

# Frontier Resources Limited

ACN 095 684 389

## **NOTICE OF EXTRAORDINARY GENERAL MEETING, EXPLANATORY NOTES AND INDEPENDENT EXPERT'S REPORT**

**Date: 15 May 2018**

**Time: 11:00am (Perth time)**

**Place: Unit 5, Ground Floor, 1 Centro Avenue, Subiaco WA 6008**

**The Independent Expert has concluded that Forise's acquisition of the Placement Securities is not fair but reasonable to Shareholders, and that the advantages outweigh the disadvantages of the acquisition. Further information is contained in the enclosed Independent Expert's Report.**

**The Directors unanimously recommend that Shareholders vote in favour of the Resolutions.**

This Notice of Meeting is dated 13 April 2018.

**This document is important and requires your immediate attention. Carefully read this document in its entirety and consult your stockbroker, solicitor, accountant, licensed financial adviser or other professional adviser if you are in any doubt as to what to do.**

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**NOTE:** Capitalised terms used in this document are defined in the Glossary (Section 5).

## Key Dates

Due date for lodgement of proxy forms	11:00am (Perth time) on 13 May 2018
Record Date	7:00pm (Perth time) on 11 May 2018
General Meeting	11:00am (Perth time) on 15 May 2018

**NOTE:** The above timetable is indicative only. The Company may vary any of the above dates without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable law.

## Important Information

This Notice of Meeting is dated 13 April 2018.

A copy of this Notice of Meeting has been lodged with ASIC and ASX. Neither ASIC nor ASX takes any responsibility for the contents of this Notice of Meeting.

This Notice of Meeting does not take into account the individual investment objectives, financial situation or particular needs of any person. Shareholders should seek professional advice from a licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser before deciding whether or not to approve the Resolutions set out in this Notice of Meeting.

This Notice of Meeting is governed by the law in force in Western Australia.

## Corporate Directory

### Current Directors

Paige McNeil (Non-Executive Chairman)  
Peter Swiridiuk (Non-Executive Director)  
John Kirakar (Non-Executive Director)

### Company Secretary

Matthew Foy

### Registered Office

Unit 5, Ground Floor  
1 Centro Avenue  
Subiaco WA 6008  
Tel: (08) 9486 4036

### Share Registry

Computershare Investor Services Pty Limited  
Level 11, 172 St Georges Terrace  
Perth WA 6000  
Tel: 1300 850 505

### Independent Expert

WMS Corporate Services Pty Ltd  
Suite 1401, Level 14 The Rocket  
203 Robina Town Centre Drive  
Robina QLD 4226

### Auditors

Moore Stephens  
Level 3, 12 St Georges Terrace  
Perth WA 6000

### Solicitors

Thomson Geer  
Level 25, 1 O'Connell Street  
Sydney NSW 2000

**1 Chairman's Letter**

Dear Shareholder

On behalf of the Directors of Frontier Resources Limited (**Company** or **FNT**) I am pleased to invite you to an Extraordinary General Meeting of Shareholders to be held on 15 May 2018.

As announced on 22 December 2017, the Company has entered into an agreement (**Placement Agreement**) with Forise Investment Sydney Pty Ltd (**Forise**), pursuant to which Forise agreed to subscribe A\$6 million for 375,000,000 new Shares at an issue price of A\$0.016 per Share, along with 187,500,000 free attaching Options on a 1:2 basis, to be issued to Forise and its nominee. Subject to and upon completion of the Placement Agreement, Forise will be issued with 328,125,000 Shares and 164,062,500 Options (together the **Placement Securities**), and its non-associated nominee, ACH Investments Pte Ltd (**ACH**) will be issued with 46,875,000 Shares and 23,437,500 Options (**ACH Securities**).

Forise is a subsidiary of one of the largest non-bank financial institutions in China. Further information about Forise and ACH is contained in the Explanatory Notes. Completion of the Placement Agreement is subject to regulatory and shareholder approval.

The business of the meeting is to seek Shareholder approval for the proposed issue of the Placement Securities in the Company to Forise and the ACH Securities to ACH on the basis outlined in the enclosed Explanatory Notes. Neither Forise nor ACH currently hold any Shares or Options in the Company. The Company will also be seeking Shareholder approval for the election of each of Fei Peng, Yun Wei Dong (Fenix Dong) and Anthony William Hickey as a Director of the Company and for the issue of Shares on conversion of debt to Peter McNeil, former Managing Director of the Company (subject to approval being granted for the issue of the Placement Securities).

Subject to and upon completion of the Placement Agreement, Forise will have a total relevant interest in 328,125,000 Shares, representing approximately 67.87% of the voting power attaching to and the number of all Shares on issue at the time of issue, and approximately 73.35% on a fully diluted basis.

As reflected in the Company's announcement and by the Resolutions proposed, the Board considers that the terms of the Placement Agreement, including the issue of the Placement Securities to Forise on the basis provided in the Resolutions is in the Company's best interests and will be for the benefit of all Shareholders. The Board's reasons are set out more fully in the enclosed Explanatory Notes.

In summary, the issue of the Placement Securities to Forise and the ACH Securities to ACH will enable the Company to undertake exploration at its projects in Papua New Guinea, allowing it to focus on its operations, and enhance its growth and development prospects.

Further information regarding the Resolutions to be considered at this meeting is set out in the enclosed Explanatory Notes.

The Independent Expert has been engaged to determine whether the terms of the Placement Agreement and the issue of the Placement Securities to Forise and the ACH Securities to ACH is fair and reasonable to the Shareholders and has determined that it is **not fair but reasonable**, and that the advantages outweigh the disadvantages. Further information is contained in the enclosed Independent Expert's Report.

The Company has obtained the commitment of its major Shareholders – Exploration & Management Consultants Pty Ltd, which holds 4,825,667 Shares (4.63%) and Exploration & Management Consultants Pty Ltd <Malalo Superfund A/C>, which holds 4,768,535 Shares (4.57%) at the date of this Notice of Meeting – to vote in favour of the issue of the Placement Securities to Forise at the General Meeting, in the absence of a superior proposal.

I look forward to your attendance at the General Meeting. If you are unable to attend the meeting in person, please complete, sign and return the enclosed proxy form by 11:00am (Perth time) on 13 May 2018.

Yours sincerely

Paige McNeil  
Non-Executive Chairman

**NOTICE IS HEREBY GIVEN** that a General Meeting of the Shareholders of Frontier Resources Limited (**Company** or **FNT**) will be held at Unit 5, Ground Floor, 1 Centro Avenue, Subiaco, WA on 15 May 2018 at 11:00 am (Perth time).

**Business:**

**Resolution 1 – Approval of issue of Shares and Options to Forise**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That, in accordance with item 7 of section 611 of the Corporations Act and ASX Listing Rule 7.1, and for all other purposes, Shareholder approval is given to the issue and allotment of 328,125,000 Shares and 164,062,500 Options to Forise on the terms set out in the Explanatory Notes accompanying the Notice of Meeting.”*

*Note: The vote on Resolution 1 will be taken on a show of hands and a poll.*

**Resolution 2 – Approval of issue of Shares and Options to ACH**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That, in accordance with ASX Listing Rule 7.1, and for all other purposes, Shareholder approval is given to the issue and allotment of 46,875,000 Shares and 23,437,500 Options to ACH on the terms set out in the Explanatory Notes accompanying the Notice of Meeting.”*

**Resolution 3 – Election of Fei Peng as Director**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That subject to Resolutions 1 and 2 being passed, for the purposes of rule 16.5 of the constitution of the Company and for all other purposes, Fei Peng, being eligible and having consented to act, be elected as a Director on and from the date of issue of the Placement Securities and the ACH Securities.”*

**Resolution 4 – Election of Yun Wei Dong (Fenix Dong) as Director**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That subject to Resolutions 1 and 2 being passed, for the purposes of rule 16.5 of the constitution of the Company and for all other purposes, Yun Wei Dong (Fenix Dong), being eligible and having consented to act, be elected as a Director on and from the date of issue of the Placement Securities and the ACH Securities.”*

**Resolution 5 – Election of Anthony William Hickey as Director**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That subject to Resolutions 1 and 2 being passed, for the purposes of rule 16.5 of the constitution of the Company and for all other purposes, Anthony William Hickey, being eligible and having consented to act, be elected as a Director on and from the date of issue of the Placement Securities and ACH Securities.”*

**Resolution 6 – Issue of Shares to Peter McNeil in respect of conversion of debt**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

*“That subject to Resolutions 1 and 2 being passed, in accordance with ASX Listing Rule 10.11 and for all other purposes, the Company be permitted and authorised to issue up to 4,200,125 Shares to Peter McNeil (former Managing Director of the Company) at an issue price of \$0.016 per Share in full and final payment of the debt of \$67,202 owed by the Company to Peter McNeil, on the terms more fully described in the Explanatory Notes accompanying the Notice of Meeting.”*

Further information in relation to the Resolutions is set out in the Explanatory Notes which accompany and form part of this Notice of Meeting.

By order of the Board

Matthew Foy  
Company Secretary  
Date: 13 April 2018

**2.1 Voting Exclusions****Resolution 1**

In accordance with the notice requirements of item 7 of section 611 of the Corporations Act, and ASX Listing Rule 7.3.8 for approval under ASX Listing Rule 7.1 and ASX Listing Rule 14.11.1, the Company will disregard any votes cast in favour of Resolution 1 by:

- (a) Forise;
- (b) any person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares in the Company); or
- (c) any Associates of Forise and any person set out in paragraph 2.1(b).

However, the Company need not disregard a vote if:

- (a) it is cast by a person as the proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form.

**Resolution 2**

In accordance with the notice requirements of ASX Listing Rule 7.3.8 for approval under ASX Listing Rule 7.1 and ASX Listing Rule 14.11.1, the Company will disregard any votes cast in favour of Resolution 2 by:

- (a) ACH;
- (b) any person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares in the Company); or
- (c) any Associates of ACH and any person set out in paragraph 2.1(b).

However, the Company need not disregard a vote if:

- (a) it is cast by a person as the proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form.

### **Resolution 6**

In accordance with the notice requirements of ASX Listing Rule 10.3.6 for approval under ASX Listing Rule 10.11 and ASX Listing Rule 14.11.1, the Company will disregard any votes cast in favour of Resolution 6 by:

- (a) Peter McNeil; or  
(b) any Associates of Peter McNeil.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as the proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or  
(b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form.

## **2.2 Documents**

A proxy form accompanies these documents.

## **2.3 Persons entitled to vote**

Under regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that the shareholding of each member for the purposes of ascertaining their voting entitlements at the General Meeting will be as it appears in the share register at 7:00 pm (Perth time) on 11 May 2018.

## **2.4 How to Vote**

If you are eligible, you may vote by attending the General Meeting in person or by proxy or attorney. A member who is a body corporate may appoint a representative to attend and vote on its behalf.

*Note: The vote on Resolution 1 will be taken on a show of hands and a poll.*

## **2.5 Voting in Person**

To vote in person, attend the General Meeting at the time and place set out in this Notice of Meeting.

## **2.6 Voting by Proxy**

To vote by proxy, please complete, sign and return the enclosed proxy form in accordance with the following instructions. If you require an additional proxy form, the Company will supply it on request.

## **2.7 Proxies**

A Shareholder who is entitled to vote at the General Meeting may appoint:

- one proxy if the member is only entitled to one vote; or
- one or two proxies if the member is entitled to more than one vote.

Where the Shareholder appoints 2 proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes, in which case any fraction of votes will be disregarded.

A proxy need not be a Shareholder of the Company.

The proxy form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by a corporation must be executed in accordance with the Corporations Act and the constitution of that corporation.

The proxy form and the power of attorney or other authority (if any) under which it is signed or a certified copy, must be received by the Company at least 48 hours before the time for holding of the General Meeting or any adjourned meeting (or such lesser period as the Directors may permit) at the Company's registered office:

Unit 5, Ground Floor  
1 Centro Avenue  
Subiaco WA 6005  
Australia

or the following fax number at the Company's registered office: (08) 9486 4799.

## **2.8 Voting by Attorney**

A Shareholder may appoint an attorney to act on the Shareholder's behalf at the General Meeting. The power of attorney or such other evidence of the attorney's appointment and authority to the satisfaction of the Directors must be received by the Company at least 48 hours before the time for holding of the General Meeting or any adjourned meeting.

## **2.9 Enquiries**

For further information, please contact Matthew Foy, Company Secretary, on (08) 9486 4036.

### 3 Explanatory Notes

**These Explanatory Notes have been prepared for the information of Shareholders in connection with the business to be conducted at the General Meeting to be held at Unit 5, Ground Floor, 1 Centro Avenue, Subiaco, WA on 15 May 2018 at 11:00am (Perth time).**

#### **Resolutions 1 and 2 – Issue of Placement Securities to Forise and ACH Securities to ACH**

##### **3.1 Background**

On 22 December 2017, the Company, Forise Investment Sydney Pty Ltd ACN 609 955 964 (**Forise**) and Peter McNeil (former Managing Director of the Company) entered into a Placement Agreement (**Placement Agreement**), pursuant to which Forise agreed to subscribe A\$6 million for 375,000,000 Shares at an issue price of A\$0.016 per Share, with 328,125,000 Shares to be allocated to Forise and 46,875,000 Shares to be allocated to a nominee of Forise, being ACH Investments Pte Ltd (**ACH**), along with 187,500,000 free attaching Options on a 1:2 basis, with 164,062,500 Options to be allocated to Forise, and 23,437,500 Options to be allocated to ACH.

The securities to be issued to Forise under the Placement Agreement are referred to as the **Placement Securities**. The securities to be issued to ACH under the Placement Agreement are referred to as the **ACH Securities**.

Under the terms of the Placement Agreement, Peter McNeil agreed to provide Forise with certain limited undertakings.

At the date of this Notice of Meeting, ACH does not hold any Shares or Options. ACH is not an Associate of Forise. Accordingly, the Company is seeking the approval of Shareholders:

- (a) in accordance with item 7 of section 611 of the Corporations Act and ASX Listing Rule 7.1 for the issue and allotment of the Placement Securities to Forise; and
- (b) in accordance with ASX Listing Rule 7.1 for the issue and allotment of the ACH Securities to ACH,

in accordance with the terms and conditions of the Placement Agreement.

Completion of the Placement Agreement is subject to a number of conditions, including regulatory and shareholder approval. Please refer to section 3.3(c) for further details on the conditions precedent to completion of the Placement Agreement.

##### **3.2 Information about Forise and ACH**

Forise Investment Sydney Pty Ltd is a subsidiary of one of the largest non-bank financial institutions in China, Forise Investment Group Limited. Forise Investment Group Limited is a diversified holding company with three core-value business sections: mergers and acquisitions, assets management and assets operation.

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.

The Forise Group holds a number of assets in Australia through its subsidiaries, including Forise and Fortas Asset Management Pty Ltd.

The directors of Forise Investment Sydney Pty Ltd are Fei Peng, Yun Wei Dong (Fenix Dong) and Anthony William Hickey.

Fei Peng has over 20 years of investment management experience, including corporate advisory, financial restructuring advisory, strategic planning and capital markets advisory in the PRC, Hong



Kong, Singapore and the United States. Fei Peng is an Executive Director of Forise International Limited, which is listed on the Singapore Stock Exchange.

Fenix Dong has extensive mergers and acquisition, investment banking, and management consultant experience in the mining and resources sector across the Asia-Pacific region. His experience extends to mining exploration and processing companies listed on the ASX, and public and private companies in the PRC, Hong Kong and Mongolia. He is Managing Director of Forise and Forise Investment Australia Pty Ltd, both of which are Australian subsidiaries of Forise International Limited.

Anthony William Hickey is the Founder and Chairman of Hickey Lawyers. His legal experience includes expertise in property development, tourism and construction law and commercial litigation. He is also the Founder and Chairman of Hickey Management, a business which is dedicated to providing successful business outcomes in Australia, particularly for overseas based investors.

Further information about the directors of Forise is set out in section 3.7. Further information about Forise and the part of the Forise group that Forise is owned by is available on [www.foriseassets.com](http://www.foriseassets.com).

ACH Investments Pte Ltd is a well regarded and established Singapore incorporated corporate advisory firm. ACH was founded in 1998 by several well-known and highly experienced capital markets professionals. ACH's focus is cross border transactions particularly in the Asia-Pacific region. Further information about ACH is available on [www.ach.to](http://www.ach.to).

ACH is one of the Forise group's global corporate advisors. ACH has provided the Forise group with certain corporate advisory services, including introduction services, advisory services and project management services in relation to this transaction with FNT, as well as other transactions unconnected with FNT. In consideration for these services, Forise has nominated ACH to receive 46,875,000 shares under the Placement Agreement. These shares have a nominal value of \$750,000, being the value ascribed by Forise to the services provided by ACH to the Forise group.

We understand that Forise and ACH are not associates. We have been advised that the principal of ACH, Chris Chong, who is overseeing the transaction with FNT on behalf of Forise, is an independent director of the Forise group's Singapore listed entity. Under Singapore's code of conduct, despite being an adviser to Forise, Chris Chong is deemed to be independent. Chris Chong is also an advisor to the Monetary Authority of Singapore in the area of securities law. We understand that the Forise group has 4 operating arms, and within this structure the Forise entity of which Chris Chong is a director, is not within the same operating arm as FNT will be post completion of the transaction.

For further information about the Company's Shares post-completion of the issue of the Placement Securities to Forise and ACH are set out in the Independent Expert's Report.

### **3.3 Placement Agreement**

#### **(a) Background**

Under the terms of the Placement Agreement, Forise has agreed to subscribe A\$6 million for 375,000,000 Shares at an issue price of A\$0.016 per Share, with 328,125,000 Shares to be allocated to Forise and 46,875,000 Shares to be allocated to a nominee of Forise, being ACH, along with 187,500,000 free attaching Options on a 1:2 basis, with 164,062,500 Options to be allocated to Forise, and 23,437,500 Options to be allocated to ACH. The Options have a term of two years, and an exercise price of A\$0.029 per Option.

#### **(b) Timing for completion**

Completion of the Placement Agreement will not occur unless and until the conditions precedent to the acquisition have been satisfied or waived (if possible) in accordance with the terms of the Placement Agreement.

In accordance with an amendment to the Placement Agreement made on 12 March 2018, the Directors anticipate that completion of the Placement Agreement will occur on or around 15 May 2018.

(c) **Conditions precedent**

Completion under the Placement Agreement is conditional on the satisfaction or waiver (if possible) of the following conditions:

- (i) all necessary ASIC, ASX, and all other regulatory and shareholder approvals and confirmations being obtained prior to the issue of the Placement Securities, including without limitation all necessary Shareholder approvals, including item 7 of section 611 of the Corporations Act;
- (ii) each of Peter McNeil (former Managing Director of the Company) and his related entities entering into restriction agreements with the Company preventing him dealing with all their 21,747,048 Shares in aggregate for 6 calendar months from the Completion Date in form and substance similar to Appendix 9A of the Listing Rules and otherwise on terms acceptable to Forise, acting reasonably;
- (iii) no material adverse change occurring in respect of the Company (including a decrease in net assets or an increase in the liabilities of the Company (and its subsidiaries) of more than 10%) between the date of the Placement Agreement and completion of the Placement Agreement; and
- (iv) full and final release of two registered security interests granted by the Company.

As at the date of this Notice of Meeting, the Directors are not aware of any reason why any of the conditions precedent under the Placement Agreement will not be satisfied. The Directors will keep Shareholders and the ASX advised in that regard, including as to the outcome of the vote by Shareholders on the Resolutions.

(d) **Other terms**

Each of the Company and Peter McNeil have provided Forise with certain "no leakage" undertakings in respect of any payments or transfer of assets by the Company to Peter McNeil or his related entities.

Under the terms of the Placement Agreement, at completion of the Placement Agreement the Company will issue 4,200,125 Shares to Peter McNeil at an issue price of \$0.016 per Share in full and final payment of the debt in the amount of \$67,202 owed by the Company to Peter McNeil at the date of the Placement Agreement. Refer to the Explanatory Notes in respect of Resolution 6 for more information.

Under the terms of the Placement Agreement, 4,800,000 existing Options (held by Directors) will be cancelled at completion of the Placement Agreement.

The Placement Agreement contains usual representations and warranties for a transaction of this nature.

(e) **Interests held following completion**

Following the completion of the transactions contemplated by the Placement Agreement:

- (i) existing Shareholders will hold 21.57% of the issued share capital of the Company; and
- (ii) Forise and ACH will hold 67.87% and 9.69% of the issued share capital of the Company respectively.

### 3.4 Approval under the Corporations Act

#### (a) Section 606 prohibition

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% and below 90%.

A person's voting power in a company is determined in accordance with section 610 of the Corporations Act. A person's voting power is calculated by determining the percentage of the total number of votes attached to all voting shares in the company that a person and its associates have a relevant interest in.

A person has a relevant interest in securities if they:

- (iii) are the holder of the securities;
- (iv) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (v) have power to dispose of or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

#### (b) Exception to the section 606 prohibition

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition under section 606 of the Corporations Act. This exception provides that a person may acquire a relevant interest in a company's voting shares with shareholder approval.

In order for the exemption of item 7 of section 611 of the Corporations Act to apply, shareholders must be given all information known to the person making the acquisition or their Associates, or known to the company, that was material to the decision on how to vote in the resolution, including:

- (i) the identity of the person proposing to make the acquisition and their Associates;
- (ii) the maximum extent of the increase in that person's voting power in the company that would result from the acquisition;
- (iii) the voting power that person would have as a result of the acquisition;
- (iv) the maximum extent of the increase in the voting power of each of that person's Associates that would result from the acquisition; and
- (v) the voting power that each of that person's Associates would have as a result of the acquisition.

For responses on these matters, see section 3.6.

### 3.5 Why Shareholder approval is required

As at the date of this Notice of Meeting, being prior to the issue of the Placement Securities, neither Forise nor ACH holds any Shares in the Company.

Following the issue of the Placement Securities and the ACH Securities in accordance with the terms of the Placement Agreement, Forise will hold 328,125,000 Shares and 164,062,500 Options and ACH will hold 46,875,000 Shares and 23,437,500 Options.

The table below sets out the percentage of Shares and the voting power of Forise, ACH and the other Shareholders of the Company following the issue of the Placement Securities and the ACH Securities:

Shareholders	Number of Shares	% Shares	Number of Options	% Shares (fully diluted)
Forise	328,125,000	67.87%	164,062,500	73.35%
ACH	46,875,000	9.69%	23,437,500	10.48%
Peter McNeil*	4,200,125*	0.87%*	0*	0.63%*
Existing Shareholders	104,276,813	21.57%	0	15.54%
<b>Total</b>	<b>483,476,938</b>	<b>100%</b>	<b>187,500,000</b>	<b>100%</b>

\* This entry reflects only the Shares to be issued to Peter McNeil the subject of Resolution 6. It does not take into account existing Shares held by Peter McNeil and his Associates (which are included in the holdings for Existing Shareholders).

The issue of the Placement Securities to Forise will increase Forise's voting power in the Company from 0% to a percentage in excess of 20%.

This increase in Forise's relevant interest in the Company from less than 20% to more than 20% is prohibited under section 606 of the Corporations Act. However, such issue would be permitted if prior Shareholder approval is granted for the issue of the Placement Securities to Forise in accordance with the terms of Resolution 1.

### 3.6 Information for Shareholders under item 7 of section 611 of the Corporations Act

The following information is provided to Shareholders for the purposes of the requirements under the Corporations Act in respect of obtaining Shareholder approval pursuant to item 7 of section 611 of the Corporations Act:

<b>The identity of the person proposing to make the acquisition and their associates</b>	<p>The person proposing to make the acquisition (that, is the persons who will be issued the Placement Securities) is Forise.</p> <p>ACH is subscribing for 46,875,000 Shares and 23,437,500 Options, accounting for 9.69% of the issued capital of the Company on completion of the issue of the Shares and Options under the Placement Agreement.</p> <p>ACH is not an Associate of Forise. Accordingly, the issue of the ACH Securities to ACH does not require Shareholder approval under item 7 section 611 of the Corporations Act.</p> <p>Refer to section 3.2 for more information about Forise and ACH.</p> <p>None of Forise's Associates will be issued with any Shares or Options.</p>
<b>The maximum extent of the increase in that person's voting power in the company that would result from the acquisition</b>	<p>As at the date of this Notice of Meeting, Forise's voting power in the Company is nil. The issue of the Placement Securities to Forise will represent an increase of Forise's voting power from nil to 67.87% on an undiluted basis.</p>
<b>The voting power that a</b>	<p>Forise's voting power as a result of the issue of the Placement</p>

<b>person would have as a result of the acquisition</b>	Securities will be 67.87%.
<b>The maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition</b>	None of Forise's Associates will be issued any Placement Securities or acquire any voting power in the Company. As such, the maximum extent of the increase in the voting power of Forise's Associates as a result of the issue of the Placement Securities will be nil.
<b>The voting power that each of that person's associates would have as a result of the acquisition</b>	None of Forise's Associates currently have nor will be issued any Placement Securities or acquire any voting power in the Company. As such, the voting power of Forise's Associates on completion of the issue of the Placement Securities will be nil.

### 3.7 Information for Shareholders required by RG 74

Further information required by ASIC Regulatory Guide 74 (**RG 74**) is set out below:

<b>An explanation of the reasons for the proposed acquisition</b>	<p>The Company, Forise and Peter McNeil (former Managing Director of the Company) are parties to the Placement Agreement, pursuant to which Forise agreed to subscribe A\$6 million for 375,000,000 Shares at an issue price of A\$0.016 per Share, with 328,125,000 Shares to be allocated to Forise and 46,875,000 Shares to be allocated to a nominee of Forise, being ACH, along with 187,500,000 free attaching options on a 1:2 basis, with 164,062,500 Options to be allocated to Forise, and 23,437,500 Options to be allocated to ACH.</p> <p>As announced to the market on 22 December 2017, Forise views its investment in the Company as a strategic and significant investment.</p> <p>The Company proposes to use the funds raised under the Placement Agreement to fund further exploration work at its projects in Papua New Guinea.</p>
<b>When the proposed acquisition is to occur</b>	The Placement Securities will be issued to Forise on completion of the Placement Agreement, details of which are set out in section 3.3(b).
<b>The material terms of the proposed acquisition</b>	The Placement Securities will be issued in accordance with the terms and conditions of the Placement Agreement, details of which are set out in section 3.3.
<b>Details of the terms of any other relevant agreement between the acquirer and the target entity or vendor (or any of their associates) that is conditional on (or directly or indirectly depends on) members' approval of the proposed acquisition</b>	<p>Forise, the Company and Peter McNeil (former Managing Director of the Company) entered into the Placement Agreement. Details of the terms of the Placement Agreement are set out in section 3.3.</p> <p>On 22 December 2018, Forise and the Company entered into a loan agreement, pursuant to which, Forise agreed to provide the Company with an interest-free, unsecured loan facility in the amount of \$50,000 to fund near term corporate and exploration costs (<b>Loan Agreement</b>). The Loan Agreement was amended on 12 March 2018 to provide for an increase in the amount of the loan facility to \$90,000.</p> <p>Under the terms of the Loan Agreement:</p> <ul style="list-style-type: none"> <li>the loan is not repayable to Forise in certain circumstances, including if Forise fails to provide to the Company information as may be required from Forise for the Company</li> </ul>

	<p>to finalise the notice of meeting to convene a meeting of Shareholders for the Company to obtain Shareholder approval under section 611, item 7 of the Corporations Act (<b>EGM</b>) by 15 May 2018;</p> <ul style="list-style-type: none"> <li>the loan is converted into Shares at a conversion price of \$0.16 per Share once Shareholder approval under section 611, item 7 of the Corporations Act has been obtained at the EGM by the Company; and</li> <li>if Shareholder approval under section 611, item 7 of the Corporations Act is not obtained by the Company or if the Company fails to convene EGM by 15 May 2018, then the loan is re-payable within 90 days of the EGM if the meeting is held. If the EGM is not held, the loan is repayable by 30 June 2018.</li> </ul>
<b>A statement of the acquirer's intentions regarding the future of the target entity if members approve the acquisition and, in particular:</b>	Forise will have the right to appoint three Directors to the Board. Forise intend to initially appoint Fei Peng, Yun Wei Dong (Fenix Dong) and Anthony William Hickey as Directors on the Board from completion of the Placement Agreement. Each of Fei Peng, Yun Wei Dong (Fenix Dong) and Anthony William Hickey will be able to represent Forise's position on the Board.
<ul style="list-style-type: none"> <li><b>any intention to change the business of the entity;</b></li> </ul>	Forise does not have any present intention to change the business of the Company.
<ul style="list-style-type: none"> <li><b>any intention to inject further capital into the entity;</b></li> </ul>	Forise does not have any present intention to inject any further capital into the Company.
<ul style="list-style-type: none"> <li><b>the future employment of present employees of the entity;</b></li> </ul>	At the date of this Notice the Company does not have any employees. Forise does not have any present intention with respect to future employment of employees of the Company.
<ul style="list-style-type: none"> <li><b>any proposal where assets will be transferred between the entity and the acquirer or vendor or their associates; and</b></li> </ul>	Forise does not have any present intention to transfer assets between itself or its Associates and the Company.
<ul style="list-style-type: none"> <li><b>any intention to otherwise redeploy the fixed assets of the entity</b></li> </ul>	Forise does not have any present intention to redeploy the fixed assets of the Company.
<b>Any intention of the acquirer to significantly change the financial dividend distribution policies of the entity</b>	Forise does not have any present intention to significantly change the financial dividend distribution policies of the Company.
<b>The interests that any director has in the acquisition or any relevant agreement disclosed in respect of any other relevant agreement disclosed</b>	Except as disclosed in section 3.3(a) in relation to the provision of certain undertakings by Peter McNeil (former Managing Director of the Company) under the Placement Agreement, none of the Directors has an interest in the proposed issue of the Placement Securities to Forise or the issue of the ACH Securities to ACH nor any of the relevant agreements disclosed above.

<b>above</b>	
<b>The following details about any person who is intended to become a director if members approve the acquisition:</b>	From completion of the Placement Agreement, Forise will be entitled to nominate three Directors to the Board of the Company. Forise intends to appoint Fei Peng, Yun Wei Dong (Fenix Dong) and Anthony William Hickey as Directors of the Company immediately following completion under the Placement Agreement.
<ul style="list-style-type: none"> <li>• <b>name;</b></li> </ul>	Fei Peng
<ul style="list-style-type: none"> <li>• <b>qualifications and relevant professional or commercial experience;</b></li> </ul>	<p>Fei Peng holds an MSc in Finance and Investment with Distinction from Durham University, UK.</p> <p>Fei Peng has over 20 years of investment management experience, including corporate advisory, financial restructuring advisory, strategic planning and capital markets advisory in the PRC, Hong Kong, Singapore and the United States.</p> <p>Fei Peng is an Executive Director of Forise International Limited, which is listed on the Singapore Stock Exchange.</p> <p>Fei Peng was previously Executive President of Forise Holdings Limited. Prior to joining Forise Holdings Limited, Fei Peng served as the President of Reignwood International Investment Ltd., where he was responsible for managing the group's global investment activities.</p> <p>Previously, Mr. Peng served as the Vice President of CHINALCO Overseas Holdings Ltd (a Fortune 500 company) and was responsible for CHINALCO's overseas investment business.</p>
<ul style="list-style-type: none"> <li>• <b>any associations that the proposed director has with the acquirer, vendor or any of their associates; and</b></li> </ul>	None
<ul style="list-style-type: none"> <li>• <b>any interest that the proposed director has in the acquisition or any relevant agreement disclosed above</b></li> </ul>	None
<ul style="list-style-type: none"> <li>• <b>name;</b></li> </ul>	Yun Wei Dong (Fenix Dong)
<ul style="list-style-type: none"> <li>• <b>qualifications and relevant professional or commercial experience;</b></li> </ul>	<p>Fenix Dong holds a double degree - Bachelor of Commerce and Bachelor of Information System - from the University of Melbourne.</p> <p>Fenix Dong has extensive mergers and acquisition, investment banking, and management consultant experience in the mining and resources sector across the Asia-Pacific region. His experience extends to mining exploration and processing companies listed on the ASX, and public and private companies in the PRC, Hong Kong and Mongolia.</p> <p>He is Managing Director of Forise and Forise Investment Australia Pty Ltd, both of which are Australian subsidiaries of Forise International Limited.</p> <p>Fenix Dong was previously the Senior Vice President of Investment at Hywood Capital, Deputy General Manager and China Chief Representative of Roxstrata's investment company,</p>

	and business analyst for National Australia Trustee.
<ul style="list-style-type: none"> <li>any associations that the proposed director has with the acquirer, vendor or any of their associates; and</li> </ul>	None
<ul style="list-style-type: none"> <li>any interest that the proposed director has in the acquisition or any relevant agreement disclosed above</li> </ul>	None
<ul style="list-style-type: none"> <li>name;</li> </ul>	Anthony William Hickey
<ul style="list-style-type: none"> <li>qualifications and relevant professional or commercial experience;</li> </ul>	<p>Anthony William Hickey holds a Bachelor of Laws (Honours) from the University of Queensland. He is the Founder and Chairman of Hickey Lawyers.</p> <p>He was a founding partner of one of the Gold Coast's largest legal firms, Rapp Hickey Morgan Power before he established his own firm, Hickey Lawyers in 1993.</p> <p>His legal experience includes expertise in property development, tourism and construction law and commercial litigation.</p> <p>He is also the Founder and Chairman of Hickey Management, a business which is dedicated to providing successful business outcomes in Australia, particularly for overseas based investors.</p> <p>On 26 January 2017, the Governor General of Australia awarded him the Order of Australia Medal as recognition of his service to the Gold Coast Community and charitable organizations.</p> <p>Anthony William Hickey is also the Chairman of the Salvation Army Red Shield Appeal for South East Queensland, Director of Titans Rugby League Pty Ltd, Chairman of School Council at Somerset College, Gold Coast, Contributor to the Bond University Vice Chancellor's Mentoring Program for Indigenous Education and Engagement, Deputy Chair of the Bleached Arts Ltd Board, Committee member of the Salvation Army Queensland Advisory Board and Trustee of Gold Coast City Council Mayoress Charity Fund.</p>
<ul style="list-style-type: none"> <li>any associations that the proposed director has with the acquirer, vendor or any of their associates; and</li> </ul>	None
<ul style="list-style-type: none"> <li>any interest that the proposed director has in the acquisition or any relevant agreement disclosed above</li> </ul>	None

### 3.8 ASX Listing Rule approval - ASX Listing Rule 7.1

Pursuant to ASX Listing Rule 7.3, the following information is provided regarding ASX Listing Rule 7.1 approval.



