

FRONTEER DEVELOPMENT GROUP INC

Form 40-F

March 30, 2009

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 40-F**

**(Check One)**

**o REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

**OR**

**þ ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2008**

**Commission File Number 001-32557**

**FRONTEER DEVELOPMENT GROUP INC.**

(Exact name of Registrant as specified in its charter)

**Ontario, Canada**

(Province or other jurisdiction of incorporation or organization)

**1040**

(Primary Standard Industrial Classification Code Number (if applicable))

**98-0489614**

(I.R.S. Employer Identification Number (if applicable))

**1650-1055 West Hastings Street**

**Vancouver, British Columbia**

**Canada V6E 2E9**

**(604) 632-4677**

(Address and telephone number of Registrant's principal executive offices)

**Troutman Sanders LLP**

**222 Central Park Avenue, Suite 2000**

**Virginia Beach, VA 23462**

**(757) 687-7715**

(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

| Title of Each Class                 | Name of each exchange on which registered |
|-------------------------------------|---|
| <b>Common Shares (no par value)</b> | <b>NYSE Amex</b>                          |

Securities registered or to be registered pursuant to Section 12(g) of the Act:

**None**

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

**None**

(Title of Class)

For annual reports, indicate by check mark the information filed with this Form:

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Annual information form

Audited annual financial statements

At December 31, 2008, the Registrant had outstanding 83,551,050 Common Shares (no par value).

Indicate by check mark whether the Registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934, as amended (the Exchange Act ). If Yes is marked, indicate the file number assigned to the Registrant in connection with such Rule.

YES  NO

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES  NO

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**EXPLANATORY NOTE**

Fronteer Development Group Inc. (the Corporation) is a Canadian issuer eligible to file its annual report pursuant to Section 13(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), on Form 40-F. The Corporation is a foreign private issuer as defined in Rule 3b-4 under the Exchange Act and Rule 405 under the Securities Act of 1933, as amended (the Securities Act). Equity securities of the Corporation are accordingly under the Exchange Act exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the Exchange Act pursuant to Rule 3a12-3. The Corporation prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles (GAAP) and reconciles such statements to U.S. GAAP. Unless otherwise indicated, all dollar amounts in this report are in Canadian dollars. The exchange rate of Canadian dollars into United States dollars, on December 31, 2008, based upon the noon buying rate in New York City for cable transfers payable in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York, was U.S.\$1.00 = CDN\$1.2240.

**FORWARD-LOOKING STATEMENTS**

This annual report and the exhibits attached hereto contain forward-looking statements within the meaning of applicable laws concerning the Corporation's plans at its properties, plans related to its business and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning reserves and mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed, and in the case of mineral reserves or resources, such statements reflect the conclusion based on certain assumptions that the mineral deposit can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as expects, anticipates, plans, estimates, intends, or the negative or other variations of these words or other comparable words or phrases or stating that certain actions, events or results may, could, would, might or will be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation:

risks and uncertainties relating to the exploration, and development of gold, copper and uranium mines;

development risks, including risks related to accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with or interruptions in operations, which may or may not be insured;

uncertainties in the estimation of ore mineral reserves and resources;

need for additional reserves and additional capital to fund the processing, development and exploration of certain mining operations;

commodity prices, commodity hedging and exchange rate fluctuations;

risks related to environmental regulation and liability;

risks related to permitting and licensing requirements;

risks associated with the Corporation's lack of historical mineral production;

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risks related to competition from other energy sources and the public acceptance of nuclear energy;

risks related to insurance and uninsured risks;

foreign political, economic and regulatory risks associated with mining and exploration;

risks associated with inadequate infrastructure to support sustainable mining operations;

uncertainty of title;

costs associated with land reclamation;

risks associated with foreign operations;

risks associated with conducting operations through foreign subsidiaries;

risks associated with joint ventures entered into by the Corporation, in particular with the Corporation's Turkish gold properties, the Sandman property and the Long Canyon properties;

risks associated with labor relations and other employment matters;

competition;

the Corporation's acquisition strategy and integration of new acquisitions into the Corporation's operations;

the volatility of the market price of the Corporation's common shares;

risks associated with certain legal proceedings;

risks related to enforcement of civil liberties under United States Securities Laws;

risks related to the possibility that the Corporation is a passive foreign investment company;

risks related to the Corporation being a foreign private issuer

risks related to the remediation action at the Zaca Project property being conducted by the United States Forest Service under the Comprehensive Environmental Response, compensation and Liability Act;

risks related to potential conflicts of interest in certain directors and / or officers;

risks related to the Corporation's history of non paying dividends; and

other risks and uncertainties related to the Corporation's prospects, properties and business strategy.

Some of the important risks and uncertainties that could affect the Corporation's forward-looking statements are described further in the Corporation's Annual Information Form for the year ended December 31, 2008, a copy of which is filed as an exhibit hereto, under the heading "Risk Factors". Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described

in forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Corporation undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by law. Investors are cautioned against placing undue reliance on forward-looking statements.

**NOTE TO UNITED STATES READERS**

**DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES**

The Corporation is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare this annual report in accordance with Canadian disclosure requirements, which are different from those of the United States. The Corporation prepares its financial statements, which are filed with this report on Form 40-F, in accordance with Canadian GAAP, and they may be subject to Canadian auditing and auditor independence standards. They may not be comparable to financial statements of United States companies. Significant differences between Canadian GAAP and United States GAAP are described in Note 19 of the audited consolidated financial statements of the Corporation.

**RESOURCE AND RESERVE ESTIMATES**

The terms mineral reserve, proven mineral reserve and probable mineral reserve used in the Corporation's disclosure are Canadian mining terms that are defined in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ( NI 43-101 ) under the guidelines set

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out in the Canadian Institute of Mining, Metallurgy and Petroleum (the CIM ) Best Practice Guidelines for the Estimation of Mineral Resource and Mineral Reserves (the CIM Standards ), adopted by the CIM Council on November 23, 2003. These definitions differ from the definitions in the United States Securities and Exchange Commission (the Commission ) Industry Guide 7 under the Securities Act. Under Industry 7 standards, mineralization may not be classified as a reserve unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Under Industry Guide 7 standards, a final or bankable feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

The terms mineral resource, measured mineral resource, indicated mineral resource and inferred mineral resource in the Corporation s disclosure are Canadian mining terms that are defined in accordance with NI 43-101 under the guidelines set out in the CIM Standards; however, these terms are not defined terms under Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the Commission. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves.

Inferred mineral resources have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of contained ounces in a resource is permitted disclosure under Canadian regulations; however, the Commission normally only permits issuers to report mineralization that does not constitute reserves by Commission Industry Guide 7 standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this report and the documents incorporated by reference herein containing descriptions of the Corporation s mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

**ANNUAL INFORMATION FORM**

The Corporation s Annual Information Form for the year ended December 31, 2008 is filed as Document 1 and incorporated by reference in this annual report on Form 40-F.

**AUDITED ANNUAL FINANCIAL STATEMENTS AND  
MANAGEMENT S DISCUSSION AND ANALYSIS**

*Audited Annual Financial Statements*

The audited consolidated financial statements of the Corporation for the years ended December 31, 2008, 2007 and 2006, including the report of the Independent Registered Chartered Accountants with respect thereto, are filed as Document 2 and incorporated by reference in this annual report on Form 40-F. For a reconciliation of important differences between Canadian and U.S. GAAP, see Note 19 of the Corporation s audited consolidated financial statements.

*Management s Discussion and Analysis*

Management s Discussion and Analysis of Financial Condition and Results of Operations is filed as Document 3 and incorporated by reference in this annual report on Form 40-F.

Purchasing, holding, or disposing of securities of the Corporation may have tax consequences under the laws of the United States and Canada that are not described in this annual report on Form 40-F.

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**CONTROLS AND PROCEDURES**

*Disclosure Controls and Procedures*

At the end of the period covered by this report, an evaluation of the effectiveness of the design and operations of the Corporation's disclosure controls and procedures (as such term is defined in Rule 13a-15(e) of the Exchange Act) was carried out by the Corporation's management, including its principal executive officer and principal financial officer. Based upon that evaluation, the Corporation's principal executive officer and principal financial officer have concluded as of the end of the period covered by this report that the design and operation of the Corporation's disclosure controls and procedures are effective at the reasonable assurance level to ensure that information required to be disclosed by the Corporation in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Commission rules and forms, and is accumulated and communicated to management, including the Corporation's principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosures.

Notwithstanding the foregoing, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that the Corporation's disclosure controls and procedures will detect or uncover every situation involving the failure of persons within the Corporation and its subsidiaries to disclose material information otherwise required to be set forth in the Corporation's periodic reports. The Corporation's disclosure controls and procedures are designed to provide reasonable assurance of achieving their objective of ensuring that information required to be disclosed in the reports that the Corporation files or submits under the Exchange Act is communicated to management to allow timely decisions regarding required disclosure.

*Management Report on Internal Control Over Financial Reporting*

Management of the Corporation is responsible for establishing and maintaining adequate internal control over financial reporting, and has designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with Canadian GAAP, including a reconciliation to U.S. GAAP.

Management has used the Internal Control - Integrated Framework to evaluate the effectiveness of internal control over financial reporting, which is a recognized and suitable framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. In 2007, the internal controls of NewWest were not included in management's testing since the acquisition of NewWest was only completed in September 2007. In 2008, these controls of NewWest were evaluated as part of management's assessment of the effectiveness of controls. Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2008. As a result, management concluded that the Company's internal control over financial reporting was effective as at that date.

The Corporation's independent registered public accounting firm, PricewaterhouseCoopers LLP, has issued an attestation report on management's assessment of the Corporation's internal control over financial reporting as of December 31, 2008. The report can be found in the Independent Auditor's Report included in the Corporation's financial statements for the years ended December 31, 2008 and 2007 and is incorporated herein by reference.

Mark O. Dea, Chief Executive Officer

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Sean Tetzlaff, Chief Financial Officer

*Changes in Internal Control Over Financial Reporting*

During the period covered by this report, no changes occurred in the Corporation's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

**NOTICES PURSUANT TO REGULATION BTR**

There were no notices required by Rule 104 of Regulation BTR that the Corporation sent during the year ended December 31, 2008 concerning any equity security subject to a blackout period under Rule 101 of Regulation BTR.

**CORPORATE GOVERNANCE**

The Corporation's Board of Directors (the Board), is responsible for the Corporation's corporate governance policies and has separately designated standing Compensation, Governance and Nominating and Audit Committees. The Board has determined that all the members of the Compensation, Governance and Nominating and Audit Committees are independent, based on the criteria for independence and unrelatedness prescribed by Section 10A(m)(3) under the Exchange Act and Section 803 of the NYSE AMEX Company Guide. Additionally, only independent members of the Board participate in the nomination of individuals for election to the Board. Finally, the Board has determined that a majority of its members are independent directors under Section 803 of the AMEX Company Guide. Such independent directors are Oliver Lennox-King, George Bell, Jo Mark Zurel, Donald McInnes, Scott Hand and Lyle Hepburn.

**AUDIT COMMITTEE AND FINANCIAL EXPERTS**

The Board has a separately-designated standing Audit Committee established in accordance with section 3(a)(S8)(A) of the Exchange Act, for the purpose of overseeing the accounting and financial reporting processes of the Corporation and audits of the Corporation's annual financial statements. As of the date of this annual report on Form 40-F, the members of the Audit Committee are Messrs. Zurel, Bell and McInnes.

The Corporation's Board of Directors has determined that the Corporation has more than one audit committee financial expert, as defined in Form 40-F. The Board has determined that its audit committee financial expert, Jo Mark Zurel, is independent within the meaning of corporate governance standards of the NYSE Amex applicable to the Corporation. The Corporation's Audit Committee complies with the corporate governance requirements as prescribed by the Toronto Stock Exchange (the TSX). The TSX requirement is that the Audit Committee be composed only of directors who are independent under Multilateral Instrument 52-110 Audit Committees (MI 52-110), being directors who are free of any material relationship with the Corporation. The Board has determined that all of the members of the Corporation's Audit Committee are independent pursuant to MI 52-110.

**CODE OF ETHICS**

The Corporation has adopted written codes of ethics for its directors and employees and entitled Directors Code of Ethics, Code of Business Conduct and Ethics and Code of Ethics for Senior Financial Officers (collectively, the Codes). The Codes include, among other things, written standards for the Corporation's principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions that are required by the Commission for a code of ethics applicable to such officers. Copies of the Codes are posted on the Corporation's website at [www.frontiergroup.com](http://www.frontiergroup.com) under Investor Centre / Corporate Governance.

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No substantive amendments to the Codes were adopted during the year ended December 31, 2008. No waiver or implicit waiver, as such terms are defined in the Form 40-F, was granted relating to any provision of the Codes during the year ended December 31, 2008.

**PRINCIPAL ACCOUNTANT FEES AND SERVICES**

PricewaterhouseCoopers LLP has served as the Corporation's auditing firm since June 8, 2004. Aggregate fees billed to the Corporation for professional services rendered by PricewaterhouseCoopers LLP and its affiliates during the fiscal years ended December 31, 2008 and 2007 are detailed below (stated in Canadian dollars):

|                    | <b>Fiscal 2008</b> | <b>Fiscal 2007</b> |
|--------------------|--------------------|--------------------|
| Audit Fees         | \$ 210,000         | \$ 137,800         |
| Audit-Related Fees | \$ Nil             | \$ 47,350          |
| Tax Fees           | \$ 20,741          | \$ 32,000          |
| All Other Fees     | \$ Nil             | \$ Nil             |
| <b>Total Fees</b>  | <b>\$ 231,741</b>  | <b>\$ 217,150</b>  |

The nature of each category of fees is as follows:

**Audit Fees:**

Audit fees were paid for professional services rendered by the auditors for the audit of the Corporation's annual consolidated financial statements, reviews of the Corporation's interim financial statements and attestation services provided in connection with statutory and regulatory filings or engagements, including the Corporation's filing of a short-form prospectus offering of units in 2007. Audit fees increased over 2007 due to the complexity of the Corporation and the need for the auditors to attest to Management's assessment of the effectiveness of internal controls.

**Audit-Related Fees:**

Audit-related fees are defined as the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported under the Audit Fees item above. No Audit-related services were provided during fiscal 2008 or fiscal 2007.

**Tax Fees:**

Tax fees were paid for tax compliance, tax advice and tax planning professional services related to payroll matters in 2007 in respect of employees who were U.S. residents.

**All Other Fees:**

Other fees were paid for accounting, advisory and consulting services performed with respect to the acquisition by the Corporation of all the issued and outstanding shares of NewWest and the preparation of the information circular of NewWest distributed to its shareholders in connection therewith.

**Pre-Approval Policies and Procedures:**

All services to be performed by the Corporation's auditor must be approved in advance by the Audit Committee. The Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining the auditors' independence and has adopted a policy governing the provision of these services. This policy requires the pre-approval by the Audit Committee of all audit and non-audit services provided by the external auditor, other than any *de minimis* non-audit services allowed by applicable law or regulation.

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Pre-approval from the Audit Committee can be sought for planned engagements based on budgeted or committed fees. No further approval is required to pay pre-approved fees. Additional pre-approval is required for any increase in scope or in final fees.

Of the total aggregate fees paid by the Corporation to its accountants during the fiscal year ended December 31, 2008, \$nil, or 0% of the aggregate fees, were approved by the Audit Committee pursuant to the *de minimis* exception provided by Section (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

**OFF-BALANCE SHEET ARRANGEMENTS**

The Corporation has approximately \$3,072,038 in standby Letters of Credit for the completion of reclamation on its mineral properties in the United States. These standby letters of credit are backed for the most part by Certificates of Deposits.

The Corporation has no other off-balance sheet arrangements.

**TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS**

Contractual obligations of the Corporation are filed as Document 4 and incorporated by reference in this annual report on Form 40-F.

**NYSE ALTERNEXT-US CORPORATE GOVERNANCE**

The Corporation's common shares are listed on NYSE Amex. Section 110 of the Amex Company Guide permits NYSE Amex to consider the laws, customs and practices of the foreign issuer's country of domicile in relaxing certain Alternext-US listing criteria, and to grant exemptions from NYSE Amex listing criteria based on these considerations. A corporation seeking relief under these provisions is required to provide written certification from independent local counsel that the non-complying practice is not prohibited by home country law. A description of the significant ways in which the Corporation's governance practices differ from those followed by domestic companies pursuant to NYSE Amex standards is as follows:

*Shareholder Meeting Quorum Requirement:* The Alternext-US minimum quorum requirement for a shareholder meeting is one-third of the outstanding common shares. In addition, a Corporation listed on NYSE Amex is required to state its quorum requirement in its bylaws. The Corporation's quorum requirement as set forth in its bylaws is two persons entitled to vote at a meeting of shareholders whether present in person or represented by proxy.

*Proxy Delivery Requirement:* NYSE Amex requires the solicitation of proxies and delivery of proxy statements for all shareholder meetings, and requires that these proxies shall be solicited pursuant to a proxy statement that conforms to Commission proxy rules. The Corporation is a foreign private issuer as defined in Rule 3b-4 under the Exchange Act and Rule 405 under the Securities Act, and the equity securities of the Corporation are accordingly exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Exchange Act. The Corporation solicits proxies in accordance with applicable rules and regulations in Canada.

*Shareholder Approval Requirement:* The Corporation will follow TSX rules for shareholder approval of new issuances of its common shares. Following TSX rules, shareholder approval is required for certain issuances of shares that: (i) materially affect control of the Corporation; or (ii) provide consideration to insiders in aggregate of 10% or greater of the market capitalization of the listed issuer and have not been negotiated at arm's length. Shareholder approval is also required, pursuant to TSX rules, in the case of private placements: (x) for an aggregate number of listed securities issuable greater than 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the transaction if the price per

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security is less than the market price; or (y) that during any six month period are to insiders for listed securities or options, rights or other entitlements to listed securities greater than 10% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of the closing of the first private placement to an insider during the six month period.

The foregoing are consistent with the laws, customs and practices in Canada.

In addition, the Corporation may from time-to-time seek relief from NYSE Amex corporate governance requirements on specific transactions under Section 110 of the NYSE Amex Company Guide by providing written certification from independent local counsel that the non-complying practice is not prohibited by the Corporation's home country law.

**UNDERTAKING**

The Corporation undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

**CONSENT TO SERVICE OF PROCESS**

The Corporation filed an Appointment of Agent for Service of Process and Undertaking on Form F-X on March 28, 2007, with respect to the class of securities in relation to which the obligation to file this annual report on Form 40-F arises. The Form F-X is incorporated herein by reference.

