



**CONTACTS**  
PO Box 52  
West Perth  
WA 6872 Australia  
  
ABN 96 095 684 389

**PHONE**  
+61 (08) 9295 0388  
**FAX**  
+61 (08) 9295 3480

**EMAIL**  
info@frontierresources.com.au  
**WEBSITE**  
www.frontierresources.com.au

ASX Limited  
Company Announcements Office

8th March 2012

## **Additional Information Relating to the Frontier - Newcrest Heads of Agreement**

Frontier Resources Ltd ("Frontier") is pleased to provide additional information relating to the principles of the proposed farm-in to Frontier's Mt Andewa exploration project in Papua New Guinea under the Heads of Agreement ("the Agreement") announced jointly by Frontier and Newcrest Mining Limited ("Newcrest") on 6th March 2012 (copy attached).

In addition to the material proposed farm-in principles included in the announcement dated 6 March 2012, the Agreement includes the following farm-in principles that will apply to the proposed Farm-in if the parties successfully complete negotiations and other conditions are satisfied:

- Frontier may elect to be deferred-carried during the period from Newcrest completing its earn-in until completion of a project feasibility study for Mt Andewa. The carried amount plus interest (LIBOR +5%) will be repayable to Newcrest from 50% of Frontier's share of Project cash flow upon commencement of production.
- The proposed farm-in expenditure commitment for Mt Andewa of A\$15.25 million includes reimbursement of audited exploration costs incurred by Frontier in the period commencing 1 January 2012 and ending on the date of entry into a binding farm-in agreement.
- A management fee equal to 10% of the actual exploration expenditure is payable to the manager of the exploration activities. As announced yesterday, Frontier will manage exploration activities under the proposed farm-in, subject to Newcrest having the right to elect to assume management of the exploration activities after contributing a minimum farm-in commitment of A\$2.5 million (expected to be completed over approximately 18 months).
- During the minimum expenditure period, Frontier will provide drilling, earth-moving, boat/barge and logistic support equipment and will be reimbursed by Newcrest at agreed commercial rates (part of the A\$2.5 million minimum expenditure). Frontier's PNG National exploration and drilling teams will remain intact for future and upcoming projects.

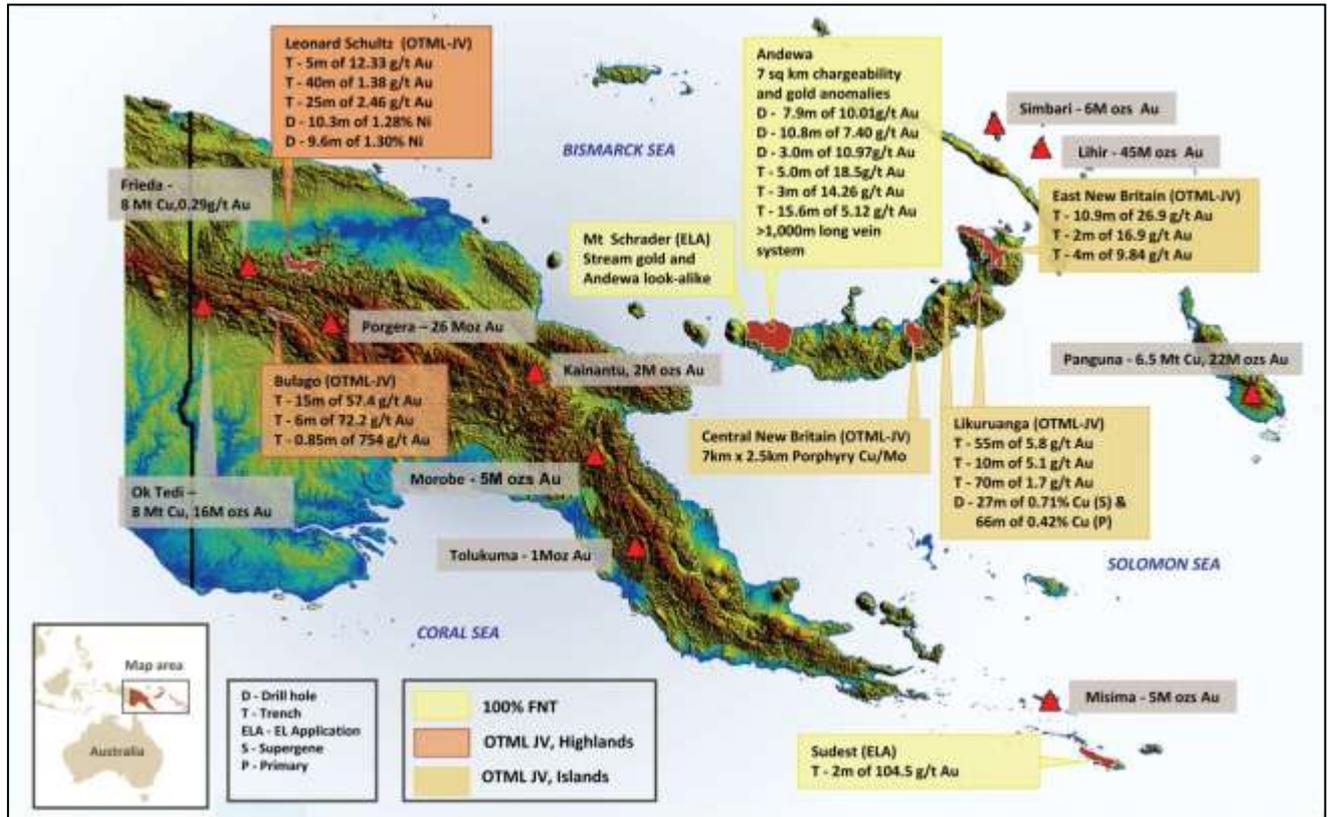
Chairman and Managing Director Peter McNeil M.Sc. commented:

*The Heads of Agreement finalised with Newcrest is an excellent outcome for Frontier Resources Ltd, all related stakeholders and the ultimate future of the Andewa Gold Project. The combination of the proposed farm-in commitment of A\$19.25 million (inclusive of the Mt Schrader commitment if the exploration licence is granted) and the A\$750,000 share placement, as well as the option for Frontier to elect to be deferred carried to completion of a 'Feasibility Study', will provide fantastic future upside potential for Frontier on this project.*

*Frontier's shareholders should view this proposed arrangement as extremely favourable because there will be no requirement to dilute shareholder equity in order to fund our 40% retained equity until a Feasibility Study is completed.*

*The A\$0.75 million placement to Newcrest injects capital into the Company at market price. Frontier now has approximately A\$1.8 million in cash to continue cost effective and targeted exploration on our remaining projects to create additional shareholder value.*

Frontier's Board of Directors welcome Newcrest as a shareholder. Subject to successfully concluding negotiations for the proposed farm-in and satisfying other conditions, the Directors believe Newcrest will be an excellent joint venture partner for the Andewa Project; Frontier believes that Newcrest's mining and exploration expertise, combined with its financial and corporate capability, can help to realise future development success for the Project.



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.

## FRONTIER RESOURCES LTD IS FOCUSED ON EXPLORING FOR MINERAL DEPOSITS IN THE HIGHLY MINERALISED PACIFIC 'RIM OF FIRE' IN PAPUA NEW GUINEA AND THE HIGHLY PROSPECTIVE DOLCOATH GRANITE AND MT READ VOLCANIC REGIONS OF TASMANIA, AUSTRALIA

- Frontier have negotiated 3 different earn-in Joint Ventures on 2 ELs, 3 ELs and 1 EL + 1 ELA respectively, in Papua New Guinea, with a total earn in requirement of approx. **\$80 million** (US\$24 million, US\$36 million and A\$20 million, respectively).
- The Company 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 three purpose built / self-manufactured, cost effective, environmentally friendly man-portable diamond core rigs, plus our two commercially purchased man-portable rigs and our two very large track mounted diamond core rigs. Our drilling capability is from 400m to 1,700m in NQ sized core – enough for virtually any program or commercial job.