<b>Maximum number of securities to be issued (LR 7.3.1)</b>	375,000,000 Shares and 187,500,000 Options.
<b>Date by which securities will be issued and allotted (LR 7.3.2)</b>	At completion of the Placement Agreement, which is expected to occur on the date of this General Meeting, and in any event, no later than 3 months after the date of this General Meeting.
<b>Issue price of the securities (LR 7.3.3)</b>	\$0.016 per Share. The Options have nil issue price, and have an exercise price of \$0.029 per Share.
<b>Names of allottees (LR 7.3.4)</b>	Forise and ACH.
<b>Terms of the securities (LR 7.3.5)</b>	<p><u>Shares</u></p> <p>The Company will apply to the ASX to have the 375,000,000 Shares officially quoted, and upon quotation, these Shares will rank equally with all the other Shares on issue. In all other respects, the rights and entitlements of Forise and ACH in respect of the Shares to be issued to them will be identical to the rights and entitlements of holders of the existing issued Shares.</p> <p><u>Options</u></p> <p>Each Option has a nil issue price, and an exercise price of \$0.029.</p> <p>Each Option expires two years from the date of issue.</p> <p>Each Option is unlisted.</p> <p>The rights of the holders of the Options will change to the extent necessary to comply with the ASX Listing Rules applying to reorganisation of capital at the time of the reorganisation, including ASX Listing Rule 7.22.1.</p> <p>The holder of an Option may not participate in new issues of securities to shareholders unless the Option is exercised before the record date for determining entitlements to the relevant issue.</p> <p>If, before the expiry of the Options, the Company makes a pro rata issue of Shares to Shareholders for no consideration, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the date for calculating entitlements to the pro rata issue.</p> <p>The exercise price of the Options and the number of underlying securities over which an Option can be exercised may otherwise only be changed in accordance with the ASX Listing Rules, in particular, ASX Listing Rules 6.22 and 6.23.</p> <p>Each Share issued and allotted upon exercise of an Option will rank pari passu in all respects with all other Shares of the Company on issue at the date of the issue and allotment, and the rights and entitlements of the holders of the Shares issued on exercise of the Options will be identical to the rights and entitlements of the holders of existing issued Shares.</p>

<b>Intended use of funds (LR 7.3.6)</b>	The Company proposes to use the funds raised under the Placement Agreement as set out in the table below.																				
	<table border="1"> <thead> <tr> <th>Use of funds</th> <th>Amount (A\$)</th> </tr> </thead> <tbody> <tr> <td>Exploration work EL1595 Bulago</td> <td>140,000</td> </tr> <tr> <td>Exploration work EL2356 Muller</td> <td>150,000</td> </tr> <tr> <td>Transaction expenses<sup>1</sup></td> <td>118,800</td> </tr> <tr> <td>Existing liabilities<sup>2</sup></td> <td>318,900</td> </tr> <tr> <td>Investment expenses<sup>3</sup></td> <td>160,000</td> </tr> <tr> <td>Corporate fees and actions<sup>4</sup></td> <td>620,000</td> </tr> <tr> <td>Project evaluation and acquisitions</td> <td>4,200,000</td> </tr> <tr> <td>Contingency</td> <td>292,300</td> </tr> <tr> <td></td> <td><b>6,000,000</b></td> </tr> </tbody> </table>	Use of funds	Amount (A\$)	Exploration work EL1595 Bulago	140,000	Exploration work EL2356 Muller	150,000	Transaction expenses <sup>1</sup>	118,800	Existing liabilities <sup>2</sup>	318,900	Investment expenses <sup>3</sup>	160,000	Corporate fees and actions <sup>4</sup>	620,000	Project evaluation and acquisitions	4,200,000	Contingency	292,300		<b>6,000,000</b>
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Contingency	292,300																				
	<b>6,000,000</b>																				
<b>Issue date (LR 7.3.7)</b>	At completion of the Placement Agreement, which is expected to occur on the date of this General Meeting.																				
<b>Voting exclusion statement (LR 7.3.8)</b>	Refer to paragraph 2.1.																				

### 3.9 ASX Listing Rule approval – ASX Listing Rules 11.1.2 and 11.1.3

On 21 March 2018, the Company sought confirmation from the ASX as to the application of ASX Listing Rules 11.1.2 and 11.1.3 to the issue of the Placement Securities and the ACH Securities.

On 22 March 2018, the ASX confirmed that ASX Listing Rules 11.1.2 and 11.1.3 do not apply to the issue of the Placement Securities to Forise and the ACH Securities to ACH.

### 3.10 Current and proposed interests in the Company

The table below shows the percentage of the Shares that Forise and ACH hold, and the voting power of Forise and ACH as at the date of this Notice of Meeting, being prior to the issue of the Placement Securities and the ACH Securities pursuant to the Placement Agreement:

	Number of Shares held	Percentage of Shares held	Percentage of voting power held
Existing Shareholders	104,276,813	100%	100%
Forise	0	0%	0%
ACH	0	0%	0%
<b>Total</b>	<b>104,276,813</b>	<b>100%</b>	<b>100%</b>

<sup>1</sup> Refer to the Pro Forma Balance Sheet in section 4.

<sup>2</sup> Refer to the Pro Forma Balance Sheet in section 4.

<sup>3</sup> These include concessions, deposits or prepayments.

<sup>4</sup> These include the day-to-day administration and related corporate expenses of the Company, including directors' fees, accounting and audit fees, share registry expenses and ongoing regulatory compliance expenses, including listing fees.

If the Company issues the Placement Securities to Forise, the ACH Securities to ACH and 4,200,125 Shares to Peter McNeil (Resolution 6) in accordance with the terms of the Placement Agreement then, immediately after the issue of the Shares and Options under the Placement Agreement, the percentage of the Shares held by Forise and ACH, and the voting power of Forise and ACH, will be as follows:

	Number of Shares held	Percentage of Shares held	Percentage of voting power held
Existing Shareholders	104,276,813	21.57%	21.57%
Forise	328,125,000	67.87%	67.87%
ACH	46,875,000	9.69%	9.69%
Peter McNeil*	4,200,125*	0.87%*	0.87%*
<b>Total</b>	<b>479,276,813</b>	<b>100%</b>	<b>100%</b>

\* This entry reflects only the Shares to be issued to Peter McNeil the subject of Resolution 6. It does not take into account existing Shares held by Peter McNeil and his Associates (which are included in the holdings for Existing Shareholders).

If the Company issues the Options to Forise and ACH in accordance with the terms of the Placement Agreement then, upon the exercise of those Options by Forise and ACH (and assuming all Options are exercised) and the issue of Shares on exercise of the Options, the voting power of Forise and ACH, will be as follows:

	Number of Shares held	Percentage of Shares held	Percentage of voting power held
Existing Shareholders	104,276,813	15.54%	15.54%
Forise	492,187,500	73.35%	73.35%
ACH	70,312,500	10.48%	10.48%
Peter McNeil*	4,200,125*	0.63%*	0.63%*
<b>Total</b>	<b>670,976,938</b>	<b>100%</b>	<b>100%</b>

\* This entry reflects only the Shares to be issued to Peter McNeil the subject of Resolution 6. It does not take into account existing Shares held by Peter McNeil and his Associates (which are included in the holdings for Existing Shareholders).

### 3.11 Effect of the issue of the Placement Securities

The Independent Expert's Report contains details of the consolidated financial position and performance of the Company, and a summary is set out in the pro forma balance sheet and FY19 forecast profit and loss statement respectively contained in section 4.

### 3.12 Independent Expert's Report

In accordance with the requirements of RG 74, the Directors engaged the Independent Expert to prepare and provide the Independent Expert's Report which contains an analysis of whether the proposed issue of the Placement Securities is fair and reasonable to the non-associated Shareholders.

The Independent Expert's report compares the likely advantages and disadvantages for the non-associated Shareholders if the proposal is agreed to, with the advantages and disadvantages to those Shareholders if it is not.

The Independent Expert has concluded that the proposed issue of the Placement Securities to Forise is **not fair but reasonable** to the non-associated Shareholders. The Independent Expert considers that the advantages of the issue of the Placement Securities to Forise clearly outweigh its disadvantages. For a summary of the Independent Expert's findings, please refer to the Independent Expert's Report.

The Independent Expert has given and has not before the date of this Notice of Meeting withdrawn, its consent to the inclusion of the Independent Expert's Report in this Notice of Meeting and to the references to the Independent Expert's Report in this Explanatory Memorandum being made in the form and context in which each such reference is included.

### 3.13 Advantages and disadvantages

The Board is of the opinion that the benefits of the issue of the Placement Securities proposed to be undertaken by the Company may include that:

- (a) the funds raised by the issue of the Placement Securities will enable the Company to undertake its exploration plan at its projects in Papua New Guinea;
- (b) the issue of the Placement Securities is intended to give Forise a vested interest in the ongoing success of the Company, for the benefit of its Shareholders;
- (c) Forise is supportive of the Company's management and its current operating plan. As mentioned above, Forise does not have any present intention to change the Company's business as conducted by the current management; and
- (d) the Company has obtained the commitment of its major Shareholders – Exploration & Management Consultants Pty Ltd, which holds 4,825,667 Shares (4.63%) and Exploration & Management Consultants Pty Ltd <Malalo Superfund A/C>, which holds 4,768,535 Shares (4.57%) at the date of this Notice of Meeting – to vote in favour of the issue of the Placement Securities to Forise at the General Meeting, in the absence of a superior proposal.

Potential disadvantages of the issue of the Placement Securities include that:

- (a) Shareholders' interests in the Company will be diluted. However, the Directors consider that any dilution of Shareholders' interests will be offset by the immediate benefits of the long-term association of Forise and the dilution of the major Shareholder of the Company;
- (b) following the issue of the Placement Securities, Forise will hold a relevant interest in the Company of 67.87%. Forise will also be able to appoint 3 directors to the Board. This will place Forise in a position of some influence where Forise may be able to obstruct the decisions and operations of the Company. Forise has confirmed to the Company that it does not have a current intention to obstruct the decisions and operations of the Company. Forise will have the power to control the outcome of any ordinary resolution put to the Shareholders, and existing Shareholders will be minority holders in the Company post completion of the issue of the Placement Securities; and
- (c) you may not agree with the recommendation by the Directors and the Independent Expert. Notwithstanding the unanimous recommendation of the Directors and the Independent Expert's opinion that the issue of the Placement Securities to Forise is **not fair but reasonable**, you may believe the issue of the Placement Securities is not fair or reasonable, or otherwise not in your best interest or in the best interests of Shareholders.

Further advantages and disadvantages as determined by the Independent Expert are set out in section 10 of the Independent Expert's Report.

### 3.14 Interests of the Directors

None of the Directors is a related party or Associate of Forise or ACH. Therefore, none of the Directors has any particular interest in Resolutions 1 or 2.

As at the date of this Notice of Meeting, the Directors have the following voting power:

Name of Director	Number of Shares held	Percentage of voting power held	Number of Options <sup>5</sup>	Percentage of voting power held (if Options are exercised)
Paige McNeil	15,939,517	15.29%	1,500,000 <sup>6</sup>	16.72%
Peter Swiridiuk	0	0	5,00,000 <sup>7</sup>	0.48%
John Kirikar	788,889	0.75%	100,000 <sup>8</sup>	0.85%

No Director's voting power is expected to materially change between the date of this Notice of Meeting and the General Meeting.

### 3.15 Recommendation of the Directors

The Directors unanimously approve the proposal to put Resolutions 1 and 2 to Shareholders for their approval.

The Board has carefully considered the advantages and disadvantages and evaluated their relative weight in the circumstances of the Company. The Board unanimously believes that the sum of the advantages outweighs the sum of the disadvantages and that the issue of the Placement Securities to Forise is in the best interests of existing Shareholders as a whole for the reasons set out in this Explanatory Memorandum and the Independent Expert's Report.

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 1 and 2.

The Directors advise that each of Paige McNeil and John Kirikar proposes to vote in favour of Resolutions 1 and 2.

### 3.16 Further information

If you have any questions or need more information about Resolutions 1 or 2, please contact the Company Secretary, Matthew Foy, at the Company on (08) 9486 4036.

### Resolutions 3 – 5 – Election of Fei Peng, Yun Wei Dong (Fenix Dong) and Anthony William Hickey as Directors of the Company

Subject to, and on completion of the issue of the Placement Securities, each of Fei Peng, Yun Wei Dong (Fenix Dong) and Anthony William Hickey will be appointed to the board of the Company as a Director. Fei Peng and Anthony William Hickey will be non-executive Directors and Yun Wei Dong (Fenix Dong) will be an executive Director.

Details of qualifications, experience and associations (if any) of each of Fei Peng, Yun Wei Dong (Fenix Dong) and Anthony William Hickey are set out in section 3.7.

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 3, 4 and 5.

### Resolution 6 – Issue of Shares to Peter McNeil

<sup>5</sup> Under the terms of the Placement Agreement, all Options on issue immediately prior to completion of the Placement Agreement will be cancelled on completion of the Placement Agreement.

<sup>6</sup> Exercise price of \$0.034 with an expiry date of 10 February 2020.

<sup>7</sup> Exercise price of \$0.034 with an expiry date of 10 February 2020.

<sup>8</sup> Exercise price of \$0.03 per Option with an expiry date of 30 December 2019.

### 3.17 Background

At the date of the Placement Agreement, the Company owed a debt in the amount of \$67,202 to Peter McNeil (former Managing Director of the Company).

Under the terms of the Placement Agreement, the parties agreed that subject to and on completion of the Placement Agreement, the Company will issue 4,200,125 Shares to Peter McNeil at an issue price of \$0.016 per Share in full and final payment of the debt of \$67,202 owed by the Company to Peter McNeil at the date of the Placement Agreement.

Peter McNeil resigned as a Director of the Company on 6 March 2018 but remains a related party of the Company.

The Company is seeking the approval of Shareholders under ASX Listing Rule 10.11 for the issue of 4,200,125 Shares at an issue price of \$0.016 per Share to Peter McNeil.

### 3.18 ASX listing Rule requirements

Pursuant to ASX Listing Rule 10.13, the following information is provided regarding ASX Listing Rule 10.11 approval.

<b>Name of person (LR 10.13.1)</b>	Peter McNeil.
<b>Maximum number of securities to be issued (LR 10.13.2)</b>	4,200,125 Shares.
<b>Date by which securities will be issued (LR 10.13.3)</b>	At completion of the Placement Agreement, which is expected to occur on the date of this General Meeting, and in any event, no later than 1 month after the date of this General Meeting.
<b>Nature of relationship (LR 10.13.4)</b>	Peter McNeil is a former Director of the Company. He resigned as a Director of the Company on 6 March 2018.
<b>Issue price of securities and terms of issue (LR 10.13.5)</b>	\$0.016 per Share. Each Share will rank pari passu in all respects with all other Shares of the Company on issue at the date of the issue and allotment, and the rights and entitlements in respect of the Shares issued pursuant to Resolution 6 will be identical to the rights and entitlements of the holders of existing issued Shares.
<b>Voting exclusion statement (LR 10.13.6)</b>	A voting exclusion statement is included at section 2.1 of this Notice.
<b>Intended use of funds (LR 10.13.6A)</b>	No funds will be raised from the issue of Shares to Peter McNeil pursuant to Resolution 6.

As approval for the issue of the Shares referred to in Resolution 6 is being sought under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

The Board has determined that Shareholder approval is not required under Chapter 2E of the Corporations Act on the basis that the issue of the Shares to Peter McNeil pursuant to this Resolution 6 is being undertaken on arms' length terms.

## 4 Pro Forma Balance Sheet

### 4.1 Pro Forma Balance Sheet

A consolidated pro-forma balance sheet (**Balance Sheet**) is set out below to demonstrate the financial position of the Company assuming completion of the issue of the Placement Securities under the Placement Agreement.

Frontier Resources Limited  
Proforma Balance Sheet at 31 December 2017

	31-Dec-17 Reviewed	Proforma Adjustments - Placement \$6,000,000	Revised Proforma 31-Dec-17 Placement \$6,000,000
	\$	\$	\$
<b>Current Assets</b>			
Cash assets	48,985	5,791,200	5,840,185
Trade and other receivables	26,798	0	26,798
<b>Total Current Assets</b>	<b>75,783</b>	<b>5,791,200</b>	<b>5,866,983</b>
<b>Non Current Assets</b>			
Trade and other receivables	5,159	0	5,159
<b>Total Non Current Assets</b>	<b>5,159</b>	<b>0</b>	<b>5,159</b>
<b>Total Assets</b>	<b>80,942</b>	<b>5,791,200</b>	<b>5,872,142</b>
<b>Current Liabilities</b>			
Trade and other payables	318,900	0	318,900
<b>Total Current Liabilities</b>	<b>318,900</b>	<b>0</b>	<b>318,900</b>
<b>Total Liabilities</b>	<b>318,900</b>	<b>0</b>	<b>318,900</b>
<b>Net Assets</b>	<b>(237,958)</b>	<b>5,791,200</b>	<b>5,553,242</b>
<b>Equity</b>			
Issued capital	33,134,005	5,881,200	39,015,205
Reserves	3,547,610	0	3,547,610
Accumulated losses	(36,919,573)	(90,000)	(37,009,573)
<b>Total Equity</b>	<b>(237,958)</b>	<b>5,791,200</b>	<b>5,553,242</b>

#### Notes:

The Balance Sheet has been prepared on the following basis:

- Transaction costs associated with the proposed transaction total \$118,800 (\$31,800 legal fees, \$20,000 Independent Expert Report, \$17,000 geological report, \$50,000 brokerage). The \$50,000 brokerage fee is payable to Saint Gabriel as an introduction fee in consideration for Saint Gabriel introducing the Company to Forise.

2. Administration costs from 1 January 2017 to completion of the proposed placement are \$90,000.

#### **4.2 Disclaimer**

The Balance Sheet is presented in an abbreviated form as a guide and do not contain all of the disclosures that are usually provided in an annual report prepared in accordance with the Australian Accounting Standards and the Corporations Act.

You are cautioned not to place undue reliance on the Balance Sheet. While due care and attention has been used in the preparation of the Balance Sheet, and the forward-looking statements, opinions, assumptions and estimates contained in this Section 4, these are based on assumptions and contingencies which are subject to change without notice.



## 5 Glossary

In this Notice of Meeting, unless the context or subject matter otherwise requires:

<b>ACH</b>	ACH Investments Pte Ltd.
<b>ACH Securities</b>	46,875,000 Shares at an issue price of A\$0.016 per Share and 23,437,500 free attaching Options on a 1:2 basis.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>Associate</b>	Has the meaning given to that term in Part 1.2, Division 2 of the Corporations Act.
<b>ASX</b>	ASX Limited (ACN 008 624 691) or the stock exchange which it operates, as the context requires.
<b>ASX Listing Rules</b>	The official Listing Rules of the ASX.
<b>Auditors</b>	The auditors of the Company.
<b>Balance Sheet</b>	The pro forma consolidated balance sheet of the Company assuming completion of the issue of the Placement Securities and the ACH Securities.
<b>Board</b>	The board of Directors.
<b>Company or FNT</b>	Frontier Resources Limited (can 095 684 389).
<b>Constitution</b>	The constitution of the Company.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth) as amended from time to time.
<b>Corporations Regulations</b>	<i>Corporations Regulations 2001</i> (Cth) as amended from time to time.
<b>Directors</b>	The directors of the Company.
<b>Existing Shareholders</b>	Existing Shareholders of the Company on the date of this Notice of Meeting.
<b>Forise</b>	Forise Investment Sydney Pty Ltd (ACN 609 955 964).
<b>General Meeting</b>	The extraordinary general meeting of the Company to be held at the time and place specified in the Notice of Meeting.
<b>Independent Expert</b>	WMS Corporate Services Pty Ltd (ACN 069 284 073).
<b>Independent Expert's Report</b>	The expert report prepared by the Independent Expert and attached as section 6 of this document.
<b>Notice of Meeting</b>	This document, comprising the Director's letter, notice of meeting and explanatory notes.
<b>Option</b>	An option to acquire Shares.
<b>Placement Agreement</b>	The placement agreement dated 22 December 2017 (and amended on 12 March 2018) between the Company, Forise and Peter McNeil in relation to the issue of the Placement Securities.
<b>Placement Securities</b>	328,125,000 Shares at an issue price of A\$0.016 per Share and 164,062,500 free attaching Options on a 1:2 basis.
<b>Resolutions</b>	The resolutions to be considered by Shareholders at the General Meeting, as set out in this Notice of Meeting.
<b>RG 74</b>	ASIC Regulatory Guide 74.
<b>Shareholder</b>	Holder of Shares.
<b>Shares</b>	Ordinary shares in the capital of the Company.

**6 Independent Expert's Report**



# FRONTIER RESOURCES LIMITED

Financial Services Guide and Independent Expert's Report

19 March 2018

*We have concluded that the Proposed Transaction is not fair but reasonable to the Non-Associated Shareholders of Frontier Resources Limited.*

19 March 2018

PRIVATE & CONFIDENTIAL

The Directors  
Frontier Resources Ltd  
Unit 5, Ground Floor  
1 Centro Avenue  
Subiaco WA 6005

Dear Sirs

**RE: INDEPENDENT EXPERT'S REPORT**

*Introduction*

On 22 December 2017, Frontier Resources Limited ("FNT" or "the Company") and Forise Investment Sydney Pty Ltd ("Forise" or "the Allottee") announced they had signed an agreement for a \$6M Placement in FNT ("the Placement"). A Deed of Variation has been executed extending the date for completion by two months.

Details of the Placement are as follows:

1. Forise and its nominee will subscribe for a total of \$6m new FNT shares at A\$0.016 per share being 375,000,000 new shares. The shares will be accompanied by 187,500,000 free options which are issued on the basis of one option for every two shares (2 year Options exercisable at A\$0.029);
2. FNT will cancel all options held by its Directors and consultants upon completion of the placement;
3. Debt owed to Mr Peter McNeil and or associates of Mr Peter McNeil totalling \$67,202 will be converted to FNT shares at A\$0.016 (4,200,125 new shares); and
4. Forise has made a loan facility available to FNT for near term corporate and exploration costs of A\$90,000 that may convert to FNT shares at A\$0.016 upon completion of the placement.

WMS Corporate Services Pty Ltd t/as WMS Corporate Finance ("WMS") has been engaged by the Directors of FNT to provide an Independent Expert's Report stating whether, in its opinion, the Placement is fair and reasonable to the non-associated shareholders for the purpose of Item 7 of Section 611 of the Corporations Act.

The Placement is subject to a number of conditions precedent including shareholder and regulatory approvals. Our Report forms part of the Explanatory Notes which accompanies the Notice of General Meeting to assist FNT shareholders in deciding whether to approve the Placement.

SPEND YOUR TIME WISELY,  
ENJOY THE MOMENTS THAT COUNT.



In preparing this Report, WMS has regard to the ASIC Regulatory Guide 74 Acquisitions Approved by Members (“RG74”), Regulatory Guide 111 Content of Expert Reports (“RG111”) and Regulatory Guide 112 Independence of Experts (“RG112”).

In addition to adherence to the Corporations Act and relevant ASIC regulatory guides, this report has regard to APES 225 *Valuation Services* (December 2015) issued by the Accounting Professional and Ethical Standards Board Limited.

Summary and Opinion

We have considered the terms of the Placement as outlined in the body of this Report and have concluded **the Placement is not fair but reasonable to the non-associated FNT shareholders.**

In deriving our opinion we have considered:

- Whether the preferred value per FNT share before the placement (on a control basis) is greater than the preferred value per FNT share should the proposed Placement occur (on a minority basis);
- Other qualitative factors which we believe represent either advantages or disadvantages to shareholders;
- The likelihood of an alternative superior offer; and
- The alternatives available to shareholders.

We have summarised below our analysis in forming the above opinion.

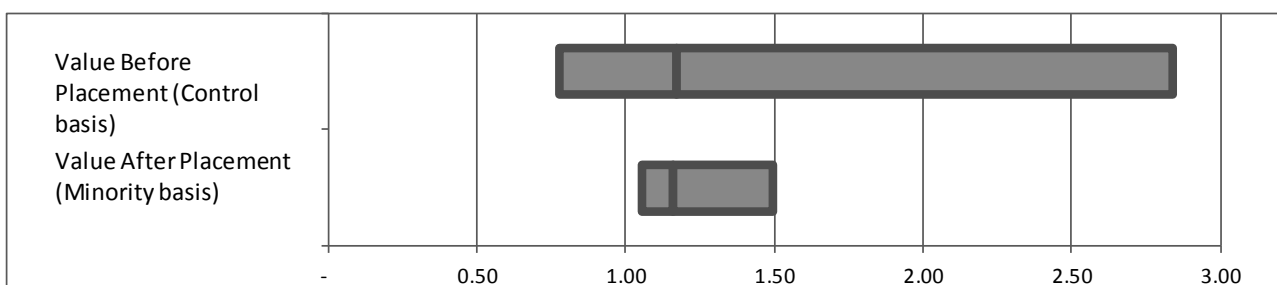
**Fairness**

As detailed in section 2.2, in accordance with our basis of evaluation we have assessed whether or not the Placement is fair to non-associated FNT shareholders with reference to:

- The preferred value of a Placement Share (on a controlling basis) before the proposed Placement; and
- The preferred value of a Placement Share (on a minority basis) after the proposed Placement.

The results of our analysis are summarised in the following table:

cents	Low	High	Preferred
Fair Market Value of FNT Share before the Placement (on a control basis)	0.78	2.84	1.17
Fair Market Value of FNT Share after the Placement (on a minority basis)	1.05	1.49	1.16
<b>Premium/(Discount)</b>	<b>0.28</b>	<b>(1.35)</b>	<b>(0.01)</b>
<b>Premium/(Discount)%</b>	<b>35.5%</b>	<b>-47.4%</b>	<b>-0.8%</b>





In the previous graphic we have dissected the valuation range with a line marking the preferred value under each scenario. As illustrated, the share value post the proposed Placement is within the assessed value range prior to the transaction albeit at the lower end. We note the wide range of potential values assessed reflects the wide range allocated to the Mineral Assets assessed by SRK as technical experts. Although RG111 requires the range to be as narrow as possible, the concluded range reflects the complexity surrounding early stage exploration assets and is of itself not uncommon practice.

We specifically highlight the SRK conclusion adopts the lower end of their assessed valuation range for the Muller Licence as the preferred value (refer to Section 5 of Appendix A). This is done in recognition that as at the time of writing, renewal of the licence has yet to be granted. Given the wide range of assessed values, we have placed greater reliance on the preferred values calculated for each basis. WMS considers that **the Placement is not fair** in accordance with prescription set out in RG111.

### Reasonableness

In assessing the reasonableness of the Placement, we have also considered the potential commercial and qualitative factors being the advantages and disadvantages of approving the Placement and the position of FNT shareholders if the Placement does not proceed.

We have considered, in Section 10 of this Report, these commercial and qualitative factors which are summarised below:

- Provision of significant capital;
- Forise level of control;
- The view of the FNT Board;
- Escrow periods;
- Transaction costs;
- No alternative offers received; and
- FNT shareholders' position if the Placement is not approved.

After considering the matters detailed in the attached Independent Expert's Report, in the opinion of WMS, **the Placement is not fair but reasonable** to the non-associated FNT shareholders.

### Other Matters

This Independent Expert's Report constitutes general financial product advice only and has been prepared without taking into consideration the individual circumstances of shareholders. The decision as to whether or not to accept the Placement is a matter for each FNT shareholder to decide based on their own views of the value of FNT and expectations about future market conditions, FNT performance and having regard to their individual risk profile and investment strategy.

The Directors and Advisors of FNT have prepared the Explanatory Notes in relation to this Placement and as such FNT shareholders should have regard to same when considering the Placement. If FNT shareholders are in doubt about the action they should take in relation to the proposed Placement, they should seek their own professional advice.

This Report has been prepared exclusively for FNT shareholders and therefore neither WMS nor any member, employee or consultant thereof undertakes any responsibility to any person, other than FNT shareholders, in respect of this Independent Expert's Report, including any errors or omissions however caused.



WMS has prepared a Financial Services Guide ("FSG") in accordance with the Corporations Act as set out in Section 11.

The opinion expressed in this letter reflects circumstances and conditions as at the date of this letter and must be read in conjunction with the full Independent Expert's Report as attached.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A C Lavell'.

A C Lavell  
Director  
WMS Corporate Services Pty Ltd

A handwritten signature in black ink, appearing to read 'D G Hayes'.

D G Hayes  
Director  
WMS Corporate Services Pty Ltd

REF: 1439174\_20



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## Glossary

AASB	Australian Accounting Standards
A-IFRS	Australian Equivalent to International Financial Reporting Standards
AFS Licence	Australian Financial Services Licence
ASIC	Australian Securities and Investment Commission
ASX	Australian Stock Exchange
ATO	Australian Taxation Office
CAGR	Compound Annual Growth Rate
Corporations Act	Corporations Act 2001 (Cth).
DCF	Discounted cash flow
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
FME	Future maintainable earnings
FNT	Frontier Resources Ltd
Forise	Forise Investment Sydney Pty Ltd
FOS	Financial Ombudsmen Service
FSG	Financial Services Guide
FY16	Financial Year Ended 30 June 2016 – Audited
FY17	Financial Year Ended 30 June 2017 – Audited
GFC	Global Financial Crisis
IH18	Half Financial Year Ended 30 June 2018 – Audit Review
Nominee	ACH Investments Pte Ltd
NPAT	Net Profit After Tax
NPBT	Net Profit Before Tax
Placement	The Placement Agreement announced to the ASX (22 Dec 2017)
Report	This Independent Expert Report
SRK	SRK Consulting (Australasia) Pty Ltd
the Allottee	Forise Investment Sydney Pty Ltd
the Company	Frontier Resources Ltd
VALMIN Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015)
VWAP	Volume Weighted Average Share Price
WMS	WMS Corporate Services Pty Ltd t/as WMS Corporate Finance
\$	Australian Dollar



## 1 The Placement

### 1.1 Background

Frontier Resources Ltd (“FNT” or “the Company”) is an Australian listed company which is primarily engaged in mineral exploration in Papua New Guinea (“PNG”).

