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ASX Limited
Company Announcements Office
Announcement

CONCEPTUAL MINING STUDY DEMONSTRATES THE POTENTIAL FOR POSITIVE CASH FLOW FOR THE NARRAWA GOLD-BASE-METAL DEPOSIT, TASMANIA

Frontier Resources Ltd is pleased to announce an encouraging Conceptual Mining Study (CMS) for the Narrawa Deposit, located in central-northern Tasmania.

The Conceptual Mining Study shows a reasonable, positive theoretical cash flow for the Narrawa Deposit, based on the estimated A\$12.4 million total capital expenditure (including A\$2.65 million in contingencies for Stormont CIP, cost and equipment variations).

The Stormont gold-bismuth Deposit is located 6.5km from Narrawa and it was also assessed. The CMS demonstrated that if a cohesive resource is defined at Stormont from Frontier's current drilling, then it would contribute significantly to theoretical cash flows and the overall viability of any future, small mining /processing operation (based initially on the Narrawa Deposit).

The CMS is not a feasibility study, but an exercise designed to determine if there are economic reasons for pursuing and further advancing a project that is known or suspected to contain certain types and grades of mineralisation.

The Conceptual Mining Study's results strongly suggest that a Feasibility Study is warranted to evaluate the ultimate economic potential of the Narrawa and Stormont Deposits.

The CMS was based on the current Inferred Resource for Narrawa (192,250 tonnes containing 30,850 ounces of gold equivalent, grading 5.03 g/t gold equivalent) by itself and also a theoretical amount of mineralisation sought (but not necessarily obtainable) for the Stormont Deposit* of 180,000 to 250,000 tonnes at 3 to 5g/t gold.

* Mineralisation is well documented at Stormont with a historic non-JORC compliant resource and on or near surface drill intersections, including 13m of 4.12g/t gold + 0.46% bismuth and 19.6m of 2.95 g/t gold + 0.09% bismuth. Diamond saw sampling along the strike of the open pit wall previously returned 32m of 4.8 g/t gold + 0.56% bismuth, sampling in a cross cut returned 10m of 5.34 g/t gold +0.31% bismuth and the adit was terminated in 1 ounce/tonne gold.

Theoretical cash flows (that might be achieved) for the project were estimated for Narrawa, Stormont and both combined, after a detailed evaluation of possible order of magnitude capital, operating and personnel costs, plus logistical requirements.

Under ASX guidelines, cash flow figures and financial evaluations can only be published in relation to Indicated or Measured Resources, not Inferred Resources and target mineralisation as herein. The results from the Narrawa CMS should therefore be regarded with appropriate caution.

The Conceptual Mining Study was undertaken by Mr H.D.Swain, Mining Engineer and Director of Frontier Resources Ltd, with more than 40 years experience. Mr Swain noted in his CONCLUSIONS:

The philosophy of mining and processing at the Narrawa and Stormont Deposits is to adopt a simple approach utilising local workforce and contractors to mine and process the low tonnage Mineral Resources. A positive cash flow is indicated.

The Conceptual Mining Study demonstrates the potential of a satisfactory investment, which could yield a future source of income to the shareholders of Frontier Resources Ltd.

High metallurgical recoveries for each metal (95.8% average), reagent consumption and low Bond Work Index, indicate low processing costs and a high quality concentrate. Alternate metallurgical extraction methods now available in Australia are also being considered.

Extraction of gold from Stormont mineralised material would be by a Carbon in Pulp (CIP) operation. It would utilise the Narrawa plant/infrastructure, with a new CIP circuit constructed whilst processing of Narrawa mineralised material proceeds and is already costed into the CAPEX.

Simple mining practices and low waste to ore ratios are anticipated at both sites, given the orientation of the mineralised zones relative to local topography.

The Conceptual Mining Study highlights that **there is a theoretical pre-tax profit, for an operation based on the Narrawa Deposit, but it improves significantly with an increase in total available resources from a combined (Narrawa + Stormont) operation.**

This finding rationalises and underscores why Frontier are now undertaking resource definition drilling at the Stormont Deposit and would, if committed to as part of a Feasibility Study, undertake resource expansion drilling at both deposits.

The establishment of a 'processing centre' in the RL 3/2005 and 4/2005 'region' would allow other known gold and polymetallic mineralisation to be targeted for conversion to resources (by additional drilling and technical studies) for possible exploitation.

There is excellent exploration potential to increase the size of both deposits and improve possible cash flows for the project. Future drilling at both deposits will target:

1. Strike extensions to the known deposits
2. Depth extensions
3. Fault offset extensions and
4. Satellite deposit mineralisation.

Metallurgical testwork was conducted by Amdel Laboratories (Perth) on Narrawa mineralisation and it returned very high recoveries of 96.7% for gold, 98.5% for zinc, 95.6% for lead and 92.4% for silver indicating non-refractory gold plus zinc, lead, copper and silver mineralisation. Metallurgical characterisation of the Stormont mineralisation will be initiated later this quarter.

Total operating costs without labour were estimated to be A\$9.87/ tonne, including flotation reagent costs of \$1.71/tonne.

Narrawa drill results for the last half of the recent drilling program are still awaited and the first Stormont results are expected forthwith.

Diamond drilling at Stormont will cease after the current hole and the samples will be despatched for analysis. When the Narrawa data is compiled, the resource will then be re-estimated and it will likely be re-classified as Indicated and Inferred, with part Measured. Assays from Stormont will be compiled and an Inferred Resource should be estimated by the end of the year.

The Conceptual Mining Study will be updated in early 2009 (after the Narrawa and Stormont resources have been re-estimated and estimated, respectively), utilising long term projected metal prices and other significant changes to the project's recommended development path forward.

