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2 May 2012

ASX : FNT

Dear Shareholder

Invitation To Participate In Shareholder Share Purchase Plan / Placements

Frontier Resources Limited (Frontier or Company) is a successful, innovative and socially responsible junior mineral explorer focussed on a highly prospective portfolio of porphyry copper- gold -molybdenum, porphyry gold, mesothermal and epithermal gold mineralisation hosting Exploration Licences in Papua New Guinea (PNG).

The Company is 42% to 19.9% deferred carried to completion of bankable feasibility study by Ok Tedi Mining Ltd on 5 ELs in PNG, after their total Earn-In of US\$60million over 6 years. Ok Tedi has proposed 21,200m of drilling for the current 'year'.

Frontier is negotiating a similar 40% deferred carry Earn-In arrangement with Newcrest Mining Ltd on EL 1345 - Andewa and EL 1951 - Schrader in PNG, that requires total exploration expenditure of A\$19.25 million over 4 years (the Heads of Agreement is still subject to approvals).

The Company's Tasmanian exploration and pre-development assets will be advanced through a subsidiary called Torque Mining Ltd, which is separately seeking seed capital with the intent of listing on the ASX later in 2012. Frontier shareholders will receive an in-species distribution of shares in Torque relative to their holding in FNT.

Capital raised from the Share Purchase Plan / Placements will be used exclusively to fund exploration on Frontier's highly prospective licences in PNG, including to:

- **Increase working capital until the Newcrest Heads of Agreement is finalised (and audited 2012 EL 1345 expenditure is reimbursed).**
- **Re-commence drilling at Andewa as soon as possible, utilising the Company's onsite track mounted drill rigs and the new aeromagnetic data to enhance targeting.**
- **Continue exploration on multiple fronts along the 45km long Sudest trend, undertake major additional soil geochemical programs to define trenching and high grade gold drill targets to be tested as soon as possible.**
- **Undertake an aeromagnetic survey on the Mt Schrader EL as soon as practical to test for porphyry gold deposits.**
- **Undertake aeromagnetic surveys on 3 EL Applications targeting porphyry copper - gold deposits in New Britain, when they are granted.**

The Board of Directors of Frontier has approved the introduction of a Shareholder Share Purchase Plan (The Plan).

SHAREHOLDERS ELIGIBLE TO PARTICIPATE IN THE PLAN

The invitation to participate in the Offer under the Plan is available exclusively to shareholders who are registered as holders of fully paid ordinary shares in the capital of Frontier (**Shares**) at 5pm (WST) on the Record Date of 1 May 2012 and whose registered address is in Australia and New Zealand (**Eligible Shareholders**).

SHARE PURCHASE PLAN

The Board is pleased to invite all Eligible Shareholders an opportunity to apply to participate in the Plan. Details of the Offer and the Plan are set out in this letter and the enclosed Terms and Conditions together with the Application Form.

Under the Offer, Eligible Shareholders in the Company, irrespective of the size of their shareholding, may apply to purchase up to \$15,000 worth of Shares at 9 cents per Share, a price equal to approximately **12%**

discount to the volume weighted average trading price of the Company's shares on ASX during the 5 trading days immediately prior to the announcement date of this offer, free of brokerage and commission (**Offer**).

The average trading price of the Shares on the Australian Securities Exchange (**ASX**) during the 5 trading days immediately prior to the announcement date of this Offer was **10.2 cents**.

CURRENT PROJECTS

ANDEWA - EL 1345

Frontier has geochemically and geophysically demonstrated the excellent prospectivity for large scale porphyry gold deposits at Andewa and has been aggressively evaluating the area, with 5,896.5m of targeted drilling completed since mid-2011.

Mineralised porphyries commonly exhibit strong Reduced to Pole (RTP) magnetic anomalies in association with 3D-IP chargeability and gold / copper soil anomalies. Recently acquired aeromagnetic data at Andewa has demonstrated a strong and large RTP anomaly just north of the soil grid that requires evaluation. Other smaller magnetic anomalies near the drill holes are associated with intrusions and gold mineralisation.

Funds raised by the Share Purchase Plan will be used to further advance the Andewa Project utilising cost effective drilling, with the intention of defining substantial mineral resources.