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, franchising and select manufacturing and value add. Forise Investment Sydney Pty Ltd. is a subsidiary of Forise Investment Group Limited.

On 22 December 2017, Frontier Resources Limited (“FNT” or “the Company”) and Forise Investment Sydney Pty Ltd (“Forise” or “the Allottee”) announced they had signed an agreement for a \$6M Placement in FNT (“the Placement”). A Deed of Variation has been executed extending the date for completion by two months.

### 1.2 Structure

Details of the Placement are as follows:

1. Forise and its nominee will subscribe for a total of \$6m new FNT shares at A\$0.016 per share being 375,000,000 new shares. The shares will be accompanied by 187,500,000 free options which are issued on the basis of one option for every two shares (2 year Options exercisable at A\$0.029);
2. FNT will cancel all options held by its Directors and consultants upon completion of the placement;
5. Debt owed to Mr Peter McNeil and or associates of Mr Peter McNeil totalling \$67,202 will be converted to FNT shares at A\$0.016 (4,200,125 new shares); and
3. Forise has made a loan facility available to FNT for near term corporate and exploration costs of A\$90,000 that may convert to FNT shares at A\$0.016 upon completion of the placement.

Forise will subscribe for 328,125,000 shares with 46,875,000 shares to be allocated to the nominee being ACH Investments Pte Ltd (“ACH”). Forise will be allocated 164,062,500 options with the nominee allocated 23,437,500 options. Forise will hold approximately 68% of total shares on issue post placement (approximately 73% fully diluted). The ownership interest has been undertaken on the basis that ACH is not an associate of Forise as Forise does not control ACH, Forise does not have significant influence over ACH, ACH and Forise are not related and they are not acting in concert.

### 1.3 Conditions Precedent

Section 3.1 of the Placement Agreement outlines a number of conditions that are required to be satisfied (or waived by one or other, or both together, of FNT and Forise), including:

- All necessary shareholder and regulatory approvals including Item 7 of Section 611 of the Corporations Act;
- No material adverse change to FNT;
- Full and final release of specified security interests and their removals from the PPSR; and
- Restriction agreements placed on Peter McNeil and his related entities dealing with all their existing shares and those shares subject to conversion as satisfaction for debt owed to same.

Full disclosure of all conditions precedent to the Placement is included in the Placement Agreement.



## 2 Purpose and Scope

### 2.1 Purpose

The Placement is to be implemented pursuant to Item 7 of Section 611 of the *Corporations Act*. This Section allows for an exemption to the general takeover prohibition of Section 606 where shareholder approval passes a resolution of a general meeting where:

- No votes are cast in favour of the resolution by any party associated with the party acquiring the shares; and
- Members have been given all information material to the decision on how to vote on the resolution.

The Directors of FNT have requested WMS Corporate Services Pty Ltd t/as WMS Corporate Finance (“WMS”) to prepare this Report to satisfy the disclosure obligations pursuant to RG74.29.

### 2.2 Basis of Evaluation

Australian Securities and Investment Commission (ASIC) Regulatory Guide RG111 “*Content of expert reports*” expresses that in the circumstances where an issue of shares is used to achieve a change of control, then it expects a person preparing an independent expert report to perform substantially the same form of analysis as for a takeover bid made pursuant to Chapter 6 of the *Corporations Act* and provide an opinion as to whether the proposal is “fair and reasonable”.

RG 111 defines the term “fair and reasonable” and draws a distinction between the meaning of the terms “fair” and “reasonable”. An offer is “fair” if the value of the consideration is equal to, or greater than, the value of the securities subject to the offer. The comparison must be made assuming 100% ownership of FNT, irrespective of the percentage holding of the allottee or its associates.

RG 111 considers an offer to be reasonable if:

- The offer is “fair”; or
- Despite not being fair, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher offer.

RG 111 sets out some of the factors that an expert might consider in assessing the reasonableness of a proposal, including:

- The value to an alternative bidder and the likelihood of an alternate offer being made;
- The liquidity of the market in the target’s securities;
- The likely market price if the offer is unsuccessful;
- The provision of new capital to expand the business opportunities; and
- A needed injection of working capital.

### 2.3 Qualifications

WMS Corporate Services Pty Ltd holds an AFS Licence under the *Corporations Act 2001* and is duly licensed to prepare a report of this nature. WMS provides a wide range of Corporate Advisory Services and has advised on numerous corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, WMS considered its independence with respect to FNT with reference to the RG 112 Independence of Expert.

WMS Director Aaron Lavell FCA FFin BV Specialist has assumed overall responsibility for this report. He has more than 25 years’ experience in providing valuation advice and his professional qualifications are appropriate to the advice being offered in this instance.



WMS Director David Hayes CA FFin has countersigned this report and has been involved in the preparation of same. He has more than 20 years' experience in providing valuation advice and reporting entity disclosures and standards. His professional qualifications are appropriate to the advice being offered in this instance.

Other WMS staff have assisted with the compilation of data for this report under the supervision of the authors. The opinions expressed are those of the authors. In addition to adherence to relevant ASIC regulatory guides, this report has regard to APES 225 *Valuation Services* (December 2015) issued by the Accounting Professional and Ethical Standards Board Limited.

## 2.4 Limitations and reliance on information

WMS has prepared this report on the basis of financial and other information provided by FNT and publicly available information. Additionally, we have engaged and relied on the conclusions of SRK (external specialists) who have assessed the Mineral Assets of Frontier. WMS has considered and relied upon this information. WMS has no reason to believe that any information supplied was false or that any material information has been withheld. WMS has evaluated the information provided to it by FNT and other experts through enquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that WMS has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of FNT.

This report has been prepared to assist the Directors of FNT in advising its shareholders in relation to the Placement. This report should not be used for any other purpose. It is not intended that this report should be used for any purpose other than as an expression of the WMS opinion as to whether the Placement is fair and reasonable.

The Company has indemnified WMS, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by FNT's engagement letter dated 22 December 2017, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by FNT, which FNT knew or should have known to be false and/or reliance on information, which was material information FNT had in its possession and which FNT knew or should have known to be material and which FNT did not provide to WMS. FNT will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

WMS does not have, at the date of this report, and has not had within the previous two years, any relationship with FNT that could reasonably be regarded as capable of affecting its ability to provide an independent and unbiased opinion in relation to the proposed acquisition. WMS is entitled to receive a fee based on commercial rates and including reimbursement of out of pocket expenses for the preparation of this report. Except for this fee, WMS will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the making of this report. The payment of this fee is in no way contingent upon the success or failure of the Placement.

All amounts in this report are expressed in Australian dollars (\$) unless otherwise stated.



## 2.5 Consents & Disclaimer

This report has been prepared at the request of the directors of Frontier Resources Limited ABN 96 095 684 389 (Frontier) for inclusion in the Notice of Meeting and Explanatory Notes which will be sent to all Frontier Shareholders.

Frontier engaged WMS Corporate Services Pty Ltd (WMS Corporate) to prepare an independent expert's report to consider the proposal to raise \$6 million through the issue of shares to Forise Investment Sydney Pty Ltd.

WMS Corporate hereby consents to this report accompanying the above Notice of Meeting and Explanatory Notes. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of WMS Corporate.

WMS Corporate takes no responsibility for the contents of the Notice of Meeting and Explanatory Notes other than this report. WMS Corporate has had no involvement in the preparation of the Explanatory Booklet issued by Frontier and has not verified or approved any of the contents of the Explanatory Statement. WMS Corporate does not accept any responsibility for the contents of the Explanatory Statement (except for this report).

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of WMS Corporate acting as an independent expert to perform any due diligence procedures on behalf of the Company.

The Directors of the Company are responsible for conducting appropriate due diligence in relation to Forise Investment Sydney Pty Ltd. WMS Corporate provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of WMS Corporate is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Frontier, or any other party.

WMS Corporate has also considered and relied upon an independent valuation for mineral assets held by Frontier. The valuer engaged for the mineral asset valuation, SRK, possesses the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted, and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that WMS Corporate is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting.

## 3 Industry Overview

The principal operations of FNT involve Mineral Exploration in Papua New Guinea. WMS have considered IBISWorld Industry Research Report B1012 (“Mineral Exploration in Australia”). Although this research has a domestic flavour, we think the key drivers identified are sufficiently comparable to the FNT operations to warrant inclusion. Where relevant to our analysis, we have reproduced elements of the report in the following subsections. Inclusion of these excerpts does not constitute an opinion on the proposed Placement by IBISWorld or the report’s authors. To compliment this overview, we also draw the reader’s attention to the Market Conditions identified in Section 3.1 of the SRK report reproduced at Appendix A.

### 3.1 Mineral Exploration in Australia<sup>1</sup>

#### Current Performance

Activity in the Mineral Exploration industry sets the future direction for subsequent mining activity. Exploration allows mining companies to identify a pipeline of projects to replace existing mines that are being exploited and gradually depleted. Brownfield exploration, which is defined as exploration near existing mine sites, helps determine whether an existing operation can be expanded. Greenfield exploration, which is defined as exploration in unmined areas, identifies new ore bodies for future extraction. Exploration activity creates an option for future expansion, which will be exercised by downstream industries if commodity prices cover production costs. The value of the option and establishing that option depends on future expected supply and demand for particular commodities. The relationship between commodity prices and potential industry activity increases the volatility of demand for industry services.

#### Key External Drivers

##### *Actual capital expenditure on mining*

Increased investment in the Mining division typically supports demand for drilling and exploration services near existing mining sites. When actual capital expenditure on mining activities rises, many firms allocate more of their budgets towards exploration activities. This consequently leads to an increase in industry revenue. Actual capital expenditure on mining is expected to fall in 2017-18, potentially threatening industry revenue.

##### *World price of gold*

Exploration for gold resources accounts for more than a third of total industry revenue. Exploration for gold resources typically increases in line with the world price of gold, as potential discoveries become more lucrative. Therefore, a greater world price of gold is likely to increase total industry revenue. The world price of gold is expected to decrease in 2017-18.

##### *World price of copper*

Exploration for copper resources accounts for a significant share of industry revenue. Exploration for copper resources generally fluctuates in line with the world price of copper, as potential discoveries become more lucrative. Therefore, a greater world price of copper is likely to increase total industry revenue. The world price of copper is expected to increase in 2017-18, which may provide an opportunity to some exploration firms.

---

<sup>1</sup> IBISWorld Industry Research Report B1012 Mineral Exploration in Australia September 2017 by Jason Aravanis.



## Industry Structure

The activities of the Mineral Exploration industry are an expense for large miners that conduct exploration activities on their own account. Companies that are solely established to investigate resources using exploration licences are also included in the industry. These companies, known as junior miners, use their own third-party expertise to prospect for mineral deposits. Junior miners are defined as companies that have a market capitalisation of less than \$200 million if they are listed, are thinly traded and that primarily engage in mineral exploration.

Most junior miners rely on equity funding for their activities. Their ability to access funding typically increases when commodity prices are high. While junior miners tend to specialise in exploration, established miners own and operate existing mines. Established miners are able to fund expansion more easily out of debt or retained earnings, in addition to seeking external equity funding. The process of developing resources into operational mines requires large capital expenses and a wide variety of professional skills. For this reason, asset development is mostly undertaken by established miners. The industry operates with zero profitability because the returns from exploration activities are realised further down the mining development chain. For returns to be realised, either the right to develop resources or the mineral output itself needs to be sold. This process involves significant injections of capital, and in the case of junior miners, often the acquisition of their exploratory company by an established miner. Return in this case flows to junior miners in terms of a capital gain on their equity stake.

## Industry Participation

Both enterprise and establishment numbers have declined over the past five years. However, patterns of spending on mineral exploration do not necessarily cause similar changes in industry operator numbers. Enterprises and establishments numbers have declined at a much slower rate than industry revenue over the past five years, indicating that many firms are choosing to weather the cycle and stay active in the industry. For specialised firms that solely undertake exploration activities, the capital intensity and knowledge required to operate in the industry act as barriers to entry and exit.

Junior miners rely on capital raising to fund exploration activities. During times of political and economic uncertainty, investors tend to place their funds in less risky securities such as bonds, rather than high-risk investments such as exploration firms. Junior miners are expected to be challenged by a weak capital raising environment over the next five years, as anticipated volatility in global markets will weaken investor confidence. This is likely to cause cashflow issues for junior miners, which could lead to some firms exiting the industry over the next five years. As a result, industry enterprise numbers are projected to marginally decline over the same period.

## Risk & Reward

Mineral exploration is typically a high risk investment, with few projects progressing from site investigation to new mine sites. Providers of capital to the industry, which include both established miners and the equity holders of junior miners, are constantly weighing up the costs of exploration with their potential benefits.

## Demand Determinants

Demand for mineral exploration is based on long-term forecasts of global commodity needs. Demand for mineral exploration is based on current commodity prices, as well as expected commodity prices over the long-term. Due to the range of forecasting inputs, equity investors and established miners fund exploration based on their expectations of future demand for various commodities. Changes in these expectations, coupled with volatile commodity prices, contribute to significant revenue volatility in the industry. Long-term global GDP growth expectations are also a major component of global demand for commodities. Minerals are used in a range of processes and products, such metal refining, plumbing fittings, building supplies, jewellery and other components.





## Key Success Factors

### *Economies of scope*

A diverse exploration base, both geographically and in terms of the minerals that are sought, helps firms to diversify their risk.

### *Downstream ownership links*

Ownership links with mineral producers provide funds for exploration and a market for future discoveries.

### *Ability to expand and curtail operations rapidly in line with market demand*

The ability to expand and curtail operations rapidly enables mineral exploration firms to survive when funding is tight and expand operations as funding increases.

### *Access to multiskilled and flexible workforce*

The industry's technical nature requires firms to attract and retain skilled workers, such as geologists and mechanical engineers, to find and develop high-grade mineral deposits.

### *Must have licence*

Firms must gain an exploration licence prior to commencing mineral exploration activities.

## Basis of Competition

The industry displays a high level of competition and this trend has remained steady over the past five years. Mineral exploration firms compete internally to acquire exploration leases and raise capital from prospective investors.

## Barriers to Entry

The industry has high barriers to entry and this trend has remained steady over the past five years. Mineral exploration is regarded as a risky undertaking for prospective lenders and shareholders. Overall, a very small proportion of mineral discoveries are developed into mines. Even for the largest firms, the conversion from prospect to mine is very low. The success rate is substantially lower for junior miners, especially those undertaking greenfield exploration projects.

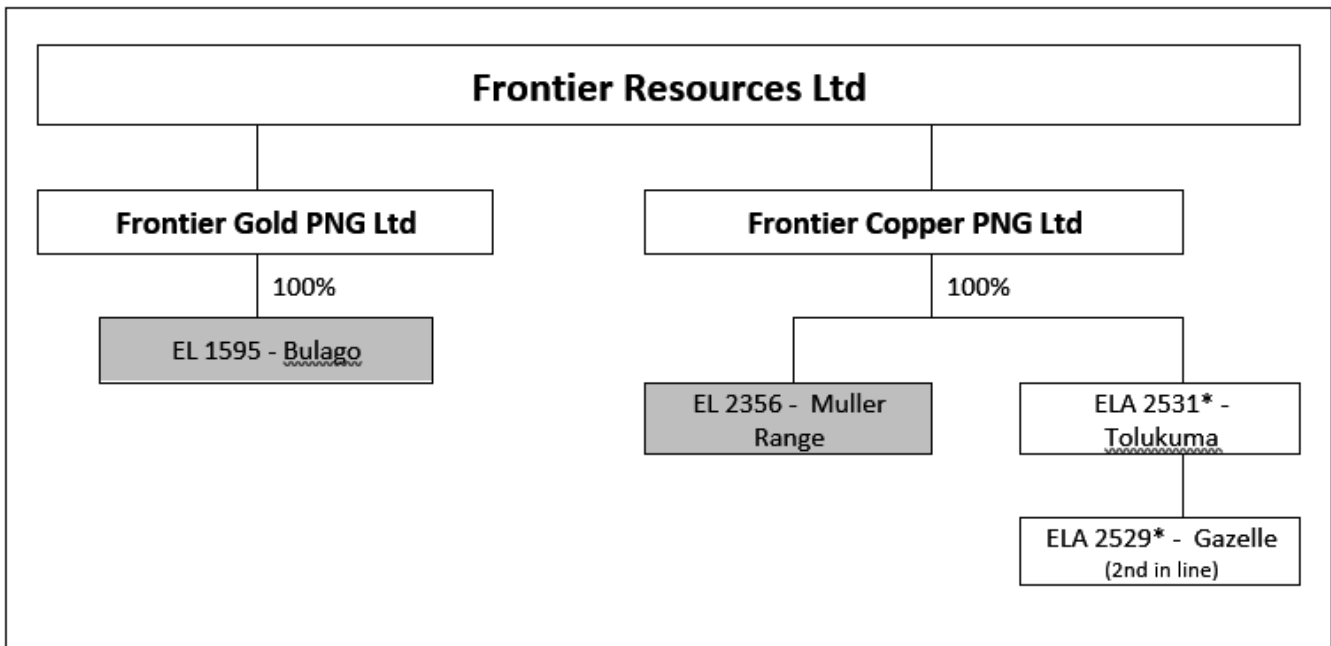
Mineral exploration also requires the expenditure of extremely large sums of capital, which acts as a major barrier to entry for prospective companies. Large mining companies generally use their existing mines and production to fund their exploration activities, while junior miners rely on private and public equity funding. Aside from the financial risk, there are also skill-related barriers to entry in the industry. Potential industry participants need to identify promising areas of land and then successfully apply for exploration licences. Considerable resources and skills are needed to comply with safety and environmental legislation.

## 4 Profile of FNT

### 4.1 Background

Frontier Resources Limited engages in the exploration, evaluation, and development of mineral properties. The company focuses on copper-gold-molybdenum porphyry, high grade and bulk mineable gold/silver epithermal, goldbase metal skarn, and zinc-lead-silver-gold deposits. It holds a 100% interest in two exploration licenses comprising the Bulago EL 1595 and Muller Range EL 2356 located in Papua New Guinea. The company was formerly known as TasGold Ltd and changed its name to Frontier Resources Limited in 2006. Frontier Resources Limited is based in Stoneville, Western Australia<sup>2</sup>.

A structure diagram of the entity and controlled subsidiaries follows:



### 4.2 Capital Structure<sup>3</sup>

The share structure of FNT as at 11 January 2018 is outlined in the following tables:

#### Range of Shares As Of 11 January 2018

Composition: ORD

Range	Total Holders	Shares	% Shares
1 - 1,000	230	52,242	0.05
1,001 - 5,000	101	271,129	0.26
5,001 - 10,000	57	422,650	0.41
10,001 - 100,000	350	12,838,495	12.31
100,001 Over	135	90,692,297	86.97
<b>Total</b>	<b>873</b>	<b>104,276,813</b>	<b>100.00</b>

579 holders at this time hold unmarketable parcels.

<sup>2</sup> S&P Capital IQ 10 January 2018

<sup>3</sup> Computershare Registry Information as at 11 January 2018



Top Holders (Ungrouped) As Of 11 January 2018

Composition: ORD

Rank	Name	Shares	% Shares
1	MR TERRY CAMPION	5,588,800	5.36
2	EXPLORATION & MANAGEMENT CONSULTANTS PTY LTD	4,825,667	4.63
3	EXPLORATION & MANAGEMENT CONSULTANTS PTY LTD <MALALO SUPER FUND A/C>	4,768,535	4.57
4	EXPLORATION & MANAGEMENT CONSULTANTS PTY LTD <MALALO A/C>	4,075,304	3.91
5	NIUGINI HELICOPTER/C	4,000,000	3.84
7	J P MORGAN NOMINEES AUSTRALIA LIMITED	2,371,232	2.27
8	TOLTEC HOLDINGS PTY LTD	2,030,237	1.95
9	ASB NOMINEES LIMITED <123619 A/C>	2,000,000	1.92
10	TROMSO PTY LIMITED	1,995,721	1.91
11	ALLOWSIDE PTY LTD	1,861,000	1.78
12	MS PAIGE MCNEIL	1,732,275	1.66
13	MRS ROSEMARY JOW MCNEIL	1,631,668	1.56
14	MR GARTH STEPHENSON	1,538,241	1.48
15	MR IAN HUGHES TULLY	1,490,816	1.43
16	MR STACEY HUBERT CARTER	1,416,353	1.36
17	MR ROBERT MCNEIL	1,282,051	1.23
18	CITICORP NOMINEES PTY LIMITED	1,281,791	1.23
19	J & E KERR INVESTMENTS PTY LTD	1,232,353	1.18
20	PNG SUSTAINABLE DEVELOPMENT PROGRAM LIMITED	1,196,427	1.15
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		48,985,138	46.98
Total Remaining Holders Balance		55,291,675	53.02

The free-float percentage is calculated as 56% of the issued capital.<sup>4</sup>

Unexpired Options As Of 01/11/2018

Expiry	Exercise Price	Units
10-Feb-20	0.034	2,000,000
30-Dec-19	0.03	2,800,000
<b>Class Totals</b>		<b>4,800,000</b>

### 4.3 Projects<sup>5</sup>

FNT is a mineral exploration company listed on the Australian Securities Exchange since 2003 (ASX: FNT; originally listed as TasGold Limited). The company is currently focused on discovering copper-gold-molybdenum porphyry, high grade and bulk mineral gold/silver epithermal and gold base metal skarn deposits in the Pacific “Rim of Fire” in Papua New Guinea (“PNG”).

Frontier has been focused on the exploration of its 100% owned Copper-Gold projects (Bulago and Muller) located on the border of the Southern Highlands and the Western provinces of Papua New Guinea.

#### 4.3.1 Bulago Project

Frontier’s Bulago Project straddles the border region amongst the Hela, West Sepik and Western Provinces of Papua New Guinea. The nearest major centre is Kopiago to the east. Further major centres are Tari, Mendi and Mount Hagen, some 230km to the east. A 4-wheel drive road connects Mendi and Mount Hagen to Kopiago.

EL1595 is located approximately 45km northwest of Frontier’s Muller Project within the same Fold/Thrust belt of PNG.

<sup>4</sup> S&P Capital IQ 10 January 2018

<sup>5</sup> SRK Report Section 2 Reproduced at Appendix A



#### 4.3.2 Muller Project

Frontier's Muller Project lies mostly within Hela Province but also straddles the border region into the Southern Highlands of central PNG. The area is remote with the nearest major centre to the project being Tari to the north.

The Project is located between, but to the south and along strike of the Ok Tedi and Porgera Mines, as well as Frontier's Bulago Project. No major settlements occur within the Project.

### 4.4 Management and Personnel

FNT's Board of Directors as at the date of this report were as follows:

#### 4.4.1 Directors

- Peter McNeil Chairman & Managing Director (resigned 6 March 2018)
- Benjamin Bussell Chief Financial Officer
- Matthew Foy Company Secretary
- Paige McNeil Chairman (appointed 6 March 2018) and Non-Executive Director
- Peter Swiridiuk Non-Executive Director
- John Kirakar Non-Executive Director (appointed 6 March 2018)

### 4.5 Financial Performance

#### 4.5.1 Reported financial performance

The income statements of FNT are set out in the table below. The periods FY16 to FY17 are subject to audit.

#### Statement of Comprehensive Income (Reported)

\$'000	Audited	Audited	Reviewed
	FY16	FY17	1H18
<b>Revenue</b>	285	72	20
Interest Income	1	0	0
<b>Expenses</b>			
Exploration expenditure	(296)	(877)	(283)
Administration and insurance expenses	(129)	(236)	(67)
Corporate compliance and shareholder	(53)	(123)	(43)
Gross employee benefit expense	(48)	(190)	-
Depreciation	(235)	(148)	-
All Other Expenses	(165)	(208)	(92)
<b>NPBT</b>	<b>(642)</b>	<b>(1,711)</b>	<b>(466)</b>
Income tax	-	-	-
<b>Net profit after tax (NPAT)</b>	<b>(642)</b>	<b>(1,711)</b>	<b>(466)</b>
Movement in Foreign Currency Translation	(44)	(45)	(10)
<b>Total Comprehensive Profit/(Loss)</b>	<b>(686)</b>	<b>(1,756)</b>	<b>(476)</b>

We note the following in regard to the income statements of FNT:

- Exploration expenditure is the most significant cost in each of the review periods;
- Material losses are being incurred which is customary of early stage exploration companies; and
- 1H18 results are subject to audit review and are prepared on a going concern basis.



## 4.6 Financial Position

The balance sheets of FNT as at 30 June 2016 (audited), 30 June 2017 (audited) and 31 December 2017 (audit reviewed) are set out in the following table:

<b>Balance Sheet (Reported)</b>			
<b>\$'000</b>	<b>Audited FY16</b>	<b>Audited FY17</b>	<b>Reviewed 1H18</b>
<b>Assets</b>			
Cash and cash equivalents	29	42	49
Trade and other receivables	35	30	27
Prepayments	-	187	-
<b>Total current assets</b>	<b>64</b>	<b>259</b>	<b>76</b>
Trade and other receivables	6	5	5
Mineral Assets	-	-	-
Plant and equipment	265	-	-
<b>Total non-current assets</b>	<b>271</b>	<b>5</b>	<b>5</b>
<b>Total assets</b>	<b>335</b>	<b>264</b>	<b>81</b>
<b>Liabilities</b>			
Trade and other payables	379	426	319
<b>Total current liabilities</b>	<b>379</b>	<b>426</b>	<b>319</b>
<b>Total liabilities</b>	<b>379</b>	<b>426</b>	<b>319</b>
<b>Net assets</b>	<b>(44)</b>	<b>(162)</b>	<b>(238)</b>
<b>Equity</b>			
Contributed equity	31,197	32,734	33,134
Reserves	3,501	3,558	3,548
Accumulated losses	(34,743)	(36,454)	(36,920)
<b>Total Equity/(Deficit)</b>	<b>(44)</b>	<b>(162)</b>	<b>(238)</b>

We note the following in relation to the financial position of FNT:

- The net asset position has deteriorated across the review period;
- In the absence of debt or equity funding, there is insufficient cash to cover the trade and other payables (refer to the audit commentary reproduced at Section 0 of this Report); and
- Details of capital raisings undertaken are discussed in the following section.

## 4.7 Recent Capital Raisings<sup>6</sup>

### 4.7.1 Rights Issue

On 8 December 2016, the Company lodged a Replacement Rights Issue Prospectus to raise up to \$469,851 via non-renounceable rights issue on the basis of one new share for every three existing shares by Australian and New Zealand resident shareholders at the record date of 5 December 2016 at an issue price of \$0.03 per share (Rights Issue). The Rights issue closed on 16 January 2017 having received 230 applications for 11,005,001 shares totalling \$330,150. On 17 February 2017, the Company advised it had placed a total of 5,794,947 new shares to raise \$173,848 (before costs), representing the shortfall from the Rights Issue together with an additional placement of shares. The new shares were issued at \$0.03 per share.

On 12 April 2017 the company issued a prospectus to raise up to \$1,056,776 via a non-renounceable rights issue on the basis of one new share for every three existing shares held by Australian and New Zealand resident shareholders at the record date of 21 April 2017 at an issue price of \$0.045 per share (Second Rights Issue). The Second Rights Issue closed on 18 May 2017 having received 106 applications for 626,964 shares totalling \$28,213.

<sup>6</sup> Frontier Resources Ltd Annual Report 2017



#### *4.7.2 Share Purchase Plan*

During the 30 June 2017 reporting period, Frontier conducted a Share Purchase Plan to raise up to \$293,126.81 at \$0.03 per share (SPP1). The SPP1 closed on 14 July 2016 with applications for 6,830,015 shares for a total of \$204,900 received. On 3 August 2016 the Company advised it had placed a further 3,366,667 ordinary shares at an issue price of \$0.03 to raise a further \$101,000 utilising the Company's existing placement capacity under ASX Listing Rule 7.1.

Subsequent to the 30 June 2017 reporting period, the Company conducted an additional Share Purchase Plan to raise up to \$410,044 at \$0.017 per share (SPP2). The SPP2 closed on 14 September 2017 with applications for 23,875,882 shares raising a total of \$405,890.

#### *4.7.3 Issue of Shares in Lieu of Fees*

On 26 May 2017 the Company advised it had agreed with its consultants and contractors to settle future fees totally \$280,000 in shares at a conversion price of \$0.045 per share.



## 5 Profile of Forise Group

### 5.1 Background<sup>7</sup>

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, franchising and select manufacturing and value add. Forise Investment Sydney Pty Lt is a subsidiary of Forise Investment Group Limited.

The Forise Group has informed FNT of their interest in expanding both their presence in Australia as well as businesses where Australia has a competitive advantage, such as resources. The Forise Group is committed to seeing how to maximise shareholder value.

The nominee in this transaction is ACH Investments Pte Ltd (“ACH”) which has its registered office in Singapore. We are instructed that ACH is not an associate of Forise as Forise does not control ACH, Forise does not have significant influence over ACH, ACH and Forise are not related and they are not acting in concert.

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<sup>7</sup> FNT Market Announcement of 22 December 2017

## 6 Valuation methodology

### 6.1 Definition of market value

There is no single definition of the term “value” which is suitable for all purposes. The value of a particular asset or business will vary from time to time and there may be differing values at the same time according to the purpose for which it is necessary to establish a value. The basic premise of valuation and the underlying assumptions for the purpose of this analysis may be stated as follows:

- “Fair market value” is virtually universally accepted as the price that a willing but not anxious buyer, acting at arm's length, with adequate information, would be prepared to pay to a willing but not anxious seller for the shares, units or assets in question; and
- The fair market value concept assumes continued operations by the business in the industry in which it is presently engaged.

These principles were established by the High Court of Australia in *Spencer v The Commonwealth of Australia* (1907).

Fair market value does not incorporate any special value that may be considered additional value that may accrue to a particular purchaser and is unique to each such purchaser. In a specific transaction, potential acquirers may be prepared to pay a special value that may reflect synergies realised from this particular acquisition.

### 6.2 Common valuation methodologies

ASIC RG111.69 considers that it is generally appropriate for an independent expert to consider using the following methodologies when assessing the value of the target entity:

- The discounted cash flow method (“DCF”) and the estimated realisable value of any surplus assets;
- The application of earnings multiples to the estimated future maintainable earnings (“FME”) or cash flows of the entity, added to the estimated realisable value of any surplus assets;
- The amount that would be available for distribution to security holders on an orderly realisation of assets (“Net Assets”);
- The Quoted Market Price (“QMP”) for listed securities, when there is a liquid and active market; and
- Any recent genuine offers received by the target for the entire business, or any business units or assets as a basis for valuation of those business units or assets.

Each methodology outlined above may be appropriate in certain circumstances. The decision as to which methodology to apply generally depends on the nature of the business being valued, the methodology most commonly adopted in valuing such businesses and the availability of appropriate information.

#### 6.2.1 Discounted cash flow (“DCF”)

The DCF methodology involves applying an appropriate discount rate to cash flow projections of the business to calculate its net present value. The forecast cash flows are discounted by a discount rate that reflects the time value of money and the risk inherent in the cash flows.

Due to the DCF's sound theoretical base, this methodology is the most technically accurate for all valuations, assuming that sufficient reliable data is available.

The DCF methodology is particularly appealing in valuing:

- Start-up businesses as there is no history of earnings;
- Businesses or assets in high growth phase; and
- Finite assets or projects with a limited life (e.g. property development and mining).



## 6.2.2 Capitalisation of FME

The Capitalisation of FME methodology involves capitalising the estimated future earnings of the business by applying appropriate earnings multiple that reflects the underlying investment rate of return.

This methodology requires consideration of the following factors:

- To estimate an FME, consideration must be given to historical performance, the current position and future expectations. In order to ascertain an appropriate level of future earnings, the historical earnings of the business (as disclosed in financial statements) are typically adjusted for amounts which are abnormal, non-recurring or not representative of the expected future operations of the business;
- To determine an appropriate earnings multiple rate, factors such as risk, growth prospects, current returns, competition and the industry as a whole need to be considered; and
- An assessment of any surplus assets and liabilities, being those which are not essential to the generation of the future maintainable earnings.

The Capitalisation of FME methodology should be considered for valuing businesses with a history of stable earnings that is predictive of future earnings. FME is an appropriate basis for valuing a profitable business where liquidation is not anticipated.

