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ASX Limited  
Company Announcements Office

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## **Frontier to Divest its Tasmanian Projects as Torque Mining Ltd in an Initial Public Offering**

**Objectives are to:**

- **Enable Frontier to become company focussed on gold and copper mineral exploration for World Class deposits in Papua New Guinea (PNG) with:**
  - **A large and 'de-risked' PNG tenement portfolio that is funded predominantly through earn-in Joint Ventures totalling a possible ~\$80 million.**
  - **A 100% owned Exploration Licence (Sudest) with excellent high grade gold potential.**
  - **Very low ongoing exploration and corporate costs relative to total exploration exposure.**
  - **Substantial possible share price leverage via exploration success on any of 8 diverse projects.**
- **Enable Torque Mining Ltd to become a Tasmanian focussed mineral exploration and development company to:**
  - **Undertake systematic and thorough exploration of the highly prospective Moina Project for large Intrusive Related Gold Deposits.**
  - **Increase resources at Moina's modest Stormont + Narrawa precious and base metal skarn deposits targeting recently defined 3D-IP anomalies and advance the deposits to production.**
  - **Leverage success from persistence, with the excellent exploration potential shown by the high-grade (40% Pb/Zn + high Ag) massive sulphide drill intersections at the SMRV Project.**
- **Have each company more able to cater to its respective strengths, investors and markets, with enhanced possibilities for share price appreciation via exploration and/or development success.**
- **Benefit Frontier Resources Ltd through a modest vendor equity in Torque Mining and a 10% carried interest (to completion of bankable feasibility studies) in most tenements.**
- **Benefit Frontier's shareholders through an in-specie distribution of shares in Torque Mining.**

Limited seed capital is being raised in May 2012, the in-specie shares will be distributed to Frontier shareholders around June, 2012 and funds will be raised by way of an IPO in August/September, depending on market conditions.

R.D (Bob) McNeil has been appointed CEO of Torque Mining Ltd after managing Frontier's Tasmanian exploration programs since Q3 2011. Bob has 53 years minerals exploration, mine development and corporate experience that commenced in Tasmania and will manage the Initial Public Offering, Torque Mining and future exploration and development operations.

Peter McNeil M.Sc., Chairman and Managing Director of Frontier commented:

*Torque Mining is an exciting exploration and development company focused on Tasmania, with an emphasis on the Moina Project in the central north. The state has a long and proud history of mining with five 'World-Class' plus several large precious and base metal mineral deposits.*

*The Moina Project area is a very fertile environment for many different types of mineral deposits. The area has excellent infrastructure with power, sealed roads and forestry gravel tracks and no (known) environmental or aboriginal heritage problems.*

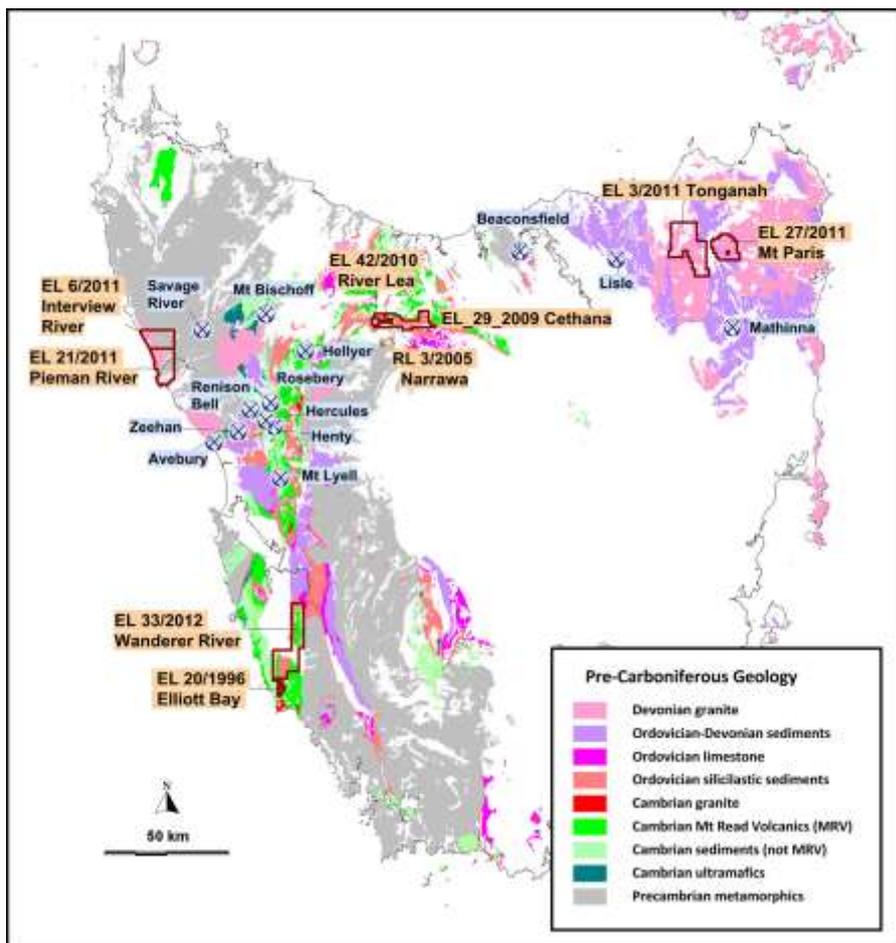
*Torque needs access to substantial additional funding for its planned drilling and exploration programs to adequately develop its projects and I look forward to a successful IPO for the Company and the ultimate development of its resources in Tasmania.*

