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**ASX: FNT**

ASX Limited  
Market Announcements Platform

29<sup>th</sup> January 2018

## **TECHNICAL REPORT – QUARTER ENDED 31<sup>st</sup> DECEMBER 2017**

Frontier Resources Ltd (ASX: FNT) (**Frontier** or the **Company**) is focussed on mineral exploration in highly prospective Papua New Guinea (PNG). The Company is targeting copper+/- gold +/-molybdenum porphyries and intrusive related epithermal gold deposits on its Exploration Licences (ELs), plus a number of significant EL Applications. Exploration and drilling is strongly warranted on all areas.

The Papuan Fold Belt contains Frontier's Bulago and Muller ELs and the Ok Tedi porphyry copper-gold Mine (located 80km WNW of Bulago), Porgera intrusive/ epithermal related gold Mine (120km east of Bulago) and Kili Teke porphyry copper-gold Deposit (50km east of Bulago).

### **SUMMARY**

- An Agreement has been signed for a \$6 million Placement into Frontier, with Forise Investment Sydney Pty Ltd (**Forise**), a subsidiary of one of the largest non-bank financial institutions in China. Subject to shareholder approval, Forise will subscribe for A\$6 million worth of new Frontier shares at A\$0.016 per share (375,000,000 new shares with an attaching option on a 1:2 basis (187,500,000 2-year term Options exercisable at A\$0.029). This would represent 78% of total shares on issue post placement and 84% fully diluted.
- Aimex Geophysics (Director Swiridiuk's entity) has commenced an Aster satellite imagery study to better define the main geochemically anomalous zones of the 3 main project areas, plus to attempt to locate additional high alteration prospectivity zones proximal to them and regionally within the EL.
- The Muller (EL 2356) renewal application was lodged and the Warden's Court Hearing was scheduled for January 15<sup>th</sup>, 2018, with the Muller porphyry copper- gold moly exploration program to be initiated subsequent to the Hearing. However, the Air Niugini flight to Tari was cancelled and the Mining Warden cancelled the Hearing and re-scheduled for mid-March. The Muller exploration program will now commence in mid-February, 2018.
- The Bulago (EL 1595) exploration program will still commence subsequent to Muller, with evaluation of skarn targets at the limestone/ intrusive contact and several 'higher elevation' Bulago Valley gold + base-metal silt + stream geochemical anomalies and this has also been delayed.
- The Tolukuma Region EL Application is still going through the normal application process.
- EL Applications 2476 and 2477 in the D'Entrecasteaux Islands, Milne Bay Province were refused by the Minister and we were informed on January 22<sup>nd</sup>. Frontier's Chairman and Managing Director Peter McNeil said: *No reasons were given for these unreasonable decisions regarding refusing ELAs 2476 and 2477.*

### **FORISE TRANSACTION KEY TERMS:**

An Agreement was signed for a \$6 million Placement into Frontier, with Forise Investment Sydney Pty Ltd (**Forise**), a subsidiary of one of the largest non-bank financial institutions in China. Forise would subscribe for A\$6 million worth of new Frontier shares at A\$0.016 per share (375,000,000 new shares with an attaching

option on a 1:2 basis (187,500,000 2-year term Options exercisable at A\$0.029). This would represent 78% of total shares on issue post placement and 84% fully diluted.

The Placement is subject to completion of an Independent Expert Report, ASX and ASIC regulatory approvals, and an Extraordinary General Meeting to obtain shareholder approval. The maximum allowable timeframe to completion is March 15<sup>th</sup>, 2018 or as otherwise mutually agreed to by both parties.

The Board of Directors of Frontier will continue as is until completion of the Placement. Upon completion of the Placement Frontier will appoint Forise's elected Directors to the Board of Frontier. Frontier have agreed to cancel all options held by its Directors and consultants upon completion of the Placement. Debt owed to Peter McNeil by Frontier will convert into Frontier shares at the same price of A\$0.016. All McNeil shares will be escrowed for 6 months following the completion of the transaction.

Forise have made a loan facility available to Frontier for near term corporate and exploration costs of A\$50,000, that may convert to Frontier shares at A\$0.016 per share upon completion of the placement.

