



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:

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