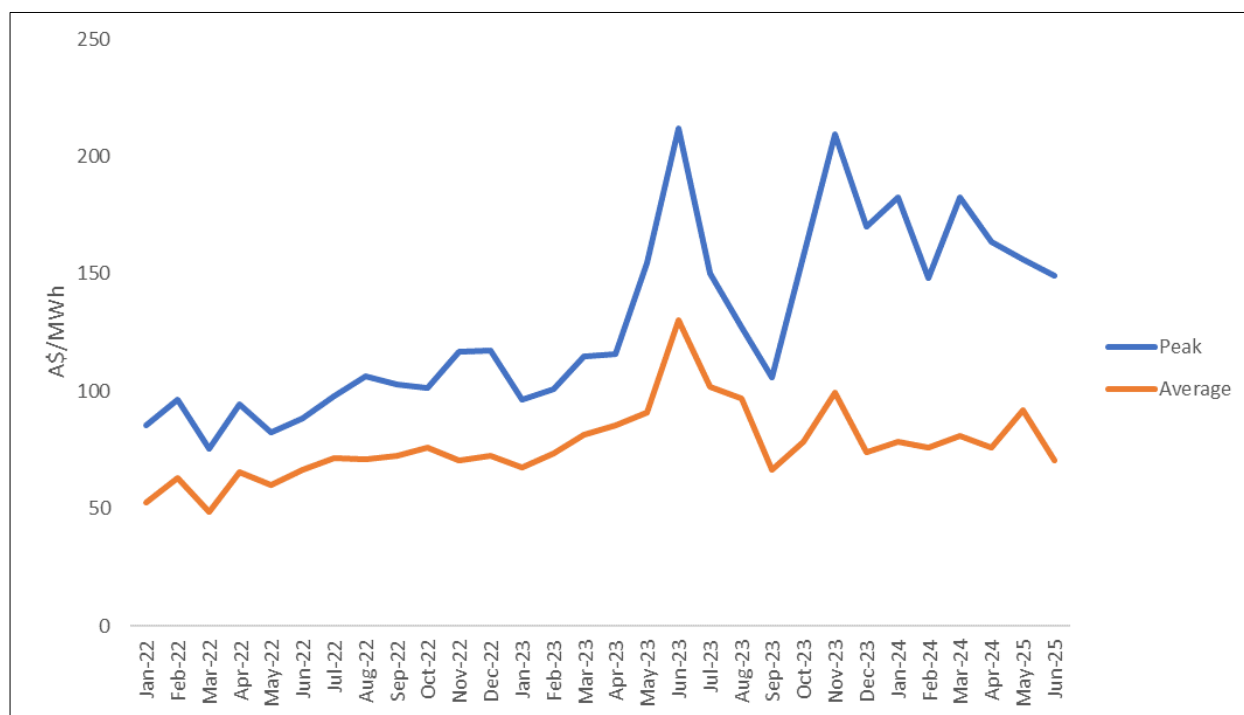


Image 3: Monthly average and peak electricity prices

Second annual Sustainability Report released

As the Company progresses towards the development of the Waroona Renewable Energy Project, it recognises the importance of presenting a transparent account of its sustainability objectives and outcomes, so that host communities, government, shareholders and other key stakeholders can understand and engage on Frontier's sustainability performance.

This Sustainability Report is Frontier's second Sustainability Report and provides an overview of the Company's sustainability activities for 2023. The Sustainability Report forms part of Frontier's overall annual reporting and should be read together with the Company's 2023 Annual Report and Corporate Governance Statement.

Corporate

Cash at the end of the Quarter

At 30 June 2024, Frontier had cash on hand of \$8.4m (unaudited).

Payments to Related Parties

During the quarter, payments to related parties for directors' fees totalled \$238,800.

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 \$267,584.