Any further change to the name or address of the agent for service of process of the Corporation shall be communicated promptly to the Commission by an amendment to the Form F-X referencing the file number of the Corporation.

**DOCUMENTS FILED AS PART OF THIS ANNUAL REPORT**

1. Annual Information Form of the Corporation for the year ended December 31, 2008.
  2. The following audited consolidated financial statements of the Corporation are exhibits to and form a part of this annual report:  
  
Report of Independent Registered Chartered Accountants:  
  
Consolidated Balance Sheets as of December 31, 2008 and 2007;  
  
Consolidated Statements of Operations and Deficit for the years ended December 31, 2008, 2007 and 2006;  
  
Consolidated Statements of Cash Flows for the years ended December 31, 2008, 2007 and 2006; and  
  
Notes to Consolidated Financial Statements (which include reconciliation with United States generally accepted accounting principles).
  3. Management Discussion and Analysis of Financial Conditions and Results of Operations.
  4. Contractual Obligations of the Corporation.
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**EXHIBIT INDEX**

| Exhibit No. | Title of Exhibit  |
|-------------|---|
| 99.1        | Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the United States Securities Exchange Act of 1934                      |
| 99.2        | Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the United States Securities Exchange Act of 1934                      |
| 99.3        | Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the United States Sarbanes Oxley Act of 2002 |
| 99.4        | Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the United States Sarbanes Oxley Act of 2002 |
| 99.5        | Appointment of Agent for Service of Process and Undertaking on Form F-X filed on March 27, 2007, and hereby incorporated by reference herein.                       |
| 99.6        | Consent of Independent Auditors PricewaterhouseCoopers LLP  |
| 99.7        | Consent of Gary Giroux  |
| 99.8        | Consent of Ian Cunningham-Dunlop  |
| 99.9        | Consent of Christopher Lee  |
| 99.10       | Consent of Dr. D.H.C. Wilton  |
| 99.11       | Consent of Peter Grieve   |
| 99.12       | Consent of Dr. Mark O Dea   |
| 99.13       | Consent of Jim Lincoln  |
| 99.14       | Consent of Michael M. Gustin  |
| 99.15       | Consent of George Lanier  |
| 99.16       | Consent of Steve Ristorcelli  |
| 99.17       | Consent of David Griffith   |
| 99.18       | Consent of Jim Ashton   |
| 99.19       | Consent of Moira Smith  |

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**SIGNATURES**

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report on Form 40-F to be signed on its behalf by the undersigned, thereunto duly authorized.

**FRONTEER DEVELOPMENT GROUP  
INC.**

By: **/s/ Mark O Dea**

Name: Mark O Dea

Title: President and Chief Executive  
Officer

By: **/s/ Sean Tetzlaff**

Name: Sean Tetzlaff

Title: Chief Financial Officer

Date: March 26, 2009

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**ANNUAL INFORMATION FORM  
OF  
FRONTEER DEVELOPMENT GROUP INC.  
Suite 1650, 1055 West Hastings Street  
Vancouver, B.C.  
Canada  
V6E 2E9  
1 (604) 632-4677  
For the fiscal year ended December 31, 2008  
Dated March 30, 2009**

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**PRELIMINARY NOTES**

Throughout this Annual Information Form ( AIF ), Fronteer Development Group Inc. is referred to as Fronteer or the Corporation . All information contained herein is as at December 31, 2008, unless otherwise stated.

**CURRENCY AND EXCHANGE RATES**

All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars.

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This AIF contains forward-looking information and forward-looking statements which include, but are not limited to, statements or information concerning the future financial or operating performance of the Corporation and its business, operations, properties and condition, the future price of uranium, iron oxide, copper, gold and other metal prices, the estimation of mineral resources or potential expansion of mineralization, the realization of mineral resource estimates, the timing and amount of estimated future production, costs of production and mine life of the various mineral projects of Fronteer, the timing and amount of estimated capital, operating and exploration expenditures, costs and timing of the development of new deposits and of future exploration and development activities, estimated exploration budgets and timing of expenditures and community relations activities, requirements for additional capital, government regulation of mining operations, environmental risks and reclamation expenses, title disputes and other claims or existing, pending or threatened litigation or other proceedings, limitations of insurance coverage and the timing and possible outcome of regulatory and permitting matters and any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements, and involve known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of Fronteer to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking statements and information. Except for statements of historical fact, information contained herein or incorporated by reference herein constitutes forward-looking statements and forward-looking information. Often, but not always, forward-looking statements and forward-looking information can be identified by the use of words such as plans , expects , is expected , budget , scheduled , estimates , forecasts , intends , anticipates , will , projects , or believes or variations (including variations) of such words and phrases, or statements that certain actions, events, results or conditions may , could , would , might or will be taken, occur or be achieved. Forward-looking statements and forward-looking information are based upon a number of estimates and assumptions of management at the date the statements are made, and are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking statements and forward-looking information. Many assumptions are based on factors and events that are not within the control of Fronteer and there is no assurance they will prove to be correct. Such factors include, among others: general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; actual results of reclamation activities; conclusions of economic evaluations; fluctuations in the value of Canadian and United States dollars relative to each other; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of production; future prices of uranium, iron oxide, copper, gold and other metal prices; changes in worldwide price of other commodities such as coal, fuel, electricity and fluctuations in resource prices, currency exchange rates and interest rates; possible variations of mineral grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental risks and hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or natural disasters or unfavourable operating conditions and

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losses; political instability, hostilities, insurrection or acts of war or terrorism; delays in obtaining governmental approvals or financing or in the completion of exploration, development or construction activities; changes in government legislation and regulation; changes in ownership interest in any project; increased infrastructure and/or operating costs; Fronteer's ability to renew existing licenses and permits or obtain required licenses and permits; changes in market conditions; variations in ore grade or recovery rates; risks relating to international operations and joint ventures; changes in project parameters; disruptions or changes in the credit or securities markets; inflationary or deflationary pressures; the need to obtain and maintain licenses and permits and comply with laws and regulations or other regulatory requirements; the speculative nature of mineral exploration and development, including the risk of diminishing quantities or grades of mineralization; contests over title to properties; and the risks involved in the exploration, development and mining business generally; and the factors discussed in the section entitled "Risk Factors" in this AIF. Although the Corporation has attempted to identify important factors that could cause actual performance, achievements, actions, events, results or conditions to differ materially from those described in forward-looking statements or forward-looking information, there may be other factors that cause performance, achievements, actions, events, results or conditions to differ from those anticipated, estimated or intended. Forward-looking statements and forward-looking information contained herein are made as of the date of this AIF and the Corporation disclaims any obligation to update any forward-looking statements or forward-looking information, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information.

**CAUTIONARY NOTE CONCERNING ESTIMATES OF MEASURED, INDICATED AND  
INFERRED RESOURCES**

Information in this AIF, including any information incorporated by reference, and disclosure documents of Fronteer that are filed with Canadian and United States securities regulatory authorities concerning mineral properties have been prepared in accordance with the requirements of securities laws in effect in Canada, which differ from the requirements of United States securities laws.

Without limiting the foregoing, these documents use the terms "measured resources", "indicated resources" and "inferred resources". Shareholders in the United States are advised that, while such terms are recognized and required by Canadian securities laws, the United States Securities and Exchange Commission (the "SEC") does not recognize them. Under United States standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. United States investors are cautioned not to assume that all or any part of measured or indicated resources will ever be converted into reserves. Further, inferred resources have a great amount of uncertainty as to their existence and as to whether they can be mined legally or economically. It cannot be assumed that all or any part of the inferred resources will ever be upgraded to a higher resource category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility, pre-feasibility or other technical reports or studies, except in rare cases. Therefore, United States investors are also cautioned not to assume that all or any part of the inferred resources exist, or that they can be mined legally or economically. Disclosure of contained ounces is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report resources as in place tonnage and grade without reference to unit measures. Accordingly, information concerning descriptions of mineralization and resources contained in these documents may not be comparable to information made public by United States companies subject to the reporting and disclosure requirements of the SEC.

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National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ( NI 43-101 ) is a rule developed by the Canadian Securities Administrators, which has established standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all resource estimates of Fronteer contained in this AIF, including any information incorporated by reference, have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum Classification System.

**CORPORATE STRUCTURE OF THE CORPORATION**

**Name and Incorporation**

Fronteer Development Group Inc. ( Fronteer or the Corporation ) was incorporated under the name 1334970 Ontario Inc. under the *Business Corporations Act* (Ontario), as amended or supplemented, on January 11, 1999. On February 2, 1999, the Corporation filed Articles of Amendment to change its name to Fronteer Development Group Inc. .

The registered office of the Corporation is located at 40 King Street West, 2100 Scotia Plaza, Toronto, ON M5H 3C2, and the head office and principal place of business of the Corporation is located at Suite 1650, 1055 West Hastings Street, Vancouver, British Columbia V6E 2E9.

Fronteer is a reporting issuer in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador. The Fronteer Common Shares are listed and posted for trading on the TSX and the NYSE Amex under the symbol FRG .

For further information regarding Fronteer, reference is made to Fronteer s filings with the Canadian securities regulatory authorities available on SEDAR at [www.sedar.com](http://www.sedar.com) and Fronteer s filings with the SEC available at [www.sec.gov](http://www.sec.gov).

**Intercorporate Relationships**

The following chart sets forth the names of the significant subsidiaries and investments under significant influence of the Corporation as at December 31, 2008, the percentage of ownership of each such company by the Corporation (directly or indirectly) and the respective jurisdictions of incorporation of each such company:

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1. As discussed in this AIF further below, subsequent to December 31, 2008, Fronteer formally commenced an offer by way of take-over bid to acquire all of the outstanding common shares of Aurora Energy Resources Inc. ( Aurora ) not already owned by Fronteer. On March 2, 2009, the expiry date of such offer, Fronteer took up and accepted for payment an aggregate of 36,526,336 common shares of Aurora, with the result that, together with the 30,947,336 Aurora common shares already owned by Fronteer, Fronteer currently owns an aggregate of 67,473,672 Aurora common shares representing approximately 92.1% of the total number of issued and outstanding Aurora common shares.
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**GENERAL DEVELOPMENT OF THE BUSINESS**

**Three Year History**

In February 2005, the Corporation completed a private placement financing, pursuant to which it issued 7,270,000 units at a price of \$1.75 per unit to raise aggregate gross proceeds of approximately \$12,700,000. Each unit consisted of one common share ( Common Share ) of the Corporation and one-half of one common share purchase warrant. Each whole warrant entitled the holder thereof to acquire one additional Common Share at a price of \$2.75 until February 17, 2007.

In May 2005, the Corporation completed another private placement financing pursuant to which it issued 1,500,000 flow-through Common Shares at a price of \$2.75 per share to raise aggregate gross proceeds of \$4,125,000.

In June 2005, the Corporation and Altius Minerals Corporation ( Altius ), agreed to restructure their investment in the uranium assets, known as the CMB Uranium Property located in the Central Mineral Belt of Labrador, Canada, which assets were the subject of their previously established joint venture. Each of the Corporation and Altius transferred their respective 50% interest in these assets to a new corporation named Labrador Uranium Co. Ltd. which was subsequently renamed Aurora Energy Inc. and subsequently renamed again as Aurora Energy Resources Inc. ( Aurora ). Aurora was initially owned as to 52% by the Corporation and as to 48% by Altius, while Altius retained an interest in the property through a 2% net smelter royalty on precious and base metals and a 2% net sales royalty from uranium produced from properties which were subject to the joint venture. In June and August 2005, the Corporation subscribed for an additional 4,444,440 Class B common shares of Aurora (which were subsequently converted into Class A Common Shares, which were in turn converted into Common Shares of Aurora), thereby increasing its ownership percentage to 56.8%.

Also in June 2005, the Corporation listed its Common Shares on the Amex Stock Exchange now known as the NYSE Amex under the symbol FRG .

In January 2006, the Corporation announced an agreement between the Corporation and Rimfire Minerals Inc. ( Rimfire ) (together, the Buyers ) and Newmont Exploration of Canada Limited and NMVI Mining Inc. whereby the Buyers were granted the right to acquire a 100% interest in 700 mineral claims and a geological data set in the Yukon, Canada, known as the Wernecke Breccias, in consideration of incurring aggregate exploration expenditures thereon in the amount of \$2,000,000. To date, these requirements have been fully satisfied and the Corporation presently owns 80% and Rimfire owns 20% of the claims and data as a result (subject to a 2% net smelter royalty and a 7% to 15% net profits royalty, retained by the vendors and previous owners of the property over a specified area of interest).

On March 22, 2006, Aurora completed an initial public offering. The Corporation began to account for its investment in Aurora using the equity method as its ownership dropped below 50%.

In April 2006, the Corporation received notification from Teck-Cominco Arama ve Madencilik Sanayi Ticaret A.Ş. ( TCAM ), Teck Cominco Limited 's Turkish subsidiary and Fronteer 's joint venture partner, of an early earn-back election to earn-back to a 60% interest in each of the Ađi Dađı and Kirazlı Properties. During 2007, TCAM completed its earn-back requirements on each of Ađi Dađı and Kirazlı, earning a 60% interest in each property.

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On June 1, 2006, the Corporation completed a bought deal short form prospectus offering (the Short Form Offering), pursuant to which the Corporation issued 6,000,000 Common Shares at a price of \$6.40 per share to raise aggregate gross proceeds of \$38,400,000.

On October 5, 2006, the Corporation purchased an additional 956,938 common shares of Aurora at a price of \$10.45 per share on a private placement basis. This private placement financing occurred concurrently with the closing of a larger \$30,000,000 bought deal financing by Aurora. Upon conclusion of the private placement and bought deal financing, the Corporation's interest in Aurora was reduced to 47.8%. Fronteer subsequently increased its ownership interest in Aurora to approximately 92.1% of the issued and outstanding Aurora common shares, as discussed further below.

On November 30, 2006, the Corporation received notification from TCAM of an early earn-back election to earn-back a 60% interest in each of the Halilağa, Pirentepe, Dedi Daği and TV Tower projects, each of which TCAM and the Corporation had designated as a separate project within the Biga regional area. In 2007, TCAM completed its earn-back on Halilağa and owns 60% of Halilağa at December 31, 2007. TCAM has agreed to solely fund US\$3,000,000 in exploration at the Halilağa property during 2008 and in turn, TCAM was granted an extension to December 31, 2008 on its election whether to earn an additional 10% interest in the Halilağa Property. In December 2008, the parties agreed to further extend this deadline to December 31, 2009, as permitting delays rendered TCAM unable to complete its US\$3,000,000 expenditure requirement during 2008. TCAM has agreed to solely fund an estimated 5,000 metre drill exploration program at Halilağa in 2009, as consideration for this second extension. In 2008, the Corporation and TCAM agreed to include the Pirentepe Property with the Halilağa Property. As a result, TCAM was deemed to have earned a 60% interest in Pirentepe. In 2008, TCAM also completed its earn-back requirements on the Dedi Daği and TV Tower projects, thereby earning its 60% interest.

On December 1, 2006, the Corporation completed the acquisition of 5,310,000 units (each a 2006 Unit) of Latin American Minerals Inc. (LA), a public corporation listed on the TSX Venture Exchange. This strategic investment gave the Corporation exposure to a pipeline of advanced stage projects in Argentina. Each 2006 Unit was purchased for \$0.25 and was comprised of one common share in the capital of LA (each an LA Share) and one half of one common share purchase warrant (each whole such share purchase warrant an LA Warrant). Each LA Warrant entitled the Corporation to acquire one additional LA Share at an exercise price of \$0.35 for a period of 12 months from the closing of the private placement. These warrants expired unexercised by the Corporation.

In April 2007, the Corporation acquired a further 900,000 LA Shares directly from an LA shareholder at a price of \$0.45 per share. In June 2007, Fronteer acquired a further 2,000,000 units (the 2007 Units) of LA at a price of \$1.00 per 2007 Unit as part of a larger private placement of 12,000,000 2007 Units by LA. Each 2007 Unit is comprised of one common share in the capital of LA and one-half of one common share purchase warrant. Each whole warrant entitles Fronteer to acquire one additional LA Share at a price of \$1.25 for a period of 12 months from closing of the offering. The Corporation's entire investment in LA was sold in March 2008 for \$0.65 per share.

On March 15, 2007, the Corporation announced it had closed a short form prospectus offering pursuant to which the Corporation issued 4,100,000 Common Shares at a price of \$14.75 per share to raise gross proceeds of \$60,475,000. The over-allotment option granted by the Corporation in connection with this offering was subsequently partially exercised on April 5, 2007, pursuant to which the Corporation issued an additional 398,000 Common Shares at a price of \$14.75 per share to raise additional aggregate gross proceeds of \$5,870,500.

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On and as of June 30, 2005, a U.S. Delaware corporation, WSMC Gold Corp. ( WSMC ), a wholly-owned subsidiary of Western States Minerals Corporation ( Western States Minerals ), consolidated the rights to possess, explore, develop and mine the precious metals mineral interests (collectively, the Mineral Interests ) of Western States Minerals, Zaca Resources Corp. ( Zaca Resources ) and 26 Ranch Inc. ( Ranch ) and together with Western States Minerals and Zaca Resources, the Safra Companies ). In addition, Western States Royalty Corporation ( Western States Royalty ), an affiliate of WSMC, acquired a portfolio of royalties (the Mineral Royalties ) on the properties of NewWest Gold Corporation ( NewWest ), subject to the right of Zaca Resources to retain a 3% royalty on one of those properties as a lessor (the Zaca Royalty ).

As part of various transactions completed prior to or as of July 5, 2006 (the Pre-IPO NewWest Restructuring ), such Mineral Interests and Mineral Royalties (including the Zaca Royalty) were sold or contributed to four new Delaware limited liability corporations as follows: NWG Royalty LLC, NewWest Gold LLC, Nevada Western Gold LLC and Zaca Mining LLC (collectively, the LLCs ). The LLCs were in turn sold to a Barbados company, NWG Investments Inc. ( NWG ) that is, indirectly, wholly-owned by Mr. Jacob Safra. Following these transactions, pursuant to a contribution agreement amongst NewWest and NWG (the LLC Purchase Agreement ), NWG and therefore indirectly Mr. Jacob Safra, acquired all of the issued and outstanding shares of NewWest in exchange for the acquisition by NewWest of a 100% interest in each of the LLCs. Under a further contribution agreement (the LLC Sale Agreement ), NewWest acquired all of the issued and outstanding shares of a newly formed Delaware corporation, NewWest Gold USA Inc. ( NewWest USA ), in exchange for the acquisition by NewWest USA of 100% of NewWest 's interests in the LLCs. In October 2006, NewWest Gold LLC and Zaca Mining LLC were merged into NewWest USA. After giving effect to these transactions and Fronteer 's subsequent acquisition of NewWest described below, Fronteer acquired and continues to hold all Mineral Interests through Fronteer Development (USA) Inc. ( Fronteer USA ) (formerly NewWest USA) and Fronteer Gold LLC (formerly Nevada Western Gold LLC), and holds all Mineral Royalties (including the Zaca Royalty) through Fronteer Royalty LLC (formerly NWG Royalty LLC). See also Interest of Management and Others in Material Transactions . On August 29, 2006, NewWest completed an initial public offering after which Mr. Safra 's indirect interest in NewWest was reduced to approximately 86%.

