



ADDRESS
Office J, Level 2, 1139 Hay St.
West Perth, WA, 6005, Australia

PHONE
+61 (08) 9295 0388
ABN
96 095 684 389

EMAIL
pmcneil@frontierresources.com.au
WEBSITE
www.frontierresources.com.au

ASX: FNT

ASX Limited
Market Announcements Platform

25th May 2015

Frontier Signs Heads of Agreement to Acquire 80% of the Gold Ridge Mine/Project **Consideration is equity in FNT shares and deferred carry of GCIL's 20% interest into production**

Frontier Resources Ltd (ASX : FNT) (**Frontier** or the **Company**) is extremely pleased to announce it has signed a Heads of Agreement with GoldRidge Community Investment Limited (**GCIL**), the Solomon Islands Landowner company that owns 100% of the Gold Ridge Mine/Project on Guadalcanal Island. ASX listed mid-tier gold producer, St Barbara Limited sold the suspended Gold Ridge Mine/Project to GCIL on May 1st 2015.

Consideration to new partner GoldRidge Community Investment Limited for Frontier acquiring 80% of the Gold Ridge Mine/Project, is a 20% deferred carried interest into production, repayable from 50% of GCIL's pro-rata share of future profit, plus the issuance of 19.9% share equity in Frontier, plus the deferred issuance of 4.98% share equity in Frontier one year from the Commencement of the Joint Venture, Venture provided that GCIL's interest does not exceed 19.9% of the issued capital of the Company.

Gold Ridge is a low strip ratio gold mine with multiple open pits and a 2.5 million tonne per annum Carbon in Leach processing plant; it is located in the highly mineralised Charivunga Valley, about 40km south-east of the capital of Honiara. The Mine includes the Kupers, Dawsons, Namachamata and Valehaichichi pits and all are located in close proximity to the processing facility.

Total Mineral Resources were estimated to contain 3.18 million ounces of gold, within 64.2 million tonnes grading 1.5 g/t gold (St Barbara Limited Gold Ridge Resources and Reserve Statements dated June 30th 2014 and issued to the ASX on August 27th 2014 and that Table below).

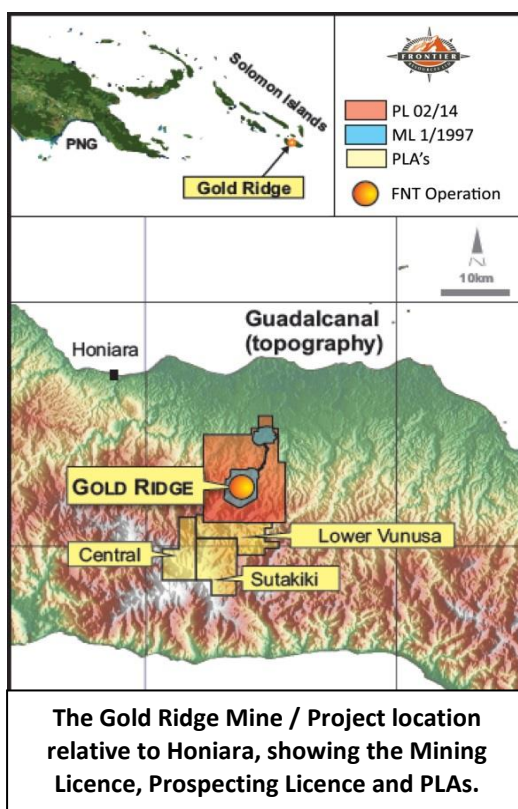
Total Ore Reserves were estimated to contain 0.67 million ounces of gold, within 14.6 million tonnes grading 1.4 g/t gold. The Total Reserves are included within the Total Resources, are tabulated below by area and were reported with the qualification that they are economic based on the on-going mine plan, but the operation was suspended.



The Gold Ridge Mine processing plant and open pits (St Barbara photo looking south).

