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3rd December 2008

ASX Limited
Company Announcements Office

Announcement

Negotiations Requested of the Papua New Guinea National Government Regarding Compensation for the Non-Renewal of EL 1348

Frontier Resources Ltd announces that it has approached the Papua New Guinea National Government requesting the initiation of negotiations regarding compensation for the loss of the Kodu copper - gold Deposit and many other excellent exploration targets, due to the non-renewal of Exploration License 1348 earlier this year.

Frontier notes that EL 1348 was not renewed by the Minister for Mining, even though the Company had considerably exceeded all fiscal and work program commitments. Frontier had also offered to relinquish the entire WWII Kokoda Track from the EL (so as to preserve it for perpetuity) and had offered landowners and the Kokoda Track Authority a total 7% interest carried to production in the mine.

The Minister, Dr Puka Temu MP, invoked 'National Interest' due to Port Moresby's future water and power supplies, even though an Independent Port Moresby based Initial Environmental Assessment commissioned by Frontier showed this position to be unsupportable. The PNG National Government has not produced any documents, such as an Environmental Assessment, to support the position they took.

The National Court in PNG recently ruled that Frontier had no case to argue in relation to its application for Leave to commence a Judicial Review, leaving appeal of that decision the only legal option remaining in PNG. Frontier can however, still attempt to sue the Australian Government for its role in this affair and it is considering this option.

To date, the PNG National Government has not made any approaches to Frontier regarding the possibility of compensation for the Company's loss of sunk exploration costs of approx. K8.5 million (approx. A\$5.5 million at the current exchange rate) or lost economic opportunity.

Frontier would like to believe that the PNG Government will show some honour and integrity and seriously consider and act with reasonableness in relation to the Company's request to negotiate compensation. It is only fair to our 3,300 shareholders whose main asset was stripped away by the unsupported non-renewal of a valid tenement. It would also minimise the damage to PNG's Sovereign Risk that this decision has caused.

Please refer to the attached letter to the Managing Director of the PNG Mineral Resource Authority.

For additional information in relation to the non-renewal of EL 1348 containing the Kodu Deposit, see the many relevant releases on our website at www.frontierresources.com.au or feel free contact me.

FRONTIER RESOURCES LTD

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Mr Kepas Wali
Managing Director
Mineral Resources Authority
PO Box 1906
Port Moresby NCD
Papua New Guinea

Via: Email

28th October 2008

**Request to Initiate Discussion that will be in Both Parties Interest,
Regarding Compensation for the Non-Renewal of EL 1348 and the Effective
Expropriation of the World Class Kodu Copper- Gold Deposit**

Dear Mr Wali,

Thank you for your letter that explained that the Minister refused to renew EL 1348 due to “National Interest” based on Port Moresby’s current and future water and power supplies.

The courts have ruled that as a sovereign government you have the right to revoke exploration licenses whenever, in the Ministers opinion, it is in the ‘National Interest’. This may well now be the legal position, but I would suggest that the government consider the effect of such cancellations of exploration licenses has on the countries political risk profile.

Although Frontier accept that the government has the right to refuse renewal of ELs we request that the government and Frontier immediately enter into negotiations RE appropriate compensation. If suitable compensation can be agreed that should ameliorate the negative aspects in terms of sovereign risk profile.

As you know Frontier had more than complied with all the stipulations of the Mining Act and we believe that any reasonable government would now be willing to enter into compensation negotiations.

Thanking you in advance.

FRONTIER RESOURCES LTD

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