

Procurement and EPC contract nearing conclusion as peak energy prices hit record highs

Frontier Energy Limited (ASX: FHE; OTCQB: FRHYF) (Frontier or the Company) is pleased to provide an update regarding the procurement of key long lead items as well as advancing towards selecting an engineering, procurement and construction (EPC) contractor as part of the Company's Waroona Renewable Energy Project (Project), located 120km south-west of Perth in Western Australia.

HIGHLIGHTS

- **Procurement of key long lead items including battery, photovoltaic panels and inverters has advanced with final equipment selection and contract negotiations to be concluded during the current June quarter**
- **Capital cost estimates for long lead items have been in-line with, or lower than, the estimates outlined in the Definitive Feasibility Study (DFS)¹**
 - Only tier one global suppliers have been included in the procurement process
 - No delay in the delivery of key long lead items has been identified through the procurement process
- **Expressions of interest by a number of highly regarded EPC contractors have been received**
 - Shortlisting of preferred parties will commence in the coming weeks
- **A significant increase in peak energy prices (4pm – 9pm) occurred during the March quarter, increasing by 65% to \$172/MWh compared to the previous year**
 - Western Australia peak demand reached a new record of 4.23GW in February 2024, and exceeded the record peak six times during the March quarter
 - The Company's strategy of storing solar energy generated during low price periods in the morning through to midday and dispatching this energy during the afternoon / evening peak, is aligned with a more volatile market

CEO Adam Kiley commented: "A key risk for any project is an escalation in capital costs through the procurement process. It's pleasing that cost estimates for all major long lead items have either been in line with expectations or, in most cases, actually fallen.

Only tier one suppliers have been invited to tender. Good quality equipment supplied by reputable suppliers helps us ensure the facility will start-up and operate as expected and importantly will be reliable.

In addition, the Company is also quickly progressing our funding strategy, as both the debt financing and the potential strategic divestment process well advanced. The Company will provide a more detailed update regarding both processes in the coming weeks."

¹ ASX announcement 28 February 2024

Procurement process for key long lead items indicates a fall in estimated capital costs

As part of the financing process a key requirement is to ensure a high level of certainty with capital cost estimates. The Company can ensure this by locking in prices for key long lead items with reputable providers. This will ensure minimal risk / price movement in total capital cost estimates, while also ensuring only high-quality equipment is supplied.

The Company therefore issued a request for tender for solar panels, battery energy storage system and inverters, to a select number of trusted global providers. The combined cost of this equipment accounts for ~50% of the total project capex.

The Company has received proposals from the tender process, including updated pricing. All pricing from suppliers has either been in line with or lower than capital cost estimates in the DFS. In addition, all suppliers have indicated they can supply equipment within the specified schedule.

The Company anticipates finalising this procurement process in the coming months.

EPC process advancing towards shortlisting of preferred parties

For the development of Stage One, the EPC contractor will be responsible for integrating key equipment and delivering a complete and operable facility that will be required to pass a performance test prior to handover. Frontier will be responsible for the purchase of the equipment to be supplied to the EPC contractor.

An expression of interest process was used to identify potential EPC contractors. The Company received strong interest from multiple highly regarded and experienced contractors that have a history of developing and delivering industrial scale solar farms and other renewable energy assets.

The Company is currently assessing these proposals to ensure they have the appropriate experience, safety record, and balance sheet to execute the works.

Following this process, the Company plans to issue the tender documents to the pre-qualified contractors, receive and evaluate the submissions. The Company aims to have the EPC contract ready for execution by mid-2024.

Wholesale electricity price peak increased dramatically

Wholesale electricity market prices in the March quarter averaged \$78.5/MWh, a 6% increase on March quarter 2023 prices of \$74.2/MWh, which was a 36% increase on March 2022 prices of \$54.5/MWh. Peak prices increased dramatically year-on-year as can be seen in Table 1 and Figure 1, with the average price between 4pm and 9pm, the afternoon peak,

increasing to \$172/MWh in the March quarter. This is a 65% increase on \$104/MWh recorded in the March quarter 2023.

Period	Jan	Feb	March	March Qtr
Average Energy Price				
2024	78.5	75.8	81.0	78.5
2023	67.6	73.3	81.7	74.2
% change	16%	3%	(1%)	6%
Peak Energy Price				
2024	182.7	147.9	182.7	171.6
2023	96.5	101.1	114.9	104.2
% change	89%	46%	59%	65%