Key terms of the Heads of Agreement to form a Joint Venture (JV) (subject to shareholder and regulatory approvals) are:

- ➔ GCIL will grant Frontier an 80% direct interest in the Project (i.e. Frontier will be transferred 80% of GCIL's shares in Australian Solomons Gold Pty Ltd (**ASGL**), the ultimate holder of the Project).
- ➔ Frontier will carry GCIL's portion of the capital and operating costs in ASGL that are required to recommence mining /processing and exploration on a loan account. Frontier will be repaid by GCIL from 50% of its portion of future profits.
- ➔ Frontier will issue GCIL shares in Frontier so that GCIL will hold a 19.9% interest. GCIL will then own a total direct and indirect interest in the Mine / Project of 35.9%.
- ➔ GCIL will (when appropriate) sell one quarter of its 19.9% equity in Frontier to obtain operating capital and will budget it to meet its goals, establish appropriate businesses and assist the community.
- ➔ Frontier will issue GCIL a deferred 4.98% of the Company's share capital, in ordinary shares, one year after the Joint Venture Commencement date, Venture provided that GCIL's interest does not exceed 19.9% of the issued capital of the Company.
- ➔ GCIL will appoint 1 Executive Director to the Board of FNT- Landowner Paramount Chief Mr Walton Naezon.
- ➔ The Heads of Agreement forms the basis of the proposed Joint Venture Agreement; it grants Frontier an exclusivity period to the end of June 2015, however, both parties aim to finalise the JV Agreement by May 29th 2015, if possible. Frontier has no knowledge of any impediments to finalising the JV Agreement.



Chairman Peter McNeil M.Sc. commented:

A Heads of Agreement to form a Joint Venture has been signed with the Gold Ridge Landowners through their company GoldRidge Community Investment Limited (GCIL). Frontier Resources Ltd will acquire an 80% interest in the Gold Ridge Mine / Project that contains approximately 3.2 million ounces in Total Resources.

As consideration, Frontier will issue a 19.9% equity in Frontier, in its ordinary shares, to GCIL and deferred carry their 20% interest into production, being repayable from 50% of their future pro-rata profits. GCIL will then have a total project equity of 35.9%. GCIL will also be issued a deferred 4.98% equity of Frontier, in its ordinary shares, one year after the Joint Venture Commencement Date.

The Agreement is an excellent outcome for Frontier, the Gold Ridge Landowners, the Gold Ridge Mine, its future workforce and the Solomon Islands; we have created a new Melanesian resource ownership model for mining assets needing re-vitalisation, with enhanced landowner management plus significant project equity and future profits potential. GCIL will sell a quarter of its 19.9% equity in Frontier to obtain operating capital.

Subject to shareholder and regulatory approvals, GCIL's Chairman and regional Landowner Paramount Chief, Mr Walton Naezon will be appointed an Executive Director of Frontier. Mr Naezon will work with the Executive Directors in promotion, management and overall operations of the Gold Ridge Mine /Project.

Mr Naezon was Mining & Energy Minister (1997-2001), Minister of State Government (2001-2003) and Minister for Commerce (2003-2005). Walton successfully negotiated GCIL's purchase of Gold Ridge from St Barbara and he will provide the local communities/ landowner tribes with control and direct responsibility over the exploitation of and pro-rata profits from the mineral resources on their land.

The landowners understand that their communal and individual actions affect when the mine will operate again and if it will be profitable. Frontier's Board and Management will provide the guidance necessary to ensure that the first Melanesian 'owned' mine succeeds. GCIL and Frontier believe that their partnership will give investors greatly increased confidence in the ultimate viability of the Gold Ridge Mine, by removing the main historic obstacle to success.