- FNT currently has a 100% interest in six Exploration Licences (ELs) (approx. 2,807 km<sup>2</sup>) and five EL Applications (approx. 8,213km<sup>2</sup>) in PNG.
- Five ELs in PNG (Bulago, Leonard Schultz, Likuruanga, Central New Britain and East New Britain covering approx. 2,690km<sup>2</sup>) are subject to two Joint Ventures with PNG based World Class copper-gold producer - Ok Tedi Mining Ltd.
- One EL (Andewa) and 1 EL Application (Mt Schrader) are subject to an earn-in Joint Venture Heads of Agreement with Australia's largest gold producer – Newcrest Mining Ltd.
- The 100% project equity will be reduced to between 42% and 19.9% once the specific earn-in requirements relating to the 3 different Joint Ventures have been completed.
- Frontier also has five Exploration Licences and one Retention Licence (442 km<sup>2</sup>) + 3 EL Applications in Tasmania.
- The entire portfolio and its individual tenements offer excellent mineral deposit potential. Primary targets are World Class porphyry copper-gold-molybdenum, porphyry gold, high grade epithermal gold, intrusive related gold, gold–bismuth skarn, gold–base metal skarn, tungsten-tin-molybdenum skarn and polymetallic VHMS (zinc-lead-silver-gold) 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.

## PAPUA NEW GUINEA

### MT ANDEWA PROPOSED FARM-IN – NEWCREST MINING LIMITED

#### THE ANDEWA EL AND SCHRADER ELA HAVE EXCELLENT POTENTIAL FOR THE DISCOVERY OF A WORLD CLASS GOLD DEPOSIT

- Under the proposed farm-in, Newcrest can earn 60% of the Andewa Project by expending a total of A\$19.25 million over 4 years. This consists of A\$15.25 million on exploration for EL 1345, with the option to include ELA 1951 (when/if granted) by increasing the farm-in expenditure by A\$4 million
- Subsequent to completion of earn-in, it is proposed that Frontier may elect to be deferred carried on each tenement to completion of a Newcrest Feasibility Study. The deferred carried amount, plus interest at the rate of LIBOR +5 would be repayable to Newcrest from 50% of Frontier's share of future cash flow from the Project.
- Newcrest will have the option to purchase an additional 12% of each project for the Feasibility Study amount of reserve ounces of gold \* US\$46 \*12%.
- Frontier will manage the exploration activities at Mt Andewa with Newcrest providing technical assistance. Newcrest will have the option to elect to assume management of the exploration activities after funding a minimum commitment of A\$2.5 million under the proposed farm-in. Frontier is now conducting a major drilling program
- The Andewa EL covers approx. 117km<sup>2</sup> and the Schrader ELA covers approx. 2,477 km<sup>2</sup>.
- Exploration and drilling in 2011/2012 has demonstrated a major mineralised gold - copper system, including major gold and copper in drill holes such as 93.2m grading 0.78 g/t gold+ 0.30% copper, 114m\* grading 0.74 g/t gold+ 0.20% copper and 7.9m grading 10.01g/t gold.
- Frontier completed a Three Dimensional Induced Polarisation (3D-IP) geophysical program over a 21 sq km grid at the Andewa gold Project in 2010 and collected 5,000 soil and rock samples.
- The 3D-IP survey showed three voluminous and intense chargeability anomalies, indicating the presence of very large sulphide systems from on-surface to more than 800m deep.
- The total chargeability anomaly (over 30ms) area is approximately seven square kilometres, consisting of two very large, spatially related and intense chargeability anomalies (plus one smaller anomaly) called the Core Chargeability (CCZ), Ekhos and Ber Zones. The Ekhos chargeability anomaly is 3.3 Km<sup>2</sup> in area, the CCZ is 3.0 km<sup>2</sup> and Ber is approximately 0.5 km<sup>2</sup> (at 150m below sea level).
- Ekhos is the largest and closest to surface 3D-IP chargeability anomaly at Andewa, with much of it very intense at over 45ms; it is open to the south and east but appears defined in general at depth. The CCZ chargeability anomaly is open to the south AND at depth, however, it's very intense core (over 45ms) appears to be adequately resolved. The CCZ also has large anomalous areas at over 45ms chargeability that extend to depths greater than the 800m modelled maximum.
- Each chargeability anomaly is surrounded by a sub-circular high-resistivity anomaly that appears to merge near the edge and off the grid, to become 1 x~6km diameter quasi donut shaped resistivity anomaly in the centre of the Mt Andewa crater, with 'holes' present where the strong chargeability anomalies exist. Strong conductivity anomalies have also been defined.
- Frontier has previously drilled gold mineralisation at Komsen on the western margin of the CCZ from surface to a maximum depth of 320m below surface in a limited program, with drill intercepts containing significant gold and base metals such as 2m of 5.43 g/t gold + 95 g/t silver + 11.1% zinc + 2.3% lead + 0.12% copper and 7.9m of 10.01g/t gold.

