



**FRONTIER**  
ENERGY LTD



# Corporate Presentation

ASX: FHE | OTCQB: FRHYF | November 2024

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Assumptions have been made regarding, among other things: the energy market, the Company's peers, the Company's ability to carry on its future development works, construction and production activities, the timely receipt of required approvals, the price of electricity, the ability of the Company to operate in a safe, efficient and effective manner and the ability of the Company to obtain financing as and when required and on reasonable terms. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used.

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## ACKNOWLEDGEMENT OF COUNTRY

Frontier Energy acknowledges the traditional custodians throughout Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures; and to Elders both past and present.

# Frontier's path to production

## BUILDING A SCALEABLE RENEWABLE ENERGY HUB

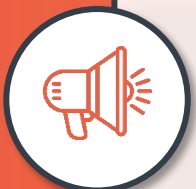


### Stage One Development

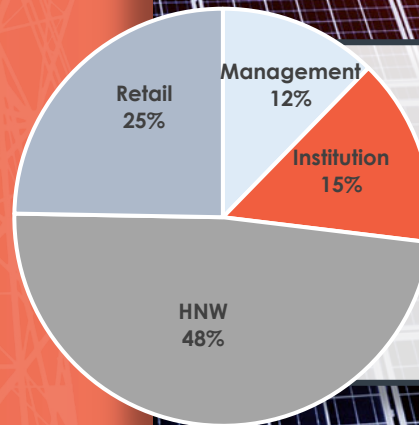
- Update DFS
- Major growth potential +1GW



Multiple funding options available for development



Fundamentals for grid electricity stronger than ever



### CAPITAL STRUCTURE

**513m**  
Shares on issue

**~\$15.0**  
Oct 24  
Cash

**\$82m**  
At \$0.16 / share  
Market Cap

# Why WA is the perfect place for investment in renewable energy generation



## Key features of WA electricity network (WEM / SWIS)

- Not connected to the rest of Australia – largest micro grid in the world
- Grid constraint – the SWIS was not built for renewable energy, meaning delays in renewable energy generation
  - *Large, flat, unpopulated land areas with consistent environmental conditions for renewables doesn't align with location of existing connections*
- Reserve Capacity – only grid in Australia that pays to have energy available for use (\$216,000/MW in 2026/27 cycle)
  - *Trade-off - lower max. price (\$738/MW) compared to NEM (\$16,600)*

## Supply

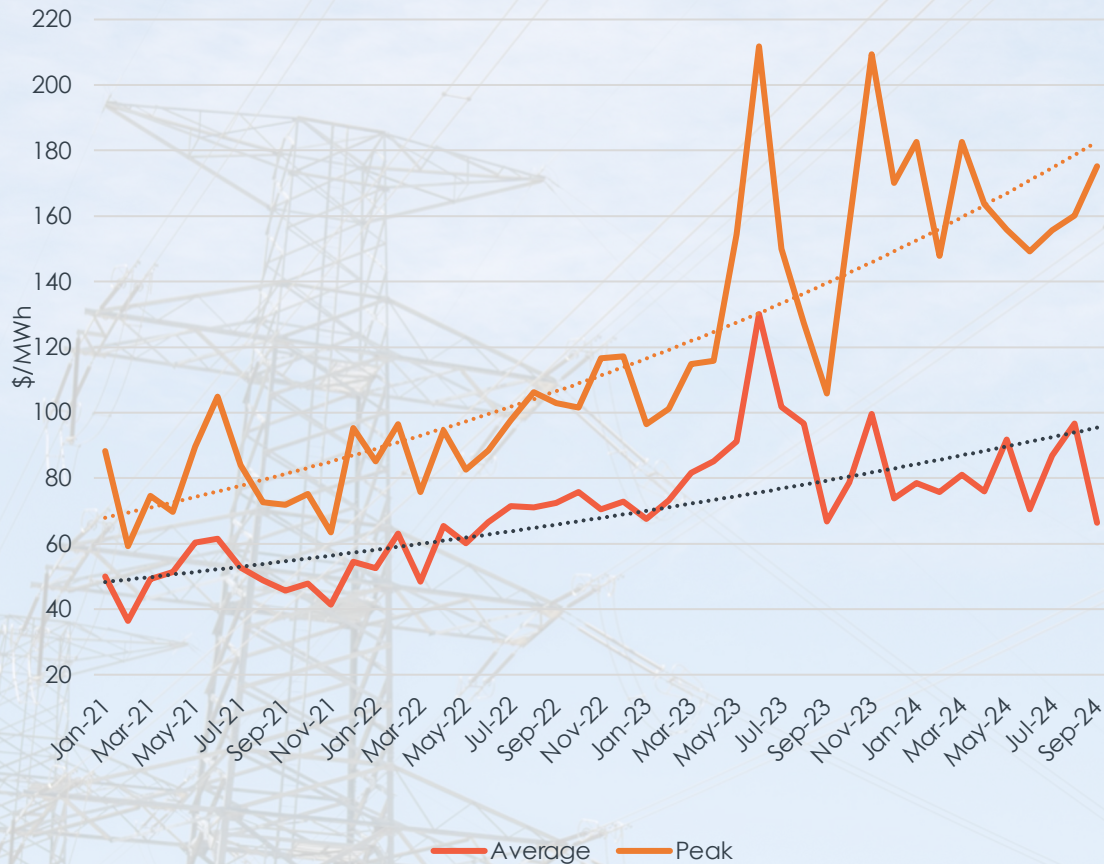
- SWIS remains highly dependent on fossil fuelled, carbon emitting generators
  - *37% electricity from renewables, well short of 2030 target of 82%*
  - *Only two renewable generation assets to be built between now and 2027 (<100MW)*
- Coal (31%) – Closure of State-owned power stations (+1GW) by 2029<sup>1</sup>
- Gas (33%) – forecast shortage from 2029, emission limitations for new major developments and electricity prices sensitive to DOMGAS, given gas power stations are the balance of supply (peaking plant)