On September 24, 2007, Fronteer announced that it had closed its acquisition of 100% of the common shares of NewWest. As part of the acquisition agreement, the Corporation exchanged 0.26 of a Common Share of Fronteer for each NewWest share acquired. As a result of this acquisition, Fronteer presently holds 100% of the common shares of NewWest. Upon completion of the acquisition of all of the issued and outstanding shares of NewWest by the Corporation as discussed above, Mr. Safra, primarily through NWG, currently owns approximately 11.4% of all of the issued and outstanding Common Shares of Corporation as of the date of this AIF according to Mr. Safra 's insider reports on file with the System for Electronic Data on Insiders ( SEDI ). For further details of this acquisition, please refer to the Business Acquisition Report of the Corporation dated November 7, 2007, a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

On February 6, 2008, Fronteer announced that Newmont Mining Corporation ( Newmont ) notified the Corporation that it would not be fulfilling its earn-in obligation at the Northumberland project. As a result, the Corporation regained 100% control of Northumberland. Newmont agreed to grant the Corporation a free license to use Newmont 's patented N<sub>2</sub>TEC flotation process technology. In return, Fronteer has granted Newmont preferential ore processing rights for any ore developed from Northumberland. On February 6, 2008, the Corporation also announced that it had signed a letter of intent with Newmont outlining terms with respect to a new joint venture on the Corporation 's Sandman project. This letter of intent was subsequently replaced by a definitive option and joint venture agreement between Fronteer and Newmont dated June 1, 2008. For further details, please see the section of this AIF entitled Material Contracts below. Under the terms of this agreement, Newmont may earn an initial 51% interest in the Sandman project within 36 months by:



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1. Spending a minimum US\$14,000,000 on exploration;
2. Making a production decision supported by a bankable feasibility study;
3. Reporting reserves;
4. Making a commitment to fund and construct a mine;
5. Advancing the necessary permits; and
6. Contributing an adjacent mineral interest to the joint venture.

Newmont may earn an additional 9% interest in the Sandman project by spending a further US\$9,000,000 on development. Fronteer retains a 2% net smelter return royalty on production of the first 310,000 ounces at the Sandman project. Fronteer can also elect to have Newmont arrange financing for its 40% share of development costs.

For further details, please refer to the material change report of the Corporation dated February 6, 2008, a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation's Form 6K filed on the same date with the SEC.

On April 8, 2008, Aurora Energy Resources Inc. (Aurora) (AXU Toronto Stock Exchange (TSX)), in which Fronteer then held an approximate 42.3% interest, announced that the Nunatsiavut Government voted eight to seven in favour of implementing a three-year moratorium on uranium mining on Labrador Inuit Lands, but will continue to allow uranium exploration. Aurora reported that it believed the basis for the mining moratorium is to allow time for the Nunatsiavut Government and the Government of Newfoundland and Labrador, through the Regional Planning Authority, to formulate a Land Use Plan as required by the Labrador Inuit Land Claims Agreement.

In September 2008, the Corporation announced that it had completed its expenditure requirement on the Long Canyon Project, thereby earning a 51% interest. The Corporation is now the manager of a joint venture with AuEX Ventures Inc. (AuEX) and both parties contribute their proportionate share of the funding for the project or face dilution.

On December 22, 2008, the Corporation announced its intention to make an offer (the Offer) to acquire all of the issued and outstanding common shares of Aurora other than common shares already owned by Fronteer, including common shares that became issued and outstanding after the date of the Offer but before the expiry time of the Offer upon the conversion, exchange or exercise of options or other securities of Aurora that are convertible into or exchangeable or exercisable for common shares of Aurora (the Aurora Shares) on the basis of 0.825 of a Fronteer Common Share for each Aurora Share. Fronteer formally commenced its Offer by mailing a take-over bid circular to Aurora shareholders on January 23, 2009.

In connection with the Offer, certain institutional shareholders of Aurora entered into lock-up agreements pursuant to which they agreed, subject to certain exceptions, to deposit under the Offer and not withdraw Aurora Shares representing in the aggregate 19,234,700 Aurora Shares representing approximately 26% of the then issued and outstanding Aurora Shares.

Subsequently, on March 2, 2009, the expiry date of the Offer, Fronteer took up and accepted for payment a total of approximately 36,526,336 Aurora Shares. Fronteer has now increased its ownership interest from approximately 42.3% to approximately 92.1% of the issued and outstanding Aurora Shares. The Offer expired at 8:00 p.m. (Toronto time) on March 2, 2009. Fronteer issued 30,134,229 common shares as payment for the Aurora Shares acquired under the Offer. Fronteer is currently taking such actions as are necessary, including calling a special meeting of Aurora shareholders, to effect a subsequent acquisition transaction that will enable Fronteer to acquire the remaining outstanding Aurora Shares not

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acquired under the Offer, resulting in Fronteer's ownership of 100% of the Aurora Shares. Fronteer currently expects that the subsequent acquisition transaction will be completed during the second quarter of 2009.

**DESCRIPTION OF THE BUSINESS**

The Corporation is principally engaged in the acquisition, exploration and development of mineral properties or interests in corporations controlling mineral properties of interest to the Corporation. The Corporation began concentrating its efforts in the area of mineral exploration in June of 2001. Prior to that, it was involved in the development, building and marketing of residential real estate properties, primarily in the Province of Ontario. Fronteer's principal exploration properties are located in Nevada, U.S.A. and in the Biga region of northwestern Turkey, and it holds additional properties in California, U.S.A. and Yukon Territory, Canada. Through its approximate 92.1% ownership interest in Aurora, Fronteer also has exposure to uranium projects in Newfoundland and Labrador, Canada (including the Michelin uranium deposit, the Jacques Lake deposit and four other deposits (known as the Gear, Nash, Inda and Rainbow deposits)), and has an option to earn a majority interest in the Baker Lake Basin property located in Nunavut, Canada (through an agreement with Pacific Ridge Exploration Ltd.).

Fronteer is focused on discovering and advancing deposits with strong production potential. Fronteer's vision is to advance a robust pipeline of projects stretching from exploration through to production. In particular, Fronteer has an interest in several major gold projects throughout Nevada, United States and gold and copper-gold projects in northwest Turkey. Among its large portfolio of precious metal mineral rights in Nevada, Fronteer's key projects include a 100% interest in Northumberland, one of the largest undeveloped Carlin-style gold deposits in the state; a 51% interest in Long Canyon as part of a joint venture with AuEx Ventures Inc., a discovery defining an entirely new gold trend in the Eastern Great Basin; and Sandman, a property in which Newmont Mining Corporation has the option to acquire up to a 60% interest by advancing the project to a production decision by 2011. In Turkey, as part of a joint venture with a subsidiary of Teck Cominco Limited, Fronteer has built and retains a 40% interest in a new mineral district that includes two gold deposits and a third copper-gold porphyry deposit.

Fronteer has no debt and is not invested in any short-term commercial paper or asset-backed securities. Fronteer has approximately \$75,000,000 in cash and cash equivalents primarily held with large Canadian and US commercial banks. For further details concerning the Corporation's material mineral properties, please see Mineral Properties below.

**Employees**

As at March 30, 2009 the Corporation had 64 employees, including employees of Aurora.

**Competitive Conditions**

The mineral exploration and mining business is competitive in all phases of exploration, development and production. The Corporation competes with a number of other entities in the search for and the acquisition of potentially productive mineral properties. As a result of this competition, the majority of which is with companies with greater financial resources than the Corporation, the Corporation may be unable to acquire attractive properties in the future on terms it considers acceptable. The Corporation also competes with other resource companies, many of whom have greater financial resources and/or more advanced properties, in attracting equity and other capital necessary for the Corporation to advance the exploration and development of its mineral properties.

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The ability of the Corporation to acquire additional properties depends on, among other things, its available working capital, its ability to explore and develop its existing properties, its ability to attract and retain highly-skilled employees, and on its ability to select, acquire and bring to production suitable properties or prospects for mineral exploration and development. Factors beyond the control of the Corporation may affect the marketability of minerals mined or discovered by the Corporation. Mineral prices have historically been subject to fluctuations and are affected by numerous factors beyond the control of the Corporation. See **Risk Factors** for further details concerning various factors that may cause Fronteer's actual performance, achievements, actions, events, results or conditions to differ materially from those anticipated, estimated or intended.

**RISK FACTORS**

An investment in securities of the Corporation involves a significant degree of risk and should be considered speculative due to the nature of the Corporation's business and the present stage of its development. In addition to the other information set forth elsewhere in this AIF, the following risk factors should be carefully reviewed by prospective investors. These risks may not be the only risks faced by Fronteer. Risks and uncertainties not presently known by Fronteer or which are presenting considered immaterial may also adversely affect Fronteer's business, properties, results of operations and/or condition (financial or otherwise). All references to Fronteer or the Corporation in this section entitled **Risk Factors** include Fronteer and its subsidiaries and joint ventures, except where the context otherwise requires. Additional risks specific to Aurora are discussed in or referred to in the documents filed by Aurora with the Canadian securities regulatory authorities and available on SEDAR at [www.sedar.com](http://www.sedar.com).

*Exploration, Development and Operating Risks*

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of precious metals and other minerals may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral resources and reserves, to develop metallurgical processes, and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs currently planned by the Corporation will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which include: the particular attributes of the deposit, such as quantity and quality of the minerals and proximity to infrastructure; mineral prices, which are highly cyclical and subject to fluctuation; actual costs required to bring a deposit into production; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, permitting, importing and exporting of minerals, and environmental protection and reclamation. The exact effect of these factors cannot be accurately predicted but could have a material adverse effect upon the Corporation's properties and operations.

Mining operations generally involve a high degree of risk. The operations of the Corporation are subject to all the hazards and risks normally encountered in the exploration, development and production of precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or the failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

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There is no certainty that the expenditures made by the Corporation towards the search and evaluation of precious metals and other minerals will result in discoveries of mineral resources, mineral reserves or any other mineral occurrences.

*Reliability of Resource Estimates*

There is no certainty that any of the mineral resources identified on any of the Corporation's properties to date will be realized. Until a deposit is actually mined and processed the quantity of mineral resources and grades must be considered as estimates only. In addition, the quantity of mineral resources may vary depending on, among other things, precious metal prices. Any material change in quantity of mineral resources, grade, or stripping ratio may also affect the economic viability of any project undertaken by the Corporation. In addition, there can be no assurance that metal recoveries in small scale laboratory tests will be duplicated in a larger scale test under on-site conditions or during production.

Fluctuations in gold, uranium and other precious or base metal prices, results of drilling, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of mineral resources could have a material adverse effect on the Corporation's properties, results of operations and financial condition.

*Environmental Risks and Hazards*

All phases of the Corporation's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's business, condition or operations. Environmental hazards may exist on the properties on which the Corporation holds interests which are unknown to the Corporation at present and which have been caused by previous or existing owners or operators of the properties.

Government approvals, approval of aboriginal people and other members of surrounding communities and licenses and permits are currently and will in the future be required in connection with the operations of the Corporation. To the extent such approvals are required and not obtained, the Corporation may be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

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Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in exploration expenses, capital expenditures or production costs, or reduction in levels of production at producing properties, or require abandonment or delays in development of new mining properties.

*Permits and Licenses*

The Corporation cannot be certain that it will receive the necessary permits and licenses or on acceptable terms required to conduct further exploration and to develop its properties. The failure to obtain such permits or licenses, or delays in obtaining such permits or licenses, could increase the Corporation's costs and delay its activities, and could adversely affect the business or operations of the Corporation.

Government approvals, approval of aboriginal people and other members of surrounding communities and permits and licenses are currently and will in the future be required in connection with the operations of the Corporation. To the extent such approvals are required and not obtained, the Corporation may be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of mineral properties. In October 2007, the Nunatsiavut Government initiated the next steps towards formulating its policy on uranium mining on Labrador Inuit Lands, and struck a committee to further study the issue. In March 2008, Aurora reported that the Nunatsiavut Assembly passed on first reading a bill to institute a three-year moratorium on uranium mining and milling. In April 2008, the bill was considered again on second reading by the Assembly, at which time the Nunatsiavut Government approved a three year moratorium on mining of uranium, but continues to allow uranium exploration at this stage. As a result, Aurora has dramatically altered its development schedule and has scaled back operations in Labrador. Aurora continues to actively engage the local community in Labrador, and continues to assess the impact this legislation would have on its exploration and development schedule. However, any amendments to this legislation or an extension to the moratorium could have a material adverse effect on Aurora and its operations and, therefore, on the business and operations of Fronteer.

The Corporation has also experienced permitting delays on the Kirazlı and Halılağa Properties in Turkey. Fronteer understands that TCAM currently anticipates that permits could be issued by the applicable regulators later in April 2009, following the upcoming elections in Turkey, however, there can be no guarantee that such permits will be issued or be granted on the required terms. If the required permits in respect of the Kirazlı and Halılağa Properties are not granted, Fronteer will be unable to undertake drilling at the main Kestane zone at Halılağa or on the Kirazlı Property.

*Government Regulation*

The mining, processing, development and mineral exploration activities of the Corporation are subject to various laws, rules and regulations governing prospecting, development, production, taxes, employment and labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people, and other matters. Although the Corporation believes its exploration and development activities are currently carried out in accordance with all applicable material rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing laws, rules and regulations will not be applied in a manner which could limit or curtail exploration, production or development. Amendments to current laws, rules and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Corporation.

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*No History of Mineral Production*

The Corporation has never had any interest in mineral producing properties. There is no assurance that commercial quantities of minerals will be discovered at any of the properties of the Corporation or any future properties, nor is there any assurance that the exploration programs of the Corporation thereon will yield any positive results. Even if commercial quantities of minerals are discovered, there can be no assurance that any property of the Corporation will ever be brought to a stage where mineral resources can profitably be produced thereon. Factors which may limit the ability of the Corporation to produce mineral resources from its properties include, but are not limited to, the price of the mineral resources which are currently being explored for, availability of additional capital and financing, the actual costs of bringing properties into production, and the nature of any mineral deposits.

*Competition from Other Energy Sources and Public Acceptance of Nuclear Energy*

Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydro-electricity. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Lower prices of oil, natural gas, coal and hydro-electricity may result in lower demand for uranium concentrate and uranium conversion services. Furthermore, the growth of the uranium and nuclear power industry beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, the industry is subject to public opinion risks which could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry. As a result, the interest of the Corporation in Aurora and the CMB Uranium Property, which is engaged primarily in uranium exploration, may be materially adversely affected.

*Insurance and Uninsured Risks*

The business of the Corporation is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Corporation or others, delays in mining, monetary losses and possible legal liability.

Although the Corporation may maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with a mining Corporation's operations. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration, development and production is not generally available to the Corporation or to other companies in the mining industry on acceptable terms. The Corporation might also become subject to liability for pollution or other hazards which it may not be insured against or which the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Corporation to incur significant costs that could have a material adverse effect upon its business, financial performance and results of operations.

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*Infrastructure*

Mining, processing, development and exploration activities depend, to one degree or another, on the availability of adequate infrastructure. Reliable roads, bridges, power sources, fuel and water supply and the availability of skilled labour and other infrastructure are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the business, operations, condition and results of operations of the Corporation.

In particular, water rights and access to water at the Long Canyon Property is important for the ongoing success of the project. The Great Basin area of Nevada has many competing demands for water and access to sufficient water will need to be negotiated by the Corporation, often with a number of different water rights holders. There is no guarantee that the Corporation will secure this water access going forward or on reasonable terms.

*Land Title*

Title insurance generally is not available, and the ability of the Corporation to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. Furthermore, the Corporation has not conducted surveys of the claims in which it holds interests and, therefore, the precise area and location of such claims may be in doubt or challenged. Accordingly, the Corporation's properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects which could have a material adverse impact on the Corporation's business operations, condition and results of operations. In addition, the Corporation may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

*Costs of Land Reclamation*

It is difficult to determine the exact amounts which will be required to complete all land reclamation activities in connection with the properties in which the Corporation holds an interest. Reclamation bonds and other forms of financial assurance represent only a portion of the total amount of money that will be spent on reclamation activities over the life of a mine. Accordingly, it may be necessary to revise planned expenditures and operating plans in order to fund reclamation activities. Such costs may have a material adverse impact upon the business, financial condition and results of operations of the Corporation.

*Competition*

The mining industry is competitive in all of its phases. The Corporation faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious metals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Corporation. As a result of this competition, the Corporation may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the revenues, operations and financial condition of the Corporation could be materially adversely affected. See also the section of this AIF entitled

Competitive Conditions above.

*Hedging*

The Corporation does not have a hedging policy and has no current intention of adopting such a policy. Accordingly, the Corporation has no protections from declines in mineral prices.

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*Additional Capital*

The exploration and development of the Corporation's properties will require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production on any or all such properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Corporation. In addition, any future financing may be dilutive to existing shareholders of the Corporation.

*Fluctuations in Metal Prices*

There can be no assurance that metal prices received, if any, will be such that any property of the Corporation can be mined at a profit. The price of the Common Shares, and the financial results and exploration, development and mining activities of the Corporation may in the future be significantly and adversely affected by declines in the price of uranium, iron oxide, copper, gold and other minerals and base metals. The price of uranium, iron oxide, copper, gold and other minerals and base metals fluctuates widely and is affected by numerous factors beyond the control of the Corporation, including but not limited to, the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the Canadian and United States dollars and foreign currencies, global and regional supply and demand, the political and economic conditions and production costs of major mineral-producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges. With respect to uranium, such factors include, among other things, the demand for nuclear power, political, social and economic conditions and governmental regulation in uranium producing and consuming countries, uranium supply from secondary sources, uranium production levels and costs of production. Future price declines in the market value of uranium, iron oxide, copper, gold and other minerals and base metals could cause development of and commercial production from the Corporation's properties to be impracticable. Depending on the price of uranium, iron oxide, copper, gold and other minerals and base metals, cash flow from mining operations may not be sufficient and the Corporation could be forced to discontinue production and may lose its interest in, or may be forced to sell, some of its properties. Future production from the Corporation's mining properties, if any, is dependent upon the prices of uranium, iron oxide, copper, gold and other minerals and base metals being adequate to make these properties economic.