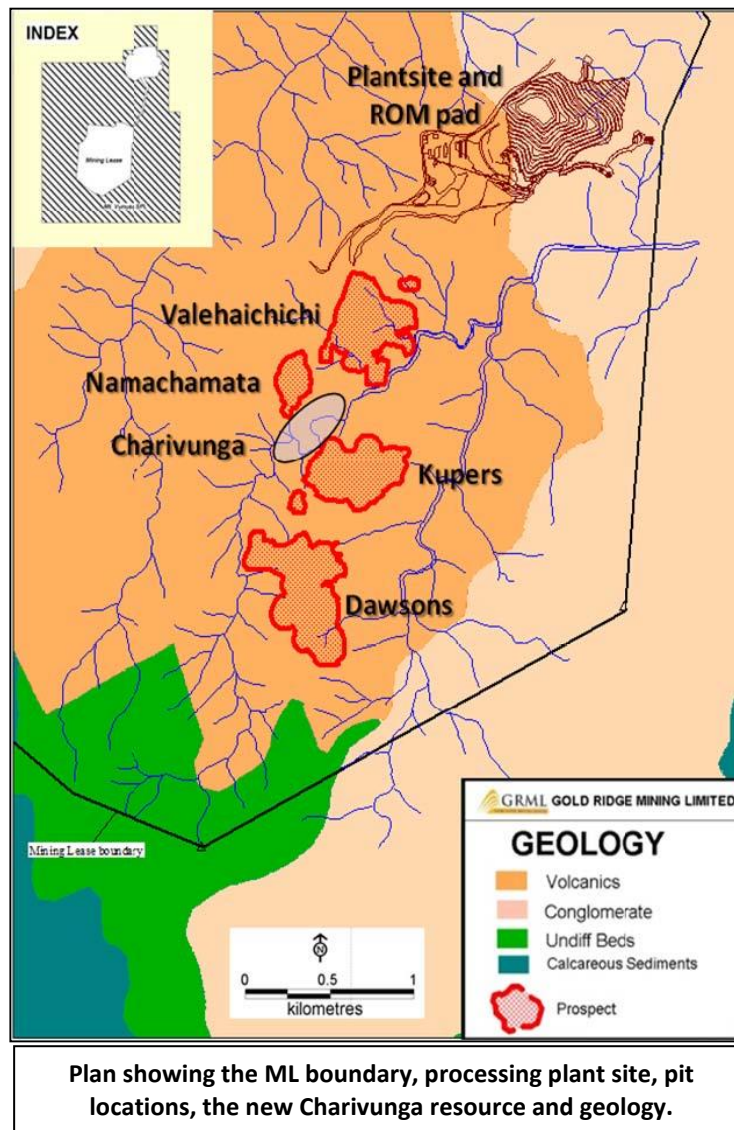
Frontier Resources will focus on bringing the Gold Ridge Mine back into production as soon as possible, subject to a Feasibility Study. We will also commence exploration and resource infill drilling, to attempt to demonstrate significantly enhanced Total Resources and Reserves, targeting a larger and higher grade gold zone to enable a more robust and significantly longer life mine. There are very good near mine drill targets for further exploration.

GOLD RIDGE MINE TOTAL RESOURCES AND TOTAL RESERVES												
RESOURCES	Total			Measured			Indicated			Inferred		
Project Area	Tonnes	Gold		Tonnes	Gold		Tonnes	Gold		Tonnes	Gold	
		Grade g/t	Ounces		Grade g/t	Ounces		Grade g/t	Ounces		Grade g/t	Ounces
Dawsons	19,883,000	1.4	863,000	1,056,000	1.4	48,000	15,932,000	1.3	666,000	2,895,000	1.6	149,000
Kupers	13,306,000	1.3	544,000	2,640,000	1.5	127,000	7,662,000	1.2	291,000	3,004,000	1.3	126,000
Charivunga	25,342,000	1.9	1,530,000	-	-	-	8,437,000	1.5	410,000	16,905,000	2.1	1,120,000
Valehaichichi	4420000	1.3	187,000	435,000	1.3	18,000	3,118,000	1.3	128,000	867,000	1.5	41,000
Namachamata	768000	1.7	41,000	166,000	2.0	11,000	457,000	1.7	24,000	146,000	1.4	6,000
Stockpiles	443000	0.7	10,000	443,000	0.7	10,000	-	-	-	-	-	-
Total RESOURCES	64,162,000	1.5	3,175,000	4,740,000	1.4	214,000	35,606,000	1.3	1,519,000	23,817,000	1.9	1,442,000
RESERVES	Total			Proved			Probable					
Project Area	Tonnes	Gold		Tonnes	Gold		Tonnes	Gold		Tonnes	Gold	
		Grade g/t	Ounces		Grade g/t	Ounces		Grade g/t	Ounces		Grade g/t	Ounces
Dawsons	7,215,000	1.5	348,000	739,000	1.6	39,000	6,476,000	1.5	309,000	-	-	-
Kupers	3,933,000	1.5	186,000	1,693,000	1.7	91,000	2,240,000	1.3	95,000	-	-	-
Charivunga	2,834,000	1.3	120,000	61,000	1.1	2,000	2,774,000	1.3	118,000	-	-	-
Valehaichichi	192,000	1.5	9,000	96,000	1.7	5,000	95,000	1.3	4,000	-	-	-
Namachamata	-	-	-	-	-	-	-	-	-	-	-	-
Stockpiles	443,000	0.7	10,000	443,000	0.7	10,000	-	-	-	-	-	-
Total RESERVES	14,617,000	1.4	673,000	3,032,000	1.5	147,000	11,584,000	1.4	526,000			

Positive factors associated with the project include:

- 3.2 million ounces of gold in Total Resources, plus excellent exploration potential.
- Processing plant infrastructure is intact (with selective vandalism), but requires new electrical power generators, conveyor rebuild, laboratory and office equipment etc. Some mining equipment remains onsite, including 5 haul trucks and a 114,000 tonne 6m³ bucket excavator.
- Landowner ownership of the project and increased transparency will create trust and certainty for all stakeholders, including the Company, landowners, Solomon Island Government and investors.
 - This new model puts 100% responsibility on the landowners and community for their full assistance to ensure a smooth and potentially profitable mining operation.
 - As such, marginal local interests will no longer exert any significant influence on key stakeholder decisions.
 - Importantly this new landowner resource ownership model resolves that Frontier will not be responsible for community support and 'necessities' as this is/will be the responsibility of GCIL.

- Gold Ridge is logistically well located being only 50 minutes' drive to the SE of Honiara. It is connected by an all-weather gravel road that is scheduled to be upgraded by the Solomon Islands Government.
- The mess and accommodation block is in good condition, powered and readily habitable.
- Significant quantities of various spare parts and other consumables / items remain onsite.
- All new houses for displaced landowners have been completed. The Solomon Islands Government is responsible for associated infrastructure such as schools and medical aid posts.



Current and historic challenges with the project include:

- The Mining Lease, Prospecting Licence and Prospecting Licence Applications are located on the lower to upper northern slopes respectively of Mount Chaunapaho and the area has a tropical maritime monsoonal climate.
- The Tailings Storage Facility is the major issue with the project that needs to be resolved. Cyclonic rainfall on April 2nd 2014 caused extensive damage to the mine site access and a loss of storage volume in the Tailings Storage Facility, prompting the suspension of mining operations.
- St Barbara Ltd is providing GCIL with a water treatment facility for the Tailings Dam (by the end of August 2015), to allow pumping of the water to reduce its level.
- The Solomon Islands Government gave permission last week to Gold Ridge Mining Ltd (GCIL's operating subsidiary) to build a large, new spillway to help protect the integrity of the Tailings Storage Facility from future major rain events.
- Illegal mining by various people has been occurring in the pits, however, their removal will be facilitated and maintained by GCIL.

The Gold Ridge Mining Lease (No1/1997) was granted on March 12th 1997 and is valid for 25 years, with a 10 year renewal option. The Project also currently consists of Prospecting Licence 02/14, that surrounds the ML

and Prospecting Licence Applications Lower Vunusa, Sutakiki and Central, that are located to the S of the ML.

Ross Mining started the Gold Ridge Mine and was subsequently acquired by Delta Gold NL. Delta invoked *Force Majeure* on June 5th 2000, during the Ethnic Conflict on Guadalcanal Island, between the Guadalcanal Gwale people and migrants from neighbouring Malaita Island; the Australian Federal Police RAMSI mission subsequently restored law and order.

The Gold Ridge Mine was purchased by Australian Solomons Gold Ltd (ASGL) from American Home Assurance (AHAC) on 30 May 2005. Part of the acquisition consideration was a deposit of US\$20 million. The agreement also provided for additional payments to be made at various points in the redevelopment process. The parties renegotiated the remaining amount due in February 2009 and the debt of US\$20 million was satisfied by the payment of US\$2.5 million cash and the establishment of a fixed production payment income stream of US\$15 per ounce recovered from the Gold Ridge Mining Lease.

Allied acquired ASGL, completed a A\$150 million refurbishment/expansion of the existing processing plant, increased capacity from 2.0 to 2.5 million tonnes per annum and put the mine back into production successfully in March 2011. St Barbara Limited purchased Allied Gold for £360 million in cash/script in mid-2012 and operated the mine for less than 2 years. The Sale document notes Gold Ridge had Total Mineral Resources containing 2.5 million ounces of gold, including Probable Ore Reserves containing 1.1 million ounces of gold. The Simberi Mine (in Papua New Guinea) was included in the purchase of Allied and it had Total Resources containing 6.5 million ounces of gold, including Total Proven and Probable Ore Reserves containing 2.0 million ounces of gold. The Gold Ridge Total Resources in mid-2012 were therefore approximately 38% of the Simberi Mines Total Resources at a similar gold grade, but Gold Ridge had lower gold recoveries.

The low-sulphidation epithermal /intrusion related Gold Ridge gold deposits are hosted by shallow dipping volcanoclastics. Gold mineralisation is associated with intense argillic alteration in moderately to steeply dipping structures, plus with low angle to approximately bedding-parallel alteration zones, shears and veins that bifurcate from major NNE and NNW trending faults.