### OK TEDI MINING LTD JOINT VENTURE

#### FRONTIER HAS AN EXCELLENT STRATEGIC ALLIANCE CONSISTING OF TWO EARN-IN JOINT VENTURES WITH PNG BASED WORLD CLASS COPPER PRODUCER OK TEDI MINING LTD (OTML) ON FIVE HIGHLY PROSPECTIVE TENEMENTS

- OTML's total earn-in requirement amounts to US\$60 million over 6 years, consisting of US\$12 million for each project.
- Frontier is then deferred carried to completion of a Bankable Feasibility Study on each tenement, repayable from 50% of future cash flow (or not at all).
- OTML has the option to purchase an additional 14% of the Bulago and Leonard Schultz ELs (EL 1595 and 1597) for 14% of the Feasibility Study's Net Present Value.

- The Joint Venture partners must dilute pro-rata on ELs 1595 and 1597, if the PNG Government decides to exercise its 'standard option' to purchase up to a 30% contributing interest at 'sunk cost' in the project at the time of a Mining Lease grant.
- Frontier's 19.9% deferred carried interest in the Likuruanga, Central and East New Britain ELs is non-dilutable (OTML must absorb all dilution).
- The JVs cover a total area of 2,690 km<sup>2</sup>.
- 13,000m of JV drilling is planned on 3 ELs this year (it commenced at Likuruanga and Bulago in late 2011 and early 2012, respectively).
- OTML have completed large and detailed aeromagnetic and radiometric programs at Bulago, Leonard Schultz, Likuruanga and Central New Britain, to discriminate and rank targets for follow up exploration.
- 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. In 2009, OTML's export earnings were K4 billion, representing 33% of PNG's total export earnings. 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 27m of supergene mineralisation grading 0.71% copper (from 33m depth), plus 66m of primary grading 0.42% copper (from 86.6m to end of hole), with the last 7.6m of the hole grading 0.49% copper. The Bukuam porphyry copper-gold-molybdenum soil anomaly is over 4.8km long and has not yet been drilled.

**TASMANIA**

**EXPLORATION ON FRONTIER'S TASMANIAN EXPLORATION AND RETENTION LICENCES IS TARGETING KNOWN HIGH-GRADE (PLUS POTENTIALLY BULK MINEABLE) GOLD - BISMUTH, GOLD - SILVER - LEAD - ZINC, TUNGSTEN - TIN - MOLYBDENUM AND INTRUSIVE RELATED GOLD DEPOSITS**

The Moina Project consists of EL 42/2010 (Stormont), RL 3/2005 (Narrawa) and EL 29/2009 (Cethana). It covers the highly mineralised Dolcoath Granite, most of its E-W spine and a number of skarn and vein deposits including gold -bismuth, fluorspar (the largest deposit in Australia and not in FNT's tenements), zinc- gold, gold -silver- zinc -lead, tin- tungsten- molybdenum and lead-silver. It is a heavily pregnant and prospective system.

A very large 3D-IP program was completed in February 2012 over an area of approx. 25 km<sup>2</sup>, covering the most highly prospective sectors of the district.

The Stormont Deposit is skarn hosted within on/near surface fold keels, which could be easily mined by open pit mining methods.

- The on-surface Stormont Deposit has an Inferred Resource of 14,250 ounces of gold plus 304 tonnes bismuth, within 112,500 tonnes of mineralised rock grading 3.94 g/t gold plus 0.27% bismuth (1.0g/t gold cut-off grade).
- The Stormont resource has been infill drilled in 2011 and early 2012 and it will be upgraded from Inferred to Indicated in the near term. A mining lease will likely then be applied for and deposit extension drilling will be undertaken.
- The 9 km<sup>2</sup> provides additional highly prospective ground for exploration and additional gold/bismuth occurrences.

Narrawa is a stratabound/stratiform skarn Deposit hosted within 4 steeply dipping on/near surface lodes, which could be mined by open pit mining methods.

