Increased reserve capacity allocation provides major uplift in fixed Project revenue

Frontier Energy Limited (ASX: FHE) (**Frontier** or the **Company**) is pleased to announce that the Australian Energy Market Operator (**AEMO**) has increased the Reserve Capacity Credits (**RCCs**)[1] allocated to Stage One of the Waroona Renewable Energy Project (**Stage One** or the **Project**) from ~88MW to 99MW.

HIGHLIGHTS

- **The increase in RCCs lifts the annual Reserve Capacity Payment (RCP) received by Frontier to ~$36 million (previously ~$32 million)**
  - *Stage One receives a fixed Reserve Capacity Price of $360,700/MW*[2] per annum for each RCC *until 30 September 2032*
  - *The Project continues to receive annual RCPs post 30 September 2032, however the Reserve Capacity Price reverts to a "floating price"*
- **The increase in the number of RCCs reflects amendments to the Electricity System and Market Rules (ESM Rules), which have increased the contribution of the Project's intermittent renewable generation (solar) component of the Project's RCC allocation**
  - *Frontier considers this increase to be a one-off, sustained uplift in RCCs to be received by the Project moving forward, resulting from the transition to the revised assessment framework*
- **The Company has updated its average annual forecasts for Stage One for the period from first generation to 30 September 2032:** [3]
  - *Average annual Revenue ~ $76 million (up from $~72 million)*
  - *Average annual EBITDA ~ $66 million (up from ~$62 million)*
  - *Average annual Free Cash Flow ~ $38 million (up from $35 million)*
- **The Reserve Capacity Mechanism is unique to Western Australia, designed to ensure adequate generation capacity is available to meet peak electricity demand**
- **Revenue received from RCCs is in addition to revenue received from energy sales**

Frontier Executive Chairman Jamie Cullen commented:

"This is an excellent outcome for Frontier and further strengthens the already robust commercial foundations of Stage One. The increase in Reserve Capacity Credits delivers a meaningful uplift in fixed price revenue and further enhances the already compelling economics of the Project.

[1] *As part of the 2028/29 Reserve Capacity Allocation.*

[2] *ASX announcement dated 22 October 2025.*

[3] *These figures are forecast/estimates only. For further information on the financial impact of the increase in the number of RCCs allocated to Stage One, see "Updated Financial Forecasts" below, including the key assumptions and risks, and Image 1.*

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With work at site ramping up, this continues to be an exciting time for the Company, with positive news flow to continue in the coming weeks. As we wrap up several key milestones for Stage One's development, and progress work on Stage Two, a strong platform is being laid to establish Waroona as a major renewable energy hub in Western Australia".

Assignment of Capacity Credits for Stage One

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

All electricity generation and storage facilities that are certified under the RCM can be allocated RCCs based on their size and type.

Facilities that can dispatch energy during these peak periods, are required to be assessed and certified by AEMO. 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 a project's capability to meet its obligations.

Facilities that meet these requirements must then be available to provide energy during peak periods and are paid an amount (Reserve Capacity Price) per megawatt of capacity RCCs they can provide during these periods.

Capacity Credits allocation

AEMO has advised that Stage One has been assigned 99MW of RCCs for the 2028/29 Capacity Year. This is an increase compared to the previous year when 88.06MW of RCCs were assigned.

The table below highlights the breakdown of the RCCs assigned to Stage One between its battery and solar components.

Period	BESS	Solar Generation	Total
2027/28	**81.50**	**6.55**	**88.06**
2028/29	**81.50**	**17.50**	**99.00**
Difference	**-**	**10.95**	**10.95**

Table 1: Breakdown of RCCs assigned to Stage One

Rule change increases RCCs for intermittent renewable generation projects

In 2026, a new method was introduced to assess the dependable contribution of intermittent renewable generators (namely wind and solar) projects. The new rule – the Relevant Level Testing Method (RLTM) – is intended to address the increasing share that intermittent renewable generation assets contribute during peak energy periods. The previous methodology adopted a relatively conservative assessment of solar generation's contribution during peak demand intervals.

The RLTM is then used by AEMO to assess the dependable contribution of intermittent renewable generators within the RCM.

Following the rule change, AEMO determined that Stage One would be allocated a significantly greater contribution for the intermittent renewable generator (solar) component, as shown in Table 1 above.

Updated Financial Forecasts[4]

Frontier considers this increase to be a one-off uplift adjustment resulting from the transition to the RLTM. The RLTM is now expected to form the basis of future assessments, meaning the increase primarily represents a recalibration of Stage One's accredited capacity under the updated ESM Rules.