## 6.2.3 Net Assets

Where an entity does not actively trade, or the value of the net assets is greater than that calculated by using an earnings methodology, it is usually appropriate to value the entity using an asset based methodology. In the absence of distressed transactions, there are two common methods of applying an asset based approach being:

- Orderly Realisation of Assets; and
- Net assets on a going concern basis.

The first method involves the determination of the net realisable value of the assets used in the business on the basis of an orderly realisation of those assets. Thus the 'Orderly Realisation of Assets' methodology includes a reduction for the reasonable costs of carrying out the sale of assets and the time value of money, but is not a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value.

The net assets on a going concern basis methodology again estimates the market value of the net assets employed by the business however no allowance is made for realisation costs on the basis that asset disposal is not contemplated.

Each methodology should be considered for valuing businesses with an unprofitable trading future (i.e. inability to continue as a going concern) and businesses with a majority of readily marketable assets (i.e. investment or property companies). The application of either method ignores value which may be ascribed to internally generated intangible assets or goodwill.

Additionally, each methodology is appropriate where there are surplus non-operational assets included in an entity.

## 6.2.4 Market based

Market based assessments relate to the valuation of companies, the shares of which are traded on a stock exchange. While the relevant share price would, prima facie, constitute the market value of the shares, such QMP usually reflect the prices paid for small parcels of shares and as such do not include a control premium relevant to a significant parcel of shares.

# WMS

An alternate methodology has regard to genuine offers received for the business, individual business units or specific assets. The existence of such offers may serve as a proxy for value in the absence of an established and observable market.

## 7 Valuation approach – FNT

Subsequent to our analysis of FNT’s financial results and operations as at the date of this Report and with reference to generally accepted valuation methodologies in addition to the direction provided by RG111 above, we consider it appropriate to value the FNT shares by applying the Net Assets approach. The Quoted Market Price (“QMP”) methodology has been employed as a cross check to our primary methodology.

In forming our opinion as to the most appropriate valuation methodology to apply to FNT, we have considered and dismissed a number of acceptable valuation methodologies as outlined below:

- Due to the lack of suitable forecast financial information, the use of the DCF methodology is inappropriate in this instance;
- We have been unable to adopt the Capitalisation of Future Maintainable Earnings (“FME”). This is primarily due to our inability to ascribe a positive FME with any reliability. This is reflective of the losses incurred by FNT historically and the limited prospects of deriving profits in the near term due to the early stages of mining exploration; and
- We are advised that there have been no recent genuine offers received for the sale of FNT business operations or underlying share capital. Accordingly, we think the use of this market based methodology is also inappropriate in this instance.

### 7.1 Control premium

We have based our valuation assessment for FNT on a control basis and as such have included a premium for control. The inclusion of this premium is in accordance with regulatory guidance (RG 111.11) for transactions involving a change or increase in control.

This approach is in accordance with ASIC RG111.25 which states that control transactions by way of share issue are to be analysed as if it was a takeover bid. That is, assuming 100% of the securities are available for sale.

Numerous empirical studies demonstrate significant premiums being paid in takeover transactions by companies listed on international stock markets. The studies have generally found an average premium in the range of 20% to 35% above the price of a minority shareholding<sup>8</sup>.

Premiums identified in takeovers also include some amount that may be paid for synergies or strategic benefits increasing the premium paid. An appropriate premium for pure control would be lower than the average discount range of 20% to 35% measured in the takeover studies although this is practically difficult to quantify. We note that observations from empirical studies should be viewed with caution and that should have regard to the industry specific results and the particulars of the subject transaction.

We are aware of the recent work undertaken by advising firm RSM. Their “Control Premium Study 2017” specifically considers 134 transactions. With reference to the share price 20 days pre-announcement, the study concludes an average premium for this industry of 35.8% with a median of 30.0%. These observations are supportive of the more generalist studies previously mentioned.

For the purpose of this Report, we think a control premium in the range of 25% to 35% is appropriate. We have applied same when forming our conclusion of value though we highlight that not all valuation methodologies require the separate addition of a control premium.

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<sup>8</sup> Kaplan Higher Education, Applied Valuation, 2014.



## 8 Valuation of FNT prior to the proposed Placement

We have selected the Net Assets Approach as our primary valuation methodology to value FNT. This methodology is favoured to the Orderly Realisation of Assets methodology as no sale or breakup of FNT underlying assets is contemplated and the purpose of the placement is to provide necessary capital for the continued operation of the entity.

### 8.1 Net Assets Methodology

The value of FNT assets on a going concern basis is depicted in the following table:

<b>Balance Sheet (Reported)</b>				
<b>Reviewed</b>				
<b>1H18</b>	<b>Low</b>	<b>High</b>	<b>Preferred</b>	
<b>Assets</b>				
Cash and cash equivalents	49	(62)	(62)	(62)
Trade and other receivables	27	27	27	27
Prepayments	-	-	-	-
<b>Total current assets</b>	<b>76</b>	<b>(35)</b>	<b>(35)</b>	<b>(35)</b>
Trade and other receivables	5	5	5	5
Mineral Assets	-	1,160	3,310	1,570
<b>Total non-current assets</b>	<b>5</b>	<b>1,165</b>	<b>3,315</b>	<b>1,575</b>
<b>Total assets</b>	<b>81</b>	<b>1,130</b>	<b>3,280</b>	<b>1,540</b>
<b>Liabilities</b>				
Trade and other payables	319	319	319	319
<b>Total current liabilities</b>	<b>319</b>	<b>319</b>	<b>319</b>	<b>319</b>
<b>Total liabilities</b>	<b>319</b>	<b>319</b>	<b>319</b>	<b>319</b>
<b>Net assets</b>	<b>(238)</b>	<b>811</b>	<b>2,961</b>	<b>1,221</b>
Shares on Issue	104,276,813	104,276,813	104,276,813	104,276,813
<b>Value per Share (cents)</b>		<b>0.78</b>	<b>2.84</b>	<b>1.17</b>

The value concluded using the net assets methodology represents a controlling interest. Accordingly, no further adjustment or inclusion of a premium for control is required.

The following adjustments have been made to the reported results as at 31 December 2017. All other balances are unchanged.

#### 8.1.1 Cash

Cash has been reduced to account for the transactions costs associated with the proposed Placement on the basis they will be incurred irrespective of the transaction proceeding.

#### 8.1.2 Valuation of Mineral Assets

WMS instructed SRK Consulting (Australasia) Pty Ltd ('SRK') to provide an independent market valuation of the mineral assets held by FNT. SRK considered a number of different valuation methods when valuing the exploration assets and applied the comparable transactions method as their primary method. This is supported by the Geoscience Ratings method as their secondary method. SRK have adopted the average observed under both methodologies when forming their valuation conclusion.

We consider these methods to be appropriate for the purpose of this Report. Details of the SRK valuation conclusion can be found at Appendix A. We note the wide range of potential values assessed by SRK as technical experts. Although RG111 requires the range to be as narrow as possible, the concluded range reflects the complexity surrounding early stage exploration assets and is of itself not uncommon practice. We specifically highlight the SRK conclusion adopts the lower end of their assessed valuation range for the Muller Licence as the preferred value. This is done in recognition that as at the time of writing, renewal of the licence has yet to be granted.

## 8.1.3 Summary of Value – Prior to proposed Placement

On the basis of the above analysis, our conclusion of the equity value of FNT on a controlling basis using the net assets methodology is in the range of 0.78 cents to 2.84 cents with a preferred value of 1.17 cents.

We note the wide range of potential values. This is principally driven by the wide value range assigned to the mineral assets undertaken by SRK as technical experts. The range reflects the complexity surrounding early stage exploration assets and is of itself not uncommon practice. To assist the reader, we draw particular attention to the preferred value adopted by SRK (refer to Section 5 of Appendix A). Further, when presenting our valuation analysis, we have placed great reliance on the assessed preferred values when forming our conclusion with respect to fairness of the proposed Placement.

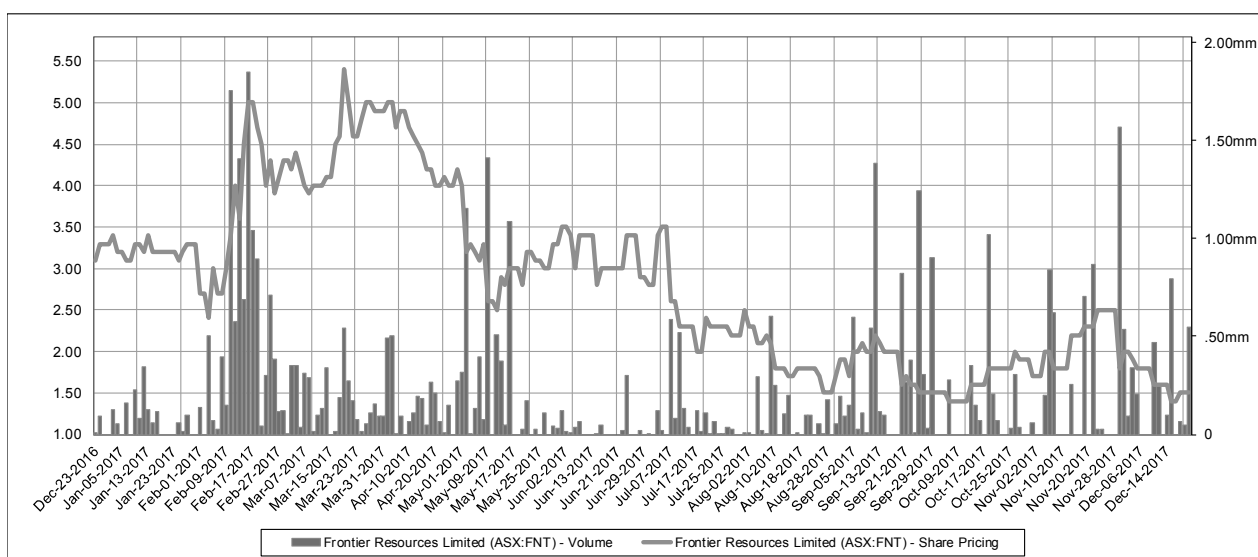
## 8.2 Valuation Crosscheck - ASX Quoted Market Price

We have applied the QMP methodology as a crosscheck to our primary valuation methodology.

To form our assessment of value using the QMP methodology, we have analysed the ASX trading history of FNT along with the Volume Weighted Average Price for various intervals during the preceding 12 months.

### 8.2.1 ASX trading

The chart<sup>9</sup> below illustrates the FNT closing share price and total volume of FNT shares traded for the 12 months to 21 December 2017. This represents the last day of trading of FNT shares on the ASX prior to the announcement of the Placement on 22 December 2017:



The closing price of FNT shares in the 12 months to 21 December 2017 has ranged from a high of 5.4 cents on 19 March 2017 to a low of 1.4 cents on 4 October 2017.

We have calculated the VWAP of FNT shares for various periods up to and including 21 December 2017, as illustrated in the following table. These VWAPs have been calculated based on intra-day trading prices and volumes.

<sup>9</sup> S&P Capital IQ

Period	Duration	Low	High	VWAP
12/12/17 - 21/12/17	10 days	0.014	0.017	0.015
22/11/17 - 21/12/17	1 month	0.014	0.025	0.017
23/10/17 - 21/12/17	2 months	0.014	0.025	0.019
23/09/17 - 21/12/17	3 months	0.014	0.025	0.018
22/12/16 - 21/12/17	1 year	0.014	0.054	0.030

We make the following comments in relation to the trading of FNT shares on the ASX over the past 12 months:

- There were 79 days in which no trading in FNT shares occurred. This is one indicator that FNT shares are illiquid;
- The Volume Weighted Average Price across the last year is 3.0 cents. In the two months prior to the announcement, the VWAP is in the tighter range of 1.5 cents to 1.9 cents. This period of trading is post the release of the 2017 Annual Report which contains the financial results for the year ended 30 June 2017; and
- Recent closing prices have been in the range of a low of 1.4 cents and a high of 2.5 cents. This range straddles the offer price of 1.6 cents.

Based on the above, we consider a range of 1.5 cents to 1.9 cents to be appropriate using the QMP methodology. We note that this analysis represents a minority equity interest. Accordingly, a premium for control is required to be added to determine the FNT share value as per ASIC guidance.

### 8.2.2 Premium for control

As the proposed Placement constitutes a control transaction, we have regard to regulatory guidance specifying that the FNT valuation analysis is to be undertaken on a control basis.

- As per Section 7.1 of this report, we consider an appropriate control premium for this placement to be in the order of 25% to 35%.

### 8.2.3 Valuation Conclusion – QMP Prior to the Proposed Placement

Details of our valuation conclusion using the QMP methodology and our assessed control premium is depicted in the following table with commentary following:

FNT Share Price	Low	High	Preferred
QMP - Minority Interest	0.015	0.019	
Control Premium	25%	35%	
QMP - Controlling Interest	0.019	0.026	0.022

The value assessed using the QMP is supportive of our valuation conclusion using our primary methodology albeit on the high side.

## 8.2.4 Liquidity

For the ASX quoted market price methodology to be reliable there should be a 'deep' market in the shares. Paragraph 69 of RG 111 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Consistent trading in a company's securities;
- Approximately 1% of a company's free float shares are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- No significant but unexplained movements in share price.

FNT's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's shares to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

The following table depicts a summary of the trading volumes of FNT shares by month.

Month	Volume Traded	Volume % All Shares	Volume % Free Float
Jan-17	1,459,696	1.4%	2.5%
Feb-17	11,171,469	10.7%	19.1%
Mar-17	3,708,594	3.6%	6.4%
Apr-17	2,665,699	2.6%	4.6%
May-17	5,920,746	5.7%	10.1%
Jun-17	640,652	0.6%	1.1%
Jul-17	1,871,249	1.8%	3.2%
Aug-17	2,175,465	2.1%	3.7%
Sep-17	7,078,697	6.8%	12.1%
Oct-17	2,518,329	2.4%	4.3%
Nov-17	5,698,198	5.5%	9.8%
Dec-17*	2,913,207	2.8%	5.0%
<b>Average</b>		<b>3.8%</b>	<b>6.8%</b>
<b>Median</b>		<b>2.7%</b>	<b>4.8%</b>

*\*Part month to 21 December 2017*

In our assessment of FNT's free float shares, we have excluded shares held by Directors and Employees along with other strategy corporate investors, as these shares are not considered to be available for trade.

Having regard to the criteria for a deep market described previously, we make the following observations in relation to FNT shares:

- Share trading is not consistent. There have been 79 days during the last year in which no trades were executed with respect to FNT shares. There were two days in the last 10 trading days to 21 December 2017 in which trading of FNT shares did not occur;
- FNT shares traded as a percentage of the free float in five of the review periods is less than the level required on a weekly basis to support the existence of a deep market; and
- The higher volumes observed in February 2017, May 2017 and September 2017 coincide with capital raisings undertaken in those periods (see Section 4.7).



Accordingly, we do not consider that there is a deep market in FNT shares. As trading on the ASX is an avenue for a minority interest to be disposed of, we consider the quoted market price to be relevant when considering the value of a FNT share as a cross check valuation method.

### 8.3 Valuation Conclusion prior to the proposed Transaction

<b>cents</b>	<b>Low</b>	<b>High</b>	<b>Preferred</b>
Net Assets Value - prior to proposed Placement	0.78	2.84	1.17
QMP Value - prior to proposed Placement	1.90	2.57	2.23
<b>WMS Assessed Value of an FNT Share prior to the proposed Placement</b>	<b>0.78</b>	<b>2.84</b>	<b>1.17</b>

Our assessed value of a Placement share prior to the proposal transaction is based on the conclusion formed using the net assets methodology. We have formed this opinion on the basis that trading in FNT shares does not constitute a liquid and deep market. Notwithstanding this, we have included our concluded QMP value for comparative purposes for the reasons identified. The QMP range is supportive of the Net Assets methodology in this instance.

The preferred value determined using the QMP methodology is higher than same using a Net Asset basis. Following is a non-exhaustive list of reasons and associated commentary explaining this variance:

- Investment in early stage exploration companies is often considered speculative. Accordingly, the trading price may represent a level of 'hope' value;
- The high number of non-marketable share parcels, coupled with the low liquidity may inflate the QMP due to economic and practical constraints on disposal;
- The net asset approach and particularly the SRK assessment of the mineral assets reflects the uncertainty the Muller Licence may not be renewed;
- The SRK assessment ascribes no value to the licences under application given the uncertainty same will be granted.

#### 8.3.1 Diluted Value

As noted at Section 4.2 of this Report, there are 4.8m options over ordinary shares outstanding. As the lowest exercise price of these options (3 cents) exceeds our concluded valuation range, none of these options are 'in the money'. Accordingly, we have not calculated a diluted value in this instance.





## 9 Valuation of FNT post the proposed Placement

In forming our conclusion of value post the Placement, we have again applied our primary methodology identified in Section 7 of this Report.

### 9.1 Net Assets Methodology

The application of this methodology relies on the conclusion in Section 8.3 of this Report. With this as the starting point for our analysis, we make changes to both the assessed net asset value and the quantum of issued capital on the basis the Placement proceeds as contemplated.

In accordance with RG111, the assessment post the Placement is done on a minority interest basis. The following table depicts our valuation conclusion and associated commentary.

<b>Balance Sheet (Reported)</b>			
<b>\$</b>	<b>Low</b>	<b>High</b>	<b>Preferred</b>
FNT Net Assets - Controlling Interest	811,208	2,961,208	1,221,208
Cash Raised in Placement	6,000,000	6,000,000	6,000,000
Debt Extinguished	67,202	67,202	67,202
<b>FNT Value post Placement - Controlling Interest</b>	<b>6,878,410</b>	<b>9,028,410</b>	<b>7,288,410</b>
Discount for Minority Interest	26%	20%	23%
<b>FNT Value post Placement - Minority Interest</b>	<b>5,095,119</b>	<b>7,222,728</b>	<b>5,614,775</b>
Existing Issued Capital	104,276,813	104,276,813	104,276,813
Shares issued for Placement	375,000,000	375,000,000	375,000,000
Shares issued for Debt	4,200,125	4,200,125	4,200,125
<b>Total Share Capital</b>	<b>483,476,938</b>	<b>483,476,938</b>	<b>483,476,938</b>
<b>Value per Shares (cents)</b>	<b>1.05</b>	<b>1.49</b>	<b>1.16</b>
<b>Forise Ownership (ex nominee)</b>	<b>67.9%</b>	<b>67.9%</b>	<b>67.9%</b>

#### 9.1.1 Net Asset Adjustments

- We have added the cash raised under the proposed Placement (\$6m). A corresponding increase in share capital (375m shares) has been included;
- We have added an amount equal to the debt owed to Mr Peter McNeil. This debt has been satisfied by the issue of shares on the same terms as per the capital raised i.e. 1.6 cents per share. Similarly, an increase in share capital is included to account for same;
- Our valuation assessment is to be undertaken on a minority basis. Accordingly, we apply a minority discount in the range of 20% to 26%. This range represents the inverse of our assessed control premium (see Section 8.2.2 of this Report).

Based on the adjustments described, we conclude a share value post the Placement to be in the range of 1.05 cents and 1.49cents with a preferred value of 1.16 cents.

### 9.2 Net Assets Methodology – Fully Diluted

Further to our analysis in the previous section, we have also calculated the value of FNT shares post the Placement on a fully diluted basis. We highlight however that the exercise price of 2.9 cents materially exceeds the share price concluded. For completeness, we have performed calculations on the basis the options are in fact exercised on the terms disclosed.

**Balance Sheet (Reported)**

\$	Low	High	Preferred
FNT Net Assets - Controlling Interest	811,208	2,961,208	1,221,208
Cash Raised in Placement	6,000,000	6,000,000	6,000,000
Cash Raised from Exercise of Options	5,437,500	5,437,500	5,437,500
Debt Extinguished	67,202	67,202	67,202
<b>FNT Value post Placement - Controlling Interest</b>	<b>12,315,910</b>	<b>14,465,910</b>	<b>12,725,910</b>
Discount for Minority Interest	26%	20%	23%
<b>FNT Value post Placement - Minority Interest</b>	<b>9,122,896</b>	<b>11,572,728</b>	<b>9,803,664</b>
Existing Issued Capital	104,276,813	104,276,813	104,276,813
Shares issued for Placement	375,000,000	375,000,000	375,000,000
Shares issued for Debt	4,200,125	4,200,125	4,200,125
Shares Issued on Conversion of Options	187,500,000	187,500,000	187,500,000
<b>Total Share Capital</b>	<b>670,976,938</b>	<b>670,976,938</b>	<b>670,976,938</b>
<b>Value per Shares (cents)</b>	<b>1.36</b>	<b>1.72</b>	<b>1.46</b>
<b>Forise Ownership (ex nominee)</b>	<b>73.4%</b>	<b>73.4%</b>	<b>73.4%</b>

## 10 Evaluation of the Placement

### 10.1 Approach

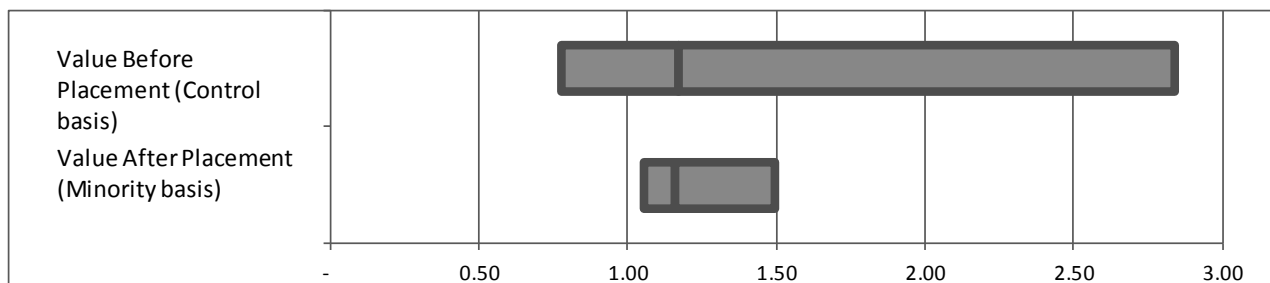
When considering whether in our opinion the terms of the Placement as outlined in the body of this Report are fair and reasonable we have considered:

- Whether the preferred value per FNT share before the placement (on a control basis) is greater than the preferred value per FNT share should the proposed Placement occur (on a minority basis);
- Other qualitative factors which we believe represent either advantages or disadvantages to FNT shareholders;
- The likelihood of an alternative superior offer being made to acquire a controlling interest in FNT; and
- The alternatives available to FNT shareholders.

### 10.2 Fairness Conclusion

In determining whether the Placement is fair, we have compared the value of a share (on a controlling basis) prior to the Placement with the value of a share post the proposed Placement (on a minority interest basis). This analysis follows:

cents	Low	High	Preferred
Fair Market Value of FNT Share before the Placement (on a control basis)	0.78	2.84	1.17
Fair Market Value of FNT Share after the Placement (on a minority basis)	1.05	1.49	1.16
<b>Premium/(Discount)</b>	<b>0.28</b>	<b>(1.35)</b>	<b>(0.01)</b>
<b>Premium/(Discount)%</b>	<b>35.5%</b>	<b>-47.4%</b>	<b>-0.8%</b>



Where available, we have undertaken crosschecks to support the conclusions of our primary valuation methods.

In the previous graphic we have dissected the valuation range with a line marking the preferred value under each scenario. As illustrated, the share value post the proposed Placement is within the assessed value range prior to the transaction albeit at the lower end. Given the wide range of assessed values, we have placed greater reliance on the preferred values calculated for each basis (refer Section 8.1.3 of this Report and Section 5 of the SRK Report reproduced at Appendix A). That is, the preferred value post the Placement of 1.16 cents is below the preferred value prior to the placement of 1.17 cents. Consequently, WMS considers that **the Placement is not fair** in accordance with prescription set out in RG111.

### 10.3 Reasonableness Conclusion

In accordance with RG111 a transaction is reasonable if it is fair. An offer can also be reasonable if despite not being fair, there are sufficient reasons for the shareholders to accept the Placement in the absence of a superior proposal.



In assessing the reasonableness of the Placement, we have also considered the potential advantages and disadvantages to the shareholders and considered whether the advantages outweigh the disadvantages only in the context of the Placement.

WMS has considered the terms of the Placement and conclude **the Placement is reasonable.**

These commercial and qualitative factors are summarised below. **We note that individual shareholders may interpret these factors differently depending on their individual circumstances.**

### 10.3.1 Advantages

#### Provision of significant capital

As per Section 4.7 of this Report, a number of capital raisings have occurred since July 2016. The quantum of these is summarised in the following table. We note in aggregate, these raisings are significantly less than the capital raised under the proposed Placement.

Date	Type	Value/Unit	Value	Units
14/07/2016	Share Purchase Plan	0.030	\$204,900	6,830,015
03/08/2016	Share Purchase Plan	0.030	\$101,000	3,366,667
16/01/2017	Rights Issue	0.030	\$330,150	11,005,001
17/02/2017	Rights Issue	0.030	\$173,848	5,794,947
18/05/2017	Rights Issue	0.045	\$28,213	626,964
26/05/2017	Issue of Shares in Lieu of Fees	0.045	\$280,000	6,222,222
14/09/2017	Share Purchase Plan	0.017	\$405,890	23,875,882
<b>Total</b>			<b>\$1,524,001</b>	<b>57,721,698</b>

We think the scale of this raising will provide a significant cash influx for the company to proceed with its stated objectives.

#### Alleviates the need for alternative capital raising

The following is an extract from the Independent Auditor's Report contained in the 2017 Annual Report for frontier.

##### *Material Uncertainty Related to Going Concern*

*Without modification to our opinion expressed above, we draw attention to note 1 "Going Concern Basis of Preparation" of the financial statements which states that the financial statements have been prepared on a going concern basis. The consolidated entity is in a net deficient position of \$162,006 as at 30 June 2017 and continues to incur operating losses and negative net operating cashflows. Whilst the Company has successfully raised equity during the 30 June 2017 financial year and post year-end, its ability to continue as a going concern for at least the next 12 months will require it to undertake further capital raisings during this period.*

This assessment makes it clear that in the absence of the proposed Placement, an alternate source of funding will be required to satisfy the Going Concern premise. This may occur on terms less favourable than those contemplated by this Placement.



## Debt is Extinguished

The conversion of debt owed to Mr Peter McNeil for equity will mean that the Company does not have to repay the loan funds. The cash position of the Company would ordinarily have reduced to settle this debt.

## Execution of Strategy

We refer to the ASX announcement of 26 September 2017. In this announcement, the Directors acknowledge:

*That Frontier Resources are inadequate to achieve the present 'ambitious' strategy.*

The capital provided under this Placement may enable the FNT Directors to pursue the strategic objectives of the company as originally contemplated.

### 10.3.2 Disadvantages

#### The Placement is not fair

As discussed at Section 10.2 of this Report, the Placement is not fair. We note however the preferred value post the placement is materially similar to the preferred value prior to the placement. Additionally, we note the entire assessed value range post the placement lies within the assessed value range prior to the placement.

#### Forise has a significant level of control

Should the Placement proceed as contemplated, Forise will have an equity interest of approximately 68% (undiluted) in FNT. This would enable Forise to control general resolutions (requiring 50% of shares to be voted in favour of a matter) but not special resolutions (requiring 75% of shares to be voted in favour of a matter).

Additionally, a shareholding block of this magnitude may be seen as a deterrent to another investor engaging in a transaction with FNT which may yield a takeover premium.

The interests of FNT shareholders will be diluted down and represent approximately 22% of the FNT issued capital not held by Forise or its nominee should the Placement proceed as contemplated. Accordingly, they will collectively have significantly less influence and control over the future direction of the Company.

#### FNT shareholders' position if the Placement is not approved

If the Placement is not approved, it would be the current Directors' intention to continue operating the Company in line with its objectives. This cannot be undertaken without an alternative capital solution. We specifically highlight the following in relation to the Placement:

- 1) There will be additional transaction costs should another capital raising be undertaken;
- 2) There will likely be a further delay to complete an alternative raising which may impact the business operations of Frontier and delay the receipt of needed capital; and
- 3) Where supplier support is not forthcoming, frontier may not be able to meet its payment obligations as and when they are due i.e. Frontier may not be able to satisfy the going concern premise.

### **No alternative offers received**

As at the date of our Report, we are not aware of any alternative offers that may be forthcoming despite the considerable time which has lapsed since the offer was announced.

### **Placement consideration comparable to QMP**

In the absence of any control premium, the share price under the Placement is comparable to the FNT share price in recent periods. Further, we note the Placement price at 1.6 cents per share is materially similar to the most recent raising by way of share purchase plan which was completed at 1.7 cents per share.

### **Board view**

In accordance with the Placement Agreement, subject to receipt of an independent expert's report confirming that the Placement is fair and reasonable or not fair but reasonable, each Director of FNT recommends that shareholders approve the issue of Placement Securities.

### **Escrow**

We understand that shares held by Peter McNeil and his related entities are restricted from dealing for a period of six months from completion of the Placement.

### **Transaction Costs**

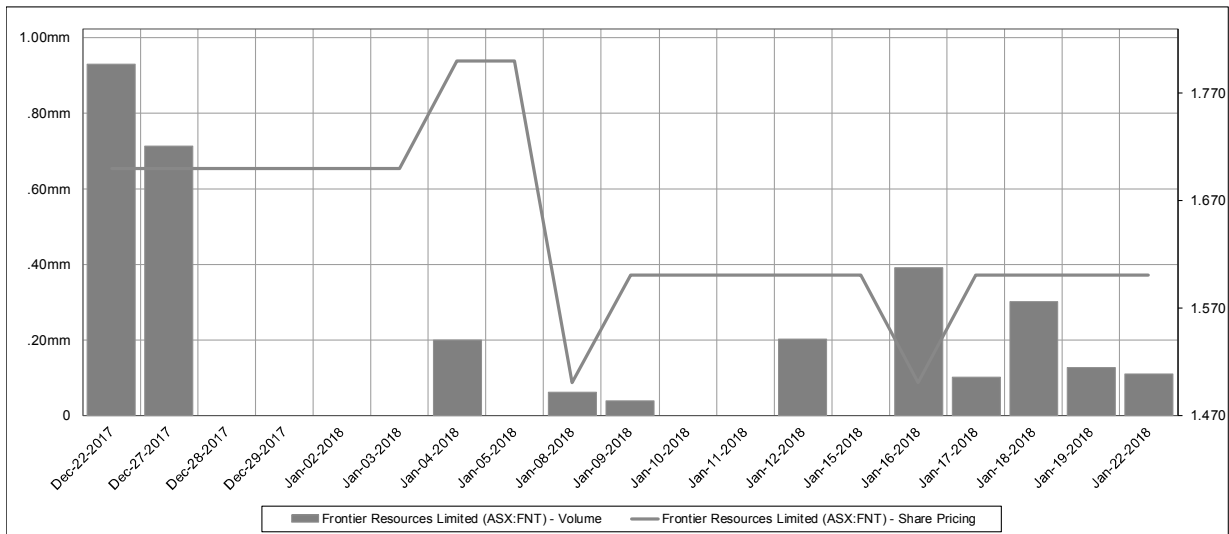
The Directors of FNT have estimated that transaction costs associated with the Placement will be approximately \$111k. These transaction costs include the professional fees and costs associated with the preparation and dispatch of relevant documents. These costs will be borne by shareholders regardless of whether the Placement proceeds.

### **Trading in FNT post the announcement of the proposed Placement**

Trading in FNT shares is depicted in the following chart<sup>10</sup>. The date range is inclusive of 22 December 2017 (date of announcement) to 22 January 2018.

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<sup>10</sup> S&P Capital IQ



We highlight that during this period of review, many trading days recorded no activity. Notwithstanding this, the closing share price during this period of analysis spans a low of 1.5 cents and a high of 1.8 cents. The share price as at 22 January is 1.6 cents which is equal to the consideration proposed under the Placement. This is materially similar to the closing price the day prior to the announcement of 1.5 cents.

## 10.4 Other considerations

This Independent Expert’s Report constitutes general financial product advice only and has been prepared without taking into consideration the individual circumstances of shareholders. The decision of whether or not to accept the Placement is a matter for each FNT shareholder to decide based on their own views of value of FNT and expectations about future market conditions, FNT’s performance and having regard to individuals risk profile and investment strategy.