- The deposit contains an Indicated and Inferred resource with 14,125 ounces of gold, plus 131,300 ounces of silver, 2,765 tonnes of lead and 2,335 tonnes of zinc (at 0.5g/t gold cut-off grade), that is up to 220m long, 20m wide and 60m deep, within 209,330 tonnes of rock grading 2.10 g/t gold, 19.5 g/t silver, 1.32% lead and 1.12% zinc.
- The Indicated Resource consists of 162,755 tonnes grading 2.11 g/t gold, 20.5 g/t silver, 1.42% lead and 1.2% zinc.
- The Inferred Resource consists of 46,574 tonnes grading 2.07 g/t gold, 16 g/t silver, 0.98% lead and 0.81% zinc.

A Conceptual Mining Study evaluating mining the on-surface Stormont and Narrawa Deposits showed a satisfactory theoretical cash flow from processing based on a capital expenditure estimated at A\$8 million (neglecting working capital and provision for contingencies).

- The theoretical cash flow improves significantly with increased metal prices, grades and/or tonnages of mineralisation.
- Metals prices utilised in the CMS were US\$940/oz gold, US\$0.71.44/lb zinc, US\$0.7738/lb lead, US\$13.70/oz silver. Since 3/7/2009, the gold price has appreciated more than 50% , silver more than 300% and zinc and lead prices are also strong.

Frontier is now also specifically targeting tungsten and intrusive related gold deposits, along with other metals in this highly mineralised district.

- There are at least 70 historic workings (shafts, adits and small open pits) within the targeted area testifying to its highly prospective and mineralised status. The primary commodity mined in the district was tungsten in at least 23 workings, tin in 9 workings and gold in 7 workings (many are unspecified).

- The area has strong and widespread zones of tungsten, tin, molybdenum, copper and bismuth defined from a 4km<sup>2</sup> soil sampling program, along with significant gold, lead, zinc, arsenic, yttrium and niobium soil anomalies.
- Anomalies are in an up to 6,000m long inverted 'U' or sideways 'Y' around the northern margin of the Dolcoath Granite and their strike extents are often open at each end. There is virtually no historic drilling in these extensive soil zones (except at the Narrawa Deposit).
- The tungsten soil anomaly is more than 5,000m long, with 3 stronger zones to 1,700m long. The tin soil anomaly is similar to tungsten, but displaced further from the granite contact. The molybdenum soil anomaly is 4,000m long and very cohesive and strong around the northern margin of the granite. The copper soil anomaly is 5,000m long, strong and widely distributed. The gold soil anomaly occurs in two main zones over a total strike length of 5,000m. The bismuth soil anomaly is strong in the NW and NE of the granite in a 1,400m long x up to 500m wide zone and in an additional narrow 2,000m long zone that trends to the SE. The niobium and yttrium anomalies indicate strong fractionation and a 'fertile' district to explore.
- Previous Frontier tungsten drill intersections included 1m grading 1.98% WO<sub>3</sub> near the NW end of the Narrawa Deposit, within a broad low grade geochemical halo that averaged 14m of 0.20% WO<sub>3</sub> (from 21m).

### **SOUTHERN MOUNT READ VOLCANIC PROJECT (SMRV) AND THE WART HILL VHMS DEPOSIT IN SW TASMANIA**

**Frontier is targeting a 45km total strike length of the highly prospective Mt Read Volcanics in SW Tasmania for World Class Rosebery and Eskay Creek type Volcanic Hosted Massive Sulphide Deposits (EL 20/96 and EL 33/2010).**

- A high-grade 'Rosebery' style VHMS base metal (zinc, lead, gold, silver) horizon has been tracked for 290m down a fold keel by Frontier's drilling. Previous explorers had 'written the project off' – obviously poor judgement.
- A 3D-IP survey was completed in 2006 and it has provided useful targeting vectors that are now being re-evaluated.
- The faulted off southern plunge extension and the 'sides' are very good continuing exploration targets and there is also excellent regional potential to locate additional volcanic hosted massive sulphide occurrences (they generally form in clusters) and also possible high grade gold deposits.
- 2011 diamond core drill results at Wart Hill included 4.0m of 17.9% zinc + 10.2% lead + 0.16% copper + 0.6g/t gold + 132g/t silver, plus 3.0m of 21.9% zinc + 13.9% lead + 0.2% copper + 0.8g/t gold + 680g/t silver within a 13.9m intercept. Previous best drill results include 3.9m of 12.1% zinc + 7.3% lead + 0.60 g/t gold + 124 g/t silver, 1.1m of 23.6% zinc +10.4% lead + 0.60 g/t gold +123 g/t silver and 5.7m of 7.5 % zinc + 4.0 % lead + 0.35 g/t gold + 77 g/t silver.
- Trench results have included 3m of 21.9% zinc + 13.9% lead + 0.84g/t gold + 680g/t silver and 4m of 17.9% zinc + 10.2% lead + 0.60g/t gold+ 138g/t silver.



