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9th July 2014

Dear Shareholder

### **INVITATION TO PARTICIPATE IN SHAREHOLDER SHARE PURCHASE PLAN AND SHORTFALL PLACEMENTS**

Frontier Resources Ltd (**Frontier**) is a socially responsible, innovative and technically successful junior mineral explorer. Frontier is focussed on a highly prospective portfolio of intrusive and epithermal related gold, plus porphyry copper- gold -molybdenum hosting Exploration Licences in Papua New Guinea.

The Board of Directors has approved a Shareholder Share Purchase Plan (**Plan**) consisting of 50 million shares to be issued at 1.3c each, plus associated shortfall placements, to raise \$650,000. The offer is open for two weeks.

**Capital raised from the Share Purchase Plan / Shortfall Placements will be used to fund exploration and drilling that is planned to commence in September 2014 on Frontier's highly prospective Bulago EL, including:**

- **Exploration and diamond core drilling of a series of holes on the very high grade gold Swit Kia Prospect's Upper and Lower Zones, to demonstrate the orientation and thickness of the gold mineralisation.**
  - **Drill holes on the East Creek strike extensions of the Swit Kia Prospects to further demonstrate the physical dimensions, gold grade and resource potential of the project.**
  - **Continue infill and strike extension trenching to define additional high grade gold drill targets.**
  - **Drill a scout hole on a highly prospective gold target located 3km ESE of Swit Kia, in the Bulago basin.**
- **Increase working capital.**
- **Undertake limited evaluation of other ELs in PNG.**

**The Chairman/M.D. owns approx. 5.1% of Frontier, believes strongly in its future and will subscribe for \$90,000.**

#### **1. SHAREHOLDERS ELIGIBLE TO PARTICIPATE IN THE PLAN**

The right to participate in the Offer under the Plan is optional, but available exclusively to shareholders who are registered as holders of fully paid ordinary shares in the capital of Frontier (**Shares**) at 5:00 pm (WST) on the Record Date of 8/7/2014 and whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

#### **2. SHARE PURCHASE PLAN**

The Board is pleased to offer an opportunity to all Eligible Shareholders to participate in the Plan. Details of the Offer are set out in this letter and the enclosed Terms and Conditions together with an Entitlement and Acceptance Form. The Plan entitles Eligible Shareholders in the Company, irrespective of the size of their shareholding, to purchase up to \$15,000 worth of Shares, free of any brokerage and commission, at 1.3 cents per Share (**Offer**). This price is equal to a 19% discount to the volume weighted average trading price of the Company's Shares on ASX during the 15 trading days immediately prior to the date of this offer. The average trading price of the Shares on the Australian Securities Exchange (**ASX**) during the 5 trading days immediately prior to the announcement date of this Offer was 1.6 cents and closing price on 8/7/2014 was 1.7 cents.

#### **3. CURRENT PROJECTS**

Details of Frontier's current activities are set out in the announcements made by the Company to the ASX and are available from the ASX or the company's website at [www.frontierresources.com.au](http://www.frontierresources.com.au).

#### **4. SUBSCRIPTION AND APPLICATION PROCEDURE**

If you would like to participate in the Offer, please return your completed Entitlement and Acceptance Form (enclosed), together with your cheque or BPAY for the subscription monies for the Shares you wish to acquire to Computershare Investor Services, on or before the **Closing Date of 5:00 pm (WST) on 30<sup>th</sup> July 2014**. No late applications will be accepted.

**Please note the maximum investment per shareholder is \$15,000 and the minimum investment is \$100.**

The number of Shares you receive will be calculated by dividing the subscription price/ amount you have elected to purchase by the noted price per Share. The maximum investment any one 'shareholder' may apply for will remain \$15,000 (even if that shareholder receives more than one Offer). It is possible to have shares in several entities (personal names, superfund, trust, company etc) and these can each exercise their own subscription of shares to the maximum \$15,000 allowable. The Chairman / Managing Director will subscribe for \$90,000 through 6 entities with cash in the SPP and a subsequent Placement [to be approved by shareholders] for the retirement of April-July 2014 personal exertion debt.

## 5. ADDITIONAL INFORMATION AND IMPORTANT DATES

The Offer cannot be transferred and the Directors of the Company reserve the right to reject any application which does not comply with the conditions. Shares allotted under the Plan will be issued as soon as practicable after the Closing Date of the Offer. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

The maximum number of Shares that may be issued pursuant to this Offer is 50,000,000, raising up to \$650,000. In the event of an oversubscription by the Closing Date the Directors may, in their absolute discretion, either accept applications in order of receipt or scale-back all applications on a pro-rata basis. If the Company rejects or scales-back an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

## 6. ACCEPTANCE OF RISK FACTORS

On the trading day immediately prior to the announcement date of the Offer, the closing price of the Shares traded on ASX was 1.7 cents. The market price of the Shares in the Company may rise /fall between the date of the Offer and the date that any Shares are allotted. This means that the subscription price you pay for the Shares may exceed the market price of the Shares at the date of allotment of Shares under this Offer.

By accepting the Offer and applying for Shares under the Plan, each Eligible Shareholder will be acknowledging that although the purchase price is at a discount to the market price, Shares are a speculative investment. The price of Shares on ASX may change between the date of the Company announcing its intention to make an Offer and the date of issue of Shares under that Offer so that the price and/or value and/or number of the Shares received under the Plan may rise or fall accordingly. The Board recommends that you obtain your own financial advice in relation to the Offer and consider price movements of Shares in the Company prior to accepting this Offer.