The Company has updated its forecasts for Stage One for the period from first generation (expected mid 2028) to 30 September 2032, being the end of the fixed price period, to reflect the increase in RCCs assigned to Stage One. The updated average annual forecasts are set out below and in Image 1.[5]

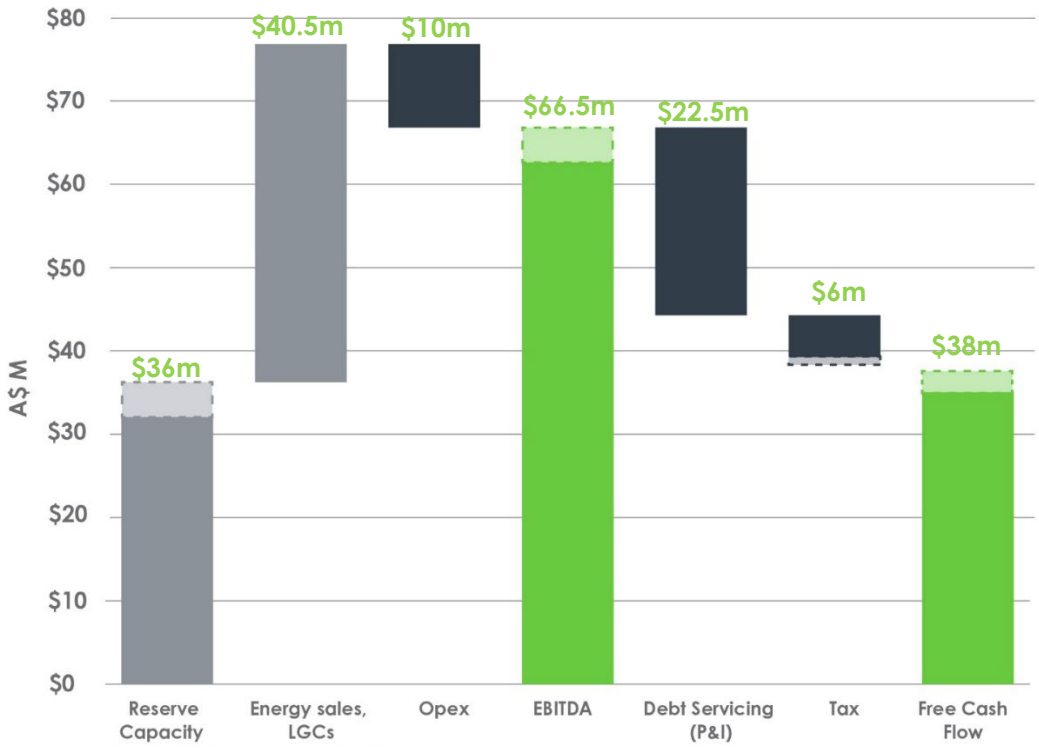


Image 1: Updated financial forecasts[3]

Key assumptions and risks

The updated forecasts are based on the following material assumptions: (a) Stage One is assigned 99 MW of RCCs in each Capacity Year from 2028/29 to 2031/32; (b) the fixed Reserve Capacity Price of $360,700/MW (before any adjustment for inflation) applies to all RCCs assigned to Stage One in that period; (c) Stage One achieves first generation in mid-2028 and meets its reserve capacity obligations throughout that period; and (d) all other

[5] *In relation to the financial returns shown in this announcement, (a) these figures are forecast/estimates only for the period from first generation to 30 September 2032; (b) actual results may differ materially; and (c) the underlying assumptions are described in the 4 December 2024 DFS announcement, the announcement dated 27 January 2026 and this announcement.*

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assumptions, including energy price forecasts, operating costs, debt servicing and tax, are as described in the Company's announcement dated 27 January 2026.

The updated forecasts compare with average annual revenue of $72.5 million and average annual EBITDA of $61.4 million from first generation until 30 September 2032, announced on 27 January 2026.

EBITDA and free cash flow are non-IFRS financial measures. EBITDA means earnings before interest, tax, depreciation and amortisation. Free cash flow means EBITDA less debt servicing (principal and interest) and tax. These measures have not been audited or reviewed.

Forward-looking statements

This announcement contains forward-looking statements, including the updated forecasts and statements about future Reserve Capacity Cycles. These statements reflect the Company's current expectations and assumptions as at the date of this announcement and are subject to known and unknown risks, uncertainties and other factors, many of which are outside the Company's control, including AEMO's assessment of RCCs in future Reserve Capacity Cycles, changes to the ESM Rules, wholesale electricity prices, the timing of construction and commissioning, and the operating performance of Stage One. There is no assurance that Stage One will be assigned the same quantity of RCCs in future cycles.

Actual results may differ materially from those expressed or implied. The Company believes it has reasonable grounds for the forward-looking statements in this announcement. Subject to its continuous disclosure obligations, the Company does not undertake to update any forward-looking statement.

Authorised for release by Frontier's Board of Directors.

Jamie Cullen
Executive Chair
+61 8 6117 0479
jcullen@frontierhe.com

Adam Kiley
CEO
+61 8 6117 0479
akiley@frontierhe.com

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Frontier Energy Limited (ASX: FHE) is an Australian renewable energy development company focused on building large-scale energy infrastructure to support Western Australia's energy transition.

The Company's flagship asset is the **Waroona Renewable Energy Project**, located approximately 120km south of Perth. The Company's strategy is to develop, own and operate long-life renewable energy assets that provide reliable, contracted cash flows while supporting the growing electricity needs on WA's main electricity grid, the South West Interconnected System (SWIS).

Stage One comprises a **132MW solar facility and an 81.5MW battery energy storage system**, designed to capture solar energy during the day and dispatch electricity into the grid during periods of high-value demand in the evenings. Stage One is fully funded and scheduled for first generation in 2028. The Company is also assessing expansion opportunities aimed at leveraging its unique landholding, transmission access and strategic location to support future growth sectors, including large energy users and emerging power-intensive industries.