6<sup>th</sup> March 2012

## **Newcrest Mining and Frontier Resources enter into Heads of Agreement for Proposed Farm-in**

Newcrest Mining Limited (Newcrest) and Frontier Resources Ltd (Frontier) are pleased to announce the signing of a Heads of Agreement (Agreement) by Frontier and a wholly-owned subsidiary of Newcrest, pursuant to which:

- Newcrest has agreed to subscribe for A\$750,000 of Frontier shares (Share Subscription); and
- Newcrest and Frontier have agreed to negotiate the terms of a proposed farm-in by Newcrest into Frontier's gold porphyry Mt Andewa exploration project (Project) on the island of New Britain, Papua New Guinea, on an exclusive basis until 30 April 2012 (Proposed Farm-in).

The Agreement is non-binding, other than with respect to the Share Subscription, exclusivity and confidentiality.

Under the Share Subscription, Newcrest will subscribe for A\$750,000 of Frontier ordinary shares, comprising 7,026,429 million shares at A\$0.1067 per share (approximately 2.3% of Frontier). The share placement will be undertaken immediately and it is Frontier's intention to use the proceeds to fund exploration of its various tenements.

The Proposed Farm-in relates to Frontier's Mt Andewa exploration licence EL1345 (Andewa) and the nearby Mt Schrader exploration licence application ELA1951 area (Schrader), with the Agreement recording a number of principles that will apply to the Proposed Farm-in if the parties successfully complete negotiations, including:

1. Newcrest may earn a 60% interest in Andewa by spending A\$15.25 million over 4 years commencing 1 January 2012,
2. Upon the grant of an exploration licence by the PNG Government, Newcrest may elect to earn a 60% interest in Schrader by spending a further A\$4 million, taking the total farm-in expenditure to A\$19.25 million,
3. Newcrest will have an option to acquire an additional 12% in the Project by making a payment to Frontier determined as 12% of the ore reserve gold ounces (at US\$46 per ounce) specified in any subsequent feasibility study to develop Andewa and/or Schrader.
4. After a minimum expenditure of A\$2.5 million, expected to be spent over approximately 18 months (the Minimum Commitment Period), Newcrest may elect to withdraw from the Proposed Farm-in.

Frontier would manage and operate the project exploration program during the Minimum Commitment Period with Newcrest providing technical direction and support. Upon satisfaction of the minimum commitment, Newcrest may elect to assume management of the exploration activities.

The Proposed Farm-in is subject to a number of conditions, including obtaining all necessary government and regulatory approvals, Frontier and Newcrest successfully negotiating detailed binding farm-in terms based on the Agreement principles and satisfactory due diligence.

Frontier Chairman and Managing Director, Peter McNeil commented “We are excited to have a company of Newcrest’s calibre as a shareholder and potential joint venture partner at the Andewa Project, and consider this announcement as endorsement of the potential of the Andewa Project. Frontier will benefit from Newcrest’s expertise and capability in the ongoing efforts to unlock this potential.”

Newcrest Executive General Manager Minerals, Colin Moorhead said “Newcrest is pleased to establish this relationship with Frontier in accord with our strategy of seeking opportunities for early stage entry into high-quality gold projects in the Asia-Pacific region”.

For additional information, please contact:

**Frontier Resources Ltd**

Peter McNeil  
P +61 (08) 9295 0388  
F +61 (08) 9295 3480  
info@frontierresources.com.au  
www.frontierresources.com.au

**Newcrest Mining Limited**

**Investor Enquiries – North America / Europe Investor Enquiries – Australia / Asia**

Steve Warner	Kim Kerr
T: + 1 212 351 5064	T: +61 3 9522 5316
E: steve.warner@newcrest.com.au	E: kim.kerr@newcrest.com.au

**Media Enquiries**

Kerrina Watson  
T: +61 3 9522 5593  
E: kerrina.watson@newcrest.com.au

This information is available on our website at [www.newcrest.com.au](http://www.newcrest.com.au)

PAPUA NEW GUINEA

