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ASX Limited  
Company Announcements Office

**ASX : FNT**

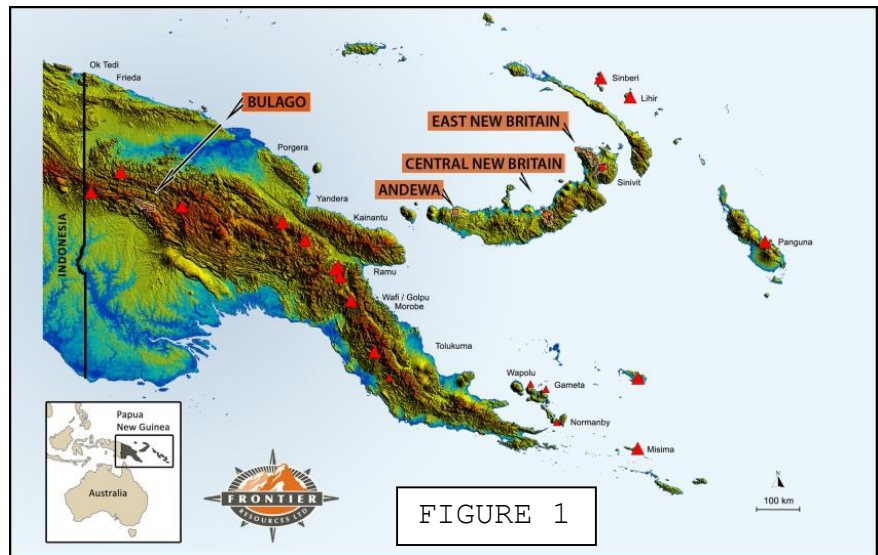
30th July 2015

## **TECHNICAL REPORT – QUARTER ENDED 30<sup>th</sup> JUNE 2015**

Frontier Resources Ltd (ASX : FNT) is focussed on mineral exploration in Papua New Guinea and its 100% interest in the Bulago Exploration Licence (EL) (Figure 1). The EL is highly prospective for the discovery and delineation of intrusive related high grade gold, copper+/- gold +/-molybdenum porphyries, associated polymetallic skarn and epithermal gold deposits.

An Entitlements Issue offered eligible shareholders the opportunity to subscribe for one new fully paid ordinary share in the Company for every one share held on the Record Date at an issue price of \$0.002 per share. Total applications under the Entitlements Issue and shortfall offer totalled 200,495,790 Shares for \$400,991.58, representing 52.56% of all shares offered.

On May 25<sup>th</sup>, Frontier announced that it had signed a Heads of Agreement with GoldRidge Community Investment Limited (GCIL), the Solomon Islands Landowner company that owns 100% of the Gold Ridge Mine/Project on Guadalcanal Island to acquire an 80% interest of the Gold Ridge Mine/Project. Consideration included equity in FNT shares and deferred carry of GCIL's 20% interest into production.



Subsequently on 22<sup>nd</sup> June 2015, Frontier announced that GCIL had not negotiated in good faith or exclusively with Frontier as required by the terms of the Heads of Agreement and negotiations were terminated, with Frontier to seek recovery of costs from GCIL.

### **DETAILS - GOLD RIDGE PROJECT**

Consideration to GoldRidge Community Investment Limited for Frontier acquiring 80% of the Gold Ridge Mine/Project, was to have been a 20% deferred carried interest into production, repayable from 50% of GCIL's pro-rata share of future profit, plus the issuance of 19.9% share equity in Frontier, plus the deferred issuance of 4.98% share equity in Frontier one year from the Commencement of the Joint Venture.

On 22<sup>nd</sup> June Frontier announced that GoldRidge Community Investment Limited had not negotiated in good faith or exclusively with Frontier as required by the terms agreed to in the Heads of Agreement (HoA announced to the ASX on May 25<sup>th</sup> 2015) and negotiations were terminated.

Frontier intends to pursue the recovery of associated costs from GCIL. During the exclusivity period, GCIL allegedly conducted multiple negotiations with at least 11 other parties including the Solomon Islands Government via a Memorandum of Understanding for funding.