## Demand

- Demand forecast to increase by 57% (202% upside) by 2034
- Standalone batteries have been a major focus due to excess energy in low demand periods (Rooftop solar – risk of tripping the grid), however an impending generation issue appears highly likely

# Energy prices at record highs and forecast to remain strong

Monthly WA Wholesale Electricity Price<sup>1</sup>



\* Trailing twelve months to September 2024

Period	2021	2022	2023	TTM*	TTM to 21
<b>Peak Energy Price (\$/MWh)</b>	<b>79</b>	<b>97</b>	<b>143</b>	<b>168</b>	
% change		23%	47%	17%	112%
<b>Average Energy Price (\$/MWh)</b>	<b>50</b>	<b>66</b>	<b>87</b>	<b>81</b>	
% change		32%	32%	-7%	63%

## Energy prices continue to reach record highs, especially at peak times

- Substantial and sustained increase in wholesale energy market prices since 2021. This is before....
  - Electrification of everything is still in its infancy – AI and datacentres, EV and continued modernisation of households (cooling/heating)
  - Government decarbonisation targets and safeguard mechanism for industry
  - Coal fire power stations come offline – closures start from 2025
  - Gas prices increase due to limited new supply

## Independent energy price forecasts are robust

- Aurora Energy, a global leader in energy market analysis, was engaged to provide independent electricity price forecasts for the Company's DFS, and has recently updated its WEM price forecasts
  - Aurora's updated electricity price forecasts are ~11-15% higher compared to the February 2024 forecasts used in the DFS
  - Aurora's average price forecast until 2040 is \$103/MW for excess solar and \$161/MW for peak energy sales (battery) (real 2024\$)

