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ASX Limited

Market Announcements Platform

18 March 2022

PNG Project Sale

- **Tolukuma Project E2531 Sale Agreement with Lole Mining Ltd**

Frontier Resources Limited (**Frontier** or the **Company**) is pleased to announce that it has signed an agreement with PNG based Lole Mining Limited (**Lole**) for the sale of its wholly owned subsidiary Frontier Copper PNG Ltd, the holder of the Tolukuma Exploration Licence E2531 which surrounds the Tolukuma gold mine. In addition Frontier Copper (PNG) Ltd is also the applicant for an Exploration Licence ELA2529 which covers the old Sinivit Gold Mine at Gazelle on the island of New Britain (see below Fig 1).

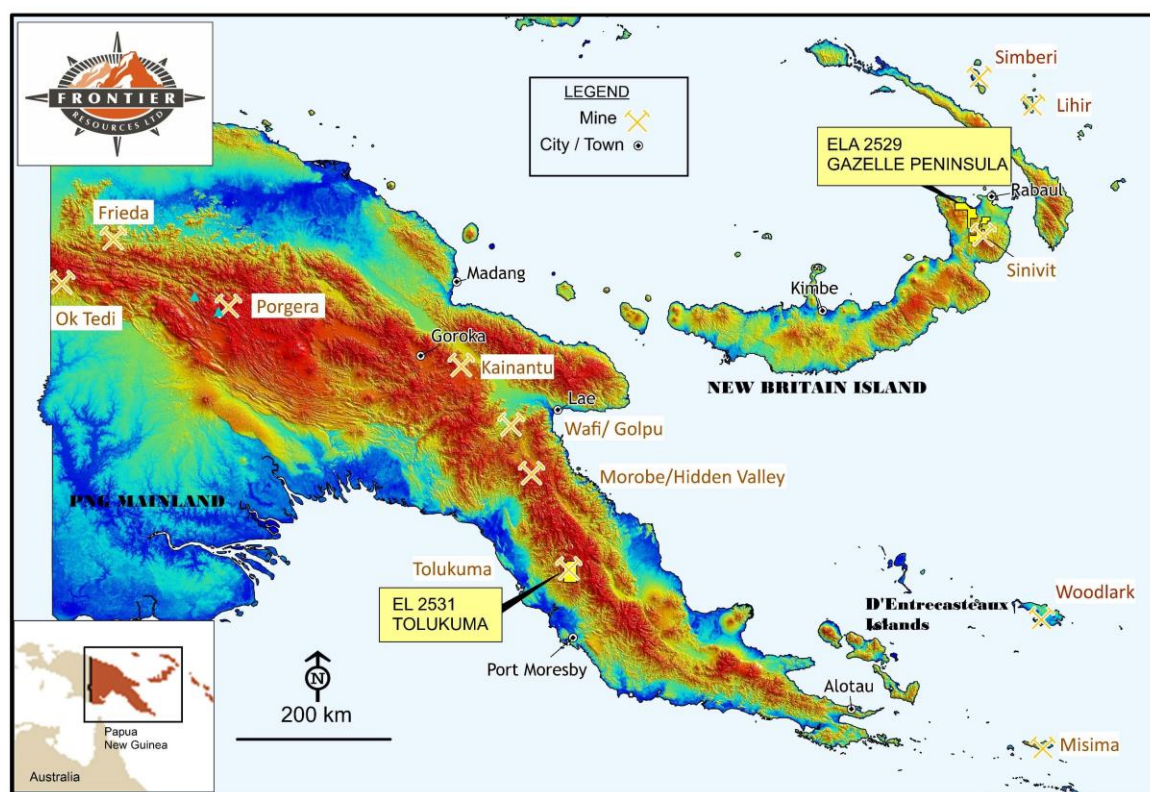


Figure 1: Location of Tolukuma E2531 and Gazelle ELA2529

Exploration Licence Number and Name	Ownership	Sub-Blocks	Area (sq.km)*	Grant Date	Expiry Date
EL2531 - Tolukuma	Frontier Copper PNG Ltd	65	223.00	25-Feb-19	24-Feb-23
ELA2529 - Gazelle	Frontier Copper PNG Ltd	211	719.51	N/A	N/A
	Total of Granted EL's	65	223.00		

*1 sub-block approx 3.41 sq.km

Notes: The PNG Mining Act-1992 stipulates that EL's are granted for a renewable 2 year term (subject to satisfying work and expenditure commitments) and the PNG Government maintains the right to purchase up to 30% project equity at "Sunk Cost" if/when a Mining Lease is granted.