During negotiations Frontier conceded on each of the points as requested by GCIL, agreeing to a cash component totalling SBD\$25million (A\$4.4m) over 24 months (in lieu of the deferred 5% FNT shares),

payment of a historic debt to the Landowners of SBD\$10 million (A\$1.6m) over 12 months and full liability for the Tailings Storage facility.

The proposed equity of 19.9% shares in FNT remained part of the proposed consideration and a second FNT Board of Director position was also offered to GCIL.

Chairman Mr Peter McNeil noted:

The Chairman of GCIL Mr Walton Naezon, GCIL Company Secretary Benjamin Afuga and GCIL Director Mr Thomas Mackenzie signed the Heads of Agreement on May 19th 2015. The Company provided GCIL with the first Draft of the JV on May 19th when both parties had agreed to use best efforts to finalise the JV by May 29<sup>th</sup>. GCIL, however did not present the Draft JV to their legal advisor until June 3rd and no direct comments were ever received by FNT.

Frontier conceded favourably on every issue that GCIL queried but they had already decided that they no longer wanted to negotiate on the terms of the HoA. Frontier became aware that GCIL was allegedly negotiating with other potential investors during the exclusivity period. GCIL then formally provided Frontier with an ultimatum to accept a JV based unrealistically on ownership of only the removable assets (chemicals and storage containers) onsite, but not the processing plant or resources, in violation of the spirit and intent of the Heads of Agreement. Negotiations were formally concluded late on Thursday 18th June and the Company requested a trading halt.

Frontier was committed to returning the mine to production and managing the lack of storage volume in the Tailings Facility Storage dam upon signing the JV. During the due diligence process, Frontier determined that GCIL misled the Company regarding permission to build a new spill way and believe that immediate action should be taken to decrease the level of water in the TSF to prevent the possibility of a dam wall breach.

## **CORPORATE**

A non-renounceable entitlements issue closed on 11<sup>th</sup> May 2015. The Entitlements Issue offered eligible shareholders the opportunity to subscribe for one new fully paid ordinary share in the Company for every one share held on the Record Date at an issue price of \$0.002 per share.

| <b>Entitlements Issue</b>                               | <b>Shares</b> | <b>Value</b> |
|---------------------------------------------------------|---------------|--------------|
| Shares validly applied for under the Entitlements Issue | 108,577,298   | \$217,154.60 |
| Total Shortfall from Entitlements Issue                 | 272,898,408   | \$545,796.82 |
| Shortfall Applications                                  | 91,918,492    | \$183,836.98 |
| Shortfall Remaining                                     | 180,979,916   | \$361,959.83 |

Total applications under the Entitlements Issue and shortfall offer totalled 200,495,790 Shares for \$400,991.58 representing 52.56% of all shares offered. The Directors closed the Shortfall Offer under the Replacement Prospectus and consequently the remaining Entitlements Issue shortfall of 180,979,916 shares were not placed.

Releases to the ASX during the period included:

|                |                                                                                                                                                                                  |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 22nd June 2015 | Negotiations terminated to acquire 80% of the Gold Ridge Project, Frontier to seek recovery of costs from GCIL.                                                                  |
| 29th May 2015  | Joint Venture negotiations continuing with GCIL regarding the proposed acquisition of 80% of the Gold Ridge Mine/Project.                                                        |
| 25th May 2015  | Modifications to Frontiers' Board of Directors and management roles.                                                                                                             |
| 25th May 2015  | Frontier signs heads of agreement to acquire 80% of the Gold Ridge Mine/Project consideration is equity in FNT shares and deferred carry of GCIL's 20% interest into production. |
| 14th May 2015  | Closure of rights issue & shortfall offers.                                                                                                                                      |

For additional information relating to Frontier please visit our website at [www.frontierresources.com.au](http://www.frontierresources.com.au)

## **FRONTIER RESOURCES LTD**

P.S.McNeil, B.Ed, AGIA, GAICD

Managing Director

**Competent Person Statement:**

The information in this report that relates to Exploration Results, Mineral Resources and Ore 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 Chairman 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 2012 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 the information in the form and context in which it appears.