## 7. SHORTFALL PLACEMENT

If less than 50 million Shares are applied for in this Offer, the shortfall may be placed at the discretion of Directors.

## 8. INDICATIVE TIMETABLE

EVENT	DATE
Record Date (5:00 pm WST)	8th July 2104
Announcement Date of Plan	9th July 2014
Opening Date of Offer	16th July 2014
Closing Date of Offer	30th July 2014
Issue of Shares under the Plan	6th August 2014
Dispatch date for holding statements	7th August 2014
Quotation of Shares on ASX	8th August 2014

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

Should you wish to discuss any information contained in this letter further, do not hesitate to contact Jay Stephenson, Company Secretary on +61 8 6141 3500.

Sincerely,  
FRONTIER RESOURCES LTD



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

*Chairman and Managing Director*



## Shareholder Share Purchase Plan - Terms and Conditions

### Purpose

The purpose of the Shareholder Share Purchase Plan (**the Plan**) is to offer shareholders of Frontier Resources Limited (**Frontier or Company**) the opportunity to acquire additional fully paid ordinary Shares in the Company (**Frontier Shares**) up to a maximum of A\$15,000 in any 12 month period. The share offer is at a discount to the market price of Frontier Shares on the financial market operated by ASX Limited (**ASX**) at the date of this offer and there is no need to pay brokerage costs or commissions. The shares are offered upon such terms and conditions as the board of Directors of Frontier, in its absolute discretion, sees fit and without the need for Frontier to issue a Prospectus.

### Custodians, Trustees and Nominees

Eligible Shareholders that hold Frontier Shares as a custodian (as defined in ASIC Class Order CO 09/425 - refer below - (**Custodian**) or in any more specific ASIC relief granted to the Company in relation to the Plan), you may apply for up to the maximum of new Shares for each beneficiary for whom you act as custodian. You must annex to your Entitlement and Acceptance Form a certificate to the Company (**Custodian Certificate**) with the following information:

- ▶ that you held Shares in the Company on behalf of one or more other persons (each a **Participating Beneficiary**) at 5:00pm (WST) on 8<sup>th</sup> July 2014 who have subsequently instructed you to apply for Shares under the Plan on their behalf;
- ▶ the number of Participating Beneficiaries and their names and addresses;
- ▶ the number of Shares that you hold on behalf of each Participating Beneficiary;
- ▶ the dollar amount of Shares that each Participating Beneficiary has instructed you, either directly or indirectly through another custodian, to apply for on their behalf;
- ▶ that the application amount tendered for Shares applied under this Offer for each Participating Beneficiary for whom you act, plus the application amount for any other Shares issued to you as custodian for that Participating Beneficiary under any arrangement similar to the Plan in the prior 12 months does not exceed \$15,000;
- ▶ that a copy of the written offer document was given to each beneficiary; and
- ▶ where you hold Shares on behalf of a beneficiary indirectly, through one or more interposed custodians, the name and address of each interposed custodian/s.

For the purposes of ASIC Class Order CO 09/425 you are a 'custodian' if you are a registered holder that:

- ▶ holds an Australian financial services licence that allows you to perform custodian or depository services or operate IDPS accounts;
- ▶ is exempt from holding an Australian financial services licence by virtue of Class Order CO 03/184 or by relying on the Australian financial services licence of your master custodian under regulation 7.1.06(k) of the *Corporations Regulations 2001*;
- ▶ is a trustee of a self-managed superannuation fund;
- ▶ is a trustee of superannuation master trusts;
- ▶ is a responsible entity of IDPS like schemes;
- ▶ is noted on the Company's register of members as holding the Shares on account of another person.

If you hold Shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request Custodian Certificate and if you would like further information on how to apply, you should contact Computershare Investor Services Pty Limited at any time from 8.30am to 5.00pm (WST) Monday to Friday during the Offer period.

The Company reserves the right to reject any application for Plan Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements. The Company reserves the right to reject applications in accordance with these Terms and Conditions.

### Shareholders Eligible to Participate

Eligible Shareholders of Frontier Shares that are registered with an Australian or New Zealand address at the relevant Record Date may participate in the Plan.

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

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



## Price of Frontier Shares

The price of Frontier Shares to be issued under the Plan will be 1.3 cents per Share.

## Applications and Notices

At the discretion of the Directors of the Company, Frontier will send Eligible Shareholders a letter of offer and acceptance procedures, inviting them to subscribe for Frontier Shares under the Plan, and accompanied by the terms and conditions of the Plan and an entitlement & acceptance form. Applications will not be accepted after the closing date of an offer. Over subscriptions to the offer will be refunded without interest.

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

## Issue of Frontier Shares

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

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

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

## Modification and Termination of the Plan

Frontier may modify or terminate the Plan at any time.

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

Without limiting the above, Frontier may issue to any person fewer Frontier Shares than the person applied for under the Plan if the issue of the Frontier Shares applied for would contravene any applicable law or the Listing Rules of ASX.

## Dispute Resolution

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

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

## Questions and Contact Details

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or Company Secretary, Jay Stephenson on +61 8 6141 3500.