In addition to adversely affecting any resource and reserve estimates of the Corporation and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

*Exchange Rate Fluctuations*

Exchange rate fluctuations may affect the costs that the Corporation incurs in its operations. Precious metals and other minerals are generally sold in U.S. dollars and the costs of the Corporation are incurred in Canadian dollars, Mexican Pesos and Turkish Lira. The appreciation of non-U.S. dollar currencies against the U.S. dollar can increase the cost of exploration and production in U.S. dollar terms, which could materially and adversely affect the Corporation's profitability, results of operations and financial condition.

In addition, the Company has a significant US dollar denominated future income tax liability that, when translated to Canadian dollars, can result in significant swings to the foreign exchange gain or loss on the Company's Statement of Operations. This future income tax liability, primarily relates to

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the difference between the accounting and tax values of the assets acquired on the acquisition of NewWest. The Company does not have any immediate plans to reduce this liability and as a result the swings in foreign exchange gain or loss may continue.

The size of the future income tax liability is also affected by the recognition of future income tax assets, primarily relating to loss carryforwards. There is uncertainty whether the losses will expire, unused, which may affect the amount of the future income tax liability realized.

*Future Sales of Common Shares by Existing Shareholders*

Sales of a large number of Common Shares of the Corporation in the public markets, or the potential for such sales, could decrease the trading price of such Common Shares and could impair the ability of the Corporation to raise capital through future sales of such Common Shares. The Corporation has previously issued Common Shares at an effective price per share which is lower than the current market price of its Common Shares. Accordingly, a significant number of shareholders of the Corporation have an investment profit in such Common Shares that they may seek to liquidate.

*Litigation*

Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Fronteer is currently subject to threatened litigation and may be involved in disputes with other parties in the future which may result in litigation or other proceedings. The results of litigation or any other proceedings cannot be predicted with certainty. If Fronteer is unable to resolve these disputes favourably, it could have a material adverse effect on our financial position, results of operations or the Corporation's property development. See **Legal Proceedings and Regulatory Actions** below for further details.

*Passive Foreign Investment Company ( PFIC )*

The Corporation is in the process of determining whether it meets the definition of PFIC, within the meaning of Sections 1291 through 1298 of the U.S. Internal Revenue Code of 1986, as amended, for the 2008 tax year. For the 2007 and 2006 tax years, the Corporation determined that it was a PFIC. The Corporation may or may not be a PFIC in the future, depending on changes in its assets and business operations. A U.S. shareholder who holds stock in a foreign corporation during any year in which such corporation qualifies as a PFIC is subject to numerous special U.S. federal income taxation rules, which may have adverse tax consequences to such shareholder and such shareholder may elect to be taxed under two alternative tax regimes. A U.S. shareholder should consult their own U.S. tax advisor with respect to an investment in the Corporation's shares and to ascertain which of the alternative tax regimes, if any, might be beneficial to the U.S. shareholder's own facts and circumstances.

*Foreign Private Issuer Status*

In order to maintain the Corporation's current status as a foreign private issuer, as such term is defined in Rule 3b-4 under the U.S. Securities Exchange Act of 1934, as amended, for U.S. securities law purposes, the Corporation must not have any of the following as of the last business day of its most recently completed second fiscal quarter (as assessed in accordance with SEC requirements): (i) a majority of its executive officers or directors are U.S. citizens or residents, (ii) more than 50% of its assets are located in the U.S., or (iii) the business of the Corporation is principally administered in the U.S. The Corporation may in the future lose its foreign private issuer status if it fails to meet any of the aforementioned criteria.

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The regulatory and compliance costs to the Corporation under U.S. securities laws as a U.S. domestic issuer may be significantly more than the costs the Corporation incurs as a Canadian foreign private issuer eligible to use the Multi-Jurisdictional Disclosure System ( MJDS ). If the Corporation is not a foreign private issuer, it would not be eligible to use MJDS or other foreign issuer forms and would be required to file periodic and current reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive than the forms available to a foreign private issuer. In addition, the Corporation may lose the ability to rely upon exemptions from the NYSE Amex (previously American Stock Exchange) corporate governance requirements that are available to foreign private issuers. Further, if the Corporation engages in capital raising activities after losing its foreign private issuer status, there is a higher likelihood that investors may require the Corporation to file resale registration statements with the SEC as a condition to any such financing.

*Key Executives*

The Corporation is dependent upon the services of key executives, including the directors of the Corporation and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Corporation, the loss of these persons or the inability of the Corporation to attract and retain additional highly-skilled employees may adversely affect its business and future operations.

*Comprehensive Environmental Response, Compensation and Liability Act*

The Comprehensive Environmental Response, Compensation and Liability Act ( CERCLA ) in the United States imposes strict, joint and several liability on parties associated with releases or threats of releases of hazardous substances. Liable parties include, among others, the current owners and operators of facilities at which hazardous substances were disposed or released into the environment and past owners and operators of properties who owned such properties at the time of such disposal or release. This liability could include response costs for removing or remediating the release and damages to natural resources. Since early 1999, the United States Forest Service ( USFS ) has been conducting a CERCLA remediation action at the Corporation's Zaca Property under its Interdepartmental Abandoned Mine Lands Watershed Cleanup Initiative ( IAMLWCI ) program. The focus of the cleanup efforts is on relatively low-volume acid mine drainage from historic mine tunnels, a portion of which are on patented lands owned by one of the Safra Companies, and tailings on land at the Zaca Property, all of which pre-date the Corporation's acquisition of its leasehold interest in the Zaca Property. The cleanup efforts are being administered by the USFS. To date, the USFS has not sought contribution from the Corporation, WSMC or any of the Safra Companies for the cleanup. However, the Corporation cannot rule out the possibility that the Corporation, WSMC or any of the Safra Companies or any of their respective successors may be held liable to contribute to the USFS's remediation or other CERCLA response costs at some time in the future. Any liability could adversely affect the Corporation's properties, financial condition and results of operations.

*Political Stability and Government Regulation Risks*

Some of the operations of the Corporation are currently conducted in Turkey and the Corporation may acquire or invest in additional properties located in less stable jurisdictions in the future and, as such, the operations of the Corporation are and may increasingly be exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to: terrorism; hostage taking; military repression; fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licenses, permits and contracts; illegal mining; changes in taxation policies; and changing political conditions and governmental regulations, including changing environmental legislation.

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Changes, if any, in mining or investment policies or shifts in political attitudes in Turkey or elsewhere may adversely affect the operations or profitability of the Corporation. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on operations, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the business operations or financial condition of the Corporation.

*Price and Volatility of Public Stock*

The market price of securities of Fronteer has experienced wide fluctuations which may not necessarily be related to the financial condition, operating performance, underlying asset values or prospects of Fronteer. It may be anticipated that any market for Fronteer Common Shares will be subject to market trends generally and the value of Fronteer Common Shares on the TSX or the NYSE Amex may be affected by such volatility.

*Enforcement of Civil Liabilities*

The Corporation is a corporation existing under the laws of the Province of Ontario, Canada. Some of the Corporation's assets are located outside the United States and many of its directors and officers are residents of countries other than the United States. As a result, it may be difficult for investors to effect service of process within the United States upon the Corporation and its directors and officers, or to realize in the United States upon judgments of courts of the United States predicated upon civil liability of the Corporation and its directors and officers under United States federal securities laws.

*Conflicts of Interest*

Certain of the directors and officers of the Corporation also serve as directors and/or officers of other companies involved in natural resource exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Corporation should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Corporation and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the *Business Corporations Act* (Ontario) and other applicable laws, as amended or supplemented from time to time. The Corporation has also adopted a formal code of ethics to govern the activities of its directors, officers and employees.

*Dividend Policy*

No dividends on the Common Shares of the Corporation have been paid by the Corporation to date. Payment of any future dividends, if any, will be at the discretion of the Corporation's board of directors after taking into account many factors, including the Corporation's operating results, financial condition, and current and anticipated cash needs.

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*Investment Company Act Status*

The Corporation could become subject to regulation as an investment company under the *United States Investment Company Act of 1940*, as amended ( Investment Company Act ) in the future. If the Corporation becomes subject to regulation under the Investment Company Act and an exemption from such regulation is not available, the consequences to the Corporation and its operations could be material and adverse. In addition, the costs associated with the Corporation avoiding any such regulation under the Investment Company Act could be significant and result in a material change in the operations of the Corporation.

**MINERAL PROPERTIES**

The Corporation holds an interest in eight (8) mineral properties that are considered to be material within the meaning of applicable Canadian securities laws: (i) the Northumberland Property; (ii) the Long Canyon Property; (iii) the Sandman Property; (iv) the Zaca Property; (v) the Ađi Dađi Property; (vi) the Kirazlı Property, (vii) the Halilađa Property, and; (viii) the CMB Uranium Property (in which the Corporation currently holds an approximate 92.1% indirect interest through its investment in Aurora).

**Northumberland Property**

The Northumberland project is located near the geographic centre of Nevada in northern Nye County, approximately 300-road miles northwest of Las Vegas and 250-road miles east-southeast of Reno. Northumberland can be accessed from State Highway 376 on the western margin of Big Smoky Valley by way of a well-maintained dirt road through West Northumberland Canyon. This dirt road intersects Highway 376 eighteen-road miles south of State Highway 50, and 85-road miles north of State Highway 6.

The climate at the project site is typical of central Nevada's mid-latitude high-desert environment with warm dry summers and relatively cold winters. Average temperatures range from 74° F in July to 30° F in January. Precipitation is generally less than 12 inches per year with the bulk of it accumulating during winter storms and summer thunderstorms. Annual snowfall varies from year to year depending on the intensity and severity of individual storms. Vegetation ranges from sagebrush and grass at the Lower Site to juniper, pinion, and mountain cedar at the Upper Site.

The topography is moderately rugged with elevations across the property ranging from approximately 7,700 feet to 9,165 feet at Mount Gooding. The Cyprus and WSMC open pits in the Upper Site are at about 8,600 feet.

The town of Austin, located approximately 53-road miles to the northwest of Northumberland, and the Round Mountain area, located about 25-road miles to the south, are the nearest population centres to the project. The Round Mountain and Tonopah communities currently support mining operations at the Round Mountain gold mine. A 230 kV transmission line that traverses Big Smoky Valley is the nearest power line to the project. It is situated at the eastern edge of the Lower Site, approximately 11 miles from the Upper Site. Power for the Cyprus and WSMC mining and processing activities at the Upper Site was provided by on-side generators. The private lands in the Upper and Lower Sites provide sufficient space for mining infrastructure required for extraction of the currently defined resources. There is sufficient space in the area of the resources to allow the construction of needed mining infrastructure.

The Northumberland project is comprised of approximately 34,000 acres (13,760 hectares ( ha )) of unpatented lode claims and 3,885 acres (1,572 ha) of patented mining claims, patented mill site claims, and fee lands, all of which are owned or controlled by Nevada Western Gold LLC ( Nevada Western ), a wholly-owned subsidiary of NewWest, which is in turn wholly-owned by Fronteer. The Northumberland

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Property also consists of unpatented claims controlled by Nevada Western by means of a lease agreement with Sterling Gold Mining Corporation. The lands 100%-owned by Nevada Western were acquired by staking and through a series of purchases and agreements. The fee lands include two blocks: the Upper Site and Lower Site. The Upper Site is entirely surrounded by lands administered by the USFS and the Lower Site is surrounded by public lands administered by the U.S. Bureau of Land Management. All mining activities have taken place at the Upper Site, while some of the processing and other mining infrastructure from modern mining operations is located at the Lower Site. The unpatented claims are held in three discrete blocks, the largest of which surrounds the fee lands at the Upper Site. All of the mineral resources described this section of the AIF lie within the fee lands owned by Nevada Western. Title to the property was verified in an independent title report that was commissioned by NewWest, completed in June 2005, and supplemented most recently in July 2007.

A small portion of the mineral resources (less than 1%) summarized below are subject to a 1% net smelter return ( NSR ) royalty on production payable to the Kohlmoos family.

The Northumberland mineralization occurs as stacked, sediment-hosted, finely disseminated, Carlin-type gold-silver deposits. Intrusive rocks also host significant mineralization. This deposit type and the overall geologic setting of the mineralization are quite similar to the Goldstrike deposit of the northern Carlin Trend. The gold-silver mineralization at Northumberland occurs in a cluster of eight more-or-less spatially distinct deposits that form an arcuate belt approximately 1.6 miles long in an east-west direction and 0.3 miles wide. The deposits are generally stratiform and follow three low-angle tectono-stratigraphic host horizons near the crest and within the west limb of the Northumberland anticline. The host horizons are structural discontinuities that include the intersection zone of the Prospect and Mormon thrusts and two bedding-plane faults. The overall geometry of the deposits and the higher-grade zones within the deposits appears to be locally influenced by east-trending high-angle structures in the area of the crest of the anticline.

The regional geology of Northumberland consists of Paleozoic sedimentary rocks and Mesozoic plutons exposed in an erosional window through Tertiary rhyolitic ash-flow tuff in the central portion of the Toquima Range, in which Northumberland is situated near the centre. A number of Jurassic plutons have also been identified and dated in the Northumberland area. Oligocene and Miocene tuffs, welded tuffs, and tuffaceous lacustrine sediments unconformably overlie the Paleozoic and Mesozoic units. These Tertiary rocks appear to have been deposited in part after the precious metal deposits were emplaced. Tertiary megabreccias that may have been landslide and talus deposits are exposed west of the divide between East and West Northumberland canyons. Folding and faulting, probably part of the Paleozoic Antler Orogeny, have complexly deformed the Paleozoic rocks in the Toquima Range. Paleozoic sedimentary and the Jurassic intrusive rocks have been folded and cut by high-angle normal, high-angle oblique-slip and low-angle thrust and bedding-plane faults. Tertiary and younger rocks were subjected to block faulting, which produced moderate tilting of the bedded Tertiary units. In addition, there are prominent volcanic structures, such as the partially collapsed Northumberland caldera, which lies on the western flank of the range.

The local geology in the area that includes the Northumberland open pits and surrounding gold deposits is underlain by lower Paleozoic sedimentary and metasedimentary rocks exposed in an erosional window through Tertiary volcanic rocks. In general, the Paleozoic stratigraphic units occur within a folded low-angle shear zone. The area includes cherty limestone with alternating bands of cherty and argillaceous limestone and siltstone at its base, limy shale with a cherty dolostone bed at its base, and a carbonate assemblage with upper dolostone and lower limestone members. The Paleozoic rocks have been intruded by the Jurassic Mount Gooding pluton and related apophyses, dikes and sills. Tertiary intrusive rocks are also present in the Northumberland mine area, while a thick sequence of volcanic rocks is exposed west of the Northumberland Paleozoic window.

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Gold occurs as micron- to sub-micron-size particles that are intimately associated with sulfides. The gold is disseminated primarily within sedimentary units, although intrusive rocks host a significant portion of the mineralization. Silver occurs in a complex assemblage of copper-antimony sulfides and arsenic sulfosalts. The total sulfide content is less than five percent; pyrite, arsenopyrite, and marcasite are the most abundant species present. The mineralization is associated with both silicification and decalcification of carbonate hosts, and quartz-illite-pyrite alteration of igneous hosts.

The Northumberland Property was in production under the operatorship of Northumberland Mining Company from 1939 to 1942, Cyprus Mining Company ( Cyprus ) from 1981 to 1984, and WSMC from 1985 to 1990. The Northumberland Mining Company production details are not documented. WSMC's interests in the Northumberland project were held by Nevada Western, its wholly-owned subsidiary. Nevada Western entered into a joint venture with Newmont on the Northumberland project in December 2003. Through a series of transactions, Nevada Western became a wholly-owned subsidiary of NewWest in 2005 (and NewWest was subsequently acquired by Fronteer in 2007). Newmont, as operator of the joint venture from December 2003 to 2007, conducted exploration work and completed soil geochemical sampling, geological mapping, geophysical surveys, metallurgical testing and drilling. From 2004 through 2007, Newmont spent US\$8,700,000 exploring the Northumberland property. Cyprus and WSMC mined over seven-million tons of ore from several open pits and produced over 230,000 ounces of gold and 485,000 ounces of silver by heap leaching of oxidized and partially oxidized ore that was either crushed or run-of-mine. Gold recoveries for crushed oxide ore and run-of-mine and partially oxidized ore from these operations has been estimated at approximately 75% and 50%, respectively.

Metallurgical studies indicate that differences in the amenability of the Northumberland mineralization to direct cyanidation are primarily due to the degree of oxidation, as opposed to deposit-specific characteristics or crush size. Oxide material appears to be amenable to direct cyanidation by heap leaching, while sulfide mineralization requires oxidation prior to cyanidation. Sulfide mineralization is refractory due the close association of micron-size gold with sulfides and the relatively minor presence of preg-robbing carbonaceous material. Diagnostic metallurgical testing completed to date indicates that gold and silver extractions from sulfide mineralization can be optimized by utilizing the N<sub>2</sub>TEC flotation technology of Newmont with autoclaving of the concentrates. Extractions in excess of 90% for both gold and silver in the flotation concentrate were attained in the samples tested. The Corporation currently believes that processing of oxide material would likely include both crush and run-of-mine heap leach. Reviews of existing metallurgical tests suggest several processing alternatives for the sulfide ores, including N<sub>2</sub>TEC flotation combined with autoclave or roaster.

The Northumberland gold ( Au ) and silver ( Ag ) resources were estimated in April and May 2008 by Fronteer personnel (see table below<sup>1</sup>). Resource cut-off grades were chosen to define material that might have a reasonable prospect of economic extraction under the following scenarios: open-pit mining and heap leaching of oxide mineralization 0.3 grams per ton ( g/t ) Au (0.01 ounce per ton ( opt )) cut-off); open-pit mining and treatment of sulfide material 1.0 g/t Au (0.03 opt cut-off); and underground mining and processing of sulfide material 2.5 g/t Au (0.07 opt cut-off). Only silver lying within the modeled gold zones was tabulated. Silver resources are compiled from all modeled blocks that exceed the gold cut-offs; no silver cut-off is applied.