The new (unmined) Charivunga Zone is more strongly gold mineralised than the average for the Gold Ridge Pits. Drilling has returned gold results including GDC0761, with 13m grading 2.3 g/t gold (from 48m), plus 15m grading 2.6 g/t gold (from 215m), plus 84m grading 2.0 g/t gold (from 313m) (St Barbara Presentation - ASX 28/10/2013). Guadalcanal Island is geologically highly prospective and underexplored for additional epithermal gold deposits plus porphyry copper- gold deposits.

Additional capital will be required and raised by Frontier in the future to:

- **Undertake a Feasibility Study to evaluate re-opening the mine as soon as possible, including to:**
 - Investigate repairing the CIL processing plant, conveyor, electrical systems, laboratory and mine offices. Frontier's initial due diligence has determined that the order of magnitude cost for this is approximately A\$30 million, plus required operating capital.
 - Investigate the Mine's future power requirements.
 - Address specific cost reduction opportunities for the Mine that include:
 - Better determining the metallurgical characteristics of the ore types and increasing mill recoveries and also through improved blending and run of mine pad (ROM) management.
 - Investigating the possible addition of a refractory gold processing / concentrating circuit to significantly increase the gold recovery.
 - Increasing plant throughput to the Mine's nameplate capacity, through plant optimisation.
 - Investigating upgrading the remaining mining fleet to maximise utilisation and increase the volume of ore hauled.
 - Improved grade control and mine planning measures.
- Investigate and rectify issues with the Tailings Storage Facility as appropriate and as soon as possible.
- Undertake diamond core drilling at Gold Ridge to attempt to increase the Total gold Resources and Reserves to ensure an enhanced and more economically robust mine with a significantly longer life.

For additional information relating to Frontier please visit our website at www.frontierresources.com.au

FRONTIER RESOURCES LTD

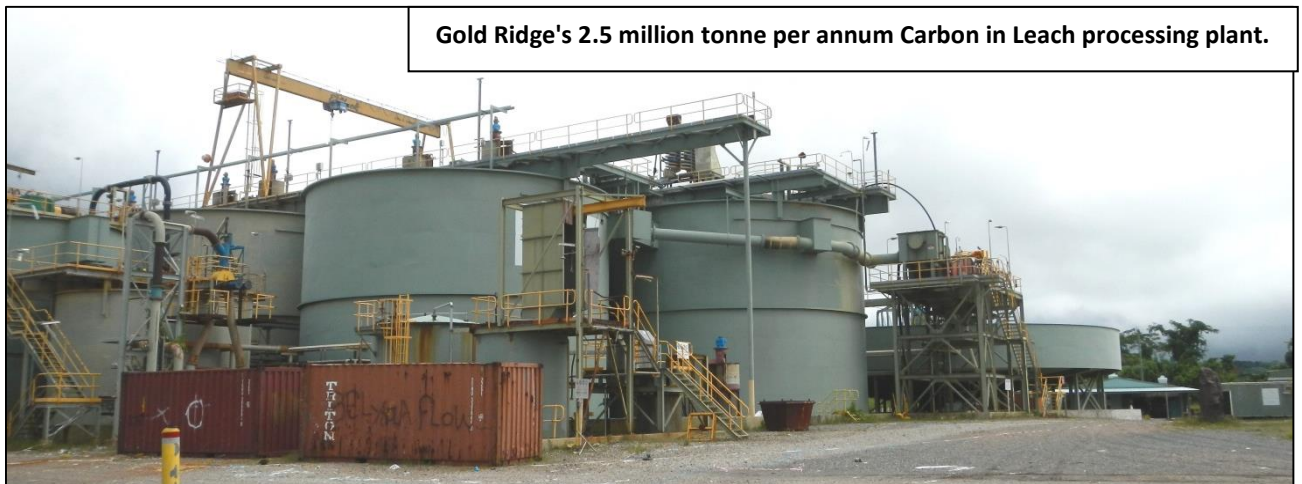


P.A. McNeil, M.Sc., MAIG
Chairman

Recent photographs of the Gold Ridge Mine



The Gold Ridge processing plant and an open pit (viewed to the south).



Gold Ridge's 2.5 million tonne per annum Carbon in Leach processing plant.



The Namachamata open pit.



Gold Ridge's five haul trucks.

Gold Ridge's 114,000 tonne mining excavator and the Tailings Storage Facility + pumphouse.



The accommodation and mess facility.