EL2531 surrounds the Tolukuma gold mine within Mining Lease ML104 (Figure 2).

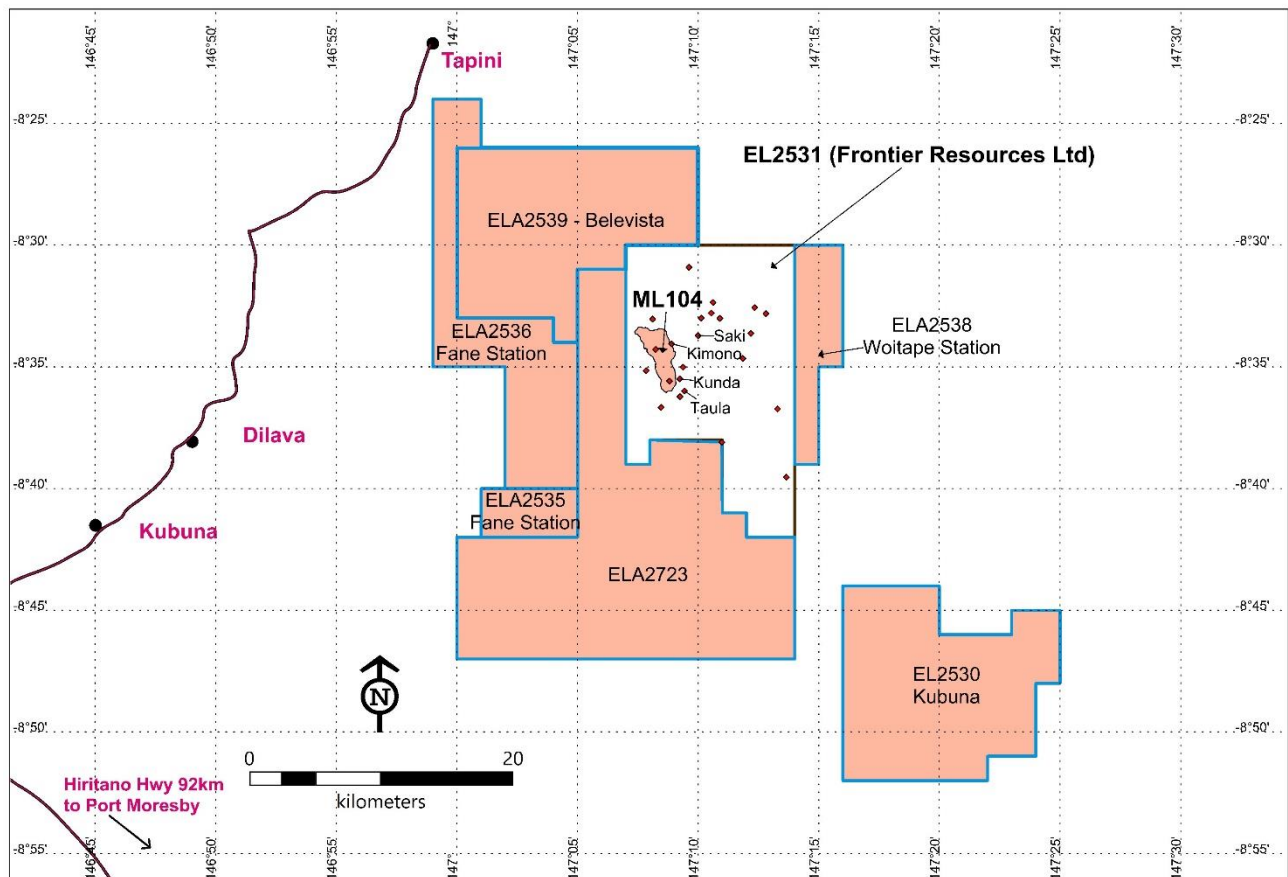


Figure 2: Frontier Gold Prospects within EL2531 and Nearby Tolukuma Mine Tenements

About Lole Mining Limited

Lole Mining Ltd was incorporated in Papua New Guinea (PNG) as a public company under the *Companies Act 1997*. It has secured the rights to acquire the Tolukuma Gold Project, in PNG including five exploration

permits surrounding the Tolukuma mine for a landholding of 1,600 km² across the Tolukuma gold structure. The company has also secured the Mt. Penck copper/gold exploration license on New Britain Island in PNG.