The Directors and Management of FNT have prepared the Explanatory Notes in relation to this Placement and as such FNT shareholders should have regard to this when considering the Placement. Shareholders should personally consider the taxation implications in relation to the Placement as this material contains only general information in relation to same. If FNT shareholders are in doubt about the action they should take in relation to the proposed Placement, they should seek their own professional advice.

This Report is prepared exclusively for FNT shareholders and therefore neither WMS nor any member, employee or consultant thereof undertakes any responsibility to any person, other than FNT shareholders, in respect of this Independent Expert’s Report, including any errors or omissions howsoever caused.

## 10.5 Conclusion

**WMS has considered the terms of the Placement as outlined in the body of this Report and has concluded that the Placement is not fair but reasonable.**

In deriving our opinion, we have considered:

- Whether the value of a Placement Share prior to the transaction is higher than the value of a Placement share post the proposed transaction;
- Other qualitative factors which we believe represent either advantages or disadvantages to FNT shareholders;
- The likelihood of an alternative superior offer being made; and
- The alternatives available to FNT shareholders.



We have considered the likely advantages and disadvantages of the Placement on the FNT shareholders, and the advantages and disadvantages for the same shareholders if the Placement does not proceed. It is WMS' opinion the benefits that are likely to accrue to the shareholders as a result of the Placement outweigh the disadvantages and the other considerations if the Placement does not proceed.





## 11 Financial services guide

Aaron Lavell and David Hayes, as directors of WMS Corporate Services Pty Ltd t/a WMS Corporate Finance ABN 28 069 284 073 (“WMS” or “we” or “us” or “ours” as appropriate), have been engaged to issue general financial product advice in the form of a report to be provided to you.

You are being provided with a copy of our report as a retail client as a shareholder of Frontier.

### ***FINANCIAL SERVICES GUIDE***

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

The FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under AFSL/Licence No: 418958;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our complaints handling procedures and how you may access them.

### ***FINANCIAL SERVICES WE ARE LICENSED TO PROVIDE***

WMS carries on business and has a registered office at Level 14, The Rocket, 203 Robina Town Centre Drive, Robina QLD 4226. WMS holds an AFSL which authorises the licensee to provide general financial product advice to retail and wholesale clients on securities and interests in managed investment schemes.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.



## ***GENERAL FINANCIAL PRODUCT ADVICE***

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

## ***FEES, COMMISSIONS AND OTHER BENEFITS THAT WE MAY RECEIVE***

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees will be agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. In this instance, the Company has agreed to pay us approximately \$20,000 plus GST for preparing the Report.

Except for the fees referred to above, neither WMS, nor any of its Directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

## ***REMUNERATION OR OTHER BENEFITS RECEIVED BY OUR EMPLOYEES***

All our employees receive a salary. Our employees are eligible for bonuses based on a variety of factors including overall productivity but not directly in connection with any engagement for the provision of a report.

## ***REFERRALS***

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

## ***INDEPENDENCE***

WMS is required to be independent of the entity that engages it in order to provide this report. The guidelines for independence in the preparation of reports are set out in the Regulatory Guide 112 issued by the Australian Securities and Investments Commission in March 2011.

WMS is not an associate of Frontier Resources Ltd ("FNT"). The signatories to this Report do not hold any shares in FNT and no such shares have ever been held by the signatories.

WMS has no involvement with, or interest in the outcome of the proposed Placement, other than the preparation of this Report. WMS will receive a fee for the preparation of this Report which is not contingent on the outcome of the transaction.

## ***COMPLAINTS RESOLUTION***

### ***INTERNAL COMPLAINTS RESOLUTION PROCESS***

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, WMS, PO Box 5287, Robina TC QLD 4230.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.



### ***LIMITATION OF SERVICE***

We are only responsible for the Report and this FSG. Complaints or questions about the Disclosure Document should not be directed to us, as we are not responsible for that document. We can only limit the extent of the advice as set out in this Report and will not respond in any to any person that might involve the provision of additional financial product advice to any retail investor.

### ***REFERRAL TO EXTERNAL DISPUTE RESOLUTION PLACEMENT***

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited (“FOS”). FOS is an independent company that has been established to impartially resolve disputes between consumers and participating financial services providers.

David Hayes is a member of FOS (Member Number 30725). Further details about FOS are available at the FOS website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly via the details set out below:

Financial Ombudsman Service Limited  
GPO Box 3  
MELBOURNE VIC 3001

Toll free: 1300 78 08 08  
Facsimile: (03) 9613 6399  
Email: [info@fus.org.au](mailto:info@fus.org.au)

### ***CONTACT DETAILS***

You may contact us;

In writing to

WMS Corporate Services Pty Ltd Suite 1401, Level 14, The Rocket, 203 Robina Town Centre Drive, Robina QLD 4226 or PO Box 5287 Robina TC QLD 4230

or using the details set out in the accompanying report.



# Independent Specialist Report on the Mineral Assets of Frontier Resources Limited

Report Prepared for

**WMS Corporate Services Pty Ltd**



Report Prepared by



SRK Consulting (Australasia) Pty Ltd

FRN001

March 2018

# Independent Specialist Report on the Mineral Assets of Frontier Resources Limited

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**SRK Project Number FRN001**

**March 2018**

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## Executive Summary

Frontier Resources Limited (Frontier) has entered into an agreement with Forise Investment Sydney Pty Ltd (Forise), a subsidiary of one of China's largest non-banking financial institutions, for a A\$6 M placement into Frontier. Frontier has engaged WMS Corporate Services Pty Ltd (WMS) to prepare an Independent Expert Report to support the proposed transaction.

WMS subsequently commissioned SRK Consulting (Australasia) Pty Ltd (SRK) to provide an Independent Specialist Report (ISR) incorporating a technical assessment and valuation of Frontier's mineral assets in Papua New Guinea (PNG). SRK understands that this report is to be included as an appendix to WMS's Independent Expert Report (IER), which will provide an opinion regarding the fairness and reasonableness of the proposed transaction.

Frontier's key PNG mineral assets considered in this report comprise:

- A 100% interest in the Bulago Copper-Gold Project (EL 1595)
- A 100% interest in the Muller Copper-Gold Project (EL 2356 – renewal application).

## Summary of principal objectives

The objective of this report is to provide an independent assessment of the technoeconomic assumptions pertaining to Frontier's PNG mineral assets that would likely be considered by the market.

This report has been prepared in accordance with the "Australasian Code for the Public Reporting of Technical Assessment and Valuation of Mineral Assets" - VALMIN Code (2015) which incorporates the "Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves" - JORC Code (2012).

## Outline of work program

The following activities were conducted during the preparation of this report:

- Discussions with Frontier's key technical personnel
- High-level review of the technical reports and supporting documentation prepared by and/ or on behalf of the parties
- Compilation and analysis of transaction data related to projects considered broadly comparable to the subject mineral assets
- Valuation and preparation of an Independent Specialist Report.

SRK has completed a high-level review of Frontier's recent exploration programs for the purpose of determining their validity from a valuation perspective. SRK has not performed any Mineral Resource estimation activities for this report. When valuing the exploration assets of Frontier, SRK has considered methods commonly used to value mineral assets at an early stage of development.

All monetary figures used in this Independent Specialist Report are expressed in either Australian dollar (A\$) or United States dollar (US\$) terms. The final valuation is presented in Australian dollars (A\$). This Independent Specialist Report has adopted an effective valuation date of 22 December 2017.

## Valuation

SRK has recommended preferred values and value ranges for Frontier's mineral assets on the basis of the perceived exploration potential. SRK has considered the Kilburn geoscientific rating and Comparable Transaction valuation methodologies to arrive at a valuation range based on the area of tenure (in square kilometres).

SRK notes that the VALMIN Code (2015) cautions against ascribing value to licences under application. Where possible, SRK has considered the value of any underlying tenure held by Frontier. Due to significant uncertainty in the renewal of EL 2356 (Muller Project), SRK has selected the Low Value of the valuation range as the Preferred Value for the project.

SRK's recommended valuation ranges and preferred values for each project are summarised in Table ES-1. SRK has produced a Market Value as defined by the VALMIN Code (2015). SRK's preferred value for the Bulago licence is positioned conservatively due to varying levels of technical and geological uncertainty, including but not limited to the expected difficulties in converting resources into reserves. In respect of the Muller licence, in addition to the uncertainties mentioned for the Bulago licence, SRK considers the market would discount the Muller licence to reflect the uncertainty associated with the likely success, timing and conditions of the renewal application given the under expenditure on exploration to date. As such, SRK has elected to assign a value at the lower end of the range to reflect this uncertainty.

**Table ES-1: SRK's valuation of Frontier's mineral assets as at 22 December 2017 on a 100% equity basis**

Company	Commodity	Valuation type	Low (A\$ M)	High (A\$ M)	Preferred (A\$ M)
Bulago (EL 1595)	Copper-Gold	Exploration Potential (Comparable Sales)	0.33	0.99	
		Exploration Potential (Geoscientific)	0.73	1.71	
		<b>Exploration Potential (Selected)</b>	0.53	1.35	0.94
Muller (EL 2356)	Copper-Gold	Exploration Potential (Comparable Sales)	0.84	2.52	
		Exploration Potential (Geoscientific)	0.42	1.40	
		<b>Exploration Potential (Selected)*</b>	0.63	1.96	0.63*
<b>100% equity interest (Bulago &amp; Muller Exploration Licences)</b>			<b>1.16</b>	<b>3.31</b>	<b>1.57</b>

Note: Any discrepancies between values in the table are due to rounding.

\* SRK Preferred Value for the Muller EL 2356 as the low value of the range to take into account the risk of licence renewal application either not being granted or additional conditions being imposed.



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Appendix A: Comparable Sales

Appendix B: Independent Tenement Specialist Report

## Disclaimer

The opinions expressed in this report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by Frontier Resources Limited (Frontier). The opinions in this report are provided in response to a specific request from WMS Corporate Services Pty Ltd to do so. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

## List of Abbreviations

Abbreviation	Meaning
A\$	Australian dollar currency sign
AIG	Australian Institute of Geoscientists
ASIC	Australian Securities and Investment Commission
ASX	Australian Securities Exchange
BAC	Base Acquisition Cost
BP Petroleum	BP P.L.C. (formerly British Petroleum)
CIMVAL	Canadian Institute of Mining Valuation Standard
CP	Competent Person
CPS	Construction & Procurement Services Ltd
CRA	CRA Exploration
DCF	Discounted Cashflow
EL	Exploration Licence
FNT	Frontier Resources Limited code on ASX
Forise	Forise Investment Sydney Pty Ltd
Frontier	Frontier Resources Limited
g/t	Grams per tonne, a standard volumetric unit for demonstrating the concentration of precious metals in a rock.
h	hour
ha	hectare
IER	Independent Expert Report
ISR	Independent Specialist Report
IVSC	International Valuation Standards Committee's
JORC 2012	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC), December 2012
JV	Joint Venture (a business agreement between two or more commercial entities)
k	thousand
km <sup>2</sup>	square kilometres
komatiitic	Magnesium-rich mafic to ultramafic extrusive rock.
kt	kilotonnes
L	litre
LME	London Metals Exchange
m	metres
M	Million
m <sup>2</sup>	square metres
m <sup>3</sup>	cubic metres
Moz	Millions of ounces
Mt	Million Tonnes
PNG	Papua New Guinea

<b>Abbreviation</b>	<b>Meaning</b>
QLD	Queensland
RG	Regulatory Guide
SRK	SRK Consulting (Australasia) Pty Ltd
t	tonne
t/m <sup>3</sup>	tonnes per cubic metre
TIC	Tinga Intrusive Complex
tpa	tonnes per annum
US	United States
US\$	United States dollar currency sign
VALMIN Code	Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015)
WMS	WMS Corporate Services Pty Ltd

# 1 Introduction

Frontier Resources Limited (Frontier) has entered into an agreement with Forise Investment Sydney Pty Ltd (Forise), a subsidiary of one of China's largest non-banking financial institutions, for a A\$6 M placement into Frontier. Frontier has engaged WMS Corporate Services Pty Ltd (WMS) to prepare an Independent Expert Report to support the proposed transaction.

WMS subsequently commissioned SRK Consulting (Australasia) Pty Ltd (SRK) to provide an Independent Specialist Report incorporating a technical assessment and valuation of Frontier's mineral assets located in Papua New Guinea (PNG). SRK understands that this report is to be included as an appendix to WMS's Independent Expert Report, which will provide an opinion regarding the fairness and reasonableness of the proposed transaction.

As defined in the VALMIN Code (2015), mineral assets comprise all property including (but not limited to) tangible property, intellectual property, mining and exploration tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with that Tenure.

For the purpose of this valuation, the projects were classified according to the development stage categories outlined in the VALMIN Code (2015):

- **Early Stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.
- **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.
- **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.
- **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Pre-Feasibility Study.
- **Production Projects** – Tenure holdings - particularly mines, wellfields and processing plants that have been commissioned and are in production.

The valuation is current as at 22 December 2017 and the monetary amounts are expressed in United States dollars (US\$) and Australian dollars (A\$) as specified throughout this report. The final valuation is expressed in A\$ terms.

## 1.1 Nature of the brief

This Independent Specialist Report was initiated by Mr Aaron Lavell, Managing Partner at WMS on 22 December 2017. This report is to be included as an appendix to WMS's Independent Expert Report, which will provide an opinion on the fairness and reasonableness of the proposed transaction.

Frontier's key assets considered in this report comprise:

- A 100% interest in the Bulago Copper-Gold Project (EL 1595)
- A 100% interest in the Muller Copper-Gold Project (EL 2356 – renewal application).

## 1.2 Summary of principal objectives

The objective of this report is to provide an independent assessment of the mineral assets held by Frontier that would likely be considered by the market.

This report has been prepared in accordance with the "Australasian Code for the Public Reporting of Technical Assessment and Valuation of Mineral Assets" - VALMIN Code (2015) which incorporates the "Australasian Code for the reporting of Exploration Results, Mineral Resources and Ore Reserves" - JORC Code (2012).

## 1.3 Outline of work program

The following aspects were considered in the preparation of this report:

- A review of technical reports and supporting documentation prepared by and/ or on behalf of the parties
- Discussions with Frontier's key technical personnel
- Compilation of comparable transactions
- Valuation and preparation of an Independent Specialist Report.

## 1.4 Program objectives

This report and associated valuation has been prepared by SRK under instructions from WMS. This report complies with the mineral asset information required under various securities laws of Australia.

As per the VALMIN Code (2015), a first draft of the report was supplied to WMS and Frontier to check for material error, factual accuracy and omissions before the final report was issued. SRK's scope of work was limited to the second draft of the Report after a round of edits by WMS and Frontier. The final report was issued following review of any comments by the project team.

SRK has selected the most appropriate valuation technique for the assets, based on the development stage of the projects and the amount of available information. This report expresses an opinion regarding the value of certain mineral assets held by Frontier as directed in SRK's mandate from WMS. This report does not comment on the 'fairness and reasonableness' of any transaction between the projects' owners and any other parties.



## 1.5 Reporting standard

This report has been prepared to the standard of, and is considered by SRK to be, a Technical Assessment and Valuation Report under the guidelines of the VALMIN Code (2015). It should be noted that the authors of this report are Members of either the Australasian Institute of Mining and Metallurgy (AusIMM) or the Australian Institute of Geoscientists (AIG) and, as such, are bound by both the VALMIN and JORC Codes. For the avoidance of doubt, this report has been prepared according to:

- 2015 edition of the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets (“VALMIN Code”)
- 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“JORC Code”).

For the purposes of this report, value is defined as ‘market value’ being the amount of money (or the cash equivalent or some other consideration) for which a mineral asset should change hands on the date of Valuation between a willing buyer and a willing seller in an arm’s length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion.

## 1.6 Work program

This work assignment commenced in late-December 2017, with a review of existing remote electronic company data and other information sourced by SRK from literature and company websites, as well as subscription databases such as S&P Global Market Intelligence (formerly SNL) database services. SRK consultants worked through the relevant databases, completed research on comparable market transactions to assist with the valuation, and compiled the Report.

SRK notes that the VALMIN Code (2015) recommends that a site inspection be completed should it be ‘likely to reveal information or data that is material to the report’. Given that SRK consultants proposed for this exercise have conducted technical assessments of similar projects in PNG, the logistical difficulties associated with reaching site, as well as the fact that these tenements remain in the early stages of assessment, SRK does not consider a site visit is currently required under the current scope of work.

SRK carried out the following work program:

- Assignment Commenced 03 January 2018
- Submission of draft report 12 January 2018
- Submission of second draft report 22 February 2018
- Submission of final report 02 March 2018

## 1.7 Key sources of data

Data and information on the assets used to prepare this report are referenced throughout the report.

## 1.8 Effective date

The effective date of this report is 22 December 2017.

## 1.9 Project team

This report has been prepared based on a technical review by a team of consultants from SRK's offices in Australia. Details of the qualifications and experience of the consultants who have carried out the work in this Report, who have extensive experience in the mining industry and are members in good standing of appropriate professional institutions, are set out below.

- Caue Pauli de Araujo, Principal Consultant (Project Evaluation), MBA, BSc (Geology) – MAusIMM, reporting, valuation and project management
- Bryce Healy, Principal Consultant (Project Evaluation) PhD, MAusIMM – project review, valuation and reporting
- Mathew Davies, Senior Consultant (Geology) BSc Hons (Exploration & Resource Geology), MAusIMM – comparable transactions and reporting
- Jeames McKibben, Principal Consultant (Project Evaluation), BSc(Hons), MBA, MAusIMM(CP), MAIG, MRICS – Peer review.

## 1.10 Limitations, reliance on information, declaration and consent

### 1.10.1 Limitations

SRK's opinion contained herein is based on information provided to SRK by Frontier throughout the course of SRK's investigations as described in this report, which in turn reflect various technical and economic conditions at the time of writing. Such technical information as provided by Frontier was taken in good faith by SRK. SRK has not independently verified historical Mineral Resources estimates by means of recalculation.

This report includes technical information, which requires subsequent calculations to derive subtotals, totals, averages and weighted averages. Such calculations may involve a degree of rounding. Where such rounding occurs, SRK does not consider them to be material.

As far as SRK has been able to ascertain, the information provided by Frontier was complete and not incorrect, misleading or irrelevant in any material aspect.

Frontier has confirmed in writing to SRK that full disclosure has been made of all material information and that to the best of their knowledge and understanding, the information provided by Frontier and was complete, accurate and true and not incorrect, misleading or irrelevant in any material aspect. SRK has no reason to believe that any material facts have been withheld.

### 1.10.2 Statement of SRK independence

Neither SRK, nor any of the authors of this report, have any material present or contingent interest in the outcome of this report, nor do they have any pecuniary or other interest that could be reasonably regarded as being capable of affecting their independence or that of SRK.

SRK has no prior association with Frontier regarding the mineral assets that are the subject of this report. SRK has no beneficial interest in the outcome of the technical assessment being capable of affecting its independence.

### 1.10.3 Indemnities

As recommended by the VALMIN Code (2015), Frontier has provided SRK with an indemnity under which SRK is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required:

- which results from SRK's reliance on information provided by Frontier or its consultants, or these parties not providing material information; or
- which relates to any consequential extension workload through queries, questions or public hearings arising from this Report.

#### **1.10.4 Consent**

SRK consents to this report being included, in full, in WMS' documents in the form and context in which the technical assessment is provided, and not for any other purpose. SRK provides this consent on the basis that the technical assessments expressed in the Summary and in the individual sections of this report are considered with, and not independently of, the information set out in the complete report.

#### **1.10.5 Consulting fees**

SRK's estimated fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, SRK's knowledge of the assets and availability of data. The fee payable to SRK for this engagement is estimated at approximately A\$17,000. The payment of this professional fee is not contingent upon the outcome of the report.

## 2 Frontier Resources Ltd

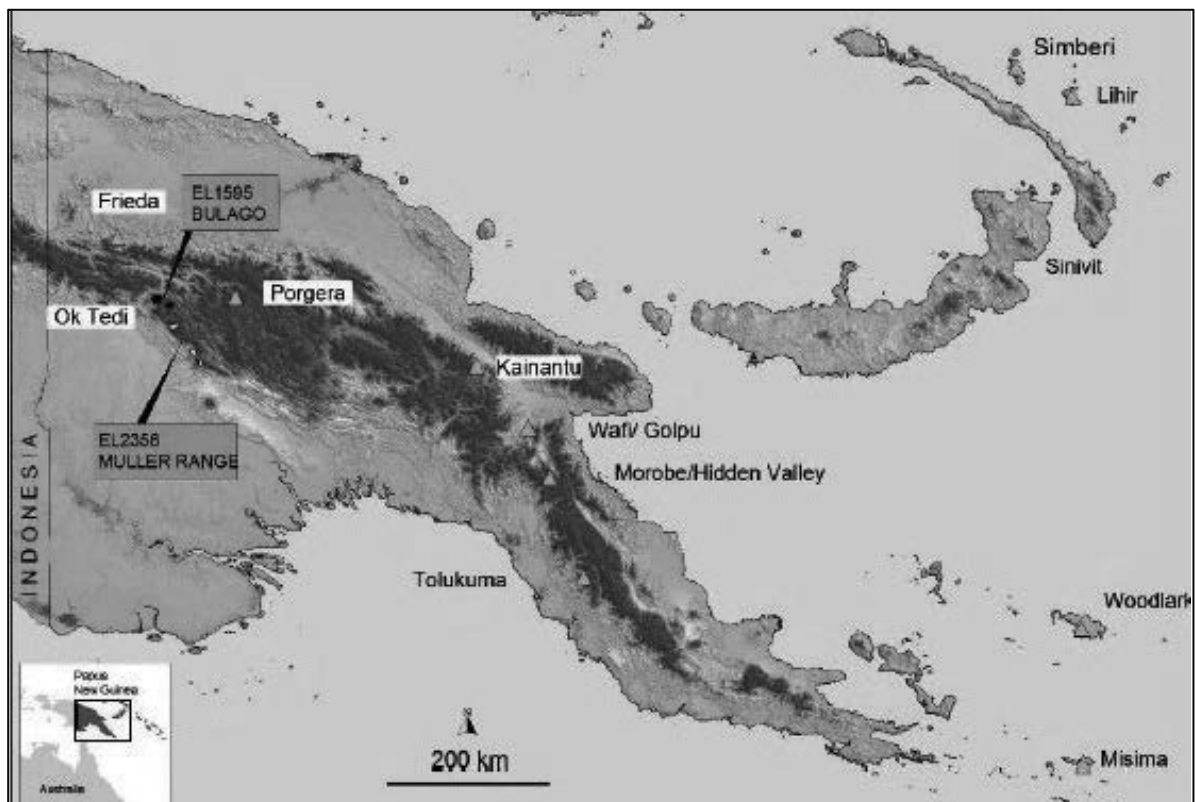
### 2.1 Introduction

Frontier Resources Limited (Frontier) is a mineral exploration company listed on the Australian Securities Exchange since 2003 (ASX code FNT, originally listed as TasGold Limited). The Company is currently focused on discovering copper-gold-molybdenum porphyry, high grade and bulk mineable gold / silver epithermal and gold + base metal skarn deposits in the Pacific 'Rim of Fire' in Papua New Guinea (PNG).

Frontier has been focused on the exploration of its 100%-owned Copper-Gold Projects (Bulago and Muller) located on the border of the Southern Highlands and the Western provinces of Papua New Guinea, as shown in Figure 2-1.

The projects are remotely located relative to established infrastructure, with large portions of the area only accessible by foot or via helicopter. The area is characterised by rugged topography and very high rainfall with > 10,000 mm per annum. Cloud cover and fog are prevalent all year round. The wettest period extends from June to August each year.

Field operations are able to be conducted throughout the year.



**Figure 2-1: Location of Frontier's Copper-Gold Projects in PNG**

Source: Frontier ASX Announcement.

## 2.2 Regional Geology

Frontier's Projects (Bulago and Muller) lie along the southern edge of a north-northwest-trending foreland thrust belt within central PNG in an area characterised by Mesozoic and Cainozoic shelf and trough sedimentary units, Miocene-Pliocene intrusions and minor Quaternary volcanic cover. A number of major arc parallel (west-northwest-trending) structures are oriented sub-parallel to the fold thrust belt and influence the localisation of a linear array of several known porphyry intrusions (e.g., Tabe, Idawe, Tumbudu, Bolivap and Ku centres).

The Bulago and Muller areas cover the Idawe intrusive, and portions of the Tabe and Tumbudu intrusive stocks, which are a series of upper Miocene to Pliocene diorite to monzonite bodies which have intruded sedimentary units within the Australian Plate. The zone of intrusive activity stretches from the Porgera Mine in the east to the Ok Tedi Mine in the west, with the interconnected fault zone considered to be a major structural boundary between the Australian and Melanesian Plates. Gold and base metal mineralisation at the Porgera, Ok Tedi and Mount Kare Mines is associated with intrusive bodies approximately 20 to 25 km southeast of Frontier's Bulago Project.

Frontier's model for the Bulago and Muller Project is based on the regionally significant Porgera (+ Mt Kari) and Ok Tedi mineralisation styles. The geological setting for the mineralisation model for the area is outlined in Figure 2-2 and includes the following targets:

- Very high-grade gold associated with intrusive/ host rock contact breccia and shear zones. This style of mineralisation is noted in breccias and shear zones in areas adjacent to the intrusive bodies. The zones are generally narrow but high grade.
- Gold and base metal mineralisation associated with the stock itself. This mineralisation style is low grade and more dominant within the main Idawe Stock.
- Very high-grade skarn mineralisation is associated with the intrusive bodies / overlying limestones. The skarn mineralisation in the Bulago region is not well defined but has been sampled and mapped in float/outcrop, returning very high gold and base metal values. Multiple magnetite (+/- mineralisation?) skarns are apparent in aeromagnetic signatures.

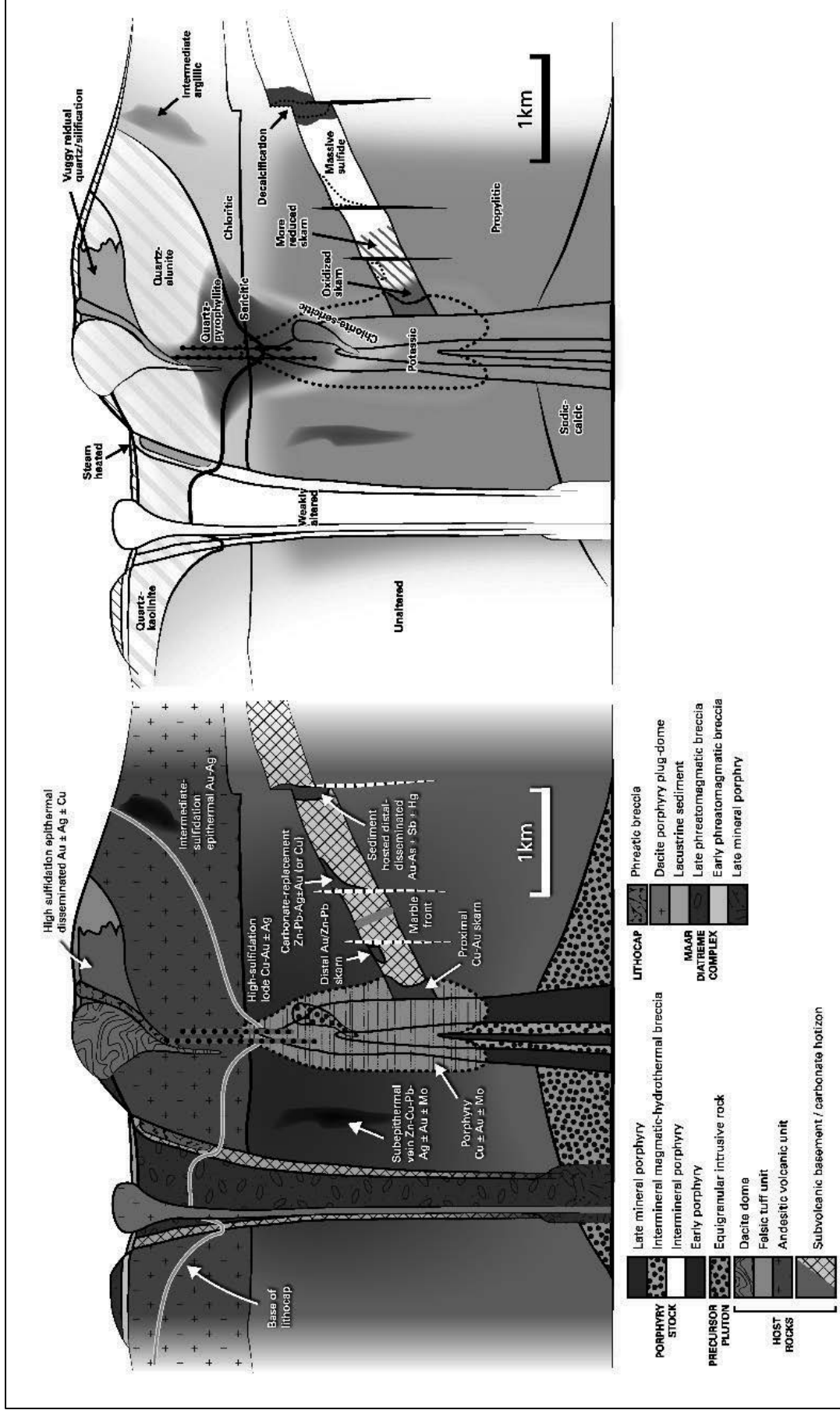


Figure 2-2: Mineralisation model and exploration rationale

## 2.3 Bulago Project (EL 1595)

### 2.3.1 Introduction

Frontier's Bulago Project straddles the border region amongst the Hela, West Sepik and Western Provinces of Papua New Guinea. The nearest major centre is Oksapmin to the north. Further major centres are Mendi and Mount Hagen, some 230 km to the east. A 4-wheel drive road connects Mendi and Mount Hagen to Koroba.

EL 1595 is located approximately 45 km northwest of Frontier's Muller Project within the same Fold/Thrust belt of PNG.

Access is entirely by helicopter or on foot. The nearest airstrips suitable for fixed wing aircraft are in the Strickland Gorge area at Agali 15 km to the north, Lake Kopiago 32 km to the east and Bimin, 26 km also to the north. An airstrip has been constructed at Bulago about 10 km to the southwest, but it is not yet certified.

Existing foot tracks link nearby villages with newly cut tracks throughout the prospect areas.

The area is covered by primary tropical rain forest and sparsely populated. It comprises steep rugged mountains topped by limestone escarpments and near vertical cliffs. Elevations range from about 600 m in the SW to over 3,200 m in the central east. The Bulago Porphyry, part of the Idawa Stock, lies in the headwaters of Bulago River, at elevations between 1,400 m and 2,000 m, surrounded by limestone bluffs.

### 2.3.2 Ownership and tenure

The status of Frontier's Bulago Exploration Licence is outlined in Table 2-1.

**Table 2-1: Frontier's Bulago Project**

Tenement	Area (km <sup>2</sup> )	Sub-blocks	Granted	Term	Ownership
EL 1595	73	22	7/07/2016	2 Years	100% Frontier Gold PNG Ltd

Source: Frontier ASX Announcement.

EL 1595 is a single licence area, comprising 22 sub-blocks and covering an area of approximately 73 km<sup>2</sup>. SRK is not aware of any existing agreements or royalties involving EL 1595. Additional information can be found in Appendix B – Independent Tenement Specialist Report.

### 2.3.3 Geology

The Bulago Project covers two intrusive diorite to monzonite complexes (Idawa and Tumbudu stocks) that belong to a suite of small and isolated upper Miocene to Pliocene diorite to monzonite intrusives within the Australian Plate sediments south of the Lagaip Fault Zone.

Exploration completed to date targets buried porphyry, higher grade skarn and epithermal gold mineralisation styles, which are 1) very high-grade gold (up to 754 g/t) associated with intrusive/host rock contact breccias and shear zones; 2) Porphyry copper-gold-molybdenum mineralisation associate with the porphyry stock; and 3) high grade gold skarn deposits associated with the intrusive bodies and their contact with overlying limestone units.

Two key prospects have been defined within the project to date. The geological setting of these prospects is described in the following section.