SUDEST ISLAND - EL 1594 (100%)

The Sudest EL was recently granted over a 45km NW-SE striking zone of gold anomalous drainage geochemistry. No drilling has ever been undertaken and less than 5% of the strike length has been even cursorily evaluated by soil geochemistry,

Previous trench sampling has returned up to 2m of 104.5 g/t along with 2m of 15.35 g/t, 2m of 16.0 g/t and 2m of 11.6 g/t gold. Frontier's check grab outcrop rock sampling demonstrated assays up to 256 g/t gold with 19 g/t silver and historic rock grab rock sampling in trenches included 299.6 g/t and 151.2 g/t gold.

The presence of variably altered intrusive rocks (with mineralogical compositions similar to mineralised porphyry systems) offers an attractive environment for further detailed exploration and an 8 man team is currently working on Sudest with 34 landowners digging / sampling trenches and cutting /sampling 2 discrete soil grids. Visible gold has been located in outcrop.

Results from the ongoing exploration will be evaluated and additional soil sampling and trenching programs will be undertaken along the 45km long trend; this will help define the best zones to drill target as soon as practical relative to prevailing weather conditions.

MT SCHRADER - EL 1951

The Mt Schrader Exploration Licence is a 'look-a-like' for the nearby Andewa area and may also host significant gold mineralisation.

Additional exploration is strongly warranted to assess the area and an aeromagnetic survey will be undertaken on the Mt Schrader EL as soon as practical, to target porphyry and epithermal gold deposits.

EXPLORATION LICENSE APPLICATIONS

Frontier currently holds 3 x 100% owned EL applications in PNG that total 5,280 sq km. The work program and future expenditure requirements are modest (approx. \$0.75 million total) and are not applicable until the licences are granted.

Aeromagnetic and radiometric geophysical surveys will be flown when granted, seeking porphyry copper - gold mineralisation signatures along major crustal fault zones.

CAPITAL PURCHASES

The Sudest EL covers the NW 2/3 of the island and is located on the trend that demarks the Coral and Solomon Seas.

A boat and dumb barge combination similar to the existing Andewa vessels will be purpose built to safely transport personnel, heavy equipment and drilling rigs to service the project.

Details of Frontier's current activities are set out in the announcements made by the Company to the ASX and are available from the ASX or the company's website at www.frontierresources.com.au. If the full subscription is not raised, it is likely that some of the programs noted below will be modified.

SUBSCRIPTION AND APPLICATION PROCEDURE

If you would like to apply to participate in the Offer, please either make your payment via Bpay using the details set out on your personalised application form, or, return your completed Entitlement and Acceptance Form (enclosed), together with your cheque for the subscription monies for the Shares you wish to acquire to Computershare, on or before the **Closing Date of 5pm (WST) on 31 May 2012**. You do not need to return your personalised application form. No late applications will be accepted.

If you wish to pay by Bpay you should be aware that your own financial institution may implement earlier cut off times for electronic payments and it is your responsibility to ensure that your payment is submitted through BPAY so that it will be received by no later than 5.00pm (Melbourne time) on the Closing Date. Please note the maximum investment per shareholder is \$15,000 and the minimum investment is \$1,000. The maximum investment any shareholder may apply for will remain \$15,000 even if a shareholder receives more than one Offer (whether in respect of a joint holding or because the shareholder has more than one holding under a separate account).

ADDITIONAL INFORMATION AND IMPORTANT DATES

The Offer cannot be transferred. Shares allotted under the Plan will be issued no later than 5 business days after the Closing Date of the Offer. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

The maximum number of Shares that may be issued pursuant to this Offer is 22,222,222 to raise \$2 million. In the event of an oversubscription by the Closing Date the Directors may, in their absolute discretion, scale-back all applications on a pro-rata basis.

The Directors reserve the right to allot Shares in full for any application (subject to the maximum investment limit and the ASX Listing Rules), or to allot any lesser number or to decline any application in their absolute discretion. If the Company declines or scales-back an application, the Company will return to the shareholder the relevant application monies, without interest, as soon as practicable. On the trading day immediately prior to the announcement date of the Offer, the closing price of the Shares traded on ASX was 9.9 cents.

The market price of the Shares in the Company may rise and fall between the date of the Offer and the date that any Shares are allotted to you as a result of the acceptance of your application under this Offer. This means that the subscription price you pay for the Shares may exceed the market price of the Shares at the date of allotment of Shares under this Offer.

The Board recommends that you obtain your own financial advice in relation to the Offer and consider price movements of Shares in the Company prior to applying for Shares pursuant to this Offer.