## DETAILS

Frontier Resources Ltd has eight exploration licenses and one retention license (combined in four projects) in Tasmania and 8 granted exploration licenses in Papua New Guinea.

Five exploration licenses in PNG are being funded by J/V partner Ok Tedi Mining Ltd and two exploration licenses will be funded by Newcrest Mining Ltd, subject to completion of the previously announced Heads of Agreement. Frontier will focus its exploration on the recently granted 100% owned Sudest license and other reconnaissance exploration licenses in New Britain (when they are granted).

Frontier considers that an Initial Public Offering, with an in-specie distribution of shares to shareholders is the best course of action to realize the value of the Tasmanian projects.



The reasons for the “spin off” can be summarised as follows:

- Frontier has spent \$8.6 million in Tasmania since 2002. Between 1994 and 2002 Frontier’s parent Macmin and its Joint Venture partners spent an additional \$1.2 million (estimated).
- Frontier’s market capitalisation is not reflected in and does not benefit from the Tasmanian Projects even though the Moina Project is rated as a top priority project with high-grade gold and base metal resources in a diverse metallogenic province, and is a development ready project.
- The Tasmanian projects do “not fit” with Frontier’s main focus of PNG or with Frontier’s PNG exploration and J/V’s with OK Tedi and Newcrest.
- The Moina Project has many possible large, high-value drill ready targets. Initial testing of these targets requires an optimum budget of \$4 million to \$5 million over two years – primarily drilling. Frontier would need to raise funds to support such a program if the “spin off” did not occur (this is not specifically favoured by Frontier or shareholders).

- Frontier considers a “spin off” would provide the best benefit for shareholders (rather than a joint venture with another company). Effectively we create the company to be the Joint Venture partner.

It is planned (subject to shareholder and regulatory approval) to distribute approximately 30m shares in Torque Mining Ltd (approximately 1 Torque share for every 10 Frontier shares held - the final distribution figure will be announced at a later date) to shareholders. Frontier would also retain 10m Torque Mining Ltd shares, plus a 10% carried interest to bankable feasibility in most projects.

At present, timing for the IPO is as follows:

- Transfer Tasmanian tenements to wholly owned Torque Mining Ltd (in progress).
- Raise seed capital in early May 2012.
- Distribute in-specie shares to Frontier shareholders in June 2012.
- Raise funds by way of IPO in August/September, depending on market conditions.

R.D (Bob) McNeil has been appointed CEO of Torque Mining and is managing the Initial Public Offering . Bob is a University of Tasmania geology graduate (MSc. and B.Sc. Hons.) with 53 years minerals exploration, mine development and corporate experience. He first explored in the SMRV project area in the Thirkell Hill Block in 1975 and has had various continuing associations to the present.

Grant MacDonald is Tasmanian Exploration Manager and manages the Tasmanian exploration under the supervision of Bob McNeil. Grant is also a University of Tasmania graduate B.Sc. (Hon), with more the 20 years of experience in Tasmanian exploration including with Beaconsfield Gold and Bass Resources

Frontier's Chairman/Managing Director, Peter McNeil (MSc.) will become the Non-executive Chairman of Torque Mining Ltd and Frontier Director Graham Fish will resign from its Board to join the Torque Board.

The above timing should be regarded as tentative at this time. Final corporate structure, Board and Management and an update on timing for distribution and ratio of Torque Mining Ltd shares to Frontier shareholders and the IPO will be announced as soon as they are finalised.

