Certified Reserve Capacity assigned to Frontier's Waroona Project

Frontier Energy Limited (ASX: FHE; OTCQB: FRHYF) (**Frontier** or the **Company**) is pleased to announce the assignment of 88.06 MW of Certified Reserve Capacity (**CRC**) for Stage One of the Waroona Renewable Energy Project (**Waroona Project** or **Project**).

The Reserve Capacity Mechanism (**RCM**) is unique to Western Australia. It is designed to ensure adequate generation capacity is available to meet peak electricity demand.

Facilities that can dispatch energy during these peak periods, are required to be assessed and certified by AEMO. Facilities that meet these requirements are then required to be available to provide energy during these peak periods and are paid an amount (Reserve Capacity Price) per megawatt of capacity (Reserve Capacity Credits) they can provide during these periods.

Reserve capacity payments are an additional revenue stream for the Project in addition to revenue from energy sales.

HIGHLIGHTS

- **Stage One of the Waroona Project has been assigned Certified Reserve Capacity of 88.06MW**
- **The Benchmark Reserve Capacity Price for this year (2027/28) is $360,700 per MW which is a 57% increase on last year's (2026/2027) Reserve Capacity Price**
    - *The final Reserve Capacity Price is dependent upon the capacity surplus/deficit for the 2027/28 year and the price will be released during 4Q25*
- **In the 2025 Wholesale Electricity Market (WEM) Electricity Statement of Opportunities (ESOO), under the Expected Scenario, AEMO forecast a shortfall in capacity in the 2027/28 cycle of 932MW prior to accounting for new probable facilities**
    - *An ongoing shortfall in capacity is forecast through to 2034-35, as coal-fired generation is retired whilst electricity demand also continues to increase*
- **The divestment of the Superior Lake Zinc Project for $2.75 million remains on track to close by 15 October 2025**

Frontier CEO, Adam Kiley commented: *"The assignment of Certified Reserve Capacity for our Waroona Project is an important step in the development and financing of the Project.*

Reserve capacity is unique to WA and adds significant revenue to the Project. Pleasingly, the Benchmark Reserve Capacity Price is significantly higher than what we had forecast in our DFS. We look forward to the final allocation of Capacity Credits as well as the final reserve capacity price that will be released during 4Q25."

Assignment of Certified Reserve Capacity for Waroona Project

The Reserve Capacity Mechanism is unique to Western Australia and is designed to ensure there is adequate capacity available to meet forecast peak electricity demand. The RCM system was introduced into Western Australia in 2006 following blackouts in 2004.

All electricity generation and storage facilities that are certified under the RCM can be allocated Capacity Credits based on their size and type. Once a project receives a Reserve Capacity allocation, it is eligible to receive Reserve Capacity Payments annually, provided it continues to meet its obligations, including performance requirements and testing protocols.

How are Capacity Credits allocated?

Before a project can be assigned Capacity Credits under the RCM, it must first be certified by AEMO. Certification involves an assessment of whether the project can reasonably be expected to be developed and operational by the relevant Reserve Capacity Cycle. As part of this process, AEMO undertakes a detailed technical review, which typically considers factors such as approvals, network connection progress, equipment procurement, and construction timelines, to confirm the project's capability to meet its obligations.

AEMO has now advised Frontier it has assigned 88.06MW of CRC to the Waroona Project for the 2027/28 Capacity Year.

It is important to note that several steps are required between the assignment of CRC and the allocation of Capacity Credits. These steps, which may result in the facility being assigned a lower quantity of Capacity Credits than its Certified Reserve Capacity, include payment of the reserve capacity security (where applicable), the bilateral trade declaration process and AEMO's determination of the Network Access Quantity (**NAQ**).

Assigned CRC does not, of itself, place any obligations on AEMO nor grant any rights to market participants, except for the right to apply for Capacity Credits. The timetable of key dates in the RCM process is shown in Table 1 below.