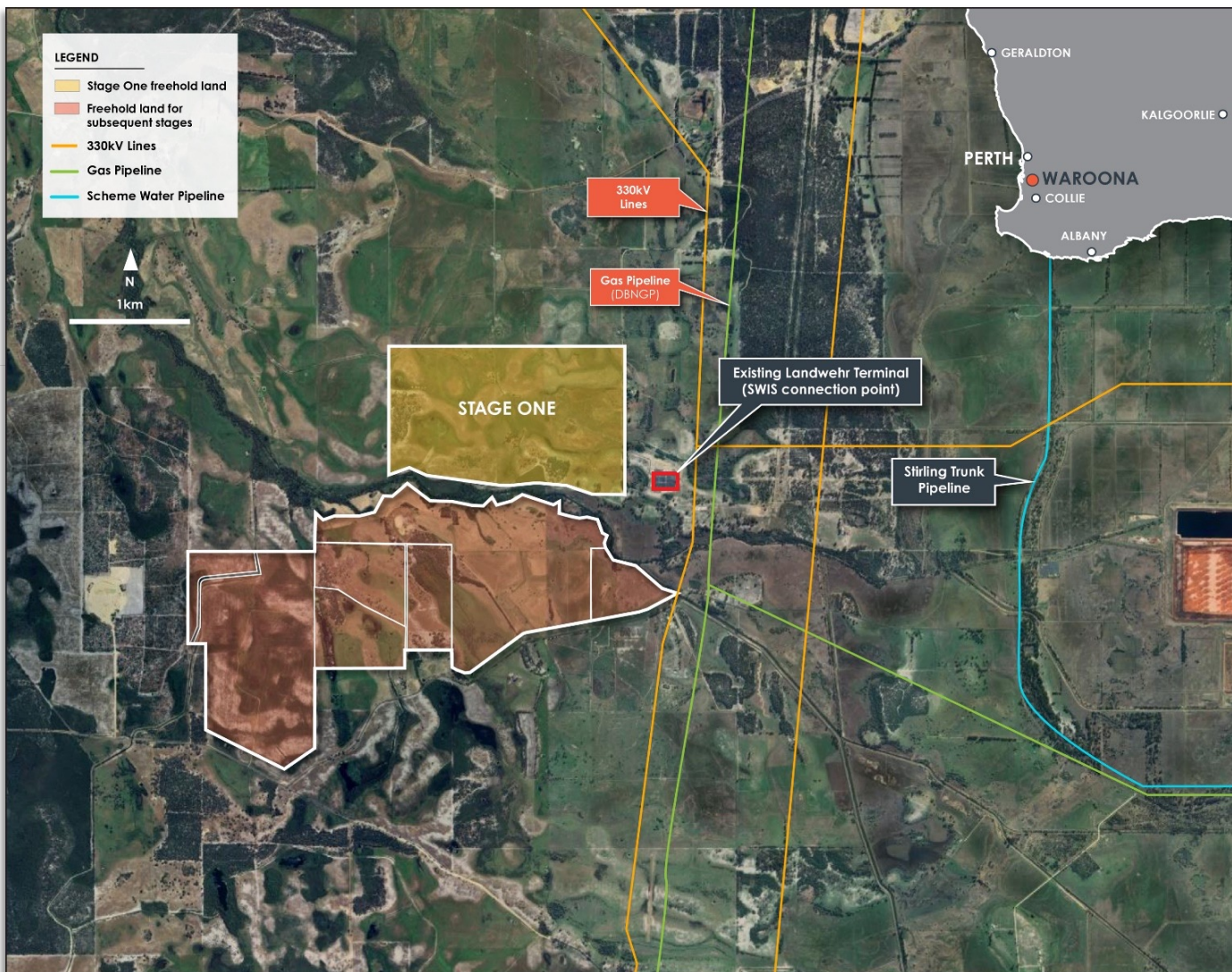
<sup>1</sup> - annual average of half-hourly prices reported by AEMO, no price cut-offs

data sources:

<https://data.wa.aemo.com.au/public/market-data/wemde/referenceTradingPrice/previous/> (post Sep 2023);

<https://aemo.com.au/energy-systems/electricity/wholesale-electricity-market-wem/data-wem/market-data-wa> (pre Sep 2023)

# Waroona Renewable Energy Project



## Waroona Renewable Project is development ready

- 120km south of Perth near Waroona, WA
  - Stage One – 120MW Solar / 80MW (4 hr / 320MWhr) battery
- ✓ Permits and approvals – majority of permits and approvals in place
- ✓ Land – 868ha of freehold land owned by the Company
- ✓ Approved connection point – ETAC
  - ✓ 330kV transmission line – exceptional high MLF, surrounded by major industry and population

## Revised DFS underway – target November 2024

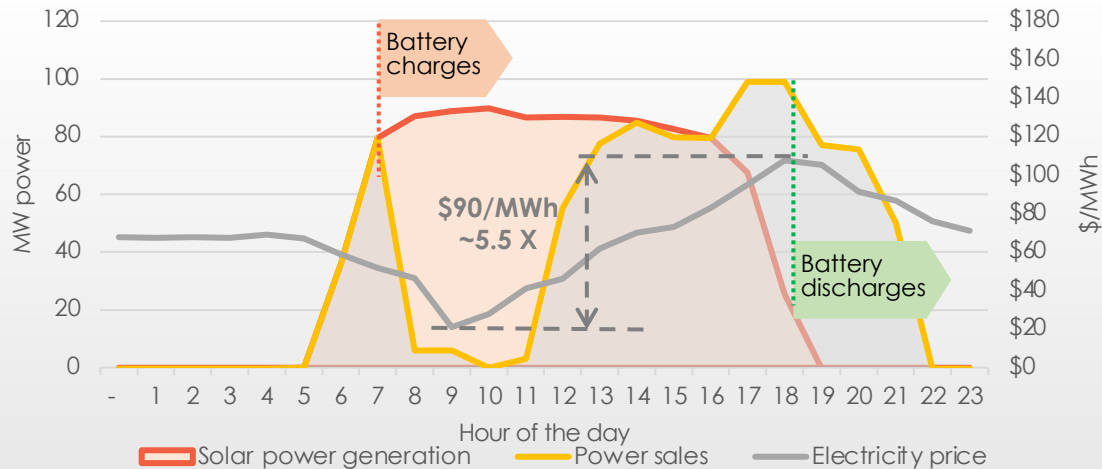
- Capital – major reduction in equipment prices since the original DFS (DFS capex estimate – \$304m – Feb 24)
  - Final contracts for development of EPC and major long lead equipment ready for signing
  - Greater confidence in cost estimates
- Revenue – update energy price and Reserve Capacity Price