Lole is focusing its efforts on developing the Tolukuma Gold Project (**Tolukuma**) located in the Central Highlands, PNG. Tolukuma was an operating gold mine until 2015 and Lole plans to recommence operations. Tolukuma was discovered in 1986 and commissioned in 1995 and has since been operating mostly as an underground mine with a small open pit to source oxide ore for blending purposes.

Tolukuma has a history of strong gold production. For 19 years between 1996 and 2015 the mine produced 874,575 oz Au and 2,364,997 oz Ag. (Gold production for the first 11 years of mine life totalled some 667,342 oz Au or an average of 60,667 oz Au per annum (peaking at 85,715 oz Au) at an average milled grade of 15.75 g/t ranging from 9.6 g/t to 22.3 g/t.)

Binding Terms Sheet

Under a binding terms sheet dated 18 March 2022, Frontier has agreed to sell all of its interests in its wholly owned subsidiary Frontier Copper (PNG) Limited (**Frontier PNG**) to Lole (**Binding Terms Sheet**). Frontier PNG holds the Tolukuma Exploration Licence E2531 and is the applicant for an Exploration Licence ELA2529 (together the **Tenements**).

Under the Binding Terms Sheet, Lole has initially agreed to pay to Frontier A\$2m comprised of A\$500,000 cash and a further A\$1.5m either in cash or by way of the issue of fully paid ordinary shares in Lole (**Lole Shares**), at the same issue price as the initial public offering to be conducted by Lole, or a combination of Lole Shares and cash, at the election of Lole (**Initial Consideration**).

Further consideration of A\$1m is payable to the Company if within 5 years of payment of the Initial Consideration an aggregate minimum of 500,000 oz of gold of not less than JORC (2012) indicated category of resource is identified on the Tenements (**Milestone**). The additional consideration is payable in either cash or Lole Shares (or a combination of cash and Lole Shares, at the election of Lole). The Lole Shares will be issued at the volume weighted average price of Lole Shares over the 30 days in which trading in Lole Shares occurred prior to the announcement of the achievement of the Milestone.

Completion under the Binding Terms Sheet is conditional on:

- completion of due diligence enquiries by Lole in relation to Frontier PNG the Tenements and the proposed transaction generally;
- Lole obtaining renewal of ML 104 (which the Company understands is well advanced);
- Lole either successfully completing its planned initial public offering and listing on the ASX or some other recognised securities exchange or the securities in Lole being sold to another company that is listed on ASX or some other recognised securities exchange; and
- Frontier obtaining the approval of its shareholders including under ASX Listing Rule 11.4 (if required) and Frontier obtaining all other required approvals and authorisations required for the proposed transaction. Given that Lole has not yet determined whether or not it will undertake a listing directly (and if so whether or not that listing will be on ASX or some other recognised securities exchange) the application of Listing Rule 11.4 is not certain at this stage. Accordingly, Frontier intends to convene a meeting of its shareholders to obtain conditional approval under Listing Rule 11.4 to cover this possibility and to satisfy this condition to the transaction (should it apply). If shareholders do not approve the transaction for the purposes of Listing Rule 11.4, then the transaction will not proceed.

In the event that the securities in Lole are sold to another company, then to the extent Frontier is to be issued securities in that entity (rather than Lole) the issue price calculated in the same manner as set out above.

Each of the above conditions are to be satisfied by 31 July 2022, or such later date as the parties agree, acting reasonably. If Lole does not successfully complete either its planned listing on a stock exchange (including the ASX) or the sale of its securities to another listed company, then the transaction will not proceed.

The Company and Lole will negotiate the terms of a definitive agreements to replace the Binding Terms Sheet however the Binding Terms Sheet remains binding on the parties pending such definitive documentation.

The Binding Terms Sheet otherwise contains provisions standard for agreements of this nature.

This announcement has been authorised for release by the Directors of the Company. For additional information please visit our website at www.frontierresources.net.au

FRONTIER RESOURCES LTD