<sup>1</sup> These resources are from a NI-43-101 Technical Report entitled *Technical Report on the Northumberland*

*Project, Nye  
County, Nevada,  
USA: Resource  
Update 2008  
dated July 28,  
2008 and  
Amended  
August 8, 2008,  
by Fronteer  
Development  
Group Inc.,  
available on  
SEDAR at  
[www.sedar.com](http://www.sedar.com).  
Christopher Lee,  
P.Ge., Chief  
Geoscientist for  
Fronteer, is the  
designated  
Qualified Person  
for the  
Northumberland  
resource  
estimate.*

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The Northumberland resource estimate contains approximately 27 million tonnes of mineralized material at a grade of 1.77 g/t Au (0.05 opt), or approximately 1.5 millions ounces Au, that was formerly assigned to the Measured Mineral Resource category to reflect the high confidence levels in that portion of the resource. However, due to less rigorous sampling of the silver contained in these blocks, the silver grade estimates do not meet the requirements of a Measured Mineral Resource classification and the combined gold-silver resource is here amended and re-classified as an Indicated Mineral Resource. Fronteer is currently collecting the necessary information to upgrade the combined gold-silver resource to the Measured Mineral Resource category.

**Northumberland Classified Gold and Silver Resources (August 2008)**

| Resource Type    | Cut-off Grade |          | Tonnes            | g/t         | INDICATED   |                  |             |             |                  | Gold Equivalent* |
|------------------|---------------|----------|-------------------|-------------|-------------|------------------|-------------|-------------|------------------|------------------|
|                  | (Au g/t)      | (Au opt) |                   |             | Gold        |                  | Silver      |             | oz               |                  |
|                  |               |          |                   |             | g/t         | opt              | g/t         | opt         |                  |                  |
| Open Pit Oxide   | 0.3           | 0.01     | 13,627,000        | 1.23        | 0.036       | 538,000          | 7.31        | 0.213       | 3,202,000        | 602,000          |
| Open Pit Sulfide | 1.0           | 0.03     | 22,575,000        | 2.32        | 0.068       | 1,687,000        | 8.01        | 0.234       | 5,815,000        | 1,803,000        |
| Underground      | 2.5           | 0.07     | 316,000           | 3.35        | 0.098       | 34,000           | 4.43        | 0.129       | 45,000           | 35,000           |
| <b>TOTAL</b>     |               |          | <b>36,518,000</b> | <b>1.92</b> | <b>0.06</b> | <b>2,259,000</b> | <b>7.72</b> | <b>0.23</b> | <b>9,062,000</b> | <b>2,440,000</b> |

| Resource Type    | Cut-off Grade |          | Tonnes           | g/t         | INFERRED    |                |             |             |                  | Gold Equivalent* |
|------------------|---------------|----------|------------------|-------------|-------------|----------------|-------------|-------------|------------------|------------------|
|                  | (Au g/t)      | (Au opt) |                  |             | Gold        |                | Silver      |             | oz               |                  |
|                  |               |          |                  |             | g/t         | opt            | g/t         | opt         |                  |                  |
| Open Pit Oxide   | 0.3           | 0.01     | 17,000           | 2.38        | 0.069       | 1,300          | 10.98       | 0.320       | 6,000            | 1,400            |
| Open Pit Sulfide | 1.0           | 0.03     | 1,335,000        | 2.59        | 0.075       | 111,000        | 7.69        | 0.224       | 330,000          | 118,000          |
| Underground      | 2.5           | 0.07     | 5,574,000        | 3.70        | 0.108       | 664,000        | 5.95        | 0.174       | 1,067,000        | 685,000          |
| <b>TOTAL</b>     |               |          | <b>6,926,000</b> | <b>3.49</b> | <b>0.10</b> | <b>776,300</b> | <b>6.30</b> | <b>0.18</b> | <b>1,403,000</b> | <b>804,400</b>   |

\* AuEq calculated at a Au:Ag ratio of 50:1, and assumes 100% recovery of both metals.

In 2004, Newmont compiled all available geological, geochemical, geophysical, and drilling data, defined drilling targets, and drilled 26 reverse circulation ( RC ) holes for a total of 32,595 feet. All 2004 drilling was completed in and around the area of the currently known deposits. In 2005, Newmont drilled 20 RC drill holes totaling 22,200 feet. In 2006, Newmont drilled 48 holes totaling 53,691 feet. In 2007, Newmont drilled 22 holes totaling 27,748 feet. Most of Newmont's 2005, 2006, and 2007 drilling was completed in and around the existing resource area. Newmont's drilling



better defined deposit geometries, demonstrated consistency within the Zanzibar and other deposits, and added to the understanding of some district targets. The drilling also provided samples for metallurgical and waste characterization test work.

From 2004 through 2007, Newmont collected soil samples and retrieved and re-assayed certain assay pulps from WSMC soil samples. Multi-element geochemical analyses were completed on all of the geochemical samples. Based on a detailed analysis of the results of the soil sampling in and around the deposit area, in 2004 the Northumberland system was described as being characterized by strong enrichment of elements known to be associated with Carlin deposits on the Carlin Trend and exhibiting many of the element zonation relationships observed on the Trend.

A 200-sample stream-sediment survey was conducted in the various drainages within the Northumberland caldera northwest of the Northumberland deposit area in 2004. Additional stream sediment sampling was undertaken in 2005 to infill and follow-up results obtained in the 2004 survey. Detailed geological mapping was also completed over about 10-square miles that included the fee ground and USFS lands south to the property boundary. Preliminary mapping was also completed at specific target areas. A total of 301 ten-foot channel samples were collected from certain trenches; these samples, as well as road-cut samples from the same area, were used to identify drill targets for potential drill testing. Newmont also conducted a reconnaissance gravity survey over much of the property, and an infill gravity survey was also completed to attempt to define the eastern margin of the Northumberland caldera and improve the resolution around the Mount Gooding pluton. A five-line CSAMT geophysical survey was completed over the Mount Gooding intrusion and an IP survey in the Zuggurat target area was completed to infill existing data. Newmont conducted a district-scale ground gravity survey in 2007 and a helicopter

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magnetic and radiometric survey. These surveys helped form the basis for the drilling targets defined by Newmont and the subsequent drilling activities undertaken.

From 2004 through 2006, Nevada Western and the Corporation incurred costs of approximately US\$506,000 in connection with the exploration of the Northumberland Property. Newmont incurred costs of approximately US\$1,900,000 in 2004, US\$1,400,000 in 2005, US\$3,000,000 in 2006, and US\$2,400,000 in 2007 for a total of US\$8,700,000 in connection with the exploration of the Northumberland Property. It failed to meet all of its earn-in obligations in 2007. In February 2008, the Corporation and Newmont entered into a letter of intent (which was subsequently replaced by a definitive option and joint venture agreement effective June 1, 2008) on the Sandman Property (discussed below), which saw Newmont return a 100%-interest in Northumberland to the Corporation and granted the Corporation a right to Newmont's proprietary NTEC processing technology for future processing of Northumberland ore in exchange for Newmont obtaining the first right to process ores developed from Northumberland (as further discussed below), in exchange for credit of its expenditures on Northumberland against the right to earn a 60% interest in the Sandman Property.

Under the agreement, Newmont has the right to process ores from Northumberland on the following basis:

- (i) if Fronteer USA does not build a refractory ore treatment plant of its own and elects to use another third party's processing facilities (excluding heap or dump leaching facilities) under toll milling or processing arrangement;
- (ii) prior to contracting with a third party for toll mining or processing technology facilities (other than oxide heap or dump leaching) such as oxide milling for pressure oxidation, roasting, floatation or biooxidation for sulphide ore, Fronteer USA shall notify Newmont and provide Newmont with the intended production rates, timing and technology to be used, provided that Newmont shall keep such information strictly confidential;
- (iii) Newmont shall have thirty days within which to notify Fronteer USA that Newmont is interested in negotiating a processing agreement, or Newmont shall be deemed to have waived its preferential right;
- (iv) promptly upon receipt of Newmont's notice of intent, Fronteer USA and Newmont shall use commercially reasonable best efforts and good faith to negotiate the terms of a mutually agreeable toll milling/processing agreement; and
- (v) Fronteer USA and Newmont shall enter into such agreement except that Fronteer USA may opt out if, before entering the agreement, it is able to obtain more favourable pricing from a third party processor.

In 2008, the Corporation conducted an exploration and development drilling program to explore for additional shallow oxide mineralization adjacent to the existing Chipmunk pit, and to explore for additional high grade sulfide mineralization in the Zanzibar and Rockwell zones. The Corporation also drilled 6 metallurgical core holes and 2 water level monitoring wells to support engineering studies. The 2008 program consisted of 27 drill holes totaling 17,642 feet of RC and 11,278 feet of core drilling for a grand total of 28,920 feet. Total expenditure by the Corporation for 2008 was approximately US\$4,810,000.

Fronteer has no information concerning the RC and rotary sampling methods or approaches by operators at Northumberland prior to WSMC in 1989, other than the sample lengths stored in the master digital database, or on the sample handling, security, or preparation for operators prior to WSMC's work in

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1989. Essentially, prior rotary and air-track samples were taken from 5-foot or 10-foot intervals, while drill holes in the Northumberland database are predominantly vertical, and sample intervals are usually within the range of 5 to 10 feet. Fronteer believes the orientation and length of these samples are appropriate for the style of mineralization at Northumberland.

Drill samples collected for use in geologic modelling and mineral resource estimation are under the direct supervision of external laboratories. Many of the details of the analytical procedures used in the assaying of drill-hole samples prior to WSMC's acquisition of Northumberland are undocumented, although assay laboratories and analytical techniques were used for a series of drill holes through 1997. The lack of comprehensive fire assay data precipitated the initiation of a program in mid-1989 to obtain complete gold and silver fire assays for all drill intervals, which were analyzed at the WSMC laboratory at Northumberland. Due to multiple analytical gold and silver values for many of the drill-hole intervals, and that averaging of values is statistically inappropriate, WSMC created a set of rules to govern the selection of a single assay value for use in the digital database for any given drill interval. These rules were followed closely and are unlikely to have introduced any material bias into the database. Documentation reviewed by Fronteer indicates that the drill-hole database was audited, corrected and updated several times by WSMC. Drill sample assays (based on rotary, RC and core drilling) from several major mining companies are included in the assay database, including assays from all the Newmont holes, and these companies used multiple recognized assay laboratories. The assay data from these operators are consistent with the results generated by the WSMC drilling programs. Fronteer personnel are very familiar with the Northumberland project and have actively participated in every facet of exploration and related work and believe the data to be satisfactory and up to industry standards. Systematic, consistently implemented data checks and validation procedures appear to be lacking in many of the prior drilling programs conducted at Northumberland. While this may be partially due to the inability of WSMC to obtain all of the data from previous operators, many QA/QC procedures were either not commonly followed or not completely documented prior to WSMC's acquisition and during early WSMC exploration programs. While the available check assays do not indicate serious problems with the assay database, more check data are needed before definitive conclusions can be made. Selected pulps and rejects from those that remain in WSMC storage should be re-assayed in order to augment the existing check-assay database. The early WSMC drilling data, in particular, warrant careful review and further verification by check assaying. All further drilling programs at Northumberland should continue to follow a sound QA/QC procedure. Older drill holes have been entirely removed from the database due to sample quality and assay reliability issues. The quality assurance procedures and assay protocols used by Fronteer in connection with drilling and sampling on the Northumberland Property conform to industry accepted quality control methods.

A number of metallurgical tests have been conducted on mineralized sulphide samples and mixed sulphide/oxide samples. Metallurgical testing completed to-date indicates that the N<sub>2</sub>TEC flotation technology may be the most promising method to achieve a viable processing option for the sulphide mineralization at Northumberland.

There are ongoing environmental liabilities at the Northumberland Property that are primarily related to prior mining activities. The most important of these environmental liabilities include the closure of heaps and process ponds and sites with hydrocarbon-impacted soils. During 2008, re-grading on some of the historic heaps was completed and work was conducted to pump water from the process ponds and an attempt was made to remove the sludge at the bottom of the pond in order to repair and/or replace existing pond liners. Some material was removed but this effort was not completed. In addition to the environmental liabilities attributable to past mining activities at Northumberland, there are lesser liabilities related to both prior and ongoing exploration activities, including drill access roads and drill sites.

Current reclamation bonding with the Nevada Division of Environmental Protection, Bureau of Mining Regulation and Reclamation to cover disturbances at Northumberland currently stands at approximately US\$2,592,216. This amount is comprised of two approved Nevada State Reclamation

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Permits which allow for exploration activities on Northumberland and covers mine site reclamation along with several exploration roads. In 2005, the United States Forest Service ( USFS ) also approved four plan of operation permits to cover anticipated exploration of various targets in 2005 through 2007, which Fronteer is currently in the process of having transferred to it. The Corporation believes that all necessary permits are current at Northumberland and that the required reclamation bond is in place to cover the disturbances at the Upper and Lower Sites.

The potential to find additional gold resources at Northumberland is considered to be excellent, both within the deposit area and in other portions of the large property holdings. The possibility of high-grade gold mineralization within structurally controlled zones in the core areas of the deposits warrants careful evaluation and drill testing. There is also potential to discover additional mineralization in the general area of the deposits in geologic settings similar to the known deposits. There are a number of targets well beyond the limits of the mineral resources that are defined by soil and/or rock gold anomalies and favorable geology. Fronteer currently plans to drill test a number of targets within, and outside, the main resource area.

Plans for 2009 at Northumberland are currently focused on district exploration of lands surrounding the resource area and ongoing studies to optimize potential development of the resource. Target generation will include stratigraphic, structural, and geochemical studies on the large body of existing information, and on new data acquired to further explain the large gold occurrence at Northumberland. Reclamation of the historic mine facilities will be ongoing. The budget for the 2009 program is estimated at approximately US\$1,100,000.

Further details regarding the Northumberland Property are available in the technical report entitled *Technical Report on the Northumberland Project, Nye County, Nevada, USA: Resource Update 2008* , dated July 28, 2008 and Amended August 8, 2008, by Christopher Lee, P.Geo. and Jim Ashton, P.Eng., of Fronteer, available on SEDAR at [www.sedar.com](http://www.sedar.com).

**Long Canyon Project, Nevada**

The Long Canyon Project is located in Elko County, northeast Nevada, on the east flank of the Pequop Mountains, approximately 37 kilometres southeast of the town of Wells, Nevada. The project may be accessed via Interstate Highway 80, proceeding thereafter 6 kilometres south on a county-maintained all-weather gravel road. Several short, unimproved dirt roads exist to provide access to the drill grid area. The drill grid area is located approximately 1.5 kilometres west of the Big Spring Ranch, a local, privately-owned ranch. A spur road around the ranch allows for access of drilling equipment without having to pass through the ranch proper.

Elevations in the project area range from 1650 metres above sea level in the valleys on the east and west sides of the Pequop Mountains, to elevations of over 2700 metres on the ridge tops. Elevations for Long Canyon exploration drill hole collars range from 1890 to 2040 metres. The lower slopes of the project area are covered by sage brush, progressing up-slope to Pinion Pine and Juniper woodlands typical of high desert mountain vegetation in northeast Nevada. Locally scattered Sub-Alpine Fir, Limber Pine, and Mountain Mahogany woodland stands are present at higher elevations, giving way to sage brush and grasses on ridge tops. The majority of the Long Canyon exploration activities to date have been in tree-covered (pinion pine and juniper) areas on the lowermost, eastern slopes of the range.

Climate is typical for the high desert regions of northeastern Nevada with hot, dry summers and cold, snowy winters. Summer high temperatures range from 30° C to 37° C, with winter low temperatures typically between -17° C to -10° C, and winter high temperatures of 0° C to 4° C. Most of the precipitation in the region falls as snow in the winter months with lesser precipitation as rain in the spring and as thunderstorms during the late summer. Winter storms can deposit many feet of snow in the upper

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mountains with elevations above 2100 metres being continually snow covered from November through April. The highest elevations can have snow accumulations of up to ten metres.

In the absence of all-weather road access to drill sites, a typical exploration-operating season for the Long Canyon Project is from mid-May through early November. Drilling activities are commonly conducted from June through October. Improved road access and road maintenance/snow removal equipment could extend the exploration-operating season through the winter months if necessary.

At present, service providers for the Long Canyon Project are located in Elko, Nevada and are able to provide equipment and technical personnel required for exploration activities. Should an economic gold deposit be delineated on the Long Canyon Project area, experienced mining personnel and equipment suppliers are available in Elko as well as elsewhere in Nevada. Electric power (for domestic use) extends to the Big Spring Ranch. The nearest major power grid is near an east-west rail line, both located approximately 16 kilometres north of the Long Canyon Project, north of Interstate Highway 80. Water for drilling at Long Canyon is available at the Big Spring Ranch and at the Oasis freeway interchange six kilometres to the north.

Employee accommodation is based in Wells, Nevada; the town of West Wendover, Nevada could serve as an alternative. Currently there are no housing facilities located on the project site. Two office trailers have been located to the site, with more expected to follow in 2009. Electricity and telephone service will be provided to the trailers in the future. An alternative site has been leased at the Oasis freeway interchange six kilometres to the north.

Fronteer controls much of the subsurface private mineral rights in the Long Canyon Project area and as such enjoys broad rights to use the surface of these lands for minerals exploration and development. Surface and Mineral rights on other parts of the Project are controlled by the US Federal Government, with minerals controlled by the Long Canyon Venture through location of lode mining claims. Access and disturbance in these areas is regulated by the BLM.

The Long Canyon Project is an advanced-stage gold exploration property, on which potentially economic grade gold mineralization has been encountered in both surface outcrops and in exploration drill holes to relatively shallow depths of 200 metres vertically. The Long Canyon Property is categorized as an advanced-stage exploration property by virtue of the following: approximately US\$8,200,000 in exploration expenditures to-date, extensive surface geological/geochemical work, 231 drill holes completed, and a resource estimate completed. Gold mineralization is oxide, sediment-hosted gold mineralization hosted in decalcified, silicified and hematitic limestone. Mineralization is focused on the edges of 100 to 150-metre thick dolomite megaboudins as well as boudin necks, forming elongate, shallowly northeast-plunging zones of mineralization. Gold mineralization has been encountered in drilling over a width of up to 400 metres and down-plunge direction of approximately 1700 metres.

The property consists of approximately 46 square kilometres of unpatented federal lode claims and private fee mineral land. The approximate geographic centre of the Long Canyon Property gold exploration drilling is located at 40° 58' 23.70" North Latitude and 114° 31' 52.33" West Longitude.

A total of 304 unpatented claims are held by Pittston Nevada Gold Company ( PNGC ), a wholly-owned subsidiary of AuEX Ventures, Inc. (AuEx), a Nevada corporation, subject to completion of a Members Interest Purchase Agreement dated August 18, 2004. A total of 134 claims are held by Fronteer USA, for a total of 438 claims. Approximately 32 claims in two parcels within the Joint Venture area of interest were not included in the above-mentioned Members Interest Purchase Agreement, and continue to be held outside of the AuEX/Fronteer USA Joint Venture by Pittston Mineral Ventures. An agreement with Pittston Mineral Ventures has been negotiated and these claims will be included in the Joint Venture pending approval of the agreement by all parties.

