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**ASX: FNT**

ASX Limited  
Company Announcements Office

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## **Negotiations Terminated to Acquire 80% of the Gold Ridge Project Frontier to Seek Recovery of Costs from GCIL**

Frontier Resources Ltd (ASX:FNT) (**Frontier**) announces that GoldRidge Community Investment Limited (**GCIL**) has 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 have been terminated.

Frontier intend 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.

The HoA proposal was for Frontier to acquire an 80% direct equity interest in the Gold Ridge Mine/Project on Guadalcanal Island in the Solomon Islands, subject to regulatory and shareholder approval.

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 19<sup>th</sup> 2015. The Company provided GCIL with the first Draft of the JV on May 19<sup>th</sup> 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 3<sup>rd</sup> 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 18<sup>th</sup> 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.

**FRONTIER RESOURCES LTD**

P.A. McNeil, M.Sc., MAIG  
**Chairman**