### 2.3.4 Exploration History

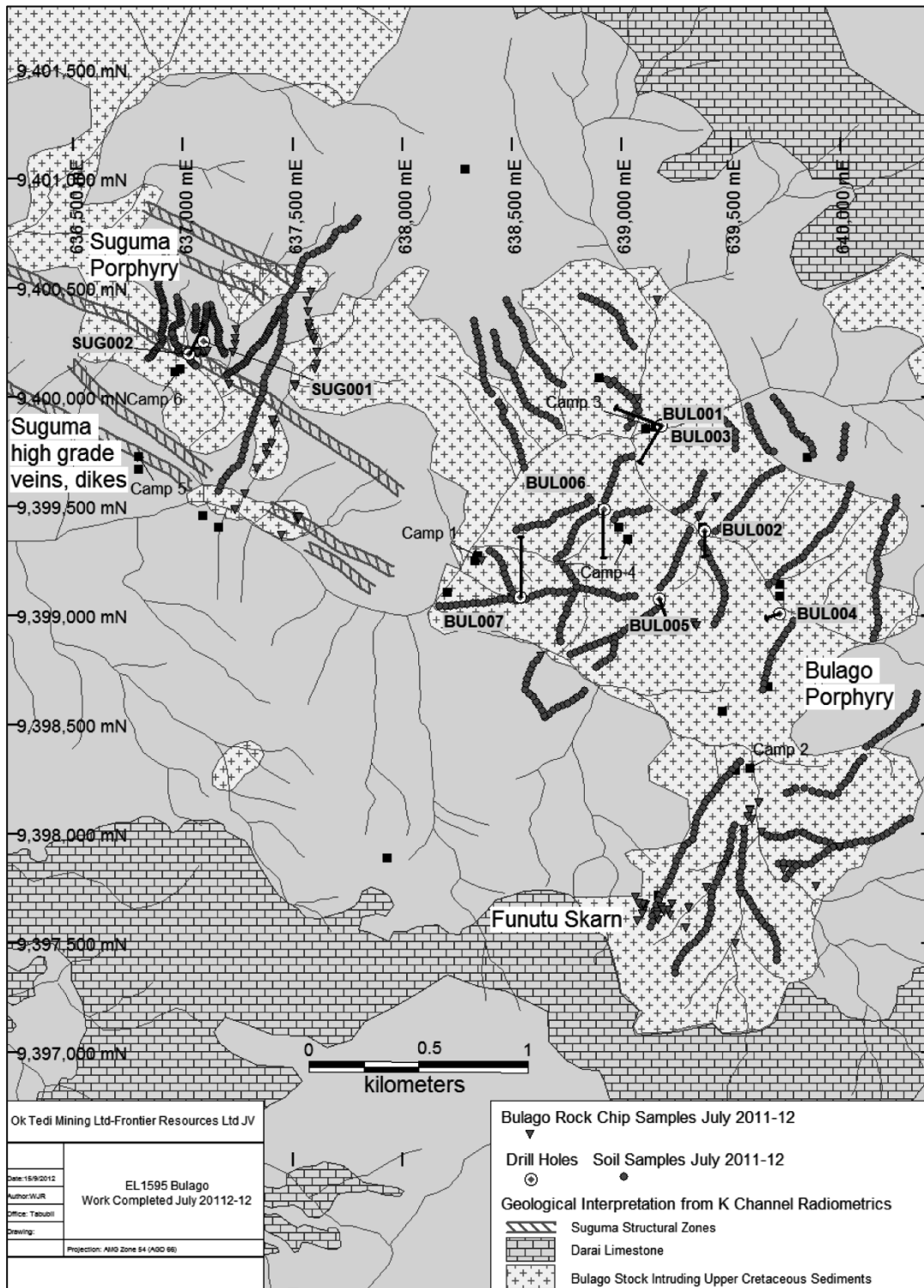
To date, exploration has defined two key prospects, namely the Suguma (Swit Kai) and Bulago porphyries, and a number of geochemically anomalous areas associated with recognised skarn mineralised zones warranting follow-up exploration.

To date, Frontier has completed eight diamond drill holes at the Bulago Project for a total of 3,302.9 m. The Bulago drillholes have returned several intercepts with greater than 1 g/t Au, and the significant gold and copper intercepts are outlined in Table 2-2. The assay results of the drill hole, BUL002 returned an intersection of 63.2 m grading 0.1 g/t Au and 0.12% Cu, including 9 m of 1.32 g/t Au from approximately 28 m downhole depth, highlighting the potential of the porphyry system. The drilling results were interpreted by Frontier to have intersected various parts of the porphyry system although favour the low-grade periphery of the intrusive stocks.

The Bulago porphyry displays transitional potassic-calc-potassic alteration and a complex suite of intrusive bodies. These intrusive bodies are elongate vertically, with small cross-section and high-grade copper-gold zone in a core of intense (calc-potassic) and quartz-sulphide veining. Alteration haloes from the core appear narrow (200 to 300 m in width). The exposure of the roof of the system has produced several strong copper in soil geochemical anomalies.

In 2017, two diamond core holes GCZ001 (abandoned) and 002 (redrill) were completed which targeted porphyry copper-gold in the north-northeast trending/ northwest dipping zone of geochemically anomalous surface gold delineated in a program of extensive stream sediment/panned concentrate and float/outcrop sampling. Hole GCZ002 was drilled to a depth of 303.9 m and intersected six major zones and over ten smaller zones of hydrothermal brecciation/veining in diorites and mudstone units. However, although anomalous in gold, no zones containing potentially economic gold or copper mineralisation were intersected. The best intercept was 2.4 m grading 0.16% copper and 0.16 g/t Au at the top of the hole.





**Figure 2-3: Geology and geochemical sampling and drilling across EL 1595**

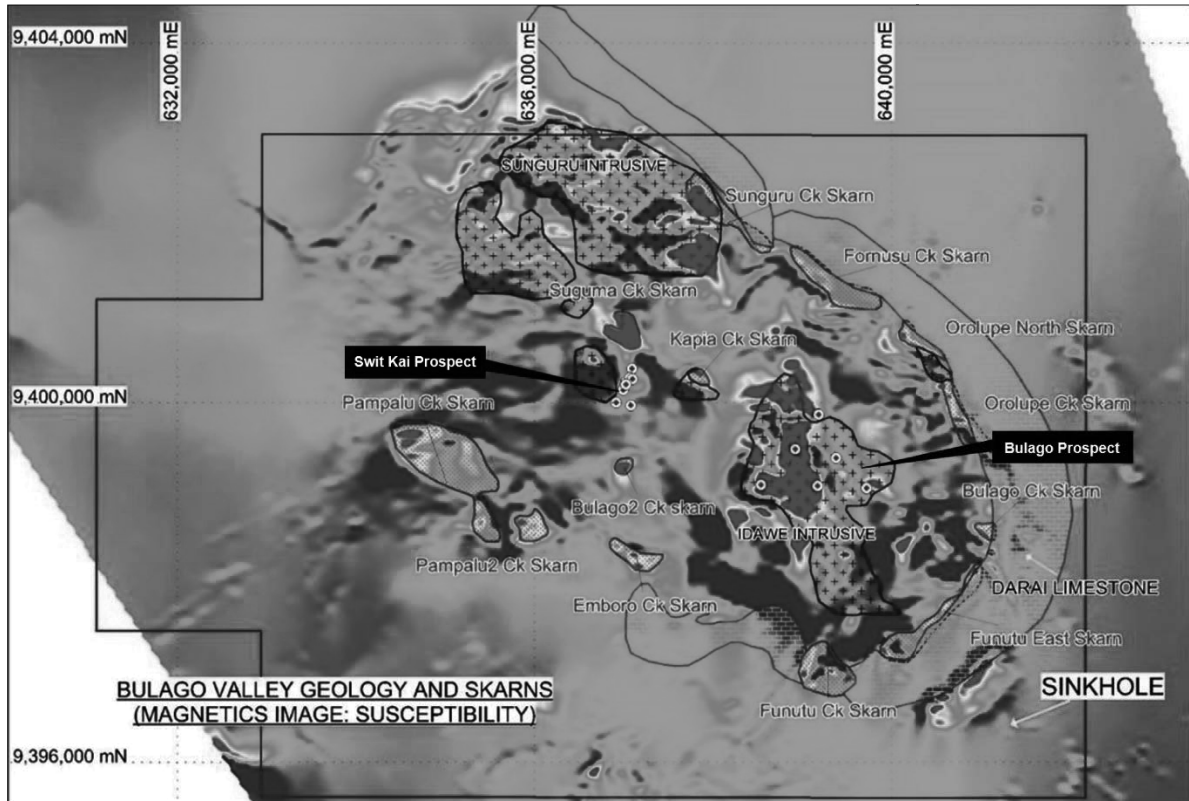


Figure 2-4: Geology and defined prospects at Bulago Project EL 1595 (draped over magnetic geophysical image)

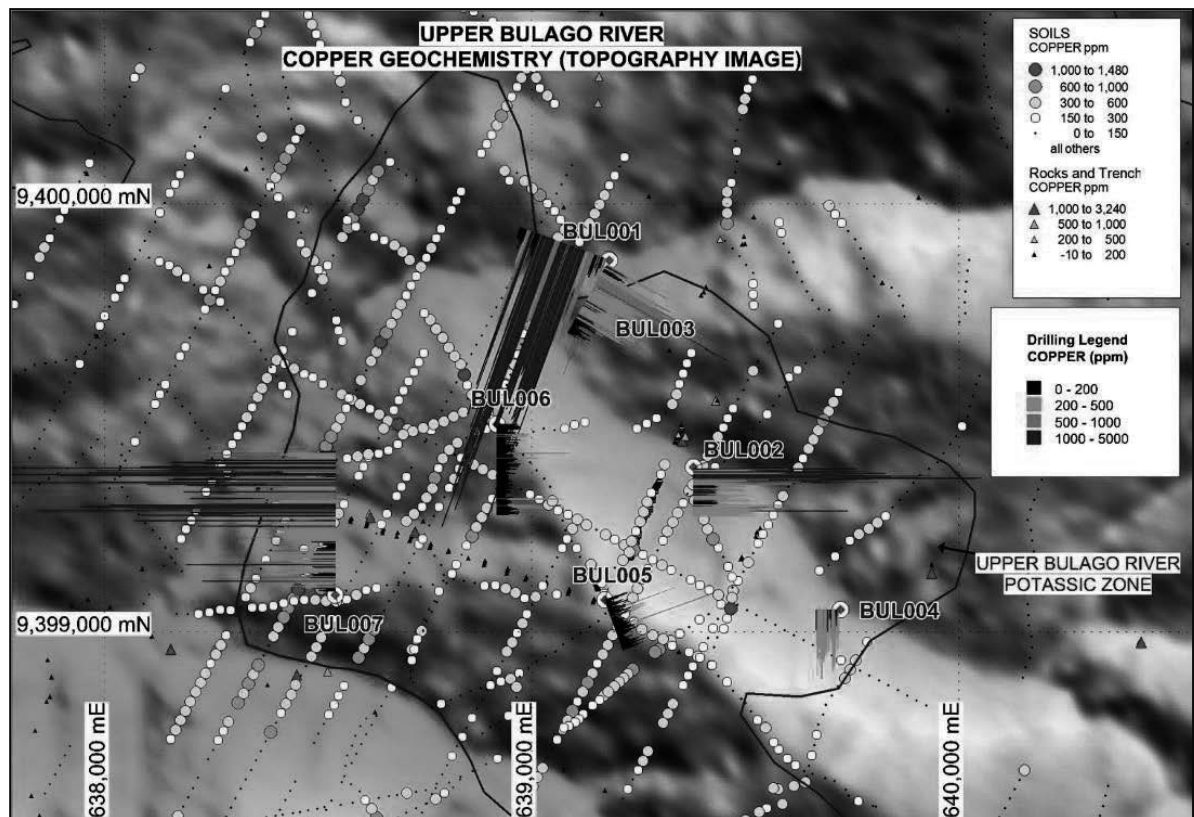


Figure 2-5: Soil and select downhole assay geochemistry at the Bulago prospect

**Table 2-2: Significant Bulago Gold and Copper Drill Results**

Hole ID	From (m)	To (m)	Intercept Length (downhole m)	Gold Assay (g/t)	Copper Assay (ppm)
BUL001	29.5	39.0	9.5	0.32	137
	119.0	343.1	224.1	0.06	1255
	267.0	343.1	76.1	0.16	1510
	359.5	369.2	9.7	0.21	124
	371.8	384.5	12.7	0.10	1061
	385.6	388.0	2.4	0.54	550
	407.0	428.0	21.0	0.42	100
	422.0	425.0	3.0	2.04	101
BUL002	439.0	440.3	1.3	0.10	828
	27.8	91.0	63.2	0.10	1152
BUL003	86.1	87.0	0.9	1.32	585
	19.1	389.6	370.5	0.06	347
	63.5	139.4	75.9	0.04	674
	367.1	373.0	5.9	1.71	92
BUL004	379.0	381.0	2.0	0.50	178
	80.0	81.5	1.5	1.22	280
BUL005	0.0	363.1	363.1	0.09	95
	197.0	199.0	2.0	1.80	173
BUL006	20.5	22.0	1.5	3.19	158
	83.9	85.5	1.6	2.57	199
BUL007	235.0	581.0	346.0	0.11	771
	62.0	71.1	9.1	0.13	720
	113.9	119.0	5.1	0.22	327
	133.0	145.0	12.0	0.14	619
	175.0	183.0	8.0	0.14	320
	235.0	338.3	103.3	0.15	639
	350.0	411.0	61.0	0.16	1017
	432.7	438.0	5.3	0.15	763
	490.0	527.0	37.0	0.08	1160
	538.8	583.0	44.2	0.11	1352
GCZ002	10.6	13.0	2.4	0.16	1644
	16.0	19.0	3.0	0.18	1027
	28.0	31.0	3.0	0.22	335
	145.0	148.0	3.0	0.36	165

## Swit Kai Prospect

High-grade gold mineralisation at the Swit Kai prospect is hosted by narrow structural zones (1 to 7 m) that exhibit silica / quartz veining with multiple episodes of brecciation, lead-zinc mineralisation and semi-massive sulphide mineralisation in intrusive bodies located proximal to large-scale normal moderate/ steep south dipping structures and conformable with horizontal sediments (as shown in Figure 2-3; named the former Suguma prospect; and Figure 2-4 above).

Since 2013, Frontier has systematically mapped and channel sampled outcrops at Swit Kai, in calibration with extensive soil geochemical sampling programs to delineate these zones for follow-up drill targeting. Several structures have been tested with reconnaissance exploration drilling which defined at least five known gold mineralised orientations at Swit Kai, including sub-vertical, dip slope and sub-horizontal.

Frontier has refined these targets into a number of 'target zones' (Figure 2-6) which are:

- Central Upper and Lower Zones
- East Creek Upper and Lower Zones.

Two holes (SUG001 to 002) were initially completed in 2014 to test an exploration model based on the interpretation of a series of stacked quartz-precious-base metal veins and breccias (Figure 2-6). The breccia zone was interpreted to be dipping shallowly to the north and south and altered and coincident with a series of mineralised intrusive dykes and sills in sandstones and graphitic siltstones and mudstones controlled by major west-northwest to east-southeast structures. Both holes intersected a number of low to moderate grade gold mineralisation over narrow intervals (<5 m), as shown in Figure 2-7, with the best result of 1.3 m at 27 g/t Au from 12 m in drill hole SUG002.

In 2014, Frontier drilled six diamond cored holes (SKD001 to 006) at the Swit Kai prospect at the Central Upper Zone (Figure 2-6), targeting structurally controlled high-grade gold mineralisation linked to high-grade surficial gold zones. Five holes were fanned from the same drill pad. The holes failed to intersect the targeted structure with a lack of evidence for the presence of hydrothermal breccias. The best result in hole SKD004 was 0.5 m grading 46.3 g/t Au and 11.4 g/t Ag from 1.2 m downhole depth (Table 2-3).

In 2014, Frontier drilled three shallow drill holes at Swit Kai for a total of 37.8 m under the gold mineralisation at the East Creek Upper Zone (EZU001 to 003), as shown in Figure 2-6. The holes intersected thin zones (1 to 5 m) of high grade gold mineralisation related to fault/fracture fill/silicification on the 'dip slope' (Table 2-3).

In 2016, Frontier drilled five close spaced diamond core holes (EZL01 to 05) at Swit Kai I East Creek Lower Zone (Figure 2-6) totalling 153.7 m, to test an outcropping steeply east-dipping mineralised zone that had returned high grade (up to 79.35 g/t) in trench sampling. All five holes intersected moderate to high grade mineralised zones near surface within a broader lower grade (<0.5 g/t) halo (Figure 2-8).

The broader mineralised zone is represented by a zone of intense quartz + sulphide veining and brecciation. The best results included 8.0 m at 18.2 g/t Au (EZL02), 3.0 m at 11.8 g/t Au (EZL01), 14.2 m at 2.59 g/t Au (EZL04), 2.0 m at 18.5 g/t Au (EZL05) and 5.0 m at 4.13 g/t Au (EZL03), all from surface (Table 2-3). The assays and proximity of the holes to each other suggests a coarse-grained nugget gold in the mineralised zone.

In 2016, Frontier drilled four holes (CLD01 to 04) targeting the Swit Kai Central Lower Zone (Figure 2-6). The holes failed to intersect the target structure and Frontier hypothesises that these holes need to be lengthened to reach the target zone.

Frontier drilled three short holes (FDH001 to 003) at Swit Kai for a total of 93.6 m at the Central Lower Zone in early 2017 (Figure 2-7). The three holes were designed to hit the same gold mineralised structure and intersected gold in narrow (1 to 5 m) steeply dipping silicified/breccia zones. FDH001 returned intercepts of 0.6 m of 50.7 g/t Au from 13.9 m downhole plus 1.1 m of 79.18 g/t Au from 15.8 m downhole (Table 2-3). FDH002 and 003 returned significantly lower gold assays (up to 8 g/t) through the same structure.

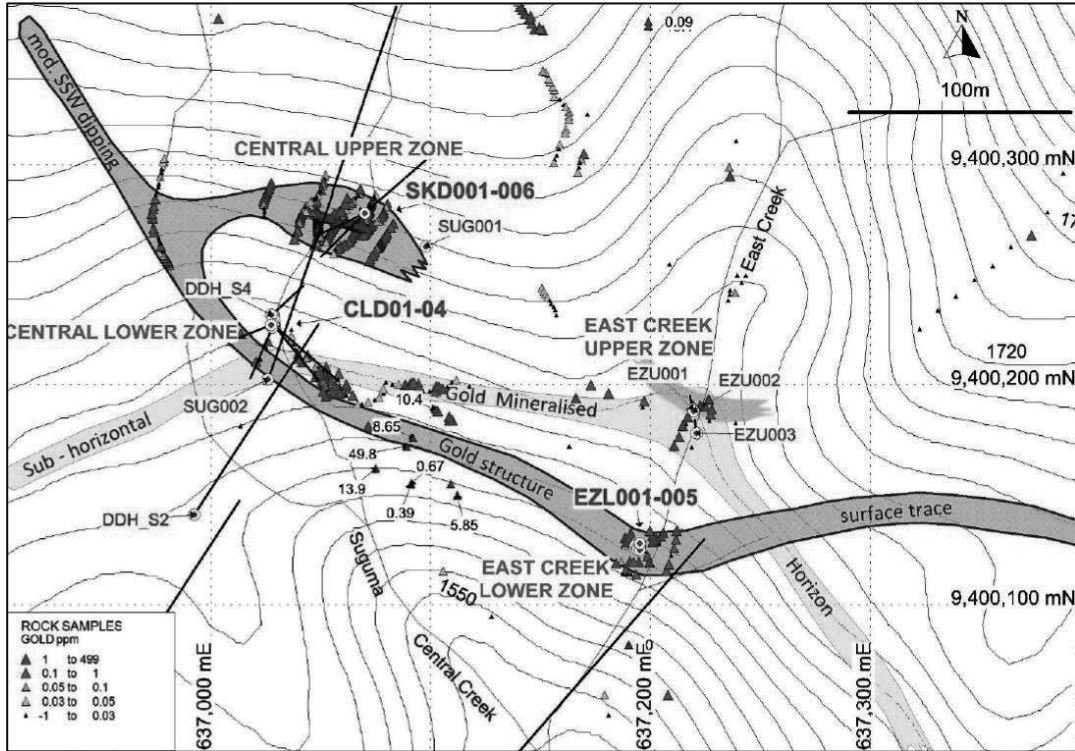


Figure 2-6: Drill hole locations at the Swit Kai prospect

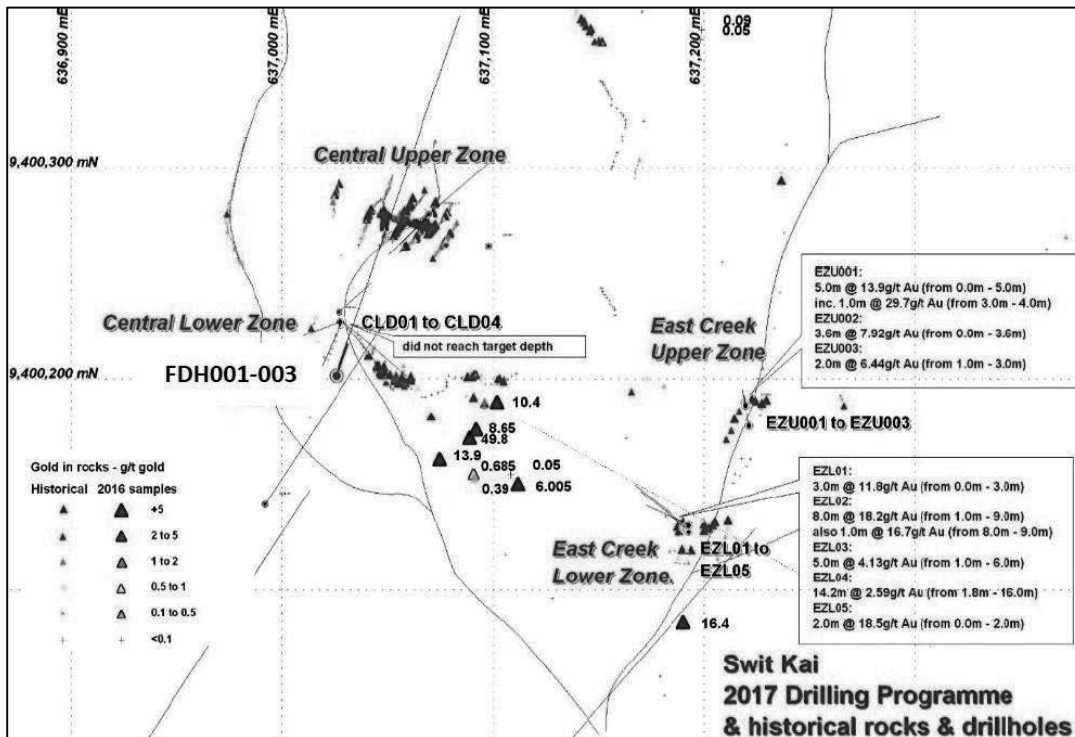


Figure 2-7: 2017 drilling locations at Swit Kai prospect

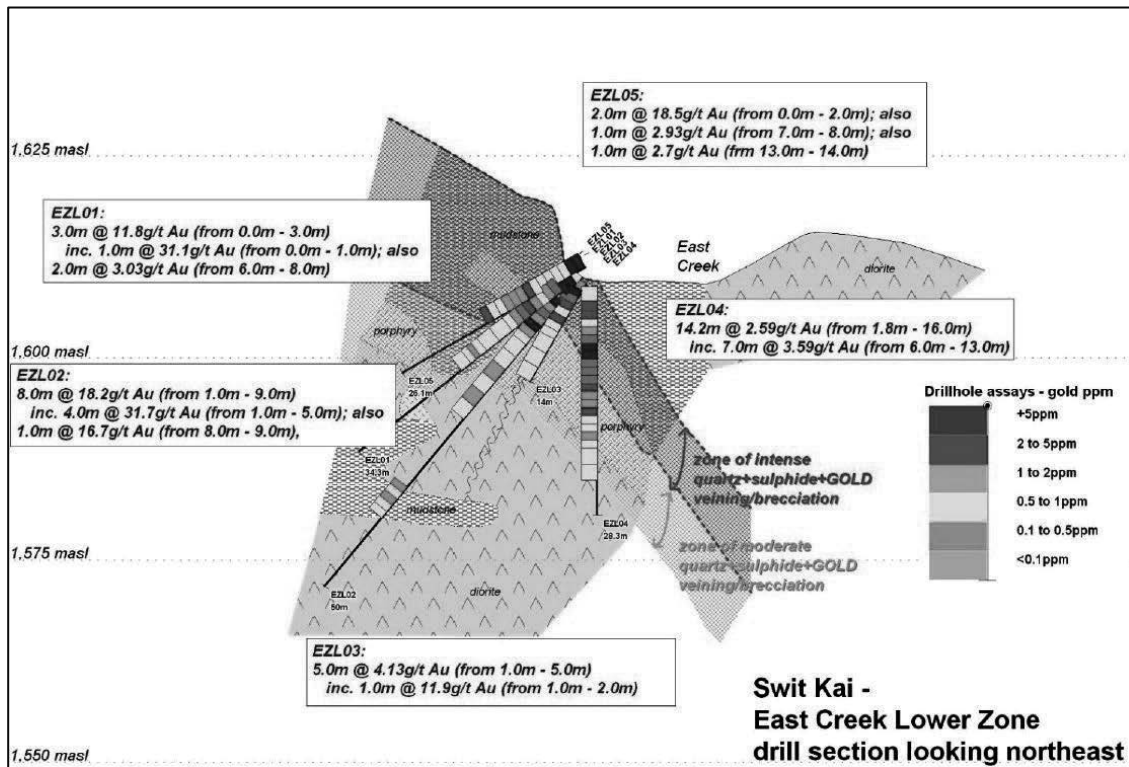


Figure 2-8: Geological cross-section and drilling results at Swit Kai East Creek lower zone

Table 2-3: Significant Swit Kai gold drill results

Hole ID	From (m)	To (m)	Intercept Length (downhole m)	Gold Assay (g/t)
SUG001	52.3	55.0	2.7	0.95
	140.0	143.0	3.0	0.16
	201.3	204.3	1.7	1.56
SUG002	12.0	13.3	1.3	27.0
	78.0	81.0	3.0	0.86
	97.4	109.0	11.6	0.11
	171.0	173.0	2.0	0.18
	191.0	204.3	13.3	0.21
EZU001	0	5.0	5.0	13.9
EZU002	0	3.6	3.6	7.92
	4.6	5.6	1	0.6
EZU003	1.0	3.0	2	6.44
	4.0	5.0	1	4.49
FDH001	13.9	14.5	0.6	50.7
	15.4	16.5	1.1	79.18
FDH002	19.7	20.07	0.37	8.69

Hole ID	From (m)	To (m)	Intercept Length (downhole m)	Gold Assay (g/t)	
FDH003	35.9	37.1	1.2	0.70	
	37.1	37.8	0.7	0.41	
	38.6	40.1	1.5	1.20	
	40.1	41.3	1.2	0.15	
	44.3	44.9	0.6	0.20	
EZL001	0.0	3.0	3.0	11.8	
	<i>Including</i>	0.0	1.0	1.0	31.1
		6.0	8.0	2.0	3.03
		14.0	15.0	1.0	0.90
		15.7	16.5	0.8	0.51
EZL002	0.0	11.0	11.0	13.37	
	<i>Including</i>	1.0	5.0	4.0	31.66
	<i>Including</i>	3.0	4.0	1.0	90.5
	<i>Including</i>	6.0	7.0	1.0	1.00
	<i>Including</i>	8.0	9.0	1.0	16.65
		35.0	36.0	1.0	0.53
		37.0	38.0	1.0	0.79
EZL003	0.0	6.0	6.0	3.48	
	<i>Including</i>	1.0	4.0	3.0	5.61
	<i>Including</i>	1.0	2.0	1.0	11.90
	<i>Including</i>	5.0	6.0	1.0	3.02
		7.0	8.0	1.0	0.67
EZL004	1.8	16.0	14.2	2.55	
	<i>Including</i>	1.8	4.2	2.2	3.03
	<i>Including</i>	6.0	13.0	7.0	3.59
	<i>Including</i>	7.0	8.0	1.0	11.88
	<i>Including</i>	15.0	16.0	1.0	3.27
EZL005	0.0	2.0	2.0	9.26	
	<i>Including</i>	1.0	2.0	1.0	12.55
		7.0	8.0	1.0	2.93
		13.0	14.0	1.0	2.70
SKD001	0	0.8	0.8	0.76	
SKD002	24	25	1	0.11	
	58.45	60.4	1.95	0.75	
SKD004	1.2	1.7	0.5	46.3	
	16.9	18.0	1.1	0.23	
	23	24	1	0.57	
	27	30	3	0.18	
SKD005	8.9	11	2.1	0.11	

### 2.3.5 Mineral Resources

There are no current Mineral Resources reported within Frontier's Bulago Project.

### 2.3.6 Bulago Exploration Potential

The exploration drilling completed to date on the Bulago porphyry has been limited but none-the-less has given shape to the geology of the system. A number of drill holes appear to have intersected the periphery of the system and the current hypothesis is that one or multiple high-grade cores may be present at depth in the area broadly bounded by holes BUL001, 003, 006 and 007 in the north and a separate system broadly bounded by holes BUL002, 004 and 005 in the east. In this regard, copper and gold concentrations from assays of the current drilling are encouraging and further assessment is required.

A number of mineralised structures at Swit Kai have returned high grade gold intersections over narrow zones, but offer good strike extension based on surface sampling to delineate the surface trace of the structures. These structures offer good economic potential and require further drilling to evaluate, particularly if exploration can successfully test the potential for high grade plunging ore shoots at the intersection of some of the defined structural zones. SRK anticipates that with a suitable focus on exploration and an appropriate budget, there is a reasonable likelihood of defining enough continuity of mineralisation with appropriate grade to define a Mineral Resource.

SRK notes that numerous skarn (14) anomalies have been interpreted from aeromagnetic data and geology, with ten proximal to the overlying limestone contact and spaced consistently around the basin contact (Figure 2-4). To date they have not been the focus of exploration but further evaluation is warranted.

## 2.4 Muller Project (EL 2356)

### 2.4.1 Introduction

Frontier's Muller Project lies mostly within Hela Province but also straddles the border region into the Southern Highlands and Western Provinces of central PNG. The area is remote with the nearest major centres to the project being Koroba (25 km to the east) and Tari to the north.

The Project is located between, but to the south and along strike of, the Ok Tedi and Porgera Mines, as well as Frontier's Bulago Project. No major settlements occur within the Project although the small villages of Gefero and Hanoi (Kewame) lie in the eastern part of the licence.

The area is only accessible by helicopter or on foot. The closest road is at Koroba and the nearest airstrips are Kelebo (20 km to the northeast) and Dahamo (45 km to the west), while strips suitable for fixed wing aircraft is at Koroba.

Existing foot tracks link nearby villages with newly cut tracks throughout the prospect areas.

The area has extreme relief with steep rugged mountains topped by limestone escarpments and near vertical cliffs commonly exceeding 2,500 m and valley floors at 600 m. The area is covered by primary tropical rainforest and sparsely populated. The area is drained by tributaries of the Strickland River.

### 2.4.2 Ownership and tenure

Frontier's EL 2356 comprises three non-contiguous blocks (56 sub-blocks in total) and covers an area of approximately 187 km<sup>2</sup>. Tenure details relating to the Muller Project are listed in Table 2-4.



**Table 2-4: Frontier's Muller Project Mineral claims\***

Tenement	Area	Sub-blocks	Granted	Term	Ownership
EL 2356	187	56	31/12/2015*	2 Years	100% Frontier Gold PNG Ltd

Source: Frontier ASX Announcement.

