



CONTACTS
PO Box 52
West Perth
WA 6872 Australia

ABN 96 095 684 389
ASX : FNT

PHONE
+61 (08) 9295 0388
FAX
+61 (08) 9295 3480

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

ASX Limited
Company Announcements Office

10 January 2013

COMPLETION OF IN-SPECIE DISTRIBUTION

Frontier Resources Limited (ASX Code: FNT) (**Frontier**) advises that the In-Specie distribution of Torque Mining Limited (**Torque**) Shares as approved by Shareholders on 21 December 2012 was completed on 9 January 2013.

Each Frontier Shareholder will receive one Torque share for every 10.134889 Frontier Shares held as at 3 January 2013.

Attached is a letter from Torque that has been sent to every Frontier Shareholder receiving Torque shares.

Jay Stephenson
Company Secretary



ABN 54 156 369 336

PO Box 7792
Gold Coast Mail Centre QLD 9726
Australia
Tel: +61 (0)400 756 628
bob@torquemining.com.au
www.torquemining.com.au

9 January, 2013

Dear Frontier Shareholder,

UPDATE ON TORQUE MINING LTD

- Torque Mining is now independent of Frontier Resources Ltd and is focused on developing Frontier's former Tasmanian Projects.
- Torque Mining expects to issue a Prospectus for an Initial Public Offering (IPO) in the near future.
- Frontier shareholders will receive with this letter a Share Certificate showing number of Torque Shares received in the in-specie distribution by Frontier.
- Frontier Shareholders will have a priority to take up shares in the Torque IPO (see Prospectus for details).
- In-specie Torque shares are not trading on any exchange yet. We need you to support the IPO by participating in the IPO to ensure Torque is successfully listed on ASX and you receive the benefit of the in-specie Torque shares.

I am pleased to advise you that Frontier Resources Ltd has distributed the in-specie Torque shares to Frontier shareholders as approved by the General Meeting in late December. You should have received one Torque share for every 10.134889 Frontier shares in your name as at January 3, 2013.

At present, as Torque is not a listed company it is difficult for you to buy or sell Torque shares. To address this matter, Torque plans an Initial Public Offering in the near future.

It is in your best interests that the planned IPO is successful. To be successful we not only need to raise the funds indicated below, but we also need to add new shareholders (holding parcels of shares with a minimum value of \$2,000) to the share registry to satisfy ASX listing requirements. I would urge you to consider investing further in Torque so that there is a market for your in-specie Torque shares. I would hope you would see your way clear to investing a minimum of \$2,000, but there may be an opportunity to invest less than \$2,000 if you received less than 10,000 in-specie Torque shares. Details and conditions of the Offer will be in the Prospectus.

I am also pleased to be able to report to you that the Prospectus for an IPO for Torque is essentially complete and awaiting final legal clearance. We are planning to lodge the Prospectus with ASIC in the near future and close the offer about the end of February, with a listing on ASX soon thereafter.

We have engaged boutique Sydney investment house, KAZ Capital, as Lead Manager/Sponsoring Broker. You can refer to their website for details of that Company. Our plan is to issue a Prospectus to raise \$4.0 million, with a minimum raising of \$2.5 million, with possible oversubscriptions (at the Directors' discretion) of \$1.0 million. The Offer will be a package of a share and option for 20 cents. For example, if you invest \$10,000 you will receive 50,000 Torque shares and 50,000 Torque options. We would also expect to list this option on ASX (details in the Prospectus).

With in-specie distributions of shares such as you have received there is always the tendency for recipients to look on these new shares as a free dividend. We will work hard to persuade Frontier Shareholders that it is in their best interests to retain their Torque shares. To make it attractive to take up shares in the IPO we intend to issue a **loyalty option** which will be one Torque option (with the same conditions as the options for the IPO) for

For personal use only

every two Torque shares held on the Torque share registry 4 months after listing – at a price of 0.25 cents (a quarter of a cent) /option. Although you should get your own tax advice, I believe that if we charge for these options then any tax liability is deferred until they are sold. We plan that these options will also be listed on ASX.

The Joint Venture with BCD Resources to treat the Stormont ore at BCD's Beaconsfield Mill is progressing well with various documents now lodged with the Tasmanian Government. BCD need to progress this Joint Venture as fast as possible as I believe they will complete the processing of their own ore by the end of first quarter 2013. We are convinced they are making every effort to commence production as soon as possible. Torque will receive a \$500,000 payment when production commences – at this time we are tentatively forecasting the middle of 2013 to receive this payment.

Drilling has continued throughout 2012 on a single drill rig basis, mainly at Narrawa. Approximately 14 holes have been completed to increase the knowledge of this Narrawa deposit. Although sulphide mineralisation has been intersected in most holes, no assaying has yet been completed. We expect assays from these, and holes drilled in January, to be announced soon after the listing on ASX. This will provide market support after listing on ASX. We also expect to be able to have a regular release of assay results throughout the rest of 2013 which will underpin the Torque share price (plus, of course, the progression to cash flow from the mining of the Stormont deposit).

I believe Torque has a very bright future with a progression to production and cash flow in mid 2013 and planned drill testing of the many gold targets we have defined by earlier exploration. The Torque website is up and running (it will be modified later in January) and the latest presentation can be found on that website (www.torquemining.com.au).

I will be investing in the IPO. I will be holding presentations/meetings in capital cities and some regional centres to explain Torque to Frontier shareholders and other investors. If you are interested in attending such a meeting please contact Kim (details below) and indicate if an afternoon or evening meeting is preferable. I will contact you again on this matter in the next few weeks.

We are required by Securities legislation to make the following points:

1. The securities to be offered in the IPO will be ordinary shares and options in Torque Mining Ltd.
2. A disclosure document will be made available when the securities are offered.
3. Anyone who wants to acquire securities will need to complete the application form that will be in, or will accompany, the disclosure document.
4. A copy of the disclosure document will be posted on the Torque website, or can be obtained from Kim Carter at kim@torquemining.com.au or PO Box 7792, Gold Coast Mail Centre, Bundall, Qld 9726, or telephone (07) 5564 8823.

From the management of Torque we wish you all the best for 2013. Our staff are dedicated to making Torque successful in 2013.

I will write to you again once the Prospectus is issued.

Yours sincerely,
Torque Mining Ltd



Managing Director

Note: In the event this letter is to a **nominee** would the nominee please ensure this letter is passed on to the underlying shareholder.

For personal use only