## Ongoing expansion post Stage One

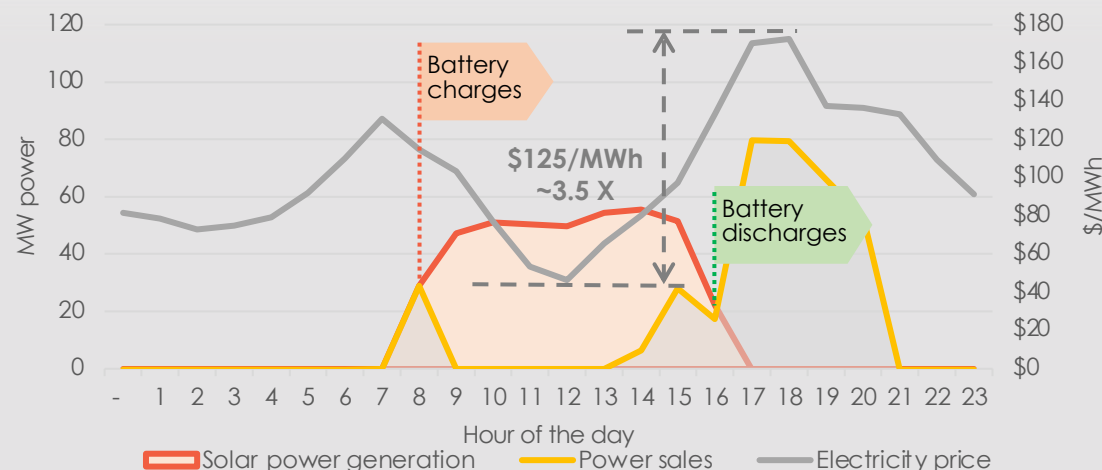
- +1 GW growth – existing connections and landholding
- Key long-term work commenced – environmental
- Stage Two study to commence following FID on Stage One

# Simplified strategy to maximise energy sales price

Energy sales and storage strategy – January



Energy sales and storage strategy – July



## Creating our own arbitrage whilst minimising curtailment

- A battery allows for electricity sales to be 'shifted'- (i.e. stored in low price and sold in high price periods) to maximise revenue generation
  - Solar only 8% = curtailment; hybrid <1% curtailment<sup>2</sup>

## Why not just develop a standalone battery?

- Producing our own energy ensures charging/discharging occurs daily
  - Higher overall sales
  - Ensures selling into daily peaks in demand and Reserve Capacity requirements are met
- Over 1.5GW of standalone batteries are under construction in WA. Arbitrage opportunity for standalone will disappear
  - Increased demand for excess solar energy created
  - Increased revenue streams (guaranteed production/sales, LGC, excess solar sales in shoulder periods)

## Summer vs Winter charging strategy

- Battery discharge planned to occur during peak demand period (5pm – 9pm)
- Summer charging – charge battery during midday peak (low price); direct solar sales in the morning and early afternoon;
- Winter – all solar generation used to fully charge battery; excess energy sold into afternoon market

# Financing strategy focused on non-dilutive options

## Renewable energy projects support high leverage position at low interest rates

- Why do renewables support significant debt:
  - Long Life +30 year operation
  - Low risk – stable, first world jurisdiction / grid connected
  - Low operating cost / high margin – DFS estimated an 80% - 90% margin
- Frontier received multiple credit endorsed term sheets from leading banks for between 60% - 70% of capital cost

## Financing strategy to focus on non-dilutive options

Preference remains unhedged to ensure maximum exposure to energy price upside

### Debt Financing – bonds

*International infrastructure funds, renewable funds and fixed income investors can provide debt financing*

*Potentially more flexible compared to traditional bank financing*

### Equipment supplier financing

*Extension of payment terms / Mezzanine finance / Equity swaps*

### Capacity Investment Scheme

*Federal Government \$67Bn strategy to support and accelerate renewable energy generation and storage*



# Near term renewable energy production to meet increasing energy demand



## Stage One - ready for development

- 120MW solar / 80MW (4 hr) battery
- Updated DFS underway



## Market fundamentals for renewable electricity greater than ever

- High energy prices
- Government decarbonisation strategy



## Major organic growth potential to +1GW (based on grid connections)



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