SHORTFALL PLACEMENT

If less than 22,222,222 Shares are issued pursuant to this Offer, the shortfall may be placed at the discretion of the directors and placements may be undertaken concurrently with the Share Purchase Plan.

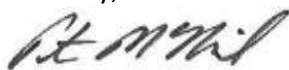
INDICATIVE TIMETABLE

These dates are indicative only. The Company may vary the dates and times of the Offer without notice. Accordingly, shareholders are encouraged to submit their Application Forms as early as possible.

Should you wish to discuss any information contained in this letter further, do not hesitate to contact Julia Beckett, Company Secretary on (08) 6141 3500.

Record Date (5:00pm WST)	1 May 2012
Announcement Date of Plan	2 May 2012
Opening Date of Offer	10 May 2012
Closing Date of Offer	31 May 2012
Issue of Shares under the Plan	7 June 2012
Dispatch date for holding statements	8 June 2012
Quotation of Shares on ASX	8 June 2012

Sincerely,



Peter McNeil M.Sc.

Chairman/Managing Director

FRONTIER RESOURCES LIMITED
ABN 96 095 684 389
SHAREHOLDER SHARE PURCHASE PLAN - TERMS AND CONDITIONS

Purpose

The purpose of the Shareholder Share Purchase Plan (**the Plan**) is to offer shareholders of Frontier Resources Limited (**Frontier** or **Company**) the opportunity to acquire additional fully paid ordinary shares in the Company (**Frontier Shares**) up to a maximum of A\$15,000 in any 12 month period at a discount to the market price of Frontier Shares on the financial market operated by ASX Limited (**ASX**) without the need to pay brokerage costs and without the need for Frontier to issue a Prospectus, upon such terms and conditions as the board of directors of Frontier, in its absolute discretion, sees fit.

Shareholders eligible to participate

Eligible shareholders of Frontier Shares that are registered with an Australian and New Zealand address at the relevant record date may participate in the Plan. Due to foreign securities laws, it is not practical for shareholders resident in other countries to be offered the opportunity to participate in the Plan.

Participation in the Plan is optional and is subject to these terms and conditions. Offers made under the Plan are non-renounceable (i.e. eligible shareholders may not transfer their rights to any Frontier Shares offered under the Plan).

An offer may, at the discretion of the directors of Frontier, be made under the Plan once a year. The maximum amount, which any shareholder may subscribe for in any consecutive 12 month period, is A\$15,000. The directors of Frontier may also determine in their discretion the minimum amount for participation, the multiple of Frontier Shares to be offered under the Plan and the period the offer is available to eligible shareholders.

Price of Frontier Shares

The price of Frontier Shares to be issued under the Plan will be 9 cents per share.

Applications and Notices

At the discretion of the directors of the Company, Frontier will send eligible shareholders a letter of offer and application procedures, inviting them to subscribe for Frontier Shares under the Plan, and accompanied by the terms and conditions of the Plan and an application form. Applications will not be accepted after the closing date of an offer. Over subscriptions to an offer may be refunded without interest.

Notices and statements made by Frontier to participants may be given in any manner prescribed by its Constitution.

Underwriting

An Offer may be underwritten and the underwriters and/or sub-underwriters may be issued with Shares pursuant to the Plan where one or more of the eligible shareholders fail to subscribe for the maximum number of shares available to them under the Offer. The Directors may pay a broker's fee Underwriters.

Issue of Frontier Shares

Frontier Shares to be issued under the Plan will be issued as soon as reasonably practicable after the closing date specified by the Directors of Frontier in the relevant offer.

Frontier Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in Frontier from the date of issue.

Shareholding statements or CHES notification will be issued in respect of all Frontier Shares issued under the Plan. The Company will, promptly after the issue of Frontier Shares under the Plan, make application for those Frontier Shares to be listed for quotation on the official list of ASX.

Modification and Termination of the Plan

Frontier may modify or terminate the Plan at any time.

Frontier will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, Frontier may issue to any person fewer Frontier Shares than the person applied for under the Plan or may decline any application in its absolute discretion.

Dispute Resolution

Frontier may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or Frontier Shares. The decision of Frontier in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

Frontier reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of Frontier under these conditions may be exercised by the directors of Frontier or any delegate of the directors of Frontier.

Questions and Contact Details

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or the Company Secretary, Julia Beckett on (08) 6141 3500.