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Mr Ben Tippet
Senior Advisor, Listings Compliance
ASX Compliance Pty Ltd
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

By e-mail: Ben.Tippett@asx.com.au

10 February 2015

Dear Mr Tippet,

I refer to your letter dated 6 February 2015 relating to the Appendix 5B released by Frontier Resources Limited (**Frontier** or the **Company**) for the quarter ended 31 December 2014.

The Company responds as follows, adopting the same numbering in your letter:

1. *Is it possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter (and at the rate anticipated for the next quarter) indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?*

Frontier owns earth moving and drilling assets in Papua New Guinea (PNG) and has PNG Investment and Promotion Authority (IPA) approval to conduct both mineral exploration, drilling and earth moving services in country. The Company is currently in advanced discussions on two potential hire contracts for the provision of:

- Heavy machinery leasing contract over two months with an expected commencement date of 20 February 2015; and
- A six week turnkey diamond drilling program of approximately 1,000 metres commencing 3 March 2015 with provision to complete an additional 1,000 metres of diamond drilling.

Should one or both of these contracts be successful the Company envisages it will have sufficient cash to fund its activities.

Separately, the Company is in negotiations for the sale of its boat and dumb barge in PNG valued at approximately \$275,000.

In addition, the Board is considering conducting a capital raising via a pro-rata entitlements issue.

2. *Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?*

Whilst the Company expects its future operating cash flows will continue to be negative, the Company will not be conducting an exploration program during the March 2015 quarter.

3. *What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?*

Please refer to the response provided at question 1.

4. *Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?*

The Company confirms that it is in compliance with the listing rules, including listing rule 3.1.

5. *Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.*

The Company considers it is in compliance with listing rule 12.2. The Company's latest set of financial statements as at 30 June 2014 demonstrated a positive net asset position of \$1,751,372. As is relevant to a company in the exploration phase, the Company is continually assessing its funding requirements commensurate to the level of exploration and development activities such that it has a reasonable expectation that it will be to fund its future activities.

Regards,

Matthew Foy
Company Secretary
Frontier Resources Ltd



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6 February 2015

Matthew Foy
Company Secretary, Frontier Resources Ltd
Office J, Level 2, 1139 Hay Street
PERTH WA 6000

Dear Matt

Frontier Resources Ltd (“Company”)

I refer to the Company’s Quarterly Report in the form of Appendix 5B for the period ended 31 December 2014, released to ASX Limited (“ASX”) on 30 January 2015, (the “Appendix 5B”).

ASX notes that the Company has reported the following.

1. Receipts from product sales of \$3,000.
2. Net negative operating cash flows for the quarter of \$355,000.
3. Cash at end of quarter of \$59,000.
4. Estimated cash outflows for the next quarter of \$40,000 on exploration and administration.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter (and at the rate anticipated for the next quarter) indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company’s position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company’s compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to **Ben.Tippett@asx.com.au**. It should not be sent to the ASX Market Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **3.00 pm WST on Wednesday 11 February 2015**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

[sent electronically without signature]

Ben Tippett
Adviser, Listings Compliance (Perth)