

Frontier shortlists preferred banks as Waroona debt financing process moves into Phase Two

Frontier Energy Limited (ASX: FHE; OTCQB: FRHYF) (Frontier or the Company) is pleased to provide an update on the Company's funding strategy for the Stage One development of its Waroona Renewable Energy Project (Waroona Project).

HIGHLIGHTS

- **Frontier has commenced Phase Two of the debt financing process, shortlisting preferred banks ahead of additional due diligence to enable submission of binding, credit approved terms**
 - *The Company anticipates credit approved terms to be provided during the next 8 to 12 weeks, assuming successful completion of due diligence*
- **Phase One of the Debt Financing Process generated strong interest from Australian and international banks, confirming:**
 - *Interest in providing senior debt financing which aligns with the Definitive Feasibility Study (DFS) assumptions¹*
 - *Acceptance of the selected original equipment manufacturers*
 - *Key due diligence requirements and the proposed third-party service providers to undertake the work to meet those requirements*
 - *Ability of potential financiers to meet the proposed timetable*
- **The DFS set out the maximum debt carrying capacity and included assumptions regarding amortisation periods and interest rates**
 - *Targeted maximum debt carrying capacity in the DFS was between 65% to 70%, which equates to a debt facility of \$200 million to \$225 million*
- **The strategic equity investor process is ongoing, with NDAs in place with a number of Australian and international groups**

CEO Adam Kiley commented: "Key to the initial phase of the debt financing process was confirmation of our major funding assumptions, which assumed gearing levels of between 65% to 70%, equating to between \$200 million and \$225 million, equipment selection, due diligence requirements and the funding timetable.

Confirmation of these key assumptions in such a short time frame is testament to the key attributes of the Waroona Project being well understood by financiers, predominately due to its simplicity and its executability as well the strong returns it delivers.

We have now moved into the second phase of the debt financing process and will be working closely with shortlisted banks towards credit approved terms and complete due diligence requirements in a timely manner."

¹ See ASX announcement dated 28 February 2024 for the results of a definitive feasibility study on the Waroona Renewable Energy Project

Shortlisting banks for debt financing

Following the release of the DFS for Stage One of the Waroona Project in late February, the Company commenced the Debt Financing Process to assist in meeting the funding required for development at the Waroona Project. Image 1 below provides an outline of the key outcomes and indicative timing for each phase of the process.

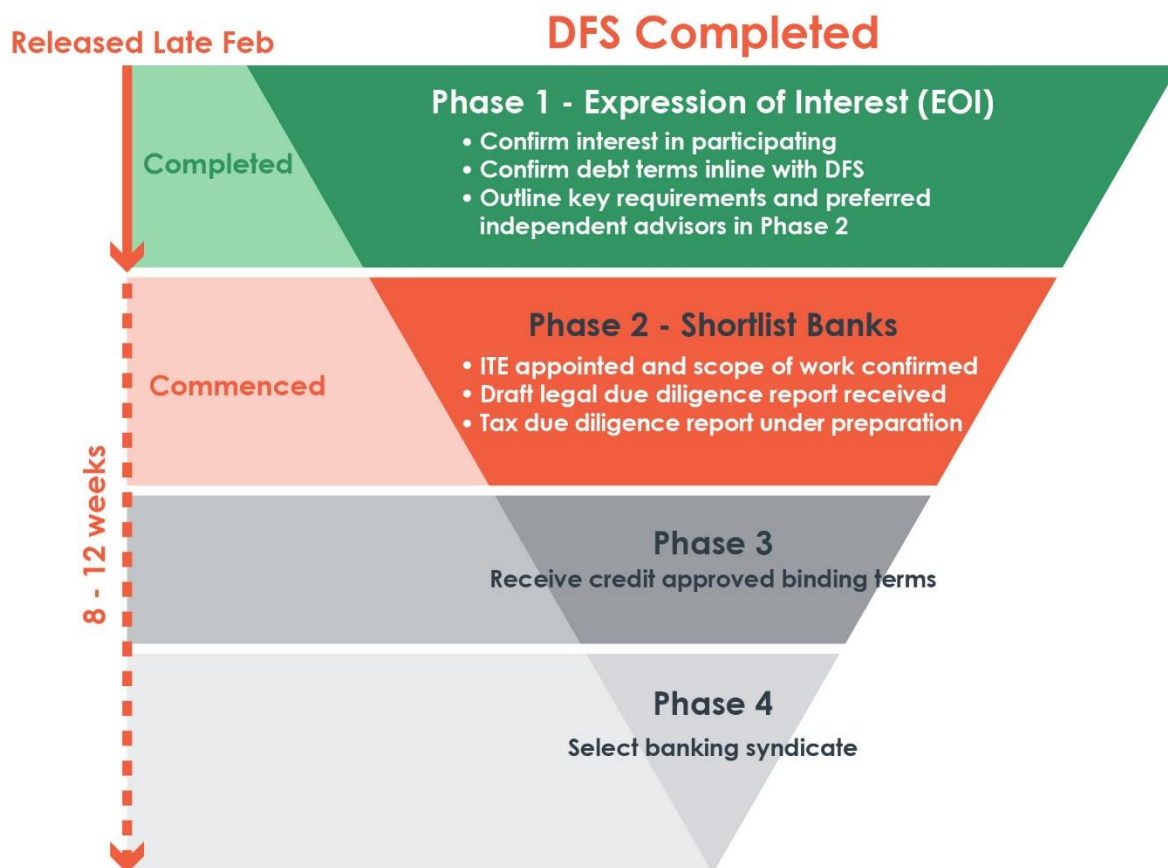


Image 1: Waroona Project – Debt Financing Process and indicative timing

As highlighted above, Phase One of the Debt Financing Process involved the Company's debt advisor, Leeuwin Capital Partners, seeking expressions of interest from financial institutions to participate in the Debt Process. A range of major Australian and overseas financial institutions were approached and requested to:

- Confirm interest in providing a senior debt financing solution which aligns with the DFS assumptions. The DFS outlined the Waroona Project's maximum debt carrying capacity, and included assumptions on amortisation periods and interest rates;
- Confirm the acceptance of the original equipment manufacturers that Frontier has selected;

- Identify and confirm the key due diligence requirements, and the third parties engaged to carry out the work to meet those requirements; and
- Confirm the financiers' ability to meet the proposed Debt Process timetable.

Phase One confirmed that key financing assumptions in the DFS were in line with the expectations of potential financiers. Based on the DFS (capital cost estimate, capitalised costs and associated fees), total debt funding of \$200 million to 225 million is expected.

Shortlisted financial institutions have been notified, with Frontier undertaking further engagement and due diligence across key areas, including:

- **Appointment of independent technical engineer (ITE)**

In the coming days, the Company expects to appoint the ITE on behalf of potential financiers. Completion of the ITE's work provides the technical and ESG due diligence sign off required by potential debt financiers.

- **Engineering, procurement and construction (EPC) contract**

Frontier carried out an expression of interest process that identified potential EPC contractors which have a track record of developing and delivering industrial scale solar farms and renewable energy projects.

The Company is currently assessing these proposals with a view to issuing tender documents to the pre-qualified contractors, in order to have the EPC contract ready for execution by mid-2024.

- **Legal team appointed**

Frontier has appointed lawyers to undertake legal due diligence, and to assist with the EPC contract, key procurement contracts and loan documentation.

- **Procurement of long lead items**

Procurement of key long lead items including the battery storage unit, photovoltaic panels and inverters has advanced, with final equipment selection and contract negotiations expected to be concluded in the coming weeks.

All pricing received from suppliers during the procurement process has to date been in line with or lower than the capital cost estimates in the DFS. All suppliers have indicated they can supply equipment within the specified schedule. The combined cost of this equipment accounts for approximately 50% of the total project capex.

The Company anticipates that on successful completion of Phase Two of the Debt Process, credit approved binding terms will be available, after which the final syndicate of financiers can be determined and financing documentation executed.

Strategic investor process continues to move forward

In February 2024, the Company appointed Barrenjoey Capital Partners (**Barrenjoey**) as corporate advisor with respect to assessing strategic investors for the Waroona Project.

Barrenjoey is a leading Australian financial with significant experience in the Australian renewable energy sector.

The Company has signed Non-Disclosure Agreements (NDAs) with a range of parties, including participants in the energy sector, private equity and renewable energy industry investors.

The strategic investor process is ongoing and further updates will be provided to the market in due course.

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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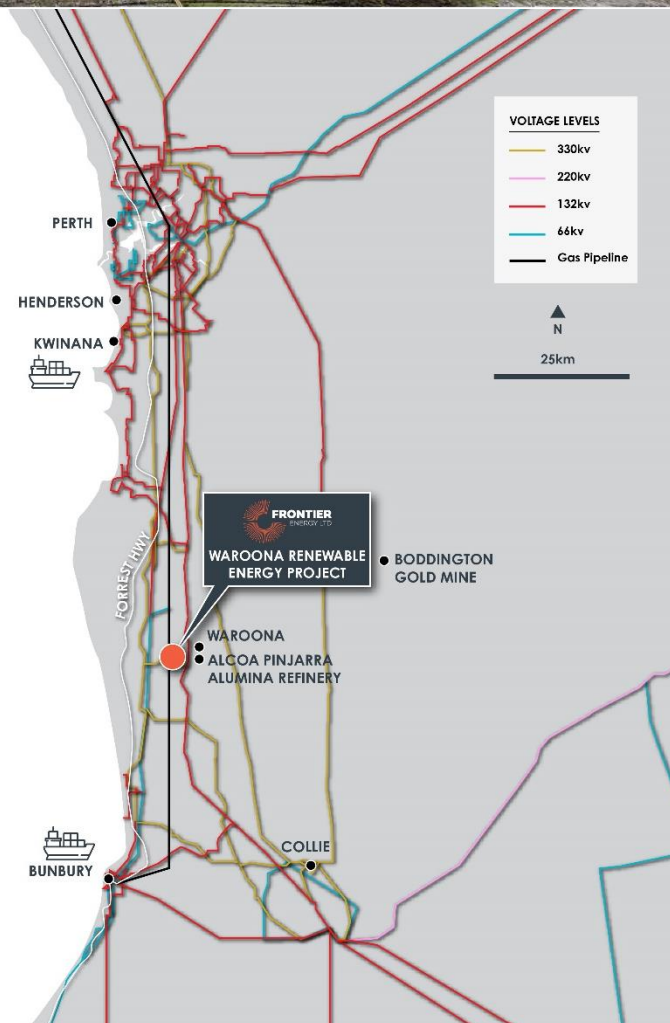
About Frontier Energy

Frontier Energy Ltd (ASX: FHE; OTCQB: FRHYF) is developing the Waroona Renewable Energy Project 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

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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.

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