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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akiley@frontierhe.com

Grant Davey
Executive Chair
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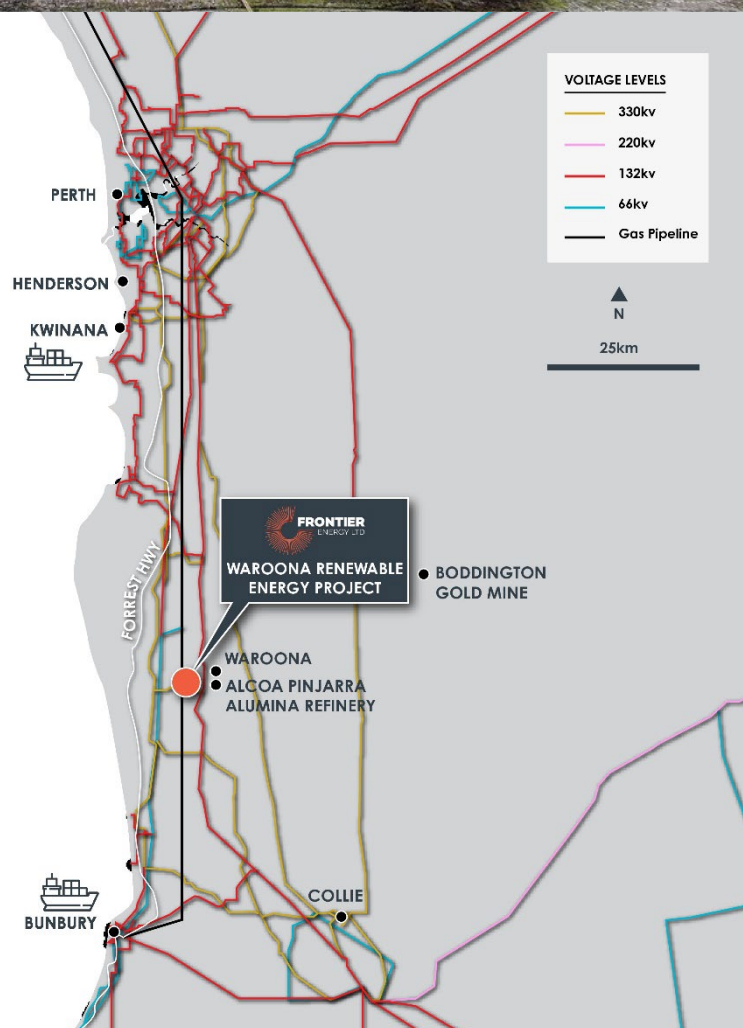
About Frontier Energy

Frontier Energy Ltd (ASX: FHE; OTCQB: FRHYF) is developing the Waroona Renewable Energy Project located 120km south of Perth in Western Australia.

Waroona has the potential to become one of Western Australia's largest standalone renewable energy projects, as the Company controls 868ha of adjoining freehold land whilst also having approvals in place for a connection onto the WA electricity network (SWIS) with a terminal adjacent to the Project.

The Company released a positive DFS on a Stage One development that consists of a 120MW solar farm and 80MW 4-hour battery.

Frontier is fully committed to making the Project one of WA's major renewable energy hubs, incorporating multiple value-adding initiatives including batteries and green hydrogen, with full renewable energy potential of more than 1GW based on connection capacity.



Directors and Management

Mr Grant Davey
Executive Chairman

Mr Adam Kiley
Chief Executive Officer

Mr Chris Bath
Executive Director

Ms Dixie Marshall
Non-Executive Director

Ms Amanda Reid
Non-Executive Director

Registered Office

Level 20, 140 St Georges Terrace
Perth WA 6000

Share Registry

Automatic Registry Services
Level 5, 126 Philip Street
Sydney NSW 2000

For a comprehensive view of information that has been lodged on the ASX online lodgement system and the Company website, please visit asx.com.au and frontierhe.com, respectively.

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")

30 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	(267)	(513)
(f) administration and corporate costs	(627)	(981)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	16	156
1.5 Interest and other costs of finance paid	(3)	(4)
1.6 Income taxes received	6	6
1.7 Government grants and tax incentives	-	-
1.8 Other (Rent received)	20	44
1.8 Other (Study)	-	(7)
1.9 Net cash from / (used in) operating activities	(855)	(1,299)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	(912)	(1,852)
(j) investments	-	-
(k) intellectual property	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(912)	(1,852)

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	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (lease payments)	-	(50)
3.11	Net cash from / (used in) financing activities	-	(50)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,308	11,574
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(855)	(1,299)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(912)	(1,852)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.11 above)	-	(50)
4.5	Effect of movement in exchange rates on cash held	(214)	(46)
4.6	Cash and cash equivalents at end of period	8,327	8,327

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	7,230	2,379
5.2	Call deposits	1,097	7,929
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)	8,327	10,308

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	506
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)	(855)
8.2	Cash and cash equivalents at quarter end (item 4.6)	8,327
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	8,327
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	9.7
	<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: 24 July 2024

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.