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As of March 1, 2009, Fronteer USA holds 134 unpatented federal lode mining claims in the Joint Venture area of interest, bringing the total number of claims in the Joint Venture to 438 claims.

A Joint Venture agreement (the Venture Agreement ) was signed, effective May 23, 2006, between AuEX and Fronteer USA. At that time, Fronteer USA held 36 unpatented mining claims and fee mineral rights that were included in the Venture Agreement. The Venture Agreement had the following key components:

each Party retains a 3% NSR (Net Smelter Receipt) royalty on respective lands contributed to the Venture Agreement;

to maintain a 51% interest in the Long Canyon Property, Fronteer USA was required to expend the first US\$5,000,000 on the joint properties, which was completed in September 2008. Fronteer USA elected not to earn an additional 14% by completing all subsequent expenditures through to completion of a feasibility study;

Fronteer was required to accrue a minimum annual expenditure of \$250,000 in project expenditures during the earn-in period.

the Joint Venture will remain a 51% Fronteer / 49% AuEX Joint Venture unless the respective interest of either party is diluted for failure to participate in funding an approved program; and

Fronteer was entitled to earn an additional 14% to increase its interest to a 65% maximum by completing all subsequent expenditures through to completion of a feasibility study. Fronteer has elected not to earn this additional interest, and continues to operate the exploration program on the property.

Fronteer USA has operated and has conducted all exploration expenditures on the Long Canyon Property since May 23, 2006. In September 2007, the Corporation acquired a 100% interest in NewWest USA (now Fronteer USA).

Four permits obtained from the BLM and the BMRR currently govern exploration activity at the Long Canyon Property. These permits authorize an aggregate of approximately 65 acres (26 hectares) of surface disturbance at various portions of the project area. At present, reclamation bonds in the aggregate amount of approximately US\$210,000 are in place in respect to these surface disturbance activities.

Fronteer submitted a draft plan of operations for expanded exploration activities on federal lands at Long Canyon in mid-2007 and a final plan of operations in August 2007. Approval by the BLM was received on September 15, 2008. Fronteer submitted an amendment to the state permit for work on private mineral lands on February 9, 2009, and will also file an amendment to the plan of operations later in spring of 2009 in order to permit additional disturbance pursuant to exploration drilling.

Environmental liabilities at the Long Canyon Project are limited to reclamation of disturbed areas resulting from exploration work conducted by PNGC, AuEX and Fronteer since 2005. Evidence of previous mineral exploration activity consists of several small, widely-spaced shallow prospect pits of unknown origin and age. Class III cultural resource surveys, conducted in 2000, 2006, 2007 and 2008, recorded a number of minor prehistoric and historic artifact sites within the project area. In accordance with applicable permits, exploration activities will avoid or mitigate cultural resources.

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Mineralization at Long Canyon, in the form of gold-bearing jasperoids, was discovered in 1999 by PNGC (then a subsidiary of Pittston Mineral Ventures before subsequently being acquired by AuEX) through follow-up of bulk leach extractable gold ( BLEG ) stream sediment anomalies. A soil grid over the area revealed a 1400-metre-long by 300-metre-wide area with gold in soil greater than 25 parts per billion (ppb). Seven drill holes tested the soil anomaly in 2000; one returned in excess of 2 grams per tonne (g/t) over 26.7 metres. No further work was done until 2005, when AuEX acquired the claims. They drilled seven additional holes, of which six contained significant mineralization. The Venture Agreement was signed in 2006 with Fronteer USA when it was discovered that some of the claims owned by AuEX were invalid and that Fronteer USA owned the mineral rights in these areas. Fronteer USA completed approximately 7300 metres of drilling in 2006 and 2007 in connection with earning its 51% interest in the project. The first NI 43-101 technical report for the project was issued by AuEX in January 2008. In late 2007, NewWest Gold was acquired by Fronteer. Fronteer USA drilled over 24,400 metres in 2008, completing their earn-in in September 2008.

The Pequop Mountains comprise an uplifted block of regionally east-dipping, Paleozoic carbonates and siliciclastic rocks. Of particular interest to the Long Canyon Project are the Cambrian Notch Peak Formation massive limestone and dolomite and the overlying Pogonip Group. The lower part of the Pogonip Group comprises mainly thin bedded to laminated, variably cherty, silty limestone. These rocks were metamorphosed, likely during the mid-Jurassic Elko Orogeny, which imparted a foliation, northwest-southeast stretching lineation, thrust faults, attenuation faults and northeast-plunging upright folds. In the Long Canyon area, a dolomite horizon at the top of the Cambrian section deformed brittlely, resulting in a series of northeast-elongate megaboudins that strongly control the distribution of mineralization at the Long Canyon deposit. Subsequent deformation was more brittle in nature, and includes high angle reverse faults and folds (Cretaceous) as well as manifestations of Tertiary extension, including large, low angle, west-dipping normal faults and basin-and-range faulting evident on the eastern side of the project area.

Gold mineralization at Long Canyon occurs mainly along the Cambro-Ordovician contact between the extended and boudinaged dolomite horizon at the top of the Notch Peak Formation and the overlying silty limestone of the Pogonip Formation. Mineralization is focused along boudin block margins and in boudin neck areas. Significant karsting, likely both meteoric and hydrothermal in origin, is localized along the boudin margins and boudin necks, resulting in large, silt-filled collapse cavities. Much of the higher-grade mineralization at Long Canyon is hosted in the hematitic matrix of dissolution collapse breccias.

Mineralized areas discovered to-date are almost entirely oxidized. Alteration associated with mineralization includes:

Decalcification in limestone/sanding in dolomite;

Hematite, including stratabound hematite, breccia matrix, and fracture hosted;

Jarosite, mainly fracture and breccia matrix-hosted;

Scorodite, mainly late and overprinting pervasive hematite alteration;

Silica, as pervasive partial replacement of limestone;

Jasperoid, along structures;

Clay, in association with faults and altered mafic intrusive rocks; and

Calcite in late veins and breccia cement.

Gold mineralization is associated with elevated As, Hg, Tl and Sb.

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Alteration, mineralization and geochemistry at the Long Canyon deposit are similar in nature to Carlin type sediment-hosted gold deposits. Attributes of Long Canyon mineralization typical of this deposit type include decalcification, gold-bearing arsenical rims on pyrite, gold-bearing jasperoid, similar host rocks (silty carbonates) and geochemical association of gold with As, Sb, Hg and Tl. One distinct difference is that nearly all Carlin type deposits are located well to the west of Long Canyon in continental slope and platform margin facies rocks, whereas the Long Canyon deposit is hosted in platform carbonate rocks.

Gold mineralization is present in at least two forms at Long Canyon: 1) as submicron particles associated with arsenical rims on pyrite, and 2) as discrete, 2 to 5 micron grains often associated with oxidized pyrite grains.

Aside from a few, small, historical lead-zinc prospects located to the north of the Long Canyon project, there is no evidence of any historical mineral prospecting, mining or modern-day mineral exploration until 1999 when mineralization in the Long Canyon area was initially discovered by follow-up of anomalous BLEG samples of dry stream sediment collected along the eastern flank of the Pequop Range. This was followed by detection of gold and associated elements in soils and rock chip sampling of road cuts. Rock chip and soil sample analyses for gold and trace elements (Hg, As, Sb) have been shown to be direct guides to defining drill targets at Long Canyon. A gold-in-soil anomaly in excess of 100 ppb Au extends for over 1200 metres in a northeast direction, with a corresponding width of up to 300 metres at Long Canyon.

Surface exploration and sampling activities completed in 2008 included: (1) rock chip surface sampling carried out as variable length samples, most approximately 3 metres in length, as continuous chip sampling across altered rock units in road cut embankments; (2) two grid-based soil sampling programs with samples taken at 61 metre by 61 metre intervals and analyzed for Au by fire assay with AA finish and for other elements by ICP; (3) detailed mapping of areas previously mapped by AuEX as well as additional areas of the property; (4) a ridge and soil sampling and prospecting program carried out by a consultant during October 2008, the purpose of which survey was to obtain baseline geochemical data for previously unsampled areas located in the southwest part of the property, to prospect certain areas of interest identified by the mapping program discussed above, and to uncover new areas of alteration or mineralization; (5) a ground gravity survey carried out on a 100-metre-by-100-metre grid covering the northern half of the drill grid and areas to the northeast; and (6) IP/Resistivity ( IP/R ) surveys carried out over the drill grid and areas to the northeast and southwest.

Concurrently with the surface exploration program, Fronteer carried out a drilling program employing both RC (Reverse Circulation) and core drilling techniques

RC holes were drilled drilled wet, with collection of samples of appropriate size (5 – 10 kg) over 1.52 metre intervals obtained through use of a rotary splitter. The chips were logged into a digital template, recording lithology, alteration, mineralogy and other parameters. Samples were collected from the drill sites by American Assay Labs for sample preparation and analysis. All samples were subject to fire assay with AA finish using a 30 gram pulp and multiple element ICP. In addition, all samples returning >10,000 ppb gold were subject to fire assay with gravimetric finish and all samples >300 ppb gold were assayed for cyanide soluble gold.

Core holes were subject to geological and geotechnical logging using a digital template, photographed and marked for cutting in the field. Sample intervals were generally 1.52 metres unless geological breaks dictated otherwise. Samples were transported to Fronteer's Elko warehouse for sawing, with one half sent to American Assay Labs for preparation and analysis and the other retained at the warehouse. These sample collection procedures are consistent with industry standard practices. Sample

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security was maintained from sample collection in the field to delivery of samples to the various analytical labs relied on by Fronteer.

Fronteer applied strict quality control and data verification techniques including the insertion of check assays, standards and blank samples at regular intervals. The quality assurance procedures and assay protocols used by Fronteer in connection with drilling and sampling on the Long Canyon Property conform to industry accepted quality control methods. Screen fire analyses were performed on selected samples in order to assess the presence of any coarse gold. These analyses suggest that coarse gold is not a substantial problem in the analytical results for Long Canyon, although that the Company will undertake a more extensive screen fire assay program be implemented in order to determine if initial results are not an artefact of the sample-pulp preparation process employed by the external laboratories used by Fronteer to provide assay analysis services.

Since initial drilling in 2000, and renewed drilling in 2005 to present, 231 drill holes have been completed for a total of 33,900 metres of drilling. Drill depths range from 30 metres to 270 metres and the average is 147 metres for the 231 drill holes. There are 170 RC drill holes for 26,571 metres, and 61 core drill holes for 7,329 metres. Drilling is normally on a 50-metre spaced grid, with lines oriented northwest-southeast.

Drilling has tested approximately the northern two-thirds of the gold-in-soil anomaly. Mineralization is open along strike and at depth. Mineralization controls appear to be both structural (high angle faults and breccias), and stratigraphic (low angle bedding plane replacement, and bedding contacts). Drilling has extended mineralization over 100 metres to the northeast beyond the anomalous surface gold values. The zone of gold mineralization in drilling is open to the northeast. The southwestern portion of the gold-in-soil anomaly has not been drill tested as there is no drill road access currently.

Overall, the 2008 surface exploration and drilling program was helpful in defining new targets for follow-up (especially in the southern area of the project) and has assisted Fronteer in identifying several mineralized gold zones with strongly anomalous to high-grade gold mineralization and potentially economic gold intersections in both RC and core drilling.

The RC drilling results have been compared with those obtained by core drilling. It's results indicated that the sampling methods used by Fronteer are appropriate for the style of mineralization and the drilling conditions. However, that the Company will incorporate a higher percentage of core holes into future exploration activities than currently exist in order to mitigate potential sample integrity issues that sometimes accompany the use of RC drilling operations and are evidenced in some holes at Long Canyon. These problems sometimes arise due to down-hole contamination which can lead to possible misrepresentation of grades.

Fronteer is currently in the process of implementing a metallurgical testing program for the Long Canyon deposit. To date, four grab samples from surface road cuts were collected, sieved into +0.6 centimetre and -0.6 centimetre size fractions, and subjected to cyanide bottle roll testing. These samples indicate that gold is readily cyanide soluble for the samples tested and that Long Canyon ore will be highly amenable to extraction of gold by cyanidation. Further metallurgical testing in the form of column leach tests on four large samples collected from surface roadcuts is currently in progress. Additional metallurgical testing will take place in 2009 with collection and testing of large-diameter core samples.

The Joint Venture has approved a 2009 exploration program with a budget of US\$14,850,000. Such a program would encompass approximately 9000 metres of core drilling, 26,000 metres of RC drilling, ongoing geological mapping, further rock, soil and road cut sampling and continued efforts pursuant to refining the Long Canyon Property geological model and geological controls on mineralization. Fronteer will carry out this program along with AuEX on a 51% / 49% basis, respectively.

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The technical and scientific disclosure in this AIF relating to the Long Canyon Property has not been supported by a technical report prepared in accordance with NI 43-101. On March 13, 2009, Fronteer issued a press release and filed a material change report announcing a project-first resource estimate in respect of the Long Canyon project, copies of which are available on SEDAR at [www.sedar.com](http://www.sedar.com). The technical report is in the process of being prepared by a qualified person as defined under NI 43-101 and it will be available on SEDAR at [www.sedar.com](http://www.sedar.com) not later than 45 days after the issuance of the March 13, 2009 news release and related material change report, as required pursuant to NI 43-101. Fronteer currently has no reason to believe that the information contained in the technical report will be materially different from the information relating to the Long Canyon Property contained in this AIF, however, to the extent any such material changes in such information arise, Fronteer will file a news release identifying any such material changes in such information when it files its technical report.

**Sandman Property, Nevada**

The Sandman Property is located south of the Slumbering Hills and west of the Tenmile Hills, approximately 13 air miles northwest of the town of Winnemucca, Nevada. The southern limits of the Sandman project are accessed by driving west from Winnemucca on Jungo Road for approximately nine miles. A network of dirt roads provides access within the property boundaries. These unimproved dirt roads would have to be upgraded for regular access during any future mining operations.

Maximum daytime summer temperatures at the project site are generally below 100° F with nighttime temperatures usually exceeding 40° F. Winter temperatures generally range between highs up to 60° F and lows below 0° F. Precipitation averages 6 to 10 inches annually, with most occurring as winter snows, and to a lesser extent summer thunder showers. Vegetation is sparse due to the very sandy, loose and unstable surface soils, and the aridity of the property area. Areas of drifting sand are common. Sagebrush and bunchgrasses are the characteristic plants with cheat grass especially common in areas that were burned in the past.

The project site lies in an area of moderate relief west of the 10-Mile Hills feature. The terrain ranges from flat valleys to rolling hills to somewhat mountainous ranges with an elevation range of 3,500 to 5,000 feet. Common landscape features include basalt-capped hills, angle-of-repose talus slopes and sand dunes.

The town of Winnemucca is the nearest centre for servicing mine-related activities. Winnemucca has approximately 10,000 inhabitants, is located on Interstate Highway 80, and services mining operations at Newmont's Twin Creek open pit gold mine. A power line, not of sufficient capacity to use for mining according to NewWest staff, traverses the Sandman project, and a natural gas line passes south of the property limits. The topography within the property area includes plentiful flat-lying areas that would be favourable for the siting of mining facilities. The Sandman property includes sufficient surface rights for all necessary mining infrastructure. There are no permanent or perennial streams at Sandman. There is a well on NewWest's 10-Mile property to the east of Sandman that could potentially be used as a water source, although mining operations would probably require the purchase of water rights from one or more ranchers in the area and the installation of a production well on the property. At the Southeast Pediment deposit, the westdipping andesite porphyry forms an aquifer that might be used as a source of water for a mining operation.

Developing a mining and processing project at Sandman will require a number of federal, state and local permits and authorizations. Permitting this type of project in Nevada is a comprehensive process that involves the submission of a plan of operations/reclamation permit to the BLM and Nevada Division of Environmental Protection, Bureau of Mining Regulation and Reclamation (BMRR), as well as a Water Pollution Control Permit application to BMRR. In order to prepare these permit applications, Fronteer and

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Newmont will need to perform numerous environmental, technical, and engineering studies, some of which are already underway.

As part of the permitting process, the BLM will have to prepare a National Environmental Policy Act ( NEPA ) environmental analysis, which will involve public scoping, consultation with Native American tribes, and coordination with other federal agencies. Fronteer currently anticipates that BLM will most likely prepare an Environmental Impact Statement to satisfy this NEPA obligation for the Sandman project.

The private grounds at the Sandman project site are split-estate lands in which the mineral estate is subleased from Newmont (as described below). Developing a mining project will require ongoing management of these split-estate lands to minimize potential conflicts with current and future landowners to ensure that the development of the surface estate does not unreasonably interfere with development of the mineral resources.

Sandman consists of 624 unpatented lode mining claims owned by NewWest, which is in turn owned by Fronteer, and 6,720 acres (2,720 ha) of fee lands subleased by NewWest from Newmont, for a total of approximately 19,200 acres (7,770 ha). NewWest obtained its interests in Sandman in 2006 by means of a series of transactions with WSMC, a privately-owned Utah corporation, and related companies. See General Development of the Business Three Year History above for further details. Of the 624 unpatented claims, 510 were staked by WSMC or NewWest and are not subject to third-party royalties. The private lands, which are subleased by NewWest from Newmont, and the remaining 114 unpatented claims are subject to net smelter return production royalties of 1% on the first 200,000 ounces of gold production and 5% on all production exceeding 300,000 ounces of gold. Title to the property was verified in an independent title report that was completed in June 2005, and supplemented in each of May, July and August 2006 and in July 2007.

The annual payments required to the U.S. BLM and County for Sandman and a nearby smaller property called the 10-Mile Property total approximately US\$96,399, which includes an annual US\$125 per claim maintenance fee, plus related filing and recording fees, applicable to the Corporation's unpatented mining claims. Under a sublease from Newmont, the Corporation was required to pay annual advance royalty payments of approximately US\$67,200 from 2008 through to 2012, and approximately US\$134,400 starting in 2013. The Newmont sublease has a primary term of ten years and may be extended for an additional ten years by payment of annual advance royalties. Commercial production is required to extend the term of the Newmont sublease beyond 2017. Under a separate lease with Northern Nevada Gold Company for the 10-Mile Project, the Corporation is required to make annual lease payments of US\$24,000 reducing to US\$20,000 in 2009 through 2014. As a result of the Sandman letter of intent and subsequent agreement (discussed below), these lease payments and annual BLM and County fees will be paid by Newmont during the term of the parties' agreement.