Table 1: Reserve Capacity Timetable of Key Dates

Milestone	Date
AEMO notifies each applicant of the Peak CRC and Flexible CRC to be assigned to each facility	**26 August**
Market Participants must provide Reserve Capacity Security amount	**8 September**
AEMO publishes the level of Peak CRC assigned to each facility and commences NAQ modelling	**10 September**
AEMO publishes the Reserve Capacity Price and the aggregate quantity of MW of capacity credits assigned at each price	**20 November**

A facility with Capacity Credits is subject to Reserve Capacity Obligations under the WEM Rules, including but not limited to obligations regarding availability, testing, and performance monitoring. A market participant who does not satisfy its Reserve Capacity Obligations may

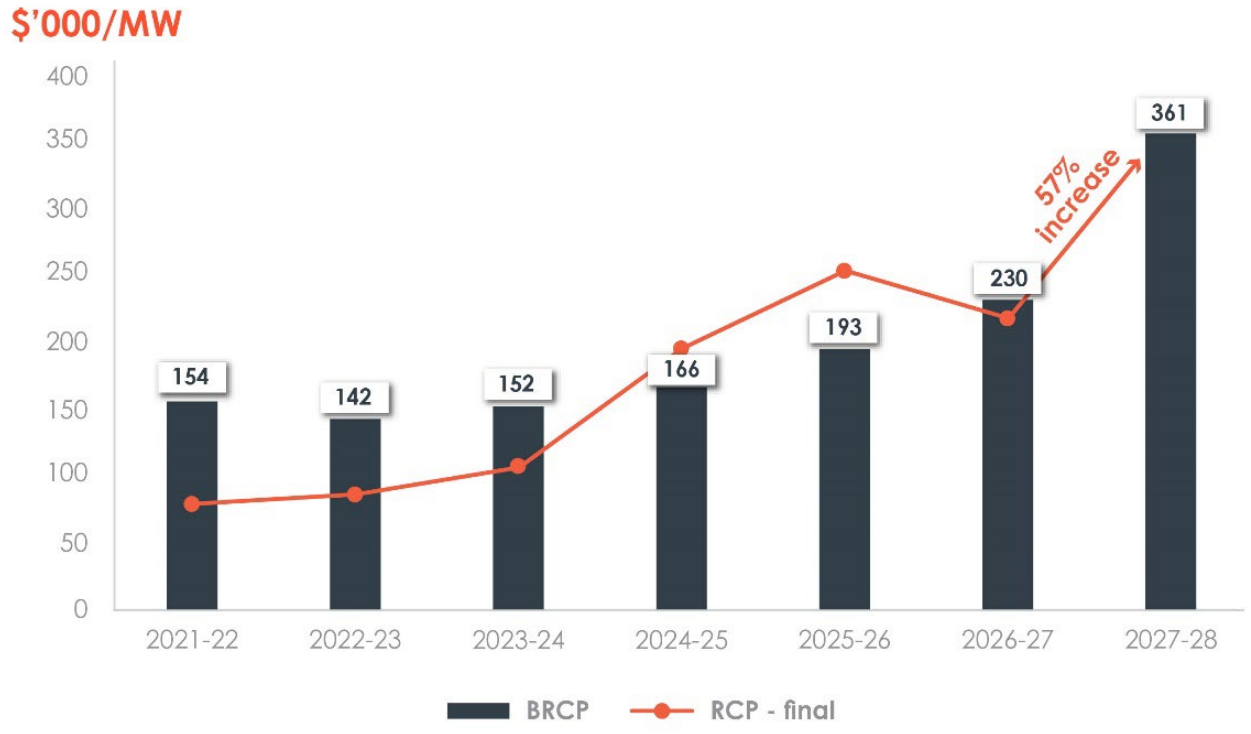
be required to pay a capacity refund. Moreover, in certain circumstances, AEMO is required to reduce the quantity of Capacity Credits assigned to a Facility under the WEM Rules.

Prior to the NAQ process, Frontier will nominate as a Fixed Price or floating price facility. A Fixed Price Facility can lock in the reserve capacity price for a period of 5 years beginning from its first capacity year. However, as part of the NAQ process, should the capacity market supply exceed 3%, companies who have elected to be Fixed Price Facilities are excluded from that years' capacity cycle and the Reserve Capacity Security is returned.