Table 1: WEM prices²

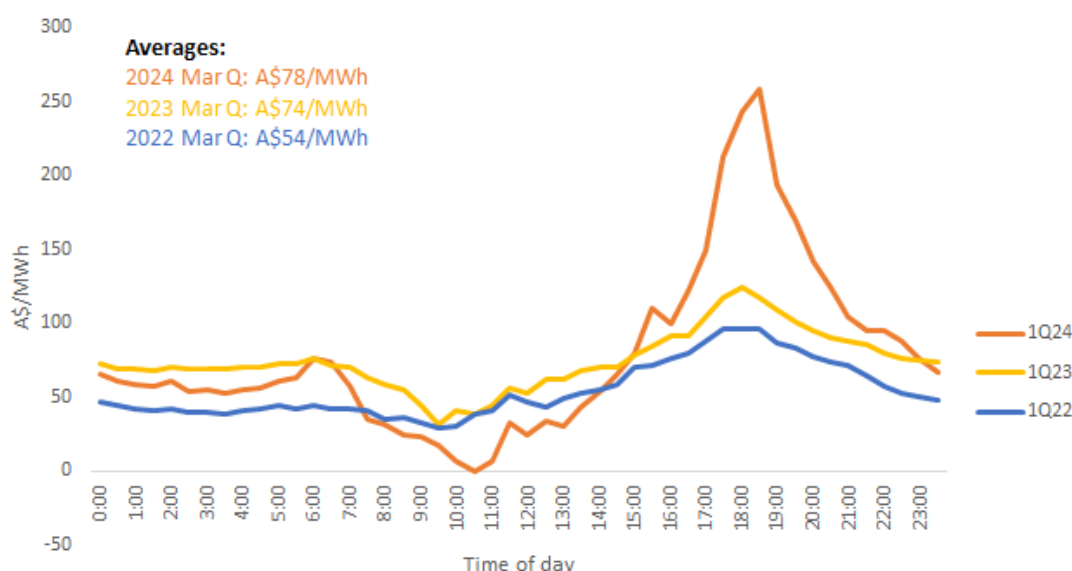


Figure 1: WEM half hourly prices, averaged over the quarter

During the first two months of 2024, previous record operational electricity demand was exceeded six times following extreme temperatures over lengthy periods of time. Each instance of record demand occurred during the late afternoon, putting supply under pressure and resulting in higher peak pricing. To illustrate, the Australian Energy Market Operator indicated that during one such record demand period, over 18 and 19 February 2024, additional diesel generated supply was required, as well as ~235MW of demand reduction measures³.

² 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

³ see ASX announcement 21 March 2024 for more detail

The increased volatility has resulted in an increase in the number of half hourly intervals with extreme price points. The number of half hourly intervals with extreme prices more than tripled, with 863 intervals > \$150/MWh in the March quarter (up from 258 in March quarter 2023), and 341 intervals < \$0/MWh (up from 89 in March quarter 2023).

The high level of intra-day volatility in electricity prices provides further validation of the Company's strategy to incorporate a battery storage facility with the solar farm. This approach will enable the Company to generate electricity during periods of low prices, and supply electricity during periods of peak demand and higher prices.

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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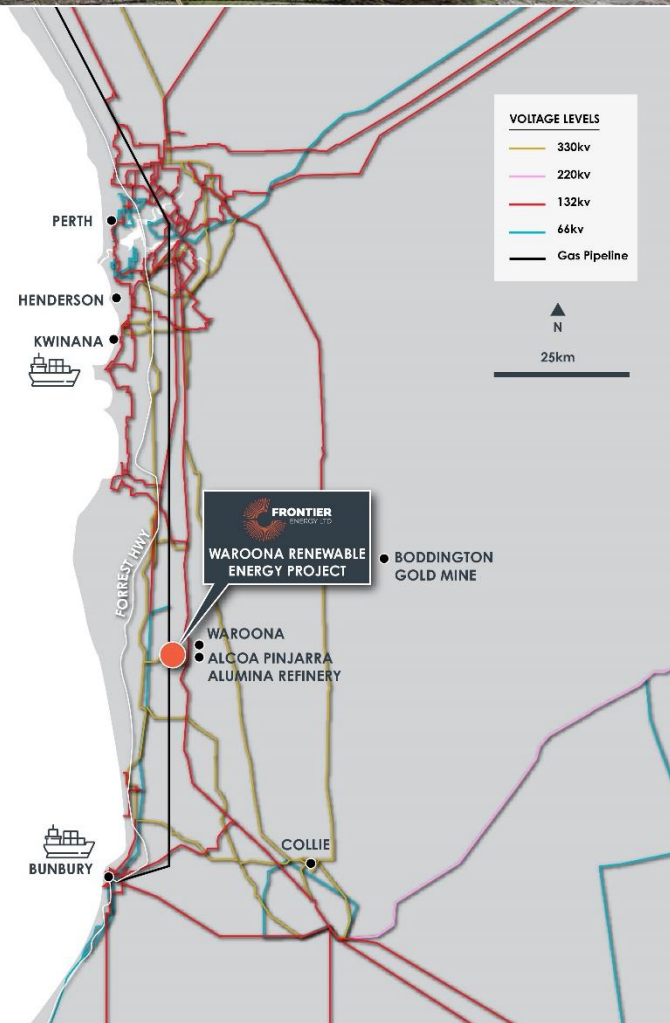
About Frontier Energy

Frontier Energy Ltd (ASX: FHE; OTCQB: FRHYF) is developing the Waroona Renewable Energy Project (the Project) located 120km from 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.



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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.