In February 2008, the Corporation and Newmont signed a letter of intent ( LOI ), which was subsequently replaced by the definitive option and joint venture agreement between Fronteer and Newmont dated June 1, 2008 discussed further below under Material Contracts , whereby Newmont may earn an initial 51% interest in Sandman within 36 months by: spending a minimum US\$14,000,000 on exploration; making a production decision supported by a bankable feasibility study; reporting reserves; making a commitment to fund and construct a mine; advancing the necessary permits; and contributing an adjacent mineral interest to the joint venture. Newmont may earn an additional 9% interest in Sandman by spending a further US\$9,000,000 on development. The Corporation retains a 2% NSR royalty on production of the first 310,000 ounces at Sandman. The Corporation can also elect to have Newmont arrange financing for up to 40% of development costs. As a result of the parties' agreement, future exploration, development, and feasibility studies will be managed by Newmont as operator.

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No historic mining activities are known to have taken place within the Sandman project limits, although approximately 5,000 ounces of gold are reported to have been produced from an underground mine at the 10-Mile Property. The 10-Mile Property is located immediately adjacent to the Sandman project and is also controlled by Fronteer.

Modern exploration of the Sandman project began in 1987 when Kennecott Exploration Company ( Kennecott ) geologists discovered gold in outcrop at North Hill. Kennecott and Santa Fe Pacific Gold Corporation ( Santa Fe ) formed a joint venture to explore the property later that year and the joint venture conducted geologic mapping, surface sampling, geophysical surveying, trenching, drilling, and metallurgical testing through to 1994. The joint venture drilled 275 RC drill holes and three diamond drill core ( core ) holes in this period, as well as 4,000 shallow auger holes to sample bedrock beneath the extensive sand cover. A block of claims staked by U.S. Borax (now Rio Tinto Minerals) was acquired by the joint venture in 1989. U.S. Borax had drilled 37 RC drill holes within these claims.

The work of companies that controlled the Sandman project prior to Fronteer led to the discoveries and partial definitions of the Southeast Pediment, Silica Ridge, North Hill and Abel Knoll gold deposits, as well as the identification of the Adularia Hill, Basalt Hills, Sandbowl, Windmill, and other exploration target areas.

Kennecott and Santa Fe terminated their joint venture and conveyed their individual holdings at Sandman to WSMC in 1997. WSMC and NewWest subsequently conducted extensive exploration of the property, including rock chip and soil sampling, geophysical surveying, trenching, drilling, and metallurgical testing. WSMC also excavated a test pit at the Southeast Pediment measuring approximately 200-ft long by 50-ft wide by 15-ft deep. A 1,067-ton bulk sample of relatively high-grade mineralization was mined and shipped to the Twin Creeks mine of Newmont for milling and leaching. Over 95% of the gold in the 1,067 ton sample was recovered, which is consistent with the bottle roll results generated from other samples from the Southeast Pediment pulverized to -100 mesh.

The Sandman project is located in a region characterized by Jurassic compressional tectonics and Tertiary extension. Basement rocks are Late Triassic to Early Jurassic metasedimentary units of the Jungo terrane, part of the Fencemaker Thrust allochthon, which was thrust to the southeast in Jurassic time. The Jungo Terrane includes relatively continuous and thick sequences of fine-grained, basinal, terrigenous clastic rocks that were regionally metamorphosed to greenschist facies to form mainly phyllite and orthoquartzite. Mesozoic granodioritic intrusions ranging in age from 175 Ma to 71 Ma are exposed throughout northwestern Nevada and likely include the small plutons mapped in the Sandman area that intrude the metasedimentary units. Tertiary volcanism and high-angle faulting characterize the north-northwest trending Sleeper Rift.

The area around and including the 10-Mile Hills is underlain primarily by Upper Triassic metasedimentary rocks that are overlain by a Tertiary volcanic section of tuffaceous rocks and basaltic flows. The oldest of the Triassic metasedimentary rocks belong to the Winnemucca Formation, which is present at Winnemucca Mountain east of Sandman and at Little Tabletop Mountain just south of Sandman. The Winnemucca Formation at Winnemucca Mountain consists of calcareous shale, thin-bedded to massive carbonates, calcareous sandstone, shale and slate, and feldspathic quartzite. At Little Tabletop Mountain it includes limestone, phyllite, sandstone, and quartzite.

An unnamed unit overlies the Winnemucca Formation and consists of quartzite, phyllite and phyllitic shale. It is characterized by a lack of calcareous beds and may correlate with the O Neill Formation as described below.

Above this unnamed unit in the western Krum Hills and 10-Mile Hills lies the Upper Triassic Raspberry Formation, which in this area is made up of phyllitic shale with subordinate feldspathic

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quartzite and carbonate beds plus rare chloritized volcanic rocks. In the Krum Hills, the Raspberry Formation is at least 7,000 to 8,000 feet thick. Overlying the Raspberry Formation in parts of the 10-Mile Hills and Krum Hills is the pre-Late Tertiary, possibly early Tertiary, Pansy Lee Conglomerate, which includes pebble conglomerate and sandstone with subordinate cobble conglomerate, sandstone, and siltstone. The formation is 400 to 500 feet thick at the crest of the Krum Hills. Granodioritic intrusions are present in the region but are undated. They are thought to be Cretaceous and/or Tertiary in age, but gneissic textures in some of the stocks indicate that at least some of the intrusions may have been syntectonic. Diorite east of Sandman on Winnemucca Mountain and gabbro southwest of Sandman at Blue Mountain are thought to be Jurassic-Cretaceous in age. Tertiary basalt and andesite with local rhyolite or sedimentary rocks at the base make up much of the area between the Krum Hills on the east and Blue Mountain on the west of Sandman.

The earliest positively identified deformation in the Krum Hills-10-Mile Hills area is tight isoclinal folding and thrust faulting with overturning folds toward the southeast. Younger high-angle faulting offsets the Tertiary rocks.

Sandman lies along the north-northwest-trending eastern margin of the Sleeper or King River Rift. The Sleeper Rift consists of a regional aeromagnetic and gravity linear that extends from the Idaho border to the Sleeper gold mine, located 14 miles north-northwest of Sandman, through Sandman and the Goldbanks gold deposit, which lies 30 miles to the south-southeast of Sandman. Much of the property area is covered by windblown sand deposits and Late Tertiary to Quaternary basalt. Mapping, exploration drilling, and extensive shallow auger drilling through the sand indicate that most of the sand and basalt in the project area are underlain by a section of Tertiary tuffaceous rocks and andesite, which in turn overlie Late Triassic to early Jurassic metasedimentary clastic and subordinate carbonate rocks.

The Southeast Pediment, Silica Ridge, North Hill, and Abel Knoll gold-silver mineralization at Sandman are classified as low-sulfidation, quartz-adularia, epithermal deposits. The mineralization is hosted by Tertiary volcanic rocks, primarily in tuffaceous units, andesite porphyry, tuffaceous sedimentary units, and basalt. Northwestern Nevada contains a number of similar middle Miocene gold-silver deposits that occur in silicic volcanic or subvolcanic rocks, including the Sleeper, 10-Mile, National and Hog Ranch deposits. The abundance of adularia and relative paucity of silicification associated with much of the Sandman mineralization compares more closely to the mineralization type at the Round Mountain mine located to the south in Nye County, Nevada.

The mineralization at the Southeast Pediment is controlled by a north-striking and moderately west-dipping fault, the contacts of an andesite porphyry body, and shallowly dipping porous beds of tuffaceous rocks. Adularia-quartz zones with high-grade gold mineralization grade outward into lower-grade zones with argillic alteration. Mineralization at Silica Ridge is hosted by tuffaceous rocks, basalt, and andesite and is associated with quartz-adularia-pyrite alteration that grades outward to argillic alteration with anomalous gold. A north-striking east-dipping fault and the contacts of an andesitic dike appear to be the principal controls of the gold mineralization. At North Hill, the primary controls of mineralization are low-angle contacts between andesite porphyry sills and tuffaceous wall rocks. Additional mineralization is associated with high-angle andesite porphyry dikes. Abel Knoll mineralization is hosted in a polyolithic breccia, interpreted to be a steeply plunging diatreme, and its tuffaceous wall rock. Higher-grade gold mineralization at Sandman typically occurs in structurally controlled lens-shaped pods, while lower-grade mineralization displays good continuity.

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Gold resources at the Southeast Pediment, Silica Ridge, North Hill and Abel Knoll deposits are summarized as follows.<sup>2</sup>

**SANDMAN GOLD RESOURCES - MAY 2007**

| DEPOSIT               | MEASURED         |                         |               | INDICATED        |                         |                | MEASURED & INDICATED |                         |                |
|-----------------------|------------------|-------------------------|---------------|------------------|-------------------------|----------------|----------------------|-------------------------|----------------|
|                       | Tons             | Grade<br>(oz<br>Au/ton) | Au<br>Ounces  | Tons             | Grade<br>(oz<br>Au/ton) | Au<br>Ounces   | Tons                 | Grade<br>(oz<br>Au/ton) | Au<br>Ounces   |
| Southeast<br>Pediment |                  |                         |               |                  |                         |                |                      |                         |                |
| Total                 | 644,000          | 0.070                   | 45,300        | 1,300,000        | 0.034                   | 44,500         | 1,944,000            | 0.046                   | 89,800         |
| North Hill            | 387,000          | 0.037                   | 14,400        | 2,684,000        | 0.029                   | 78,400         | 3,071,000            | 0.030                   | 92,800         |
| Silica Ridge          | 511,000          | 0.032                   | 16,200        | 1,382,000        | 0.028                   | 39,000         | 1,893,000            | 0.029                   | 55,200         |
| Abel Knoll            | 168,000          | 0.037                   | 6,200         | 957,000          | 0.029                   | 27,900         | 1,125,000            | 0.030                   | 34,100         |
| <b>TOTALS</b>         | <b>1,710,000</b> | <b>0.048</b>            | <b>82,100</b> | <b>6,323,000</b> | <b>0.030</b>            | <b>189,800</b> | <b>8,033,000</b>     | <b>0.034</b>            | <b>271,900</b> |

| DEPOSIT                  | Tons             | INFERRED                |               |
|--------------------------|------------------|-------------------------|---------------|
|                          |                  | Grade<br>(oz<br>Au/ton) | Au<br>Ounces  |
| Southeast Pediment Total | 109,000          | 0.026                   | 2,800         |
| North Hill               | 294,000          | 0.021                   | 6,200         |
| Silica Ridge             | 518,000          | 0.014                   | 7,400         |
| Abel Knoll               | 497,000          | 0.043                   | 21,600        |
| <b>TOTALS</b>            | <b>1,418,000</b> | <b>0.027</b>            | <b>38,000</b> |

Note: 0.010 oz Au/ton cutoff for Abel Knoll, North Hill, and Silica Ridge.  
0.010 oz Au/ton cutoff for Southeast Pediment above 4,200 ft elevation.  
0.020 oz Au/ton cutoff for Southeast Pediment below 4,200 ft elevation.

| DEPOSIT                  | Tonnes  | INFERRED          |              |
|--------------------------|---------|-------------------|--------------|
|                          |         | Grade<br>(g Au/t) | Au<br>Ounces |
| Southeast Pediment Total | 99,000  | 0.88              | 2,800        |
| North Hill               | 267,000 | 0.72              | 6,200        |
| Silica Ridge             | 470,000 | 0.49              | 7,400        |
| Abel Knoll               | 451,000 | 1.49              | 21,600       |

|               |                  |             |               |
|---------------|------------------|-------------|---------------|
| <b>TOTALS</b> | <b>1,287,000</b> | <b>0.92</b> | <b>38,000</b> |
|---------------|------------------|-------------|---------------|

Note: 0.34 g Au/t cutoff for Abel Knoll, North Hill, and Silica Ridge.

0.34 g Au/t cutoff for Southeast Pediment above 1,280 m elevation.

0.69 g Au/t cutoff for Southeast Pediment below 1,280 m elevation.

A cutoff of 0.010 oz Au per ton (0.34 g Au/t) was chosen to reflect mineralization potentially available to open-pit extraction and heap-leach processing, and MDA believes that this cutoff is reasonable for the reporting of the Southeast Pediment mineral resources above an elevation of 4,200 feet (1,280 metres), as well as all of the Silica Ridge, North Hill and Abel Knoll resources. Southeast Pediment

<sup>2</sup> Mineral resources have been estimated by MDA in accordance with the standards adopted by the Canadian Institute of Mining, Metallurgy and Petroleum ( CIM ) Council in August 2000, as amended, and prescribed by the Canadian Securities Administrators NI 43-101. The mineral resources expressed in the tables above are based on the technical reports prepared by MDA entitled *Updated Technical Report, Sandman Gold Project, Humboldt County, Nevada, USA* dated November 1, 2007. See a copy of the report on

SEDAR at  
[www.sedar.com](http://www.sedar.com).

The cut-off grade (expressed in ounces of gold per ton) for the Sandman project measured, indicated and inferred resources is 0.01 for all of the shallow deposits and 0.02 for the deeper zones at the Southeast Pediment deposit. The likelihood of any conversion of mineral resources to mineral reserves may be affected by various metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other issues.

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mineral resources below 4,200 feet (1,280 metres) may be subject to higher extraction costs, or lower recoveries, and therefore are reported at a cutoff of 0.020 oz Au/t (0.69 g Au/t).

In 2006, the Corporation completed a drilling program at the Sandman Property at a total cost of approximately US\$2,000,000. The drilling expanded mineralization at the Southeast Pediment, Silica Ridge and North Hill deposits, both laterally and at depth. Additionally, there was a new discovery of high-grade gold mineralization at Abel Knoll. The drilling program included 170 holes with total footage exceeding 60,000 feet. The 2006 program advanced the Sandman Property to four deposits with quantifiable resources and significant upside potential.

The Abel Knoll deposit was discovered in 2006 with vertical hole AK06-2, which encountered 420 feet of continuous gold mineralization from 245 to 655 feet with an average grade of 0.087 oz Au/t. This interval includes two higher grade zones of 0.397 oz Au/t between 350 and 375 feet and 0.192 oz Au/t between 535 and 635 feet. Drilling advanced the Abel Knoll target to a deposit with a quantifiable resource with some upside potential. The drilling revealed a steeply-dipping, pipe-shaped mineralized breccia body that is roughly 400 feet long in an east-west direction, 250 feet wide in a north-south direction, and 600 feet deep. Near the end of the 2006 drilling program, holes tested an inferred east-west structural trend to the east of the mineralized breccia body. The holes encountered mineralization and discovered a new and apparently separate mineralized zone. The 2007 drilling program at Abel Knoll focused on defining this eastern zone.

In 2007, 28 RC drill holes with a total footage of 16,115 feet, and one 639-foot deep core hole were drilled, mostly in the eastern zone. At the end of the 2007 program, drilling indicated that the zone is at least 700 feet long east-west, 500 feet wide north-south, and has a drilled depth range locally from the surface to over 500 feet. Mineralization is hosted in Tertiary volcanic rocks and the underlying Triassic phyllite and feldspathic quartzite section. The eastern zone contains numerous thick low-grade drill intercepts approaching 100 feet thick with local thin intercepts of high grade. Towards the end of the 2007 program, an area was tested with continuous higher grade zones. Angle hole AK07-41 encountered 50 feet of 0.098 oz Au/t between 115 and 165 feet. Hole AK07-48 encountered 100 feet of 0.050 oz Au/t between 255 and 355 feet.

A total of 22 RC drill holes with a total footage of 8,540 feet were also drilled in 2007 to test district targets, mostly in the Windmill Hill area and at the Sandbowl anomaly. Fifteen of the holes were drilled in the Windmill Hill area where the location of andesite dikes correspond with anomalous gold soil anomalies. All 15 of the holes encountered strongly anomalous gold mineralization. The best results are from the South Windmill target. Hole SW07-1 intercepted 15 feet of 0.060 oz Au/ton at the bottom of the hole between 420 and 435 feet. This mineralization is hosted in an andesite dike. Hole SW07-3 intercepted 10 feet of 0.024 oz Au/ton between 205 and 215 feet, also hosted in andesite dike. Hole SW07-2 intercepted 10 feet of 0.013 oz Au/t between 10 and 20 feet hosted in tuffaceous rock. Four holes were drilled at the Sandbowl target, and all encountered strongly anomalous gold mineralization. Hole SB07-1 intercepted five feet of 0.016 oz Au/ton between 205 and 210 feet, SB07-3 intercepted five feet of 0.011 oz Au/t between 275 and 280 feet, and SB07-4 intercepted five feet of 0.029 oz Au/t between 195 and 200 feet.

Exploration on the Sandman project was initiated in February 2008 by Newmont to continue developing and exploring the Sandman project under the terms of the LOI. The project had a 2008 budget of US\$3,000,000 to be partitioned as to US\$2,000,000, to development drilling on primarily the Southeast Pediment and Silica Ridge Resource areas and as to US\$1,000,000, to exploration. The exploration program included comprehensive airborne and ground geophysics as well as geology, rock and soil geochemistry to fill in areas and expand upon historical work of Fronteer and NewWest. The final joint venture agreement between Newmont and Fronteer was signed on June 1, 2008. For further details concerning this agreement, please see the section entitled **Material Contracts** below.

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Newmont also completed a total of 37 diamond drill core holes which were distributed as 34 holes totaling 2,546 metres at Southeast Pediment and 3 drill holes totaling 290 metres at Silica Ridge. These holes were drilled as P or H sized and whole core was assayed at American Assayers in Reno, Nevada. The large sized core was used to facilitate confirmation and continuing metallurgical studies on the low sulphidation quartz-adularia style of gold mineralization hosted in these deposits. The drilling was successful in intersecting medium- to high-grade gold mineralization at the Southeast Pediment. Significant assays include 26.19-metre grading 2.58 g/t gold, including 1.68-metre grading 25.78 g/t gold and 12-metre grading 2.24 g/t gold including 1.43-metre grading 10.55 g/t gold. Initial cyanidation of equivalent metallic screened gold fire assay intervals indicates a gold solubility of approximately 80% to 95%.

Except as noted below, Fronteer and MDA do not possess any meaningful information regarding the sampling methods and sample handling employed during the various drilling campaigns at the Sandman Property prior to 2000. Additionally, Fronteer and MDA are unaware of the details regarding core sampling methods and core recoveries prior to 2006.

RC samples from all Sandman drilling programs were collected on 5 foot intervals with the exception of five Kennecott holes and three WSMC holes. These holes were either drilled outside of the three Sandman deposit areas, or in areas where no significant mineralization was thought to occur, and were sampled at 10 foot intervals. With respect to core drilling conducted following 2006, Kennecott core was sampled at an average length of 5.1 feet, while WSMC core holes were samples at 2.1 foot intervals, on average.