Final reserve capacity price to be determined by surplus / deficit in capacity market

The Benchmark Reserve Capacity Price (**BRCP**) for the 2027/28 capacity year is $360,700/MW, a 54% increase on the BRCP for the 2026/27 capacity year. This was due to the Economic Regulation Authority changing the benchmark technology for calculating BRCP from a gas turbine to a four-hour lithium-ion battery. Figure 1 below highlights the historical BRCP over the past 7 years.

Figure 1. Historical BRCP and RCP



Source: www.aemo.com.au

The final reserve capacity price that will be announced on 20 November 2025 is dependent on whether the capacity market is in surplus or deficit, with the quantum of surplus or deficit driving the premium or discount applied to the BRCP.

Earlier this year, Energy Policy WA released a number of rules aimed at improving investment certainty for new developers of energy projects. The key changes introduced are:

- A 'deadband' area whereby the final RCP is equal to the BRCP if the reserve capacity is within 5% of the capacity target (ie. the capacity surplus or deficit is lower than 5%); and
- A floor price equal to 50% of the BRCP.

In the 2025 ESOO Report, AEMO forecasts a capacity deficit of 932MW for the 2027-28 capacity year. When committed facilities (which are projects that received reserve capacity in the last year's cycle however not operational) and all probable facilities (those facilities determined by AEMO as having a greater than 50% probability of being developed which includes the Project) are included, the shortfall in 2027-28 reduces to 425MW.

Table 2. Capacity assessment: 2027-28 to 2031-32 (MW)

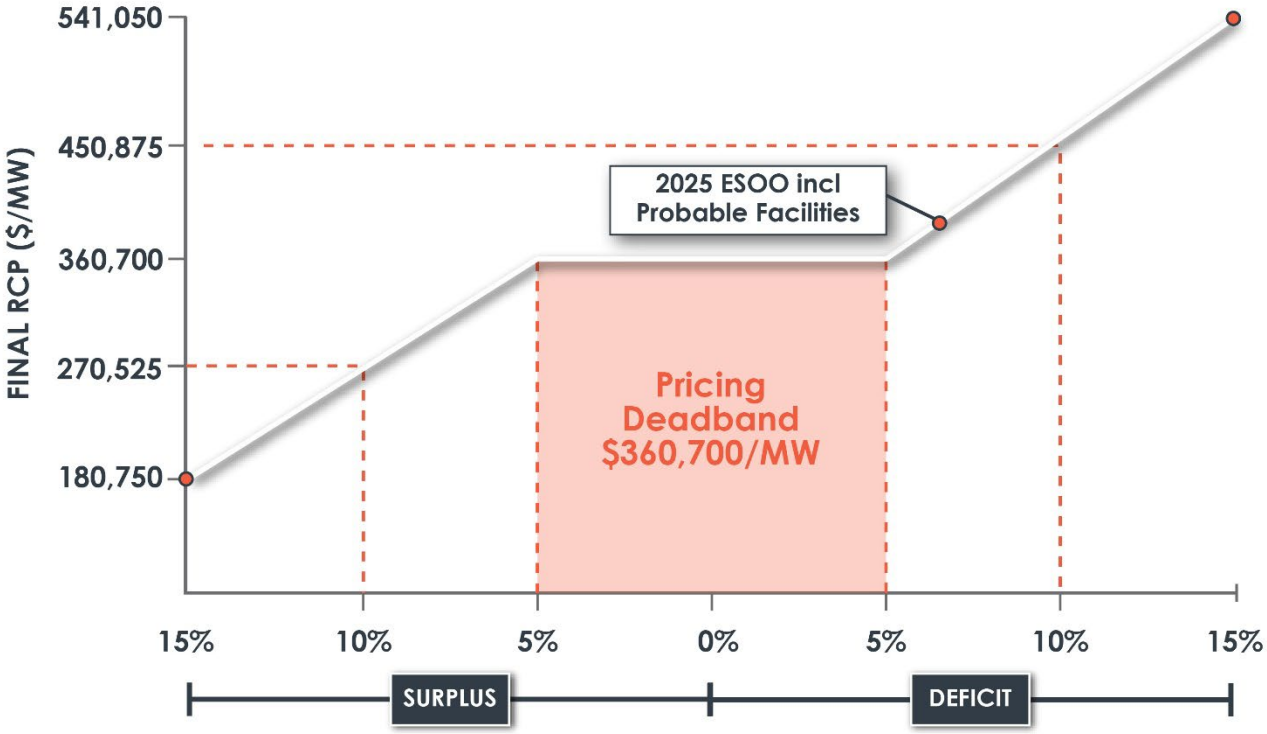
Capacity Year	First yr of production 2027-28	2028-29	2029-30	2030-31	2031-32
Forecast peak demand plus reserve margin	**6,238**	**6,329**	**6,427**	**6,550**	**6,681**
Reserve Capacity from Existing Facilities	4,147	4,142	3,537	3,531	3,526
Reserve Capacity from Committed Facilities	1,158	1,151	1,143	1,136	1,129
Total Reserve Capacity from Existing and Committed Facilities	**5,306**	**5,293**	**4,680**	**4,668**	**4,655**
Capacity shortfall/ surplus	**-932**	**-1,036**	**-1,747**	**-1,882**	**-2,026**
Reserve Capacity from probable Facilities (This includes Waroona Stage 1)	507	501	496	490	485
Capacity shortfall / surplus including probable Facilities	**-425**	**-536**	**-1,252**	**-1,393**	**-1,541**