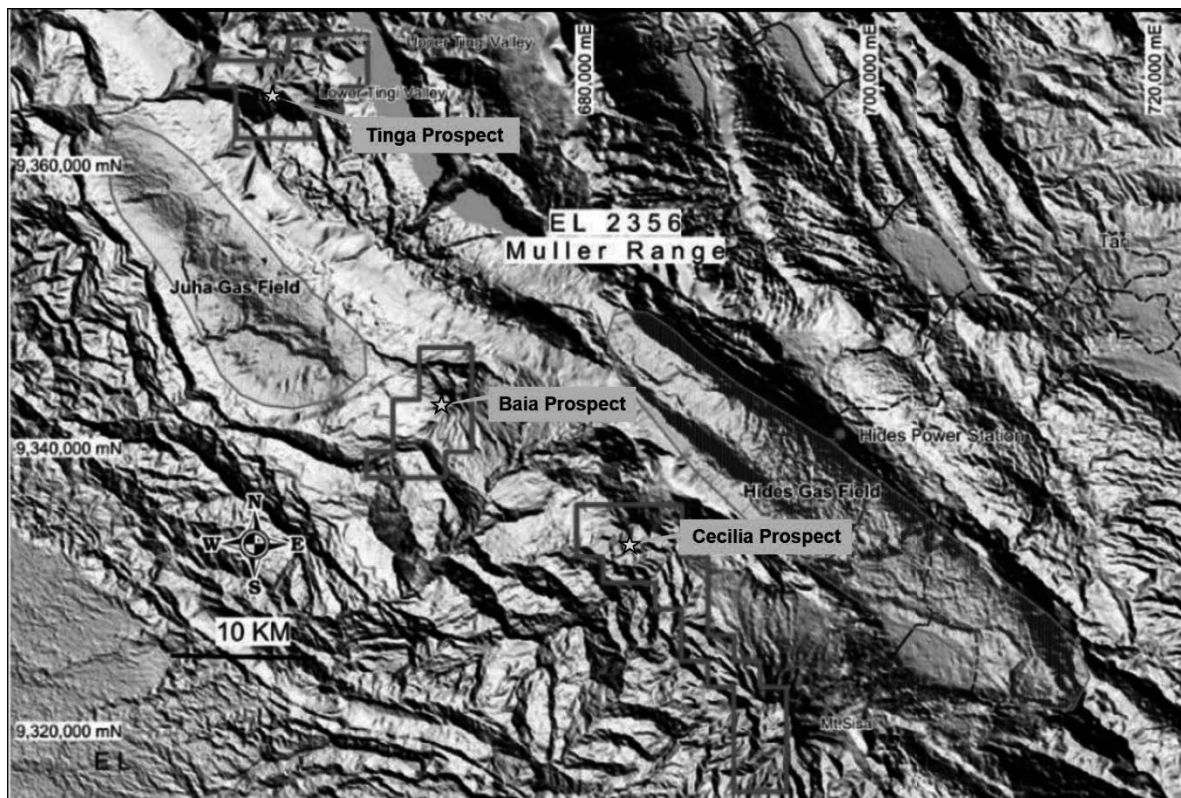
Note: \* Renewal Application lodged.

The Muller (EL 2356) renewal application was lodged and the Warden's Court Hearing is now scheduled for mid-March 2018.

SRK is not aware of any existing agreements or royalties involving EL 2356. Additional information can be found in Appendix B – Independent Tenement Specialist Report.

### 2.4.3 Geology

Geologically, the three non-contiguous blocks comprising the Muller Project are located in the Fold/Thrust belt of central PNG (Figure 2-9). Each block hosts a major prospect, those being the Tinga, Baia and Cecilia Prospects, all of which target shallow buried porphyry copper-molybdenum-gold mineralisation, higher grade skarns and epithermal gold.



**Figure 2-9: Muller Project tenure showing the key prospects**

#### Tinga Prospect

The Tinga Prospect is centred on the Tinga Intrusive Complex (TIC) which is a significant sized porphyry intrusive complex exposed over a 4 km<sup>2</sup> area (Figure 2-9 above and Figure 2-10 below).

Mineralisation is observed around the margins of the intrusion, particularly where brecciation has enhanced rock permeabilities and is generally described as structurally controlled porphyry copper-gold system with marginal lead-zinc skarn development which is associated with copper-gold-silver anomalism and overprinting low-sulphidation quartz-sulphide veins hosting gold-copper mineralisation.

Much of the hard copy data from earlier exploration is not currently to hand, but Neale (2002) provides a summary of earlier work. Earliest float sampling by BP Petroleum in the 1960's and 1970's, carried out as part of petroleum exploration in the region, yielded elevated Au grades, no doubt from quartz-sulphide style Au (see below) veins formed marginal to porphyry intrusions.

While follow up stream sediment geochemical sampling by CRA in the 1970's identified lead anomalies, consistent with the above inferred polymetallic vein and skarn mineralisation formed marginal to porphyry intrusions, little work was carried out in the 1970's and 1980's because of the perceived remote location. Reconnaissance exploration in the late 1980's generated interesting stream sediment geochemical anomalies (Goldner and Vanzino, 1989). Kennecott carried out the first detailed geological mapping and sampling of several intrusions in the Tinga region in the early 1990's. This program also identified detrital gold in youthful Pliocene sedimentary rocks.

Kennecott identified a soil and rock chip geochemical anomaly (> 300 ppm Cu and 0.1 g/t Au) extending over an area measuring 250 m by 200 m within a phyllic altered diorite, including a 50 m exposure of diorite which assayed 0.12% Cu and 0.3 g/t Au (Neale, 2002). Other smaller diorite stocks to the west also yielded anomalous geochemistry. Strong lead-zinc geochemical anomalies returned 390 m (at surface channel) at an average grade of 0.33% Zn and 0.17% Pb, on the flanks of the intrusions and were reported to reflect skarn mineralisation within Dari limestone adjacent to the intrusions.

A discrete gold geochemical anomaly of 90 m (at surface channel) averaging 2.14 g/t Au (with a high of 6.09 g/t Au) and a 10 m exposure of polymetallic massive sulphide within potassic and phyllic altered diorite yielded 0.12% Cu, 3.3 g/t Au, 0.8% Pb and 1.9% Zn. Additional float samples yielded gold values of 4.9 g/t Au, 30 g/t Au and 12 g/t Au. Kennecott prematurely terminated exploration and relinquished the project in 1993.

In the period 1994 to 1996, Wontok Mining carried out further work with a highlight of a 24 m channel sample grading 853 ppm Cu associated with up to 10% pyrite, and a 3 m channel sample assaying 1.17 g/t Au, 1,623 ppm Cu, 1.79% Pb, 3.5 % Zn and 33 g/t Ag collected from brecciated massive sulphide-magnetite skarn mineralisation, at the contact between andesite porphyry intrusion and Dari Limestone.

In the period 2003 to 2004, work focused upon sampling a soil geochemical grid between the Angali and Hogo Creeks near the old Kennecott camp site, intended to replicate a Kennecott >300 ppm Cu anomaly, as well as the development of contour tails and creek mapping in that vicinity. The most promising rock chip samples occur as chalcopyrite-bornite-covellite bearing biotite-altered feldspar hornblende porphyry which was collected from an area impacted by a landslide.

While the results from 164 soil and 205 rock chip geochemical samples were disappointing, spot elevated copper values to 1,945 ppm Cu in the soil samples were consistent to the mineralisation being strongly structurally controlled. While the presence of associated manganese, zinc and lead anomalies further suggested the presence of skarn or polymetallic veins, each marginal to porphyry intrusions, host rocks were described as feldspar-hornblende porphyry.

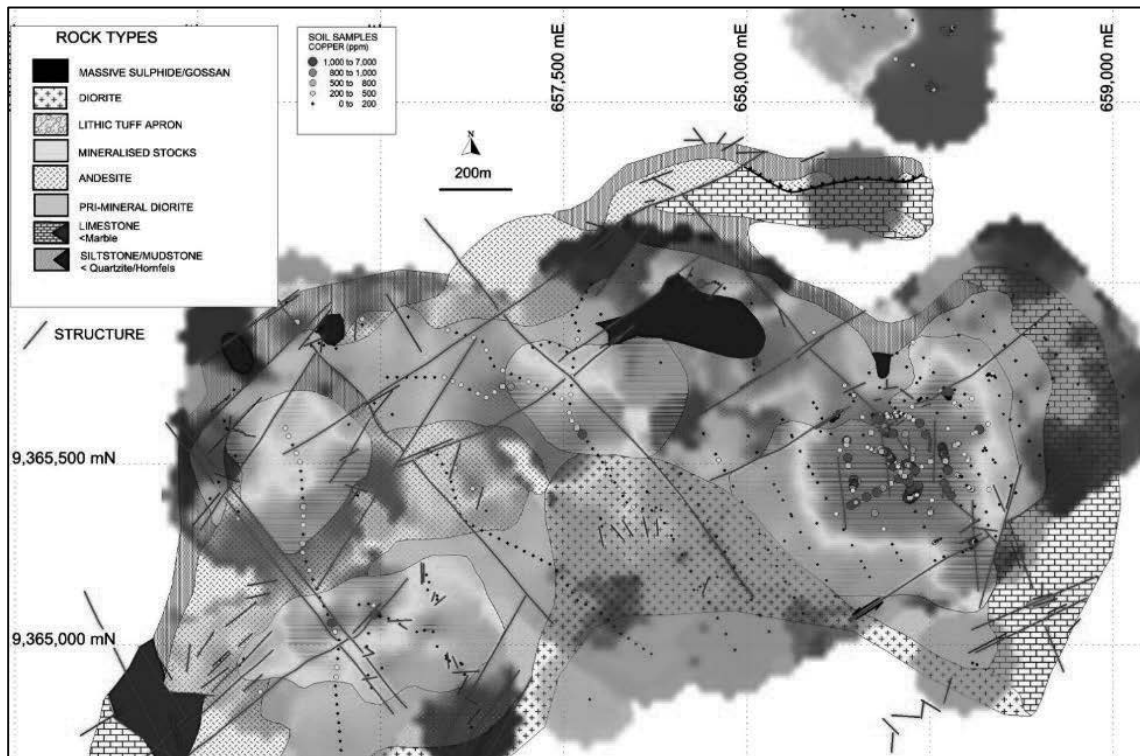


Figure 2-10: Tinga Prospect geology and soil geochemistry

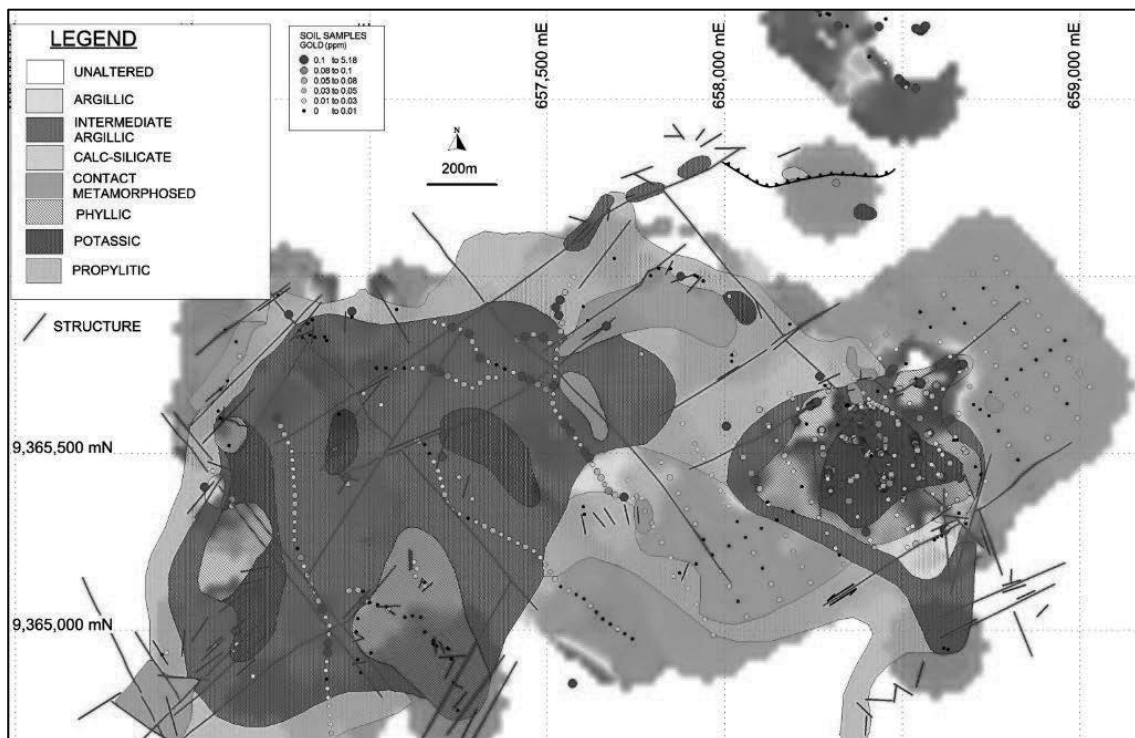


Figure 2-11: Tinga Prospect alteration and gold geochemistry

### Baia Prospect

The Baia Prospect also centred on a large (>4 km<sup>2</sup>) recognised porphyry system located on a topographic high situated on a major east-northeast trending transfer structure that is inferred to control deposit occurrences elsewhere (e.g., Mount Kare, Porgera) that has undergone limited exploration (as shown in Figure 2-9 above and Figure 2-12 below).

The mineralised porphyry system is dominated by propylitic and structurally controlled phyllic alteration, with patchy unmineralised potassic alteration.

Ridge and spur soil geochemical sampling completed by Barrick pre-2006 show anomalous copper associated with a central diorite intrusive, which has also produced anomalous gold in assays of rock chip samples. The diorite is located within a volcanic centre on a topographic high with an adjacent hornblende-rich porphyry mapped along the northern margin. The anomalous copper zone is approximately 900 m north-south and about 600 m wide east-west. The copper anomaly is encompassed by an out halo of anomalous lead and zinc in soil with a width of approximately 500 m and an outer annulus diameter of approximately 2,200 m.

The geological setting favours a buried porphyry model. The prospect has not been drill tested and is at the early stages of exploration.

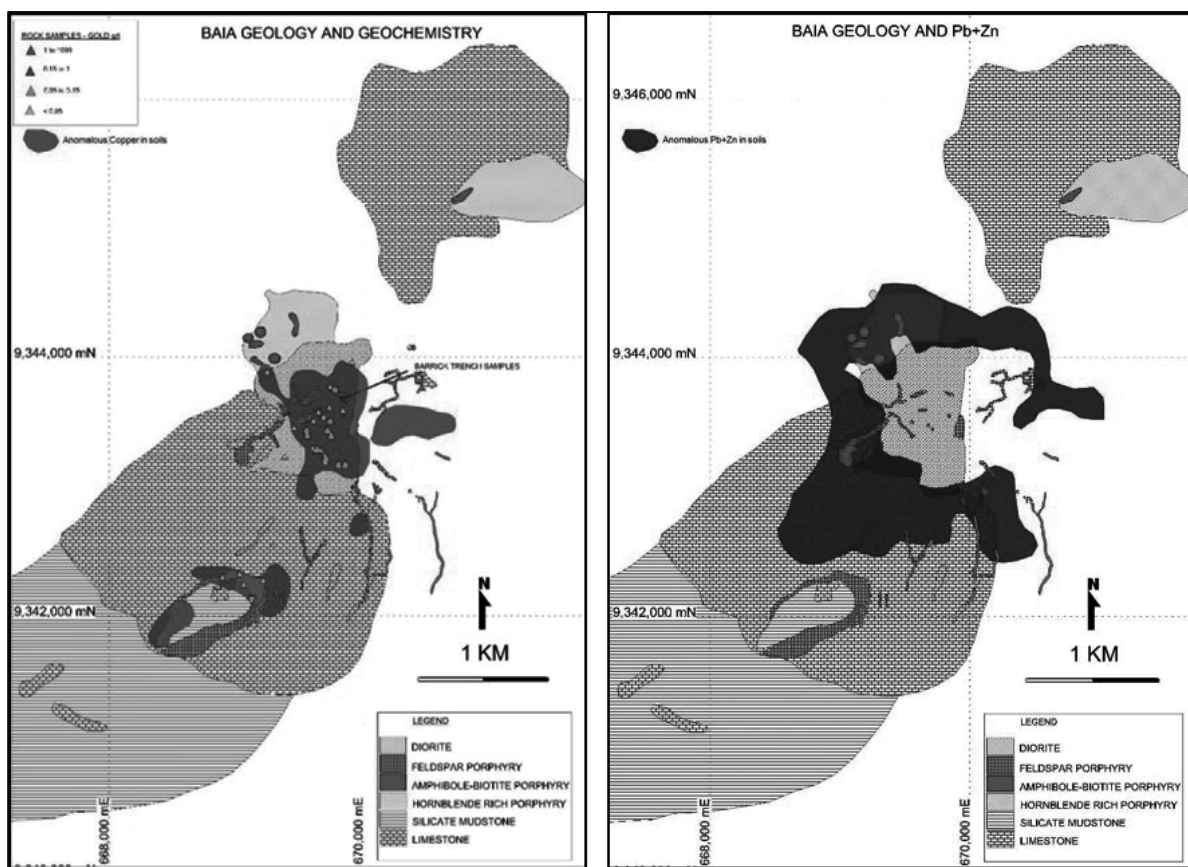


Figure 2-12: Baia prospect geology and geochemistry

### Cecilia Prospect

The Cecilia Prospect is a high-sulphidation epithermal prospect centred along an east-north-east zone of geochemical anomalism stretching over a 2.5 km strike length (Figure 2-9). The anomalism transitions from gold-lead-zinc in the east-northeast, through an argillic altered zone to copper-molybdenum-arsenic anomalism over the 2.5 km mineralised zone.

The anomalous zone is characterised by stream sediment geochemistry >250 ppm copper and altered rock chip samples returning 0.62 g/t gold and 0.12 g/t gold plus 710 ppm copper, and intrusive outcrop up to 0,62% copper with chalcopyrite and bornite

The prospects display evidence of advance argillic alteration, associated with the development of vuggy quartz – alunite – pyrophyllite assemblages implying a high-sulphidation epithermal affinity. The prospective rocks are covered by a thin veneer of andesite and pyroclastic units.

#### **2.4.4 Mineral Resources**

There are no current Mineral Resources reported in the Muller Project.

#### **2.4.5 Muller Exploration Potential**

The Tinga Valley prospect lies in a prospective region for porphyry copper-gold mineralisation and displays features typical of this style of mineralisation as polyphase intrusive emplacement with associated prograde (potassic) and retrograde (phyllic) alteration, eroded to expose only the upper portion of the porphyry system.

Mineralisation is described as marginal lead-zinc skarn with associated copper-gold-silver anomalism, low sulphidation quartz-sulphide copper-gold style veins which account for the high-grade gold samples in float, and structurally controlled porphyry copper-gold mineralisation.

Overprinting porphyry intrusions may account for poorly exposed structurally controlled copper-gold mineralisation which has not been adequately evaluated by the grid soil sampling. Continued geological mapping and geological modelling should focus upon identification and evaluation of this structurally controlled copper-gold mineralisation, possibly derived from non-outcropping intrusions.

The Baia prospect is an early stage exploration play on a buried porphyry target with no drilling undertaken to date. The geological understanding is limited and evaluation of the epithermal potential should also be considered.

## 3 Other Considerations

### 3.1 Market conditions

In support of this valuation, SRK has carried out a limited analysis of the gold and copper markets to provide an understanding of recent price trends for the consideration of the market value.

The following sections are based on the December 2017 edition of the Resources and Energy Quarterly of the Office of the Chief Economist at the Australian Department of Industry, Innovation and Science.

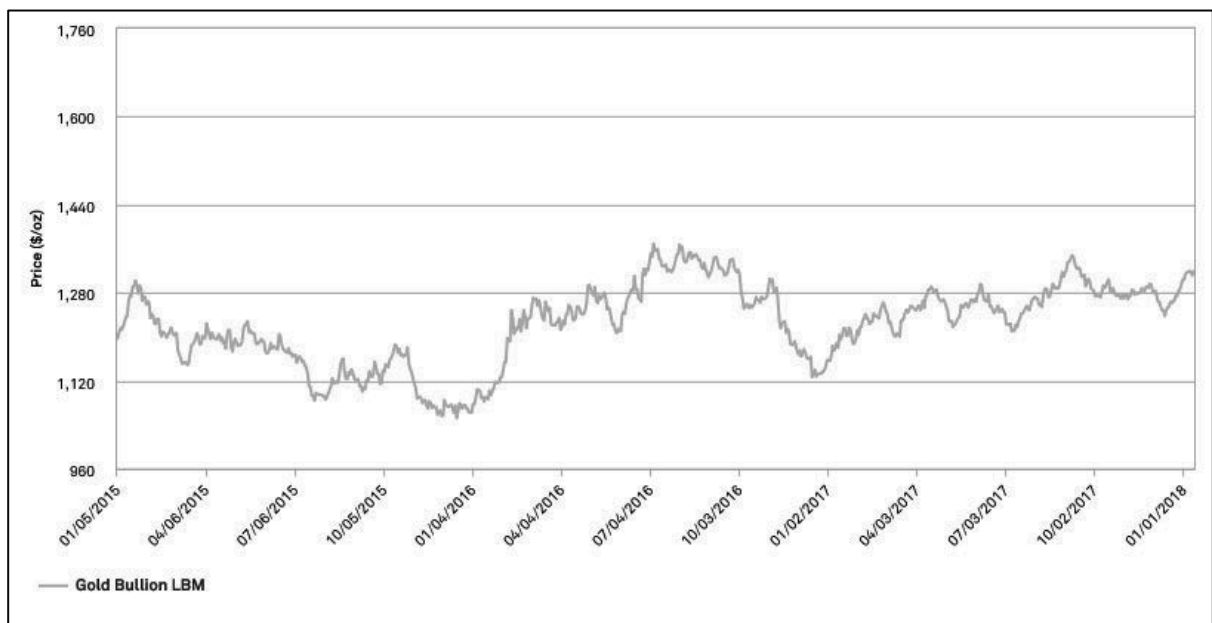
#### 3.1.1 Gold market

Gold has benefited from safe haven demand over the past year as tensions rise between Western nations and North Korea and investors remain cautious about the outlook for the global economy, equity prices and the political environment. The gold price steadily outperformed the inflation-adjusted US bond yield averaging about US\$1,259 per troy ounce over 2017.

Global gold consumption is forecast to rise by 2.0 percent annually reaching 4,265 t in 2019 supported by increased jewellery purchases and higher use in industrial fabrication.

Total world gold supply is forecast to increase by 0.3 percent annually rising to 4,630 t in 2019 on the back of increased mine production and steady scrap production.

The gold price is expected to average US\$1,250 a troy ounce in 2018 and to decline to US\$1,205 per ounce in 2019 driven by rising US Treasury bond yields on the back of tightening monetary policy in the US.



**Figure 3-1: Gold price (US\$/oz) history**

Source: S&P Global Market Intelligence (accessed 12 January 2018).

### 3.1.2 Copper market

The past year has been marked by a number of unexpected supply disruptions in the global copper market, including an industrial dispute at BHP’s Escondida mine. Despite this, global copper production increased in 2017 led by increased supply from Chile, China, Peru and Kazakhstan, while Indonesia and the US declined. World refined copper consumption also continued to increase over 2017 supported by higher usage growth in China and Europe.

Growing demand for electric cars and renewable energy globally is expected to lead to stronger growth in copper consumption over the next two years. Copper is used extensively in renewable energy technology and infrastructure, spending on which is expected to increase strongly to 2019. Emerging economies are also expected to drive significant growth in copper consumption over the next two years.

The global copper market is expected to be roughly balanced in 2018 with a market surplus of 17,000 t. In 2019, consumption growth is expected to outpace growth in mine supply resulting in a market deficit of 79,000 t. Chinese demand for copper is expected to moderate in 2018 and 2019, and is a key risk to forecast consumption and hence prices.

On-going growth in world mine supply will be driven by new mines and expansion across most major producing nations. Mine production is expected to rise by 4.8% in 2018 with 780,000 t of extra capacity from committed new projects and further 290,000 t from mine expansions.

The LME copper prices is forecast to average US\$6,340 per tonne in 2018 and then rise to US\$6,490 per tonne in 2019 driven by steady demand from China and global industrial production leading to consumption outpacing supply. Risks to price are skewed to the upside over the next two years as the copper price remains prone to supply side issues.

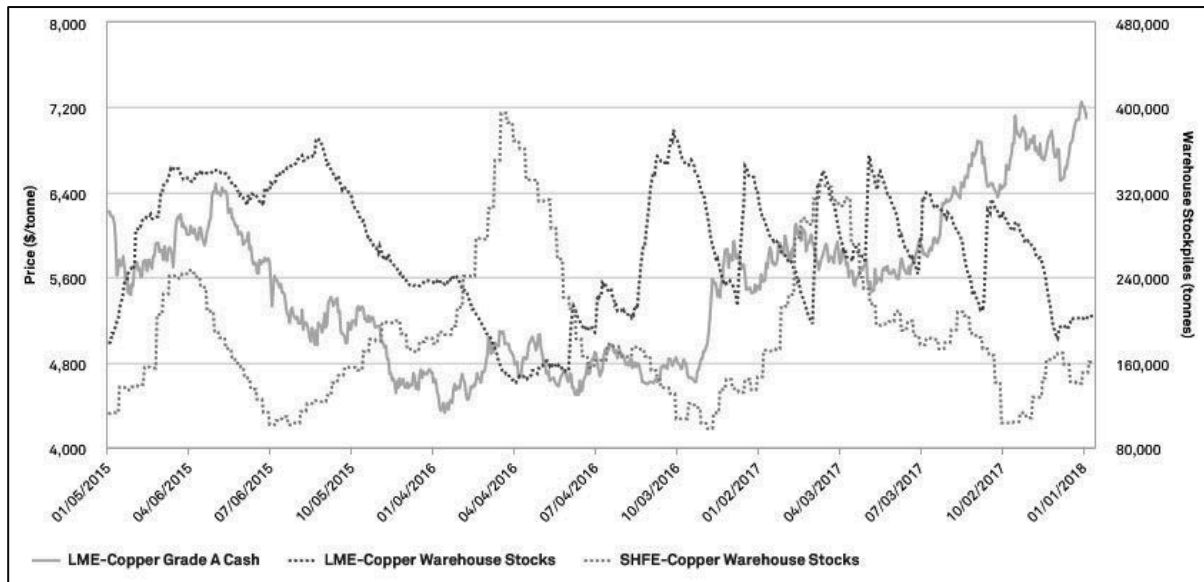


Figure 3-2: Copper price (US\$/t) history

Source: S&P Global Market Intelligence (accessed 12 January 2018).

### 3.2 Previous Valuations

The VALMIN Code requires that an Independent Valuation report should refer to other recent valuations or Independent Expert Reports undertaken on the mineral properties being assessed. SRK is not aware of any previous valuations completed for the assets which are the subject of this report.

## 4 Valuation

The objective of this section is to provide WMS with an independent valuation of Frontier's mineral assets in PNG. SRK has not valued Frontier, as it is a corporate entity which is the beneficial owner of the mineral assets considered in this Report. SRK understands that this Valuation will be included as an appendix to WMS's Independent Expert Report and, as such, this Report is intended for public release.

In assessing the technical aspects relevant to this Valuation, SRK has relied on information provided by Frontier, as well as information sourced from the public domain. All sources are listed in Section 6 (References).

### 4.1 Valuation approaches

While the VALMIN Code (2015) states that the selection of the valuation approach and methodology is the responsibility of the Practitioner, where possible, SRK considers a number of methods.

The aim of this approach is to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and interaction of the various assumptions inherent in the valuation.

The VALMIN Code (2015) outlines three generally accepted Valuation approaches:

- 1 Market Approach
- 2 Income Approach
- 3 Cost Approach.

The *Market Approach* is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The mineral asset being valued is compared with the transaction value of similar mineral assets, transacted in an open market (CIMVAL, 2003). Methods include comparable transactions, metal transaction ratio (MTR) and option or farm-in agreement terms analysis.

The *Income Approach* is based on the principle of anticipation of economic benefits and includes all methods that are based on the income or cashflow generation potential of the mineral asset (CIMVAL, 2003). Valuation methods that follow this approach include Discounted Cashflow (DCF) modelling, Monte Carlo Analysis, Option Pricing and Probabilistic methods.

The *Cost Approach* is based on the principle of contribution to value (CIMVAL, 2003). Methods include the appraised value method and multiples of exploration expenditure, where expenditures are analysed for their contribution to the exploration potential of the mineral asset.

The applicability of the various valuation approaches and methods vary depending on the stage of exploration or development of the mineral asset, and hence the amount and quality of the information available on the mineral potential of the assets. Table 4-1 presents the various valuation approaches for the valuation of mineral assets at the various stages of exploration and development.

**Table 4-1: Suggested valuation approaches according to development status**

Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

Source: VALMIN Code (2015).



The market-based approach to valuation is generally accepted as the most suitable approach for valuation of a Mineral Resource or a Pre-development Project.

An income-based method, such as a Discounted Cashflow (DCF) model is commonly adopted for assessing the Value of a Tenure containing a deposit where an Ore Reserve has been produced following appropriate level of technical studies and to accepted technical guidelines such as the JORC Code (2012). However, an income-based method is not considered an appropriate method for deposits that are less advanced, i.e. where there is no declared Ore Reserve and supporting mining and related technical studies. As this Valuation only considers Mineral Resources outside of defined Ore Reserves, the use of income-based methods of valuation is not considered appropriate within the context of this Valuation.

The use of cost-based methods, such as considering suitable multiples of exploration expenditure is best suited to exploration properties, i.e. prior to estimation of Mineral Resources. As current Mineral Resources have been declared for the Pre-development and Advanced Exploration projects, cost-based methods of valuation are considered less suitable than market-based methods of valuation for these properties.

In general, these methods are accepted analytical valuation approaches that are in common use for determining Market Value (defined below) of mineral assets, using market-derived data.

The “**Market Value**” is defined in the VALMIN Code (2015) as, in respect of a mineral asset, the amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should change hands on the Valuation date between a willing buyer and a willing seller in an arm’s length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The term Market Value has the same intended meaning and context as the International Valuation Standards Committee’s (IVSC) term of the same name. This has the same meaning as Fair Value in Regulatory Guide (RG) 111. In the 2005 edition of the VALMIN Code this was known as Fair Market Value.

The “**Technical Value**” is defined in the VALMIN Code (2015) as an assessment of a Mineral Asset’s future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. The term Technical Value has an intended meaning that is similar to the IVSC term Investment Value.

Valuation methods are, in general, subsets of valuation approaches. For example, the income-based approach comprises several methods. Furthermore, some methods can be considered to be primary methods for valuation while others are secondary methods or rules of thumb that are considered suitable only to benchmark valuations completed using primary methods.

The methods traditionally used to value exploration and development properties include:

- Multiples of Exploration Expenditure (MEE)
- Joint Venture Terms (expenditure-based)
- Geoscience Ratings (e.g. Kilburn – area-based)
- Comparable Market Value (real estate based)
- Metal Transaction Ratio (MTR) Analysis (ratio of the transaction value to the gross dollar metal content, expressed as a percentage - real estate based).
- Yardstick/ Rule of Thumb (e.g. \$/resource or production unit, percentage of an in situ value).
- Geological Risk.

In summary, however, the various recognised valuation methods are designed to provide an estimate of the mineral asset or property value in each of the various categories of development. In some instances, a particular mineral asset or property or project may comprise assets which logically fall under more than one of the previously discussed development categories.

## 4.2 Valuation basis

SRK has considered the areal extent and exploration potential of the granted exploration tenure associated with following Frontier's Copper-Gold Projects (Table 4-2).

**Table 4-2: Valuation basis of Frontier's assets**

Mineral Asset	Tenements	Development Stage	Valuation basis
Bulago	EL 1595	Early stage Exploration	Exploration Potential
Muller	EL 2356	Early stage Exploration	Exploration Potential

SRK has prepared this valuation report on the basis that Frontier has met all the conditions of the granted Exploration Licence (Bulago EL 1595). SRK has considered Muller EL 2356 as pending renewal. Frontier has informed SRK that the exploration work programme (and associated budget commitments) proposed for Muller has not been completed, and therefore, there is a chance the licence renewal application may not be granted by the local authorities.

SRK notes that the VALMIN Code (2015) cautions against ascribing value to permits under application. It is SRK's preference to avoid attributing any value to new applications until they are granted in full and it is possible to appropriately recognise the conditions of grant. Due the significant uncertainties of Exploration Licence Applications (ELAs) being granted by PNG's government, SRK has opted to not attribute any value to the Frontier's ELAs listed in Table 4-3 below:

**Table 4-3: Current Frontier's ELAs in PNG**

Licence Name	Number	Status	Area (SQ KM)	Lat. Sub Blocks
Gazelle	ELA 2529	Application <b>SECOND IN LINE</b>	703	211
Tolukuma	ELA 2531	Application	433	130

Note: According to Frontier, ELA2476 Sewatupwa and ELA2477 Lavu were denied early in 2018

## 4.3 SRK's valuation technique

In estimating the value of Frontier's assets as at the Valuation Date, SRK has considered various valuation methods within the context of the VALMIN Code (2015).

