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ASX: FNT

ASX Limited
Market Announcements Platform

10th February 2017

Appendix 3B

Frontier Resources Limited (**Frontier** or the **Company**) advises that further to its announcement of 23 December 2016 that it has today settled a total of \$200,000 of consultant and contractor fees by way of issuing 6,666,667 shares at a conversion price of \$0.03 per share (**Conversion Issue**). The Conversion Issue represents between six and twelve months of professional fees including \$120,000 (or 35 hours) of helicopter service in Papua New Guinea to be utilised in the mobilisation for the Bulago high-grade gold and porphyry copper-gold drilling program that has commenced.

The Company has also issued a total of 2 million incentive options (as approved by shareholders at the 2016 Annual General Meeting) at an exercise price of \$0.034, representing 130% of the previous 5-day VWAP pursuant to the Frontier Resources Incentive Options Plan (**Plan**). The Directors of Frontier further advise that 2.8 million incentive options exercisable at 3 cents on or before 30 December 2019 have been granted to employees in Papua New Guinea and Australia pursuant to the Plan.

Managing Director /Chairman Peter McNeil M.Sc., said:

The purpose of the employee and director options is to incentivise the individuals to continue to work diligently toward the success of the Company and also to provide a possible reward for their excellent services provided historically. All consultants have accepted large daily pay rate cuts for the last 3 years (an 80% cut for the drillers) and are required to stay in the field under very basic conditions for much longer periods of time.

Historically, Frontier worked on a 6-week field duration for technicians and a 4-week duration for geologists, but this has become 'as needed' due to the high personnel field move/demove plus airline travel costs and is normally about 10 weeks for everyone now (except me). This is very admirable conduct on behalf of our consultants that deserves rewarding, because the field conditions and food are very mediocre and / or tedious and it places strain on their families being away for so long.

Frontier's present Non-Executive Directors have worked in that role for about 28 months, for low Director fees (by industry standards) and have never received any incentive options. I hold 500,000 historic options exercisable at \$0.22 and 500,000 exercisable at \$1.22, hurdles that will be between very difficult to impossible to achieve, before they expire near the end of 2017.

If exercised, the employee and director options would deliver a total of \$84,000 and \$144,000, respectively, in funds for Frontier to use toward exploration and corporate costs.

Information required under ASX Listing Rule 3.10.5A

The Conversion Issue was made utilising the Company's existing placement capacity under Listing Rule 7.1A. Accordingly, the Company provides the following information as required under ASX Listing Rule 3.10.5A.

1. Dilution to existing shares as a result of the issue made under 7.1A:
 - a. The percentage of the existing issued capital represented by the Conversion Issue made under 7.1A is 11.49%.
 - b. The percentage of the post-placement issued capital held by the pre-placement security holders is 89.69%.

2. Four out of five participants in the Conversion Issue were existing shareholders of the Company and were issued the shares at a deemed issue price of 3¢ per share in satisfaction of fees totalling \$200,000 (including GST).
3. No fees were paid in relation to the Issue.

Confirmation under section 708(5)(e) of the Corporations Act (Act)

The Company hereby notifies ASX under section 708A(5)(e) of the Act in compliance with the requirements of section 708A(6) of the Act. The Company also advises that as at the date of this notice:

1. the Conversion Issue was issued without disclosure to investors under Part 6D.2 of the Act;
2. the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company;
3. the Company has complied with section 674 of the Act; and
4. As at the date of this notice, there is no information:
 - a. That has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules;
 - b. That investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - i. The assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - ii. The rights and liabilities attaching to the shares.

For additional information please visit our website at www.frontierresources.com.au

FRONTIER RESOURCES LTD



P.A. McNeil, M.Sc., MAIG
Chairman and Managing Director

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

FRONTIER RESOURCES LIMITED

ABN

96 095 684 389

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | <ol style="list-style-type: none">OptionsOptionsFully Paid Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | <ol style="list-style-type: none">2,000,0002,800,0006,666,667 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <ol style="list-style-type: none">Options exercisable at \$0.034 each on or before 10 February 2020Options exercisable at \$0.03 each on or before 30 December 2019Fully Paid Ordinary Shares |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	1. Ordinary shares issued upon the exercise of the options will rank equally with the existing fully paid ordinary shares on issue. 2. Ordinary shares issued upon the exercise of the options will rank equally with the existing fully paid ordinary shares on issue. 3. Yes.
5 Issue price or consideration	1. Nil 2. Nil 3. Conversion of fees at \$0.03 per Share (5 day VWAP prior to issue)
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	1. Issue of Director incentive options pursuant to shareholder approval obtained on 23 November 2016. 2. Issue of Employee incentive options pursuant to the Frontier Incentive Options plan approved on 23 November 2016. 3. Shares issued in satisfaction of professional and consulting fees.
6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	Yes
6b The date the security holder resolution under rule 7.1A was passed	23 November 2016

+ See chapter 19 for defined terms.

6c	Number of +securities issued without security holder approval under rule 7.1	3. 1,456,488		
6d	Number of +securities issued with security holder approval under rule 7.1A	3. 5,210,179		
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	1. 2,000,000 (23 November 2016)		
6f	Number of +securities issued under an exception in rule 7.2	2. 2,800,000		
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Yes. 15-day VWAP: 2.89¢ 75% of 15-day VWAP: 2.17¢ Issue date: 10/02/2017 Source: IRESS		
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	10/02/2017: 6,666,667 ordinary shares issued at a deemed issued price of 3¢ per share in satisfaction of fees totalling \$200,000 (including GST).		
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	See Annexure 1		
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	10 February 2017		
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">Number</td> <td style="width: 50%; text-align: center;">+Class</td> </tr> </table>	Number	+Class
Number	+Class			

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in section 2 if applicable)	64,656,790	Ordinary Shares
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⁺ See chapter 19 for defined terms.

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	900,000 500,000 2,800,000 2,000,000
		Non-transferable Director Options exercisable at \$1.22 cents, expiring 1/11/2017 Options exercisable at \$0.22, expiring 2/12/2017 Options exercisable at \$0.03, expiring 30/12/2019 Options exercisable at \$0.034, expiring 10/02/2020
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A

Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A

+ See chapter 19 for defined terms.

29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Issue date	N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000

⁺ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

1,001 - 5,000

5,001 - 10,000

10,001 - 100,000

100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought					
39	+Class of +securities for which quotation is sought					
40	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: - the date from which they do - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment					
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another +security, clearly identify that other +security)					
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="height: 100px;"></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: *(lodged electronically)* Date: 10 February 2017
 (Company secretary)

Print name: Matthew Foy

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	32,569,646
Add the following: - Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 - Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval - Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: - Include only ordinary securities here – other classes of equity securities cannot be added - Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed - It may be useful to set out issues of securities on different dates as separate line items	17,835,016 1,697,128 Nil
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	52,101,790

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	7,815,268
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 Note: • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i>	7,344,821
“C”	7,344,821
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	7,815,268
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	7,344,821
Total [“A” x 0.15] – “C”	470,447 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	52,101,790
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	5,210,179
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i>	5,210,179
“E”	5,210,179

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	5,210,179
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	5,210,179
Total [“A” x 0.10] – “E”	Nil <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.