Source: 2025 ESOO for the WEM - www.aemo.com.au

The reason for the significant deficit compared to the previous year is the closure of the Collie Power Station (317MW) and the assumed unavailability of the Bluewaters Power Station (434MW). It is however noted that Bluewaters may re-enter the capacity market for this cycle should it prove they have access to sufficient stockpiles.

Figure 3 below shows how variations to the capacity credits awarded could impact the final reserve capacity price.

Figure 3. Interaction of ESOO forecast on final RCP



Source: www.aemo.com.au

Debt Facility to fund Reserve Capacity Security

As the Waroona Project has been assigned 88.06MW of CRC, Frontier is now required to provide the Reserve Capacity Security. The Company has entered into an agreement with Rockford Equity Pty Ltd (**Rockford)**, under which Rockford has made available $8 million under a short-term debt facility (**Debt Facility**).

Should the Project not be allocated Capacity Credits, the Reserve Capacity Security is refunded and applied to repayment of any outstanding amounts under the Debt Facility.

Refer to Table 3 for further terms.

Table 3. Summary of key terms of the Debt Facility

Term	Description
Lender	Rockford Equity Pty Ltd
Borrower	Frontier Energy Limited
Loan Amount	$8 million
Commencement Date	1 September 2025
Loan Term	Initial term of 100 days, with the option to extend the loan term by giving the Lender a notice in writing specifying the terms of the proposed extension
Interest rate	90 day BBSY
Margin	11%
Fees	2.0% Establishment Fee 0.25% Line Fee
Security	Company guarantee provided by Frontier and first mortgage registered on freehold land owned by Frontier subsidiaries

Proposed sale of Pick Lake Zinc Project

As previously announced (ASX Announcement 31 July 2025) the Company entered into an option agreement with Panther Metals PLC (**Panther**) for the sale of the Pick Lake Zinc Project (**Pick Lake Project**) for $2.75 million (**Option Agreement**). With the Company focused solely on the development of its Waroona Project, the Pick Lake Project is a non-core asset.

Panther is a base and precious metals exploration company that is listed on the standard segment of the Main Market of the London Stock Exchange.

Pather has ramped up their work program in the past month, including assaying of historical drilling, appointment of specialist for technical studies and the commencement of work regarding permitting. Panther has until 15 October 2025 to exercise the option. Other key terms of the Option Agreement include:

- Panther has acquired an option to purchase the Pick Lake Project (**Option**), for consideration comprising:
    - An up-front fee of $100,000 payable immediately; and

- A monthly fee of $30,000, payable to 15 October 2025.

- Panther may exercise the Option at any time up until 15 October 2025.
- On exercise of the Option:
  - Panther will pay $2.75 million, less any amounts paid up to 15 October 2025; and
  - The mining licences that comprise the Pick Lake Project, together with all related information, will be transferred to Panther.

The Option Agreement contains other terms and conditions as are customary for such an agreement.

The sale of the Pick Lake Project under the Option Agreement remains on track to close by 15 October 2025.

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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