The valuation method applied depends on the relative maturity of assessment for each asset, as well as the amount of available data supporting the project. In preparing its valuation of Frontier's assets, SRK has considered the three main approaches (income, market, and cost) as well as the available methodologies under each approach.

For the valuation of the exploration potential associated with Frontier's mineral assets, SRK has considered the values implied by recent transactions of early stage exploration tenure without associated resources or reserves, as well as the geoscientific rating method.

### 4.3.1 Area multiples

#### Comparable Transactions

SRK's analysis of transactions involving projects with similar characteristics to Frontier's mineral assets (i.e. comparable geographic, commodity and development status) is presented in (Table 4-4) and details of the transactions are presented in Appendix A.

Further analysis of those transactions at the early exploration to advanced stage but without defined Mineral Resources highlights a large number of transactions executed as Joint Venture (JV) or earn-in deals. The majority of these were for considerable exploration commitments by major mining companies such as Vale, Barrick Gold, Anglo Gold etc. Consequently, these JV transactions tend to trade a much higher implied value (on a \$/km<sup>2</sup> basis) than transactions involving outright acquisition for cash or share considerations. SRK considers that the fair value of Frontier's assets is more fairly represented by outright acquisitions.

**Table 4-4: Area based multiple for early stage projects**

Statistical analysis	Area Multiple (A\$/km <sup>2</sup> )	Adjusted Area Multiple (A\$/km <sup>2</sup> )
<b>All area based transaction multiples</b>		
Minimum	282.76	272.08
Median	40,692.95	53,893.14
Average	129,460.84	151,709.73
Maximum	665,663.44	754,454.41
Weighted Average	91,179.43	106,737.20
<b>Area based transaction multiples – JV deals with Exploration Expenditures</b>		
Minimum	4,194.72	5,682.33
Median	50,112.16	57,877.41
Average	104,690.40	120,496.51
Maximum	417,533.57	485,302.79
Weighted Average	52,200.69	59,429.81
<b>Area based transaction multiples – Cash and Scrip Deals</b>		
Minimum	282.76	272.08
Median	18,838.74	19,660.81
Average	117,506.93	142,157.68
Maximum	665,663.44	754,454.41
Weighted Average	48,971.55	62,898.29
<b>Preferred - Area based transaction multiples – Excluding outliers and small areas</b>		
Minimum	635.15	759.90
Median	8,294.82	8,977.79
Average	9,968.22	10,587.96
Maximum	22,648.08	23,636.38
Weighted Average	11,785.31	12,390.57

### 4.3.2 Geoscientific rating (or modified Kilburn approach)

The Geoscientific Rating method attempts to assess the relevant technical aspects of a property through the use and ranking of appropriate factors applied to a Base Acquisition Cost (BAC). The BAC represents the average cost incurred by a Tenement Holder or Explorer to identify, apply for and then retain a unit area of the exploration licence of title (Goulevitch and Eupene, 1994), including statutory expenditure costs. The BAC forms the starting value from which a technical valuation range is then estimated.

The factors used for the technical rating include Off-property, On-property, Geology and Anomaly factors. The ranking of these key factors will either enhance or reduce the intrinsic value of a property. A further factor, the Market factor, may then be considered in order to derive a Fair Market Value. Table 4-5 summarises the modified property rating criteria.

Having reviewed the technical aspects of the mineral assets owned by Frontier, SRK considers the Geoscientific Rating approach appropriate as a secondary valuation method to support its valuation of the exploration potential using comparable transactions.

The Geoscientific Rating approach requires the Practitioner to assess and grade the relevant factors. The BAC is then sequentially multiplied by these factors to produce a Technical Value range. A Market factor is then applied to arrive at a Market Value range.

#### Limitations of the geoscientific rating method

The Geoscientific Rating method has some limitations, such as the Technical Valuation may not include all relevant factors such as the accuracy of the BAC, the size of the property (small areas may be undervalued), other geological factors (depth of target mineralisation) or other non-geological technical factors such as environmental and cultural heritage considerations.

For the purpose of this Valuation, SRK has not undertaken an assessment of factors such as environmental and cultural heritage, and the Geoscientific Rating method does not include a review of sovereign risk liabilities.

#### Base acquisition cost (BAC) estimate adopted for Valuation

SRK has estimated a BAC of A\$500/km<sup>2</sup> for an average Exploration Licence in PNG. The rating criteria used for assessing the modifying factors are provided in Table 4-5. These rating criteria have been modified by SRK.

**Table 4-5: Geoscientific ratings table (after Xtract, 2010)**

Rating	Off Property Factor	On Property Factor	Geological Factor	Anomaly Factor
0.1			Unfavourable geological setting	No mineralisation identified – area sterilised
0.5	Unfavourable district/basin	Unfavourable area	Poor geological setting	Extensive previous exploration provided poor results
0.7				
0.9			Generally favourable geological setting, under cover or complexly deformed or metamorphosed	Poor results to date
1.0	No known mineralisation in district	No known mineralisation on lease	Generally favourable geological setting	No targets outlined
1.5	Minor workings	Minor workings or mineralised zones exposed		Target identified, initial indications positive
2.0	Several old workings in district	Several old workings or exploration targets identified	Multiple exploration models being applied simultaneously	
2.5			Well defined exploration model applied to new areas	Significant grade intercepts evident but not linked on cross or long sections
3.0	Mine or abundant workings with significant previous production	Mine or abundant workings with significant previous production	Significant mineralised zones exposed in prospective host rock	Several economic grade intercepts on adjacent sections
3.5				
4.0	Along strike from a major deposit	Major Mine with significant historical production	Well understood exploration model, with valid targets in structurally complex area, or under cover	
5.0	Along strike for a world class deposit		Well understood exploration model, with valid targets in well understood stratigraphy	
6.0			Advanced exploration model constrained by known and well understood mineralisation	
10.0		World Class Mine		

Source: Modified after Xtract, 2009 and Agricola Mining Consultants, 2011.

## 4.4 Summary of previous transactions

### 4.4.1 Failed JV transaction with OK Tedi

On the 25 October 2010, OK Tedi Mining Limited (Ok Tedi) agreed to spend US\$12 million in exploration expenditure across five licences owned by Frontier for a combined expenditure of up to US\$60 million over six years (consisting of US\$12 million per project) for a total of 48% equity in the projects. OK Tedi withdrew on the 12 September 2013 after spending approximately US\$28 million, and conducted substantial drilling on three exploration licences. No equity ownership was achieved.

The Bulago EL was one of the five licences in the joint. According to Frontier, Bulago was not adequately drill tested and is unclear to SRK how much was ultimately spent on the Bulago EL. The Muller EL was not included in the JV.

## 4.5 Valuation of Frontier's copper-gold projects

### 4.5.1 Exploration potential

#### Comparable Transactions

SRK notes the exploration ground held by Frontier at the Bulago and Muller Projects covers a combined area of approximately 260 km<sup>2</sup>.

Based on its analysis of recent transactions (as outlined in Table 4-4), SRK has elected to assign a value of between A\$4,500/km<sup>2</sup> and A\$13,500/km<sup>2</sup> with a preferred value of A\$9,000/km<sup>2</sup> (median) to the exploration potential (Table 4-6).

**Table 4-6: Implied value of Frontier's Projects**

Exploration Licence	Area (km <sup>2</sup> )	Low (A\$M)	High (A\$M)
EL 1595 (Bulago)	73	0.33	0.99
EL 2356 (Muller)	187	0.84	2.52
<b>Total</b>	<b>260</b>	<b>1.17</b>	<b>3.51</b>

**Using multiples implied by Comparable Transactions only, SRK's considers the current market value resides within a range A\$1.17 M to A\$3.51 M for a 100% interest in Frontier's Copper-Gold Projects.**

#### Geoscientific rating

As a cross-check, SRK has also considered the values implied by the Kilburn geoscientific rating method (Table 4-7).

The rating criteria used for assessing the modifying factors are provided in Table 4-5. These ratings criteria have been modified by SRK.

**Table 4-7: Value of a 100% interest in Frontier's Projects using the geoscientific rating method**

Tenement	Area (km <sup>2</sup> )	BAC (A\$)		Off Property	On Property	Geology	Anomaly	Technical Value (A\$M)	Market	Market Value (A\$M) Preferred
EL 1595 (Bulago)	73	36,500	High	3	2.5	2.5	2.5	1.71	1	1.71
			Low	2.5	2	2	2	0.73	1	0.73
EL 2356 (Muller)	187	93,500	High	2.5	2	2	1.5	1.40	1	1.40
			Low	2	1.5	1.5	1	0.42	1	0.42
<b>Total (sum)</b>	<b>260</b>		<b>High</b>					<b>3.11</b>	<b>1</b>	<b>3.11</b>
			<b>Low</b>					<b>1.15</b>	<b>1</b>	<b>1.15</b>

Using a Geoscientific rating approach only, SRK considers the value of 100% interest in Frontier's Copper-Gold Projects is within a valuation range of A\$1.15 M to A\$3.11 M.

## 5 Valuation Summary

WMS has commissioned SRK to prepare an Independent Specialist Report incorporating a technical assessment and valuation of the mineral assets held by Frontier. This Report has been prepared under the guidelines of the VALMIN Code (2015), which incorporates the JORC Code (2012).

While the VALMIN Code (2015) states that decisions as to which valuation methodology is used are the responsibility of the Expert or Specialist, where possible, SRK considered a number of methods. The aim of this approach is to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and interaction of the various assumptions inherent in the valuation.

SRK has recommended preferred values and value ranges for both Frontier's mineral assets on the basis of the perceived exploration potential. SRK has considered a Modified Kilburn rating system and Comparable Transaction valuation methodologies to arrive at a valuation range based on the area of tenure (in km<sup>2</sup>).

SRK notes that the VALMIN Code (2015) cautions against ascribing value to licences under application. SRK has not considered the value of any underlying tenure under application held by Frontier due to the significant uncertainties of these being granted by PNG's government.

SRK's recommended valuation ranges and preferred values for each project are summarised in Table 5-1. SRK has produced a Market Value as defined by the VALMIN Code (2015). SRK's preferred value for the Bulago licence is positioned conservatively due to varying levels of technical and geological uncertainty, including but not limited to the expected difficulties in converting resources into reserves. In respect of the Muller licence, in addition to the uncertainties mentioned for the Bulago licence, SRK considers the market would discount the Muller licence to reflect the uncertainty associated with the likely success, timing and conditions of the renewal application given the under expenditure on exploration to date. As such, SRK has elected to assign a value at the lower end of the range to reflect this uncertainty.

**Table 5-1: SRK's valuation of Frontier's assets as at 22 December 2017 on a 100% equity basis**

Company	Commodity	Valuation type	Low (A\$ M)	High (A\$ M)	Preferred (A\$ M)
Bulago (EL 1595)	Copper-Gold	Exploration Potential (Comparable Sales)	0.33	0.99	
		Exploration Potential (Geoscientific)	0.73	1.71	
		<b>Exploration Potential (Selected)</b>	0.53	1.35	0.94
Muller (EL 2356)	Copper-Gold	Exploration Potential (Comparable Sales)	0.84	2.52	
		Exploration Potential (Geoscientific)	0.42	1.40	
		<b>Exploration Potential (Selected)</b>	0.63	1.96	0.63*
<b>100% equity interest (Bulago &amp; Muller Exploration Licences)</b>			<b>1.16</b>	<b>3.31</b>	1.57

Notes:

Any discrepancies between values in the table are due to rounding.

\* SRK Preferred Value for the Muller EL 2356 as the low value of the range to take into account the risk of licence renewal application either not being granted or additional conditions being imposed.



## 5.1 Discussion on SRK’s Valuation Range

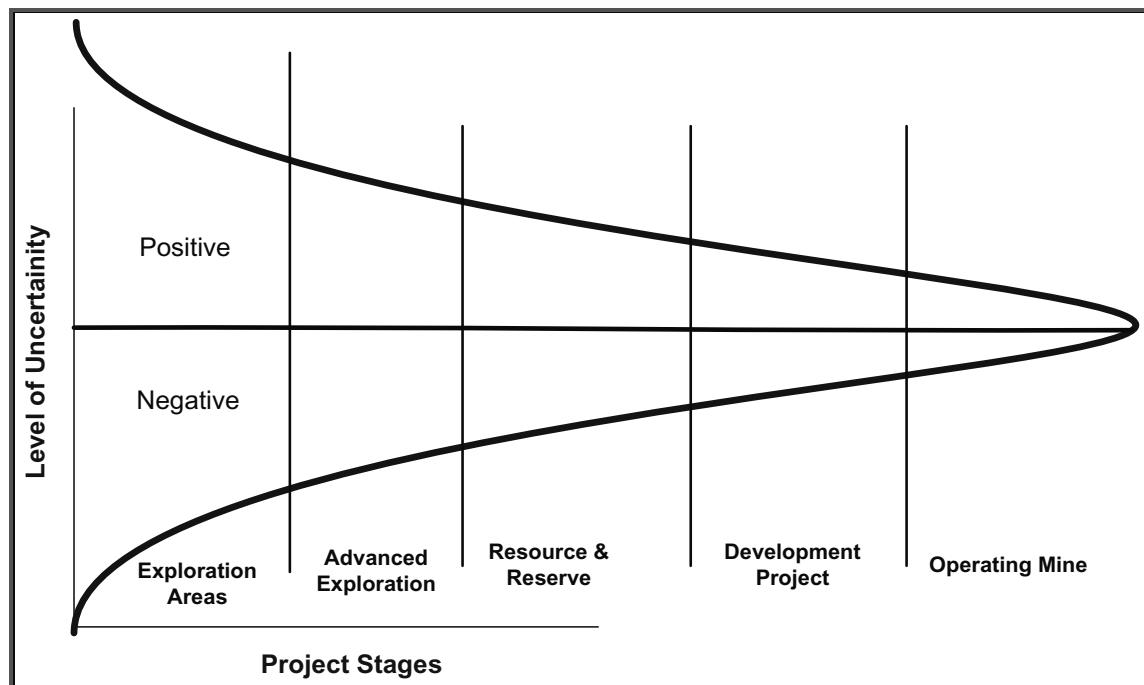
In assigning its valuation range and preferred value, SRK is mindful that the valuation range is also indicative of the uncertainty associated with early stage exploration assets.

The wide range in value is driven by the confidence limits placed around the size and quality of the metals occurrences assumed to occur within each project area. Typically, this means that as exploration progresses and a prospect moves from an early to advanced stage prospect, through Inferred, Indicated or Measured Resource categories to Reserve status, there is greater confidence around the likely size and quality of the contained base metals and its potential to be extracted profitably. Table 5-2 presents a general guide of the confidence in targets, resource and reserve estimates, and hence value, referred to in the mining industry (Bouchard, 2001; Snowden et al., 2002; Mackenzie et al., 2007 and Macfarlane, 2007).

**Table 5-2: General guide regarding confidence for target and Resource/Reserve Estimates**

Classification	Estimate range (90% Confidence Limit)
Proven/ Probable Reserves	±5 to 10%
Measured Resources	±10 to 20%
Indicated Resources	±30 to 50%
Inferred Resources	±50 to 100%
Exploration Target	+100%

This level of uncertainty with advancing project stages is shown graphically in Figure 5-1.



**Figure 5-1: Uncertainty by advancing exploration stage**

Estimated confidence of plus or minus 60% to 100% or more are not uncommon for exploration areas and are within acceptable bounds given the level of uncertainty associated with early stage exploration assets. By applying narrower confidence ranges, one is actually implying a greater degree of certainty regarding these assets than may be the case in reality.

All tenements from Frontier and are exploration assets in the early stages of assessment. Therefore, there are significant uncertainties around their attributes. This results in a wide valuation range. Where possible, SRK has endeavoured to narrow its valuation range. In recognising this wide range, SRK has also indicated a preferred value for each project.

## **5.2 Valuation risks**

SRK is conscious of the risks associated with valuing early stage assets, which impacts on the valuation range. In defining its valuation range, SRK notes that there are always inherent risks involved when deriving any arm's length valuation for exploration properties given the level of uncertainty present for each of the variables that impact on prospects and their valuation. These factors can ultimately result in significant differences in valuations over time. The key risks include but are not limited to the following.

### **5.2.1 Exploration and resource risk**

The business of metals exploration, project development and production is by nature high risk. The exploration potential of tenements where resources are not yet defined may vary considerably as further exploration is undertaken.

The exploration for and production of metals deposits involves various operating hazards including, but not limited to, adverse weather conditions, shortages or delays in the availability of drilling rigs, or other critical equipment or personnel.

Mineral Resources prepared under the 2012 edition of the JORC Code are best estimates based on individual judgement and reliance upon knowledge and experience using industry standards and the available database. No current estimates are available at this time. However, this may change over time as more information comes to hand.

### **5.2.2 Mining and production risk**

The projects discussed in this report are at a relatively early stage of evaluation and none of the assets have a defined Ore Reserve. Forecasting cash flows for these assets are less certain and therefore riskier than for base metals projects in production, development or with a feasibility study completed.

The successful development of a mining operation is dependent upon geological interpretation to define mineable blocks and an appropriate schedule to meet expected sales volumes. Actual base metals mined may be different in quality and tonnage that estimates and the overburden ratios and geological mining conditions anticipated may prove to be different. Operating costs can be adversely affected by disruptions due to geological conditions, equipment failure or industrial disputes. Development of a new mining operation is dependent upon the provision of rail for transport and port facilities for international shipping while an adequate supply of water is also important.

### **5.2.3 Environmental risk**

Environmental conditions will be attached to future mining and exploration tenements which if not deemed compliant by the relevant authorities could result in the forfeiture of these rights. Substantial costs can be encountered for environmental rehabilitation, damage, control and losses, which can vary over the life of the mining operation. Conditions attached to the mining and exploration rights may also vary over the life of the project and in response to any change in the size or type of operation that cannot be anticipated at this time.

## 5.2.4 Financing

Further funds may be required to further explore and develop the projects. Failure to obtain sufficient financing for the projects may result in a delay or indefinite postponement of exploration and development on the properties or even a loss of a property interest. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company.

## 5.2.5 Native title and land access

Mining title has not been granted on any of the tenements discussed in this report. Native title claims and heritage issues may arise in the future and thus delay the development of any future mining operation and/or production from areas where freehold land or mining leases have not been obtained. These issues are likely to be addressed in future should the future exploration be successful and warrant the conversion of exploration permits to mining leases.

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# Appendices

## **Appendix A: Comparable Sales**

**Table A 1: Copper-Gold transactions – area based**

Project	Deal Announcement Date	Vendor	Purchaser	Country(s)	Deal Terms	Consideration 100% Basis A\$M	Project Area (km <sup>2</sup> )	Area Multiple (A\$/km <sup>2</sup> )	Area Multiple Adjusted (A\$/km <sup>2</sup> )
Wonogiri	Dec-10	Minerals and Metals Group (China Minmetals)	Augur Resources Ltd	Indonesia	Exploration Expenditure	4.41	39.28	112,318.03	132,230.18
Mount Hagen Jv	Jan-10	Pacific Niugini Ltd	EiDore Mining Corp Ltd	Papua New Guinea	Exploration Expenditure	3.59	855.00	4,194.72	5,682.33
Manus Island	Sep-10	Triple Plate Junction plc	Newcrest Mining Ltd	Papua New Guinea	Exploration Expenditure	9.26	674.00	13,737.77	16,755.73
Nakru	Oct-09	Coppermoly Ltd	Barrick Gold Corp	Papua New Guinea	Exploration Expenditure and Scrip	28.57	170.00	168,038.14	242,355.49
Luang Namtha	Apr-09	AMANTA RESOURCES LTD	JOGMEC	Laos	Exploration Expenditure	8.14	200.00	40,692.95	53,893.14
Mabito	May-13	Sierra Mining Ltd	Galeo Equipment and Mining Co Inc	Philippines	Exploration Expenditure	14.54	34.83	417,533.57	485,302.79
Oyadao South License	Jun-16	Angkor Gold Corporation	JOGMEC	Cambodia	Exploration Expenditure	7.99	235.00	33,994.57	32,605.26
Oyadao North Concession	Jan-16	Angkor Gold Corporation	Mesco Gold Ltd.	Cambodia	Exploration Expenditure	2.11	222.00	9,497.74	10,053.76
Trenggalek project	Sep-15	Arc Exploration Limited	PT Danusa Tambang Nusantara	Indonesia	Exploration Expenditure	17.84	299.69	59,531.38	61,861.67
Ei Paso Exploration Permit 009	Sep-15	Red Mountain Mining Limited	JIWON Resource Corp.		Exploration Expenditure	2.80	21.90	127,767.24	132,768.56
Exploration tenements on Tatau and Big Tabar Islands	Nov-16	St Barbara Limited	Newcrest Mining Limited	Papua New Guinea	Exploration Expenditure	62.26	260.00	239,443.76	241,625.47
Koan Nheak property	Jul-17	Angkor Gold Corporation	Emerald Resources NL	Cambodia	Exploration Expenditure	5.58	189.00	29,534.89	30,823.71



Project	Deal Announcement Date	Vendor	Purchaser	Country(s)	Deal Terms	Consideration 100% Basis A\$M	Project Area (km <sup>2</sup> )	Area Multiple (A\$/km <sup>2</sup> )	Area Multiple Adjusted (A\$/km <sup>2</sup> )
Star Mountain project	Dec-14	Highlands Pacific Limited	Anglo American Plc	Papua New Guinea	Cash and Exploration Expenditure	281.32	515.00	546,245.31	621,788.92
EL 2306 (Abundance Valley)	Jul-17	Khor Eng Hock & Sons (PNG) Limited	Gold Mountain Limited	Papua New Guinea	Cash and Scrip	7.43	328.00	22,648.08	23,636.38
Four licences	Jul-17	Mekong Minerals Limited	Emerald Resources NL	Cambodia	Cash	12.94	861.00	15,029.40	15,685.24
Gorontalo properties	May-14	MMG Limited	Augur Resources Limited	Indonesia	Cash	0.25	393.98	635.15	759.90
Jimi	Aug-09	Frontier Resources Ltd	Harmony Gold Mining Co Ltd	Papua New Guinea	Cash	0.30	192.00	1,560.24	2,270.33
Kou Sa	Dec-12	Golden Resource Development	Worldwide Mining Projects Ltd (Geopacific Re	Cambodia	Cash	16.39	158.00	103,726.68	106,861.43
Boston	Jul-11	Boston Minerals Mining Corp	Sentosa Mining Ltd	Philippines	Cash and Scrip	2.26	3.39	665,663.44	754,454.41
Lakuwahi	Apr-10	PT Gemala Borneo Utama (PT GBU)	Robust Resources Ltd	Indonesia	Cash and Scrip	80.00	250.00	320,000.00	427,330.83
Feni	Aug-06	New Guinea Gold Corp	Vangold Resources Ltd	Papua New Guinea	Cash and Scrip	7.48	166.60	44,918.84	89,710.90
East Eilang property	May-16	Southern Arc Minerals Inc.	Private Investor	Indonesia	Cash	0.03	96.70	282.76	272.08
Andewa licence EL-2461	Apr-17	WNB Resources Limited	Frontier Resources Limited	Papua New Guinea	Cash/ Expenditure	0.09	147.00	604.69	595.30

## **Appendix B: Independent Tenement Specialist Report**

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20 February 2018

The Directors  
Frontier Resources Ltd  
Unit 5, Ground Floor  
1 Centro Ave, Subiaco  
Western Australia 6005  
Australia



Dear Sirs

### **Frontier Copper PNG Ltd and Frontier Gold PNG Limited - Report on Tenements**

This Report has been prepared for SRK Consulting (Australasia) Pty Ltd for Frontier Resources Ltd (incorporated in Australia) (**Company**) with regard to a AUD\$6 million placement into the Company (**Placement**) by Florise Investment Sydney Pty Ltd.

#### **1. SCOPE OF REPORT**

We were requested to report on the interest of Frontier Copper PNG Limited (PNG company number 1-48997) and Frontier Gold PNG Limited (PNG company number 1-48129) in the exploration licence (**EL**) 1595 and EL 2356 in Papua New Guinea (collectively **the Tenements**).

The Tenements are listed and details relating to them are set out in the Schedule of Tenements **attached** to this letter. They have been granted under the *Mining Act 1992* of Papua New Guinea (**Act**).

This Report relates only to the laws of Papua New Guinea (**PNG**) in force on the date of this Report.

#### **2. OPINION ON TENEMENTS**

For the purposes of this Report, we have:

- (a) examined copies of the Tenements for EL 1595 and EL 2356;
- (b) the renewal application for EL 2356 provided to us by the Company; and
- (c) carried out on 15 February 2018 searches of the Tenements in the register maintained by the Registrar of Tenements (**Registrar**) under the Act (**Register of Tenements**).

On this basis and subject to the assumptions and qualifications set out in this Report, we are satisfied that the current status and ownership of the Tenements are as set out in the Schedule of Tenements including the notes to that Schedule.

AUSTRALIA BELGIUM CHINA FRANCE GERMANY HONG KONG SAR INDONESIA (ASSOCIATED OFFICE) ITALY JAPAN PAPUA NEW GUINEA  
SAUDI ARABIA (ASSOCIATED OFFICE) SINGAPORE SPAIN UNITED ARAB EMIRATES UNITED KINGDOM UNITED STATES OF AMERICA

Partners: Tim Glenn, Ian Shepherd CBE, Richard Flynn, Derek Wood, Jason Brooks. Special Counsel: David Frecker. Senior Associates: Mea Vai, Kingsford Wamp.

Ashurst PNG is a general partnership formed in Papua New Guinea and is part of the Ashurst Group. The Ashurst Group has an office in each of the places listed above.

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### 3. **NOTE IN RELATION TO APPLICATION FOR RENEWAL OF TENEMENT**

We note that the Registrar has received an application for renewal of EL 2356.

The application has not been granted at the date of this Report and will be subject to a process of review, Warden's hearing, Mining Advisory Council (**Council**) review and Ministerial approval.

Unless the Minister for Mining (**Minister**) considers that it is in the best interests of PNG to refuse to extend the term of EL 2356, the Minister is required to extend the term of EL 2356 on the advice of the Council that the holder of EL 2356 has:

- (a) complied with the conditions of the exploration licence during the previous term of the exploration licence;
- (b) paid the compensation as required by the Act; and
- (c) submitted a programme for the proposed extended term which the Council recommends for approval.

### 4. **ASSUMPTIONS**

In preparing this Report, we have assumed the following:

- (a) the authenticity of all seals and signatures and of any duty stamp or marking;
- (b) the completeness, and the conformity to original instruments and documents, of all copies provided to us, and that any document provided to us continues in full force and effect;
- (c) the entries in respect of the Tenements in the Register of Tenements maintained by the Registrar under the Act are correct, complete and up to date;
- (d) at the date of this Report, there are no other agreements, documents or instruments which, if reviewed by us, would alter our view of the Tenements as set out in the Schedule of Tenements including the notes to that Schedule; and
- (e) the Tenements and any extension of the term of the Tenements (other than applications for Tenements) have been validly granted. The good standing of the Tenements and the holder's interests in the Tenements are subject to the holder continuing to comply with the respective terms and conditions applicable to the Tenements under the Act, and any regulation made under the Act.

### 5. **QUALIFICATIONS**

This Report is subject to the following qualifications:

- (a) We have not made any independent investigations or searches except as shown in paragraphs 2(a) and (b). We have relied on searches of and copies of documents obtained from the Company and public records kept at the office of the Mineral Resources Authority. While we have assumed, as noted above, that these records are correct, complete and up to date, they may not be, in that documents may not be filed at the relevant offices immediately, may not have been entered onto the database at all or correctly, may no longer be on file, may be replaced or may otherwise not appear on the extract search.
- (b) The Register of Tenements does not provide details of instruments which may have been lodged for approval and registration but are not yet entered in the Register of

Tenements. Once registered, any such instrument may affect the title of persons holding interests shown in the Register of Tenements.

- (c) The Act establishes a system under which reliance can be placed on the Register of Tenements because an instrument under which a legal or equitable interest in a tenement is or may be created is of no force until approved by the Minister and entered in the Register of Tenements. However, it does not create a system of absolute title by registration.
- (d) A registered tenement is liable to cancellation if the tenement holder is in breach of the conditions of the tenement or the Act or is in default in payment of moneys under the Act. The Register of Tenements does not provide a record of any non-compliance.
- (e) We express no opinion as to whether renewals of the Tenements, where renewals have been or are about to be applied for under the Act, will ultimately be granted in whole or in part.
- (f) A tenement holder cannot enter or occupy land the subject of the tenement for the purpose of mining until an agreement or determination has been made in relation to landowner compensation, any such agreement is registered, and compensation is paid.
- (g) The good standing of the Tenements and the holder's interest in the Tenements are subject to the holders continuing to comply with the respective terms and conditions of the Tenements under the Act and any regulation made under that Act.
- (h) The courts of PNG are obliged by Section 158 (2) of the Constitution of PNG to give paramount consideration to the dispensation of justice in interpreting the law. Authoritative decisions of courts of PNG have interpreted this section as giving rise to an alternative substantive principle of jurisprudence, which may impact upon the enforcement of rights under the Tenements.
- (i) Each of the Tenements is subject to a condition that the State reserves the right to elect at any time prior to the commencement of mining to make a single purchase of an interest up to 30% in the Tenement, at a price pro rata to the accumulated exploration expenditure. This is a standard condition in all exploration licences in PNG.

## 6. USING THIS REPORT

We intend that this Report be read in conjunction with the valuation by SRK Consulting (Australasia) Pty Ltd.

## SCHEDULE OF TENEMENTS

Tenement	Location	Registered Holders	Most recent two year term	Area	Notes
Exploration Licence 1595	Southern Highlands Province	Frontier Gold PNG Limited	7 July 2016 to 7 July 2018	22 sub- blocks	1
Exploration Licence 2356	Southern Highlands Province	Frontier Copper PNG Limited	13 December 2015 to 20 December 2017 As an application for	56 sub-blocks	2, 3

Tenement	Location	Registered Holders	Most recent two year term	Area	Notes
			renewal has been lodged, the tenement is deemed to continue in force pending decision on renewal.		

**Notes to the Schedule:**

1. The Register indicates that the annual rent for the exploration licence was paid up to the year ending 2018.
2. The Register indicates that the annual rent for the exploration licence was paid up to the year ending 2017.
3. Renewal application lodged on 16 August 2017.

Yours faithfully



**Ashurst PNG**

## SRK Report Client Distribution Record

Project Number: FRN001

Report Title: Independent Specialist Report on the Mineral Assets of Frontier Resources Limited

Date Issued: 2 March 2018

Name/Title	Company
Aaron Lavell	WMS Corporate Services Pty Ltd

Rev No.	Date	Revised By	Revision Details
0	12/01/2018	Caue Araujo	Draft Report
1	22/02/2018	Caue Araujo	Draft Report
2	02/03/2018	Caue Araujo	Final Report

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ABN 96 095 684 389

FNT  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

### Lodge your vote:

**Online:**  
[www.investorvote.com.au](http://www.investorvote.com.au)

**By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

**For all enquiries call:**  
(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000



## Proxy Form

XX



### Vote online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



### Your access information that you will need to vote:

**Control Number: 999999**

**SRN/HIN: I9999999999 PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

**For your vote to be effective it must be received by 11:00am (Perth time) Sunday, 13 May 2018**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** ➔

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Frontier Resources Limited hereby appoint

the Chairman of the Meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Frontier Resources Limited to be held at Unit 5, Ground Floor, 1 Centro Avenue, Subiaco, Western Australia on Tuesday, 15 May 2018 at 11:00am (Perth time) and at any adjournment or postponement of that Meeting

**Chairman authorised to exercise undirected proxies on remuneration related resolution:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 6 (except where I/we have indicated a different voting intention below) even though Resolution 6 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 6 by marking the appropriate box in step 2 below.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Approval of issue of Shares and Options to Forise	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Approval of issue of Shares and Options to ACH	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Election of Fei Peng as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Election of Yun Wei Dong (Fenix Dong) as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Election of Anthony William Hickey as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Issue of Shares to Peter McNeil in respect of conversion of debt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /