Update to Peak Certified Reserve Capacity for Frontier Stage One Waroona Project

Frontier Energy Limited (ASX: FHE; OTCQB: FRHYF) (**Frontier** or the **Company**) is pleased to report an update regarding the certified reserve capacity for Frontier's Waroona Stage One Renewable Energy Project (**Waroona Project** or **Project**). This update follows the publication by the Australian Energy Market Operator (**AEMO**) assignment of Peak Certified Reserve Capacity (**CRC**) for all facilities.

HIGHLIGHTS

- **Frontier nominated to become a 5-year fixed price facility following the assignment of Peak CRC. Frontier nominated the fixed price option due to the requirement for guaranteed revenue to underpin project financing**
    - *The Waroona Project was assigned Peak CRC of 88.06 MW (ASX announcement 2 September 2025)*
- **The total Peak CRC published by AEMO was less than the 3% surplus threshold, meaning that fixed price facilities will be included in the final allocation of Capacity Credits, also known as the Network Access Quantity (NAQ) process**
- **The outcome of the NAQ process will be announced by AEMO on 21 October 2025**
    - *The NAQ process ensures that Capacity Credits are assigned based not only on generation capability but also on network constraints*
    - *The Benchmark Reserve Capacity Price (**BRCP**) is $360,700/MW. The BRCP will be applied if the total Peak CRC is within a 5% band of the forecast peak demand (see Figure 1)*

Frontier CEO, Adam Kiley commented: *"This is a major milestone for the Company as it will provide certainty on the reserve capacity price for the first five years, at or above $360,700/MW.*

If Capacity Credits equal to the Certified Reserve Capacity of 88.06 MW are ultimately assigned to the Project, the Project will receive an annual capacity payment of $31.8 million. Revenue from energy sales is in addition to revenue received from Capacity Credits.

We look forward to updating the market following the final reserve capacity allocation and the price in the coming months."

The Reserve Capacity Process

Following the assignment of CRC, a new generation facility can nominate as either a floating or fixed price facility. Frontier nominated the fixed price option due to the requirement for guaranteed revenue to underpin project financing. Successful fixed price facilities lock in the final reserve capacity price for the first five consecutive years of operation.

However, if reserve capacity supply exceeds forecast peak demand by more than 3%, fixed price facilities are excluded from that year's reserve capacity cycle altogether.

AEMO has announced a surplus of 2.2% for this year's Peak CRC following assignment of 6,375.141 MW of Peak CRC, compared to 6,238 MW of forecast peak demand, as reported in the 2025 Wholesale Electricity Market Electricity Statement of Opportunities (**2025 ESOO**). This means fixed priced facilities, such as the Waroona Project, will successfully advance to the final stage of the Capacity Credit allocation process.

As highlighted in the Company's announcement on 2 September 2025, the Waroona Project was assigned 88.06 MW of CRC.

It should be noted that there is a final step prior to the allocation of Capacity Credits. The remaining step, which may result in any facility (including the Waroona Project) being assigned a lower quantity of Capacity Credits than its assigned CRC, is AEMO's determination of NAQ. The determination of NAQ for a facility takes into account the network constraints ahead of the final allocation of Capacity Credits.

The key dates in the 2025 reserve capacity cycle are shown in Table 1 below.

Table 1: Reserve Capacity Timetable of Key Dates

Milestone	Date
AEMO notifies each facility of its NAQ determination	**21 October**
AEMO publishes the Reserve Capacity Price and the aggregate quantity of MW of Capacity Credits assigned at each price	**27 November**

The Reserve Capacity Mechanism 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 (Capacity Credits) they can provide during these periods.

Revenue received from Capacity Credits is in addition to revenue from energy sales.

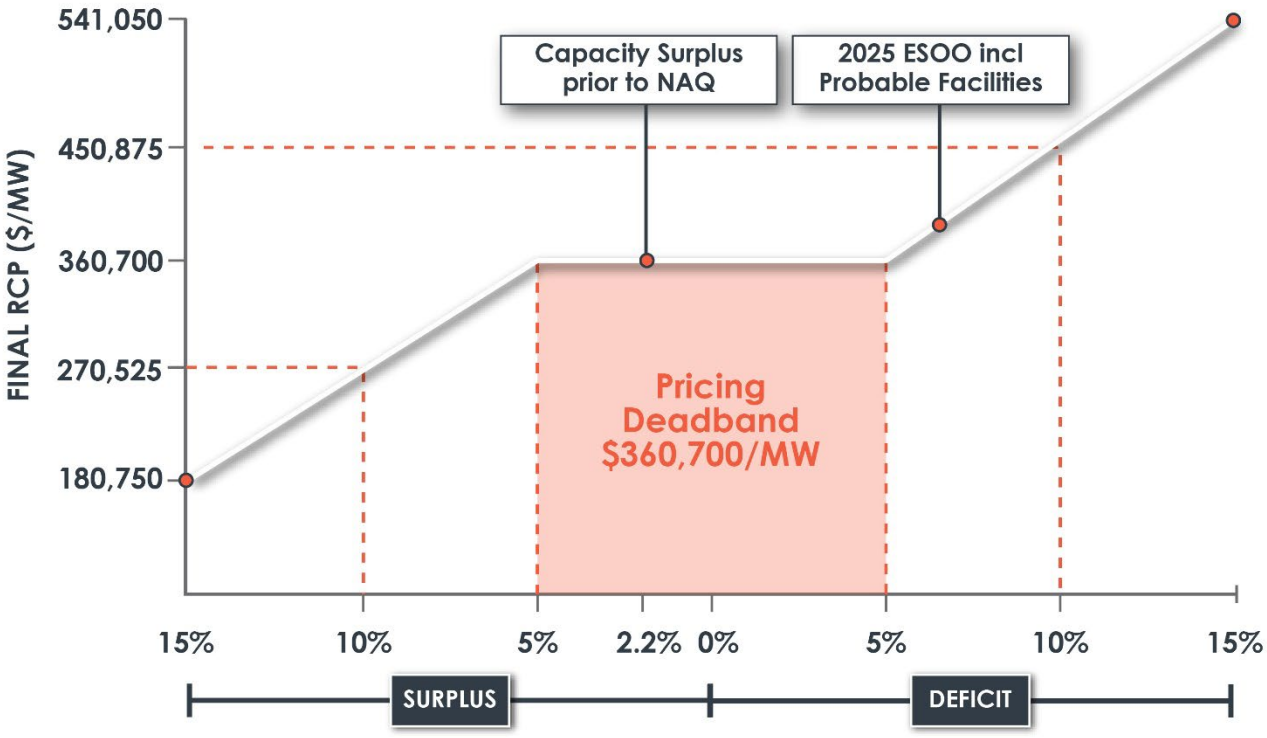
Final reserve capacity price to be determined by surplus / deficit in capacity market

The BRCP for the 2027/28 capacity year is $360,700/MW. The final RCP will be announced on 27 November 2025.

As noted in Frontier's announcement of 2 September 2025, Energy Policy WA introduced an RCP 'deadband' area, whereby the final RCP is equal to the BRCP if the Peak CRC is within 5% of the capacity target (ie. the capacity surplus or deficit is less than 5%).

Figure 1 below shows how the final surplus or deficit following the NAQ process could impact the final RCP.

Figure 1. Interaction of capacity surplus/deficit on final RCP



Given the NAQ process can only result in a reduction in the Peak CRC assigned to any facility, the final RCP cannot be less than the BRCP of $360,700/MW in this year's process.

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

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