Forise's Managing Director Mr Fenix Dong said:

*"Forise Group who ranks among the largest non-banking conglomerates in China, is delighted to become a significant and strategic investor in Frontier. Forise believes that whilst China's economy is evolving, her need for resources will continue for the foreseeable future. The combination of Frontier and Forise's network, therefore, could be highly synergistic and beneficial to all shareholders."*

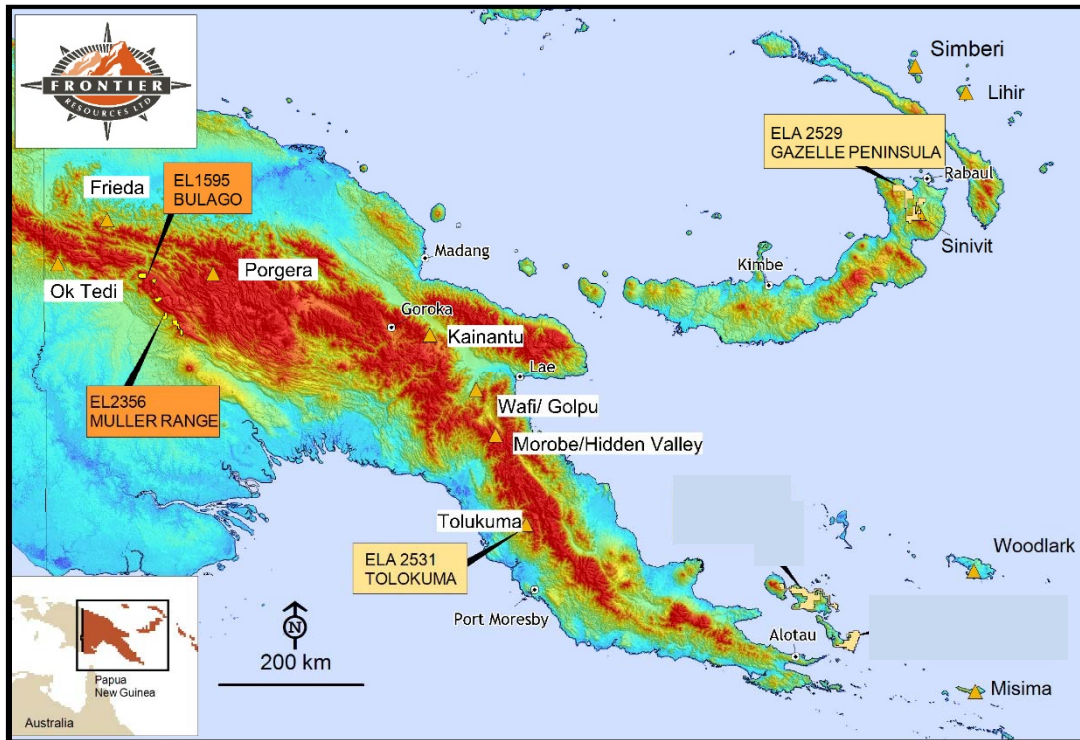
Frontier's Chairman Peter McNeil said:

***"Frontier's Board of Directors unanimously support this Agreement and recommend that shareholders approve the transaction at the forthcoming General Meeting. Forise Investments is a subsidiary of an internationally, highly reputable, Chinese diversified business house. Frontier is honoured to be selected as the ASX listed vehicle to ultimately better crystallise Forise's business aspirations in Australia. I believe that we have negotiated an excellent agreement, that will also continue with exploration in Papua New Guinea."***

#### **About Forise Group**

Forise Group is one of the largest non-banking conglomerate groups in China. The Forise Group is involved in a wide range of activities including asset management and operations (including investing in areas such as resources), corporate finance and financial services, environment, health and health management, hospitality and resorts, real estate, retail and franchising and select manufacturing and value add.

Corporate finance and advisory firm, Saint Gabriel Pty Ltd, assisted broker the transaction on behalf of Frontier. For additional information contact Bernadette Sukkar on +61 (2) 8005 7107.



**Figure 1: Frontier Resources' projects location map**

**Releases Submitted to The ASX During the Quarter Included:**

- 8<sup>th</sup> January 2018      Planned Muller Exploration
- 22<sup>nd</sup> December 2017      Forise Investments Agree to a \$6 million Placement into Frontier

For additional information please visit our website at [www.frontierresources.com.au](http://www.frontierresources.com.au)

**FRONTIER RESOURCES LTD**

P.A. McNeil, M.Sc., MAIG  
Chairman and Managing Director

**Competent Person Statement:**

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 2012 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 Exploration Licence Information						
Licence Name	Number	Date From	Date To	Ownership	Area (SQ KM)	Lat. Sub Blocks
Bulago	EL 1595	7/07/2016	6/7/2018	100% Frontier Gold PNG Ltd	73	22
Muller	EL 2356	31/12/2015	30/12/2017	100% Frontier Copper PNG Ltd	187	56
<b>Granted Els =</b>					<b>260</b>	<b>SQ KM</b>
Gazelle	ELA 2529	Application	SECOND	100% *Frontier Copper PNG Ltd	703	211
Tolukuma	ELA 2531	Application		100% *Frontier Copper PNG Ltd	433	130
<b>EL Applications =</b>					<b>1,136</b>	<b>SQ KM</b>
<small>NB: The PNG Mining Act- 1992 stipulates that ELs are granted for renewable 2 year Terms (subject to Work and Financial Commitments) and the PNG Government maintains the right to purchase up to 30% project equity at "Sunk Cost" if/when a Mining Lease is granted.</small>						