Torque’s strategy is to focus exploration and development primarily on the Moina Project, with lesser emphasis on the SMRV Project and the “grass roots” projects recently acquired by Frontier. In particular Torque’s program is as follows:

- Torque plans an extensive drill program using three owned drill rigs (purchased from FNT); feasibility studies and drilling dominate forward plans.
- Torque has already defined small to medium sized gold mineralisation systems and high-grade silver/lead/zinc mineralisation.
- Torque's projects have potential for both medium and large gold, tin and precious/base metal massive sulphide resources.
- There is also excellent potential to extend existing gold resources with many drill ready targets already defined.

**Moina Project Strategy is as follows:**

- Complete feasibility on existing resources – develop mine and cash flow.
- Extend existing resources and “look alike” systems to existing resources by drilling targets defined by already completed geochemistry and geophysical surveys.
- Drill test major geophysical targets for possible large gold and or tin/tungsten systems.

**SMRV Project Strategy is as follows:**

- Drill test anomalies identified through a VTEM geophysical program.
- Drill down plunge from known drill intersections of high grade massive sulphides.
- Review gold potential (previous drill intersection of 3m of 17.5g/t).
- Seek J/V partner.

**The Moina Project can be summarised as follows:**

- Torque controls almost all of a metallogenic district with gold/ bismuth/ tin/ tungsten/ molybdenum/ fluorite mineralisation in drill holes.

- The Indicated Mineral Resource at the Stormont and Narrawa prospects together total 313,600 tonnes at 2.49 g/t gold plus credits in bismuth, silver, lead and zinc. Contained metal is 25,000 ounces gold + 126,000 ounces silver + 256 tonnes bismuth + 2311 tonnes lead + 1953 tonnes zinc.

Individual project resources are as follows:

**Stormont** - Indicated Mineral Resource of 150,800 tonnes at 2.89 g/t gold + 0.17 % bismuth for 14,000 ounces gold + 256 tonnes of bismuth.

**Narrawa** - Indicated Mineral Resource 162,764 tonnes at 2.11g/t gold + 1.42% lead + 1.20% zinc + 202.5g/t silver for 11,043 ounces gold + 2,311 tonnes lead + 1,953 tonnes zinc + 107,288 ounces silver.

- Inferred Mineral Resource of 46,574 tonnes at 2.07g/t gold + 0.98% lead + 0.81% zinc + 16.0g/t silver for 3,100 ounces gold + 456 tonnes lead + 377 tonnes zinc + 23,961 ounces silver.

- Torque has recently upgraded the resources at Stormont from Inferred to Indicated category.
- Exceptional high near surface gold grades have been identified at Stormont including 7.3m at 23.5g/t, 17.6m at 10.80g/t, plus bismuth, lead, zinc and silver credits. Refer to previous ASX releases for details of all drill holes. The above grades are not representative of all holes.
- Significant known deposits in the district owned by others or mined out include Australia's and one of the world's largest undeveloped fluorite (plus gold and other metals) deposits, (Moina Fluorite Skarn), the Shepherd and Murphy Mine and Hugo Skarn.
- Geophysical (3D Induced Polarisation, Aeromagnetics and Airborne Electromagnetics) and geochemical surveys completed or reviewed by Frontier have defined many drill ready targets – both extensions of existing/known mineralisation and possible previously unknown mineralisation beneath basalt cover or at depth related to the Dolcoath Granite.
- The geological environment has potential for large and disseminated gold deposits and major tin and tungsten systems as well as additional medium sized deposits such as the resource above.

**The SMRV project can be summarised as follows:**

- 45km strike length of Mt Read Volcanics, host to World Class deposits, such as Mt Lyell, Rosebery and Hellyer.
- Most exploration has to date been concentrated in one small area at Wart Hill with high grade silver, lead, zinc, gold, in drill hole such as 0.75m at 28.6% zinc, 14.6% lead, 1.04g/t gold; 7.1m at 11.18% zinc, 5.58% lead and 1.48g/t gold. See previous ASX releases for all drill hole results. The above results are not representative of all holes.
- High-grade surface outcrops such as 4m at 17.9% zinc + 10.2% lead + 132g/t silver + 0.6g/t gold and 3.0m at 21.9% zinc + 13.9% lead + 680g/t silver + 0.80g/t gold.
- Most of the 45km long volcanic belt is relatively unexplored, partly due to the remote nature of some of the area.
- A recent VTEM helicopter borne survey defined additional drill targets.
- Drilling will initially focus on possible down pitch extensions from the above high grade intersections and the new VTEM targets.

For additional information relating to Frontier Resources, please visit the Company's website at [www.frontierresources.com.au](http://www.frontierresources.com.au) or feel free to contact me.

**FRONTIER RESOURCES LTD**



P.A. McNeil, M.Sc.

CHAIRMAN / 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 the information in the form and context in which it appears.