The updated CMS and financial parameters relating to the probable future Measured and Indicated components of the Narrawa resource will then be announced to the ASX. The Stormont resource (when estimated later this year) will likely be wholly classified as Inferred and will also be included in the CMS to evaluate overall project robustness. The 2004 JORC Code states "Caution should be exercised if this category (Inferred) is considered in technical and economic studies".

Metals prices utilised in the CMS were those from 28/8/2008 (to be consistent with existing Narrawa Inferred Resource gold equivalent statements), being US\$828.1/oz gold, US\$0.8069/lb zinc, US\$0.8691/lead, US\$13.47/oz silver. The metal prices were quite volatile during the study timeframe (higher and lower) and today are somewhat lower. This does not however, modify the basic conclusions of the CMS.

Please see releases dated 19/8/2008 and 2/10/2008, for summary information on the Narrawa and Stormont Deposits.

For additional information relating to the Company and its other projects, please visit our website at www.frontierresources.com.au or feel free contact me.

FRONTIER RESOURCES LTD



P.A. McNeil, M.Sc.
MANAGING DIRECTOR

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by, or compiled under the supervision of Peter A. McNeil - Member of the Aust. Inst. of Geoscientists. Peter McNeil is the Managing Director of Frontier Resources, who consults to the Company. Peter McNeil has sufficient experience which is relevant to the type of mineralisation and type of deposit under consideration to qualify as Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting Exploration Results, Mineral Resources and Ore Resources. Peter McNeil consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

About Frontier Resources

- Frontier is focused on exploring for and developing mineral deposits in the highly mineralised Pacific 'Rim of Fire' in Papua New Guinea and the highly prospective Mt Read Volcanics of Tasmania.
- The Company is presently evaluating the possible development of the Narrawa and Stormont Deposits in Tasmania and is undertaking commercial drilling to assist cash-flow.
- Frontier has a 100% interest in 4 Exploration Licences covering approx. 1,460 km² in PNG and 3 Exploration Licences + 2 Retention Licences covering 134 km² in Tasmania.
- The portfolio offers excellent mineral deposit potential, with primary targets being World Class gold/silver epithermal, gold- base metal skarn, copper-gold-molybdenum porphyry and polymetallic VMS (zinc-lead-silver-gold) deposits.
- The projects all have high-grade exploration results in rock, trenches and/or drill hole and are in the same or similar geological terranes as existing World Class and/or major mines.
- The Inferred Resource for the Narrawa Deposit contains 30,850 ounces of gold equivalent* grading 5.05 g/t gold equivalent, within 190,000 tonnes grading 2.74 g/t gold + 1.21% zinc + 1.59% lead + 22g/t silver.
 - ◆ The Inferred Resource contains 16,740 ounces of gold + 2,300 tonnes of zinc + 3,020 tonnes of lead + 134,400 ounces of silver.
 - ◆ It is contained within 3 on or near surface, potentially open-pitatable lodes and is based on all historic drilling to date and estimated in accordance with the 2004 JORC code.
 - ◆ Excellent metallurgical testwork results have been obtained. This information has been incorporated into a Conceptual Mining Study (CMS) to evaluate the project's potential to be placed into development. The CMS (and metallurgical testwork results) will be released forthwith.
 - ◆ Future drilling will target extensions to the mineralisation to increase the total size of the resource and thus improve possible 'economics'. There is excellent exploration potential, particularly to the NW. Additional

mineralisation is likely to be documented in the general project region also, from the many existing drill targets.

- ◆ The resource will be re-estimated when the current exploration program has been completed and will likely be re-classified as Measured, Indicated and Inferred. The CMS will then be updated to evaluate changes in the projects' economics. The nearby Stormont Deposit will be included in the revised CMS, following completion of its drilling and estimation of a resource.
- ◆ The Tasmanian Government is very supportive of mining and exploration. The RLs are in 'good' locations for possible development and there are no known social or alternative land use issues.
- Frontier's Directors and management team have more than 300 years combined experience in PNG and Australia to serve the interests of the Company and its shareholders.
- Frontier operates with a general policy of 'DRILLING' our quality projects using our purpose built and self manufactured, cost effective, environmentally friendly, man-portable diamond core rigs.
- We 'own' and operate all the major required means of exploration including a long term and very competent human resources team, drilling, earth moving and transport equipment, magnetic surveys etc, to maximise exploration success, while minimising costs in a very competitive environment.
- The Company is an ASX listed junior mineral explorer whose shares also trade on the Frankfurt, Berlin and Munich Stock Exchanges.

Notes:

- o **Gold Equivalent*** is the contained gold, zinc, lead, silver, bismuth that are converted to an equal amount of pure gold and summed (based on mineralised rock with assays above various cut off grades and actual metal prices).
- o Gold Equivalent (g/t) is based upon metal prices on 28/8/2008 (to be consistent with previous results), being US\$828.1/oz Au, US\$0.8069/lb Zn, US\$0.8691/Lb Pb, US\$13.47/oz Ag and US\$14.1/Lb Bi; The formula used is $\text{Au(g/t) Equivalent} = \text{Au(g/t)} + 0.66815 \times \% \text{Zn} + 0.71965 \times \% \text{Pb} + 0.01627 \times \text{g/t Ag} + 0.00024 \times \text{ppm Bi}$
- o Skarn gold- silver -basemetal deposits such as the Narrawa and Stormont Deposits typically recover contained gold, silver and basemetals if in sufficient quantities (subject to metallurgical characteristics and prevailing metal prices).
- o The ASX requires a metallurgical recovery be specified for each metal and they are 96.7% for gold, 98.5% for zinc, 95.6% for lead and 92.4% for silver.
- o It is the Company's opinion that each of the elements included in the metal equivalents calculation have a reasonable potential to be recovered if the project proceeds to mining.