Information on RC sampling methods employed prior to 2000 is restricted to WSMC's 1996 and 1997 drilling programs. A total of 227 RC holes were completed in this time period with more than half of the RC holes drilled in the Southeast Pediment, Silica Ridge, and North Hill deposit areas. Cuttings from this drilling were collected over 5 foot intervals by the drillers. An independent consultant was solicited to investigate sample splitting size at the drill rig and to investigate sample preparation and assaying techniques in mid-1996. The resulting study indicated that a 1/8<sup>th</sup> split at the drill rig should sufficiently represent the interval. Two 5- to 10-pound sample splits were collected at the drill rig; one sample was sent for assaying and the other was retained by WSMC as a reject sample. A rotary splitter was used for wet drilling intervals. Each assay interval was logged by a geologist, who recorded information such as rock type, alteration, and degree of sulfide oxidation.

The WSMC and NewWest 2000 through 2007 drilling programs used essentially the same drilling and sampling procedures. The holes were started by drilling dry with water injection initiating immediately after the hole was successfully collared in order to conform with air quality regulations. Most of the drill samples were therefore derived from wet drilling and were split using a rotary splitter. The wet-sample splitting was designed to fill 20 x 24 inch cloth bags without overflow. A backup (rig-duplicate) split was collected in 10 x 17 inch olefin bags through 2005; all later rig splits were collected in 20 x 24 inch cloth bags. The few dry samples collected were split using a Jones splitter to fill two 10 x 17 inch bags. Gel and/or bentonite were added to the water injection when high-water flows were encountered near the bottom of some holes as well as in broken ground to stabilize some holes. Sample recovery was reported by WSMC to be generally good except for certain (relatively few) intervals where very-poor or poor recovery was recorded in the logs.

The possibility of contamination of drill samples with mineralized material from higher in the hole is a concern with RC drilling, especially in cases such as Southeast Pediment and Abel Knoll where some mineralized intervals lie below the ground water table. While certain indications of down-hole contamination have been shown to be present in a total of six holes, definitive RC contamination is difficult to establish at Southeast Pediment, as the geology of the suspected high-grade source of contamination is in many cases the same as the possible contaminated interval.

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Few details with respect to the sample preparation and analyses are known regarding pre-2000 drilling programs carried out at Sandman. Based on available drill hole logs and assay certificates, as well as discussions between MDA and WSMC personnel, it is known that certain samples obtained during this period were assayed by various independent laboratories. Each of these parties primarily relied on the use of fire assaying techniques with an AA or gravimetric finish. Certain selected samples were also subjected to cyanide soluble assays of varying lengths. In addition, one laboratory analyzed samples from 12 WSMC holes by use of screen-fire assaying methods, two-hour cyanide shake tests and two-acid digestion silver analyses. Four-acid digestion silver analyses were also run on at least one hole for each deposit. Check assaying was performed by another laboratory on samples from the 2002 to 2006 programs.

While unaware of the operative sample security protocols associated with any drilling programs prior to 2000, Fronteer does have some knowledge with respect to operations conducted between 2000 and 2007 by predecessor companies. During this time period, Fronteer understands that certain specified security control protocols were adhered to, and is unaware of any security problems during the drilling programs. Since the signing of the joint venture and option agreement with Newmont in June 2008, the sample security protocols for Sandman have now become the responsibility of Newmont as the project operator. As reported to Fronteer by Newmont, all recent drill composites are now calculated using a cut-off of 0.30 grams per tonne, all drill intersections are reported as drilled thicknesses, all reverse circulation cuttings were sampled on 5.0 feet. (1.52 metre) intervals, and all core is sampled at geologically selected intervals. All drill samples are assayed by an independent laboratory in Sparks, Nevada, for gold by fire assay of a 30 gram (1 assay ton) charge with an AA finish, or if over 10.0 grams per tonne Au, such samples are re-assayed and completed with a gravimetric finish. For these samples, the gravimetric data is utilized in calculating gold intersections. QA/QC includes the insertion of numerous standards and blanks into the sample stream, and the collection of duplicate samples at random intervals within each batch. Selected holes are also analyzed for a 72-element geochemical suite by ICP-MS. All data, as reported to Fronteer by Newmont including sampling, analytical and test data, has been reviewed by the Corporation's designated qualified person for the project.

Bottle roll, column leach, and some gravity concentration tests have been undertaken on trench and drill-hole samples from the Southeast Pediment, Silica Ridge, North Hill and Abel Knoll deposits. The bottle roll and column data indicate that the gold mineralization tested is amenable to direct cyanidation. The data consistently show that cyanide extractions increase with decreasing particle size for the samples tested. Samples that were pulverized to -100 mesh yielded an average gold extraction of approximately 94.3%, while RC drilling chip samples tested at the as-received size and samples crushed to -0.25-inch yielded an average gold extraction of approximately 77.8%. There is no clear relationship between the cyanide extractions and gold grades of the head samples, although there is some evidence that samples with higher head grades require a longer leach time to achieve comparable extractions. Cyanide consumptions and lime requirements are low to moderate.

Based on the success of the 2008 program, a 2009 budget for continued exploration was designed and approved and was initiated in early January 2009 by Newmont. This estimated budget is currently US\$5,000,000. The drilling has been updated to include 35 development core holes at the Southeast Pediment, 21 development core holes at Silica Ridge, and 10 of the 15 proposed property wide exploration holes. To aid in this exploration, down hole geophysics will also be utilized in addition to orientated core observations. This drilling will be completed utilizing two core and one reverse circulation drill rig.

Drilling commenced in mid-January 2009 and has completed 30 holes to the end of February for approximately 7,000 feet to date. Not all of the 2008 exploration targets identified from the geochemical and geophysical surveys can be drilled in 2009 due to permitting restrictions. The planned drilling of 10 exploration holes are scheduled to be completed during the first quarter of 2009. Exploration target areas anticipated to be tested in 2009 include Able Flat, Rembrandt, the Southeast Pediment, the North Pediment, North Windmill and the Northeast Pediment. Also planned for the 2009 program are various

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ground water flow tests and water sampling from existing and to-be-completed water test wells/drill holes. This work will include evaluation of potential production water well sites.

Reclamation of surface disturbance created in the course of mineral exploration is the only environmental liability at the Sandman project. The gentle topography at Sandman allows for access to most drill sites by overland travel; and road and drill pad construction is not necessary at most sites. Sumps to contain drill cuttings and fluids have been excavated at each drill site. Other exploration surface disturbances include several exploration trenches and a small test pit at the Southeast Pediment deposit.

Financial assurance has been provided to the BLM by Newmont to cover the costs to reclaim these sites. The aggregate reclamation bond for the exploration surface disturbance in the four deposits and at other mineral targets within the Sandman project on public land is US\$75,875, which has been funded by Newmont. Assurance in the amount of US\$85,000 has also been provided by the Corporation to the BMRR to cover the costs of reclaiming the Southeast Pediment test pit and the other exploration features on private land at this deposit, and US\$17,000 for reclamation of the exploration features on private land at the Abel Knoll deposit. Further details regarding the Sandman Property are available in the updated technical report entitled *Updated Technical Report, Sandman Gold Project, Humboldt County, Nevada, USA*, dated November 1, 2007, prepared by Michael M. Gustin, R. P. Geo., George Lanier and Jim Ashton, P.E., available on SEDAR at [www.sedar.com](http://www.sedar.com).

**Zaca Property, California**

The Zaca Property is located in Alpine County, California, about 70 miles south of Reno, Nevada in the Toiyabe National Forest. Access to the Zaca Property from Markleeville is via California State Highway 89 and the Loope Canyon Road, which provide access to an extensive network of USFS roads and company drill roads that traverse the entire property.

The project area has a climate typical of the east slope of the Sierra Nevada. The bulk of the precipitation falls as snow (approximately 70% to 80%) and averages 35 inches per year at Markleeville (elevation 5,500 feet), and 16 inches per year at Woodfords (elevation 5,700 feet). There is no specific data available for the project area. Operations can take place throughout the year, but leaching may be hampered or slowed because of freezing temperatures. Snow removal is necessary during winter months, especially in north-facing areas, and both Monitor Pass and Highway 4 are often closed during the winter months. Vegetation is relatively sparse and consists predominately of scattered pine, juniper, fir and sagebrush.

Elevations in Alpine County range from 5,000 to 11,000 feet above sea level. Colorado Hill, where the Zaca project site is located, ranges in elevation from 6,000 to 7,000 feet.

The town of Markleeville, located approximately 4.5 miles to the northwest of Zaca, is the nearest population centre to the project. According to a report generated prior to Fronteer's acquisition of its interest in the Zaca Property, there is sufficient room for a mining operation, although power is not available on the property. Water for any mining operation would have to be developed from groundwater resources or purchased from downstream users. Although there may be some people within the confines of Alpine County that may be interested in seeking employment with a future mining operation at Zaca, the majority of employees would need to come from the Minden-Gardnerville area or Carson City, Nevada, due to a shortage of affordable housing alternatives in Alpine County. There are currently no mining facilities on the Zaca Property.

The Zaca project consists of 177 contiguous unpatented lode mining claims covering 2,834 acres and four patented mining claims covering 153 acres. Title to the property was verified in an independent

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title report that was commissioned by NewWest, completed in June 2005, and supplemented most recently in July 2007.

The project is held 100% by New Zaca LLC, a wholly-owned subsidiary of Western States Minerals Corporation, and is in turn leased to the Corporation on an annual basis. The project is also subject to three underlying royalty agreements. There is a 5% NSR royalty payable to Kennecott on the Loope claims, with the exception of Loope 143 to 146 claims, on which the royalty payable to Kennecott is a 2.5% NSR royalty. The combined royalty payable to Kennecott is capped at US\$2,000,000. In the event that the Corporation abandons any of the original Loope claims and Kennecott does not exercise its option to retain them, if the Corporation re-stakes the ground within five years of giving Kennecott notice, the royalty will apply to the new claims. There is also a 5% NSR royalty payable to US Precious Metals, Inc. (previously Baker Resources USA, Inc.) on the Flint patent, the Jean claims #1-10 and the Red Gap, Red Gap No. 1, Red Gap No. 2 and Red Gap Annex claims. This royalty applies after all acquisition, exploration and development costs are recovered. The mineral resources reported in this section of the AIF lie on lands that are also subject to the 3% NSR royalty payable to Zaca Resources discussed elsewhere in this AIF.

The Zaca project lies in the Monitor-Mogul Mining District, which is located in the north-trending Monitor Range. The range is at the western edge of the Basin and Range Province, bounded to the west by the Sierra Nevada Province. The district falls within a large block of volcanic and shallow intrusive rocks. The volcanic rocks are dominantly andesite flows, and intrusive stocks and pipes of rhyolite, andesite and dacite have been emplaced within the flows. The oldest of the andesitic flows has been dated at approximately 12.5 million years. These flows are in excess of 4,000 ft thick and lie directly on the granitic rocks of the Sierra Nevada Batholith in a fault block that has been dropped down on the east side of the Sierra Nevada.

Defined gold resources lie within Colorado Hill, which is in an area dominated by a group of four subvolcanic rhyolite pipes. The pipes have a north-south alignment and intrude Late Miocene Goskey Canyon Andesite. The most prominent pipe is the Pliocene Zaca Rhyolite, which occurs as a composite pipe of flow-banded rhyolite partially surrounded by locally stratified tuff breccia. The Zaca Rhyolite and breccias are hydrothermally altered.

The main zone of gold and silver mineralization and essentially all of the defined resources at the Zaca project lie within the Zaca Rhyolite. The mineralization and alteration in the Zaca deposit are typical of intermediate-sulphidation epithermal systems. The precious metals mineralization has 2,000 ft of known vertical extent and is open at depth. The predominant metal-bearing minerals are pyrite, argentite, freibergite, proustite-pyrargyrite, sphalerite, huebnerite, galena and electrum. Free gold (electrum) occurs as grains averaging 5 microns in diameter and is found mainly in fractures associated with pyrite, proustite-pyrargyrite, or freibergite. The gold is rarely surrounded by silica minerals. Although the structures within the Zaca Rhyolite do not show major offset, they do partially control the mineralization. Red and brown clay similar to that found in these structures is present in many near surface fractures and open spaces within the Zaca Rhyolite. The West Fault has a known strike length of over 1,000 feet through surface and underground mapping and drilling. All of the past production at Zaca has come from the east side of this fault, whereas most of the mineralization defined by recent drilling of the Zaca deposit is on the west side. The East Fault is the only one of these major structures that extends to the rhyolite contact, offsetting it 25 to 30 feet. The Stewart Fault is continuous for at least 650 feet within the Zaca deposit and forms a hanging wall fault to some of the mineralization. These three main structures in the Zaca Rhyolite are characterized by 2 to 6 inches of white, brown or red clay fillings (possibly illite).

The most common mode of mineral occurrence is as fracture fillings (about 1/16 inches wide), most of which are cooling joints. Additional modes of occurrence include wider, irregular veins; disseminations in the rhyolite; in pockets, chimneys and clay (possibly illite) seams; and in fold-like

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contortions of the foliated rhyolite. Apart from some of the high-grade pockets and chimneys, grade is believed to be controlled primarily by fracture density and the thickness and contents of the fractures.

Kaolinite in unoxidized rock forms a halo or cap associated with the mineralization. Quartz-sericite-illite alteration is most intimately associated with the mineralization. Quartz and locally sericite are present as gangue in mineralized fractures. Alteration envelopes of quartz and sericite, typically several inches wide, may be present adjacent to some of the wider mineralized fractures.

Mineralization within the Zaca deposit is localized: (1) in and adjacent to clay-filled (illite?) faults/cooling joints; (2) in bulges in the rhyolite contact; and (3) in association with multiple chill margins. By far, the majority of the mineralization is found as large, irregularly-shaped zones adjacent to clay-filled faults/cooling joints. The high-grade production from the 1960s and 1970s was dominantly mined from irregular, near-vertical to steeply-inclined slopes. The main mineralized body is football to cylinder-shaped, is roughly 2,000 feet long, and plunges 45° towards 140°. There is one principal mineralized zone within the Zaca deposit, and two significantly smaller satellite zones.

Silver was discovered in Monitor Canyon in 1857. Many of the mines in the district were located and commenced operations in the four to six years following the discovery. The mines were operated intermittently by a number of different owners until 1921. Siskon Corporation began to consolidate the district and reactivated some of the old mines for a short period of time during the 1930s. The various mines on Colorado Hill became known collectively as the Zaca mine. Between the late 1950s and 1981, the property was leased to a small miner who maintained intermittent production. Companies involved in exploration of Colorado Hill and the surrounding district in the 1960s to 1980s included W. S. Moore Co., Parnasse Co., Standard Slag Company, Bear Creek Mining Corporation, Homestake Mining Company, FMC Corp., California Silver, Ltd. (and its U.S. subsidiary California Silver, Inc.) ( California Silver ) and Baker Resources USA, Inc. (later US Precious Metals, Inc.) ( Baker Resources ). Their activities included mapping surface geology, geochemistry, geophysics, core and reverse circulation drilling, reopening of underground workings for sampling and mapping, environmental assessment studies, a pre-feasibility study, and a 1,500-ton pilot heap-leach amenability test. The reliability of data and results generated by certain of these previous exploration activities is in many cases insufficiently reliable for Fronteer's purposes, and in such cases Fronteer has not relied on the data and results. Furthermore, in many cases these activities were undertaken in areas distinct from the current deposit area under exploration and are thus of limited utility.

Records of the production from the Zaca mine are not complete, although a compilation of known data from the State of California, the U.S. Bureau of Mines, and other reports shows production of 97,810 tons containing 16,404 oz Au and 728,275 oz Ag, which give average grades of 0.168 oz Au/ton and 7.45 oz Ag/ton, respectively.

WSMC entered an earn-in option with California Silver in 1989. WSMC subsequently acquired the remaining interest of California Silver in 1990, as well as Baker Resources interest. WSMC conducted certain RC drilling activities on Colorado Hill in 1990. A small drilling program was also conducted on the Morning Star Mine area in 1995. WSMC assigned its entire interest in the project to an associated company, Zaca Resources, in 1995. During 1996 and 1997, significant RC drilling programs were completed by Zaca Resources on Colorado Hill and a few additional holes were also drilled in outlying target areas.

Previous drilling operation undertaken by California Silver included 99 RC drill holes and 44 diamond drill core holes. The RC drill holes were generally 5 to 5 1/2 inches in diameter and were drilled dry whenever possible. None of the RC holes encountered significant quantities of water, however the clay content occasionally required the injection of water during drilling. During California Silver's drill programs the collar locations of all drill holes were transit surveyed and, where possible, down-hole

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surveys of the deeper holes were made. No written procedures for the drilling and logging by WSMC or Zaca Resources have been found.

No written procedures for the drilling and logging by WSMC or Zaca Resources have been found. In respect of the RC drilling undertaken by WSMC, drill bits were generally 4 to 4 1/2 inches in diameter. Despite the lack of written documentation, because of the general agreement between WSMC/Zaca Resources, RC drill holes and nearby California Silver holes, Fronteer and the third-party consultants retained thereby are of the opinion that the WSMC and Zaca Resources drilling programs sufficiently complied with industry standard practices and that the data generated by WSMC and Zaca Resources are sufficiently reliable. There is no written documentation of how WSMC and Zaca Resources established drill hole collar locations. WSMC and Zaca Resources reportedly established a network of surveyed stations on Colorado Hill using a professional surveyor and the geologist used a Lietz T1 surveying instruments to locate the location of the collar with respect to the nearest survey station. Fronteer is of the opinion that the locations of the drill holes can be relied on. Down-hole surveys were done on some of the deepest holes.

Both California Silver and WSMC/Zaca Resources performed metallurgical test-work on the Zaca deposit between 1981 and 1997. Some of the work was done by independent labs under contract and some of it was done in-house. Much of the sampling and assaying on the Zaca Property was done prior to the adoption of requirements for formal QA/QC by securities regulatory authorities. Nevertheless, much of the sampling and assaying of the Zaca deposit was done using sound and documented engineering practice and procedures that (subject to the exceptions noted) has been relied on confidently by Fronteer and third-party contractors retained thereby.

For RC drilling, California Silver's sample procedures generally encompassed sampling intervals of 5 feet wherever possible, although in suspected unmineralized areas this was increased to 10 feet. This practice was based on standard industry practice at the time. Samples were generally passed through a cyclone and split, with 1/8<sup>th</sup> of a sample being collected for assay purposes. Typically samples were retained