## ABOUT FRONTIER RESOURCES LTD

### Frontier is now focused on exploring for mineral deposits in the highly mineralised Pacific 'Rim Of Fire' in Papua New Guinea

- Frontier is an innovative and socially responsible ASX listed junior mineral explorer (FNT) whose shares also trade on the Frankfurt, Berlin and Munich Stock Exchanges.
- Directors have more than 150 years combined experience in PNG and Australia to serve the interests of the company, its shareholders and stakeholders.
- 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.
- FNT currently has a 100% interest in six Exploration Licences (ELs) (approx. 2,807 km<sup>2</sup>) and two EL Applications (approx. 2,933km<sup>2</sup>) in PNG. Five ELs are subject to two Joint Ventures with Ok Tedi Mining Ltd and .
- The tenement portfolio offers excellent mineral deposit potential. Primary targets are World Class copper-gold-molybdenum porphyry and high grade gold epithermal 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.
- Frontier is currently trenching and soil sampling at the 100% owned/recently granted Sudest Island EL, where gold was first (ever) discovered in PNG 130 years ago. Targets are very high-grade gold veins such as 2m of 104.5 g/t over a 25 linear km drainage anomaly. Frontier assayed a 'check' rock grab sample of 260 g/t gold.

### Joint Ventures

- Frontier has a strategic alliance with PNG based world class copper producer Ok Tedi Mining Ltd (OTML) on five highly prospective tenements in two Earn-In Joint Ventures.
- In addition, The Company signed a Heads of Agreement on 6/3/12 for an Earn-In Joint Venture on the Mt Andewa EL with Newcrest Mining Ltd and it is pending due diligence and approvals.
- Frontier have Total Earn-In requirements from Ok Tedi Mining Ltd and Newcrest of ~\$80\* million (US\$60 million + A\$19.25 million), then FNT is deferred carried to completion of BFS, repayable from 50% of pro-rated mine profits.
- Frontier (OTML & Newcrest) anticipate drilling more than 35,000m of diamond core on 6 ELs in 2012.

### Ok Tedi Mining Ltd JV

- OTML have committed to a budget of US\$13.6 million for 2012 and to US\$23.4 million for 2013/2014.
- 21,200m of drilling is planned on 4 ELs in 2012; it commenced at EL 1595 in late 2011 and at EL 1597 early 2012.
- OTML's total earn-in requirement is US\$60 million over 6 years, consisting of US\$12 million for each of 5 Exploration Licences, covering a total area of 2,690 km<sup>2</sup>. Frontier is then deferred carried to completion of a Bankable Feasibility Study on each tenement, repayable from 50% of future cash flow. OTML has the option to purchase an additional 14% of the Bulago and Leonard Schultz ELs (EL 1595 and 1597) for 14% of a future Feasibility Study's NV Value.
- OTML has completed large and detailed aeromagnetic and radiometric programs at the Bulago, Leonard Schultz, Likuruanga and Central New Britain (recently) ELs, to discriminate and rank targets for follow up exploration. AA program will be undertaken at the New Britain EL in 2012.
- OTML is a major producer of copper concentrate from the Ok Tedi mine (that started operations in 1984) and has become the single largest business contributor to the economy of PNG. For the years 2010 and 2011, OTML's export earnings were K4.7 billion and 4.2 billion, representing 30% and 25% of PNG's total export earnings respectively. The contributions of the mine to PNG are wide reaching improving opportunities for employment, education and health services.

### Exploration results from the OTML JV projects have included:

- The Bulago JV has 10 zones of high-grade gold in outcrop channel samples at the Suguma and Funutu Prospects from continuous chip outcrop channel samples. Trench intercepts included 27m of 66.8 g/t gold, 4m of 135.6 g/t gold, 9m of 64.0 g/t gold, 16m of 36.5 g/t gold, 18m of 40.3 g/t gold, 7.5m of 67.0 g/t gold and 9m of 24.0 g/t gold.
- The Kru and nearby Wasi Prospects in the Leonard Schultz JV have excellent gold outcrop trench channel sample assay results including 16m of 18.60 g/t gold contained within 76m of 5.35 g/t gold. Additional significant assay results included 22m of 2.71 g/t and 36m of 1.15 g/t (within 384.3m of 0.67 g/t gold) in outcrop trench.
- Likuruanga JV - Esis Prospect has Likuruanga JV - Esis Prospect, diamond core drill Hole NBE001 had a respectable weighted average for the entire hole of 0.26% copper, with 96% of assays at/above 0.1% copper. The Bukuam porphyry copper-gold-molybdenum soil anomaly is over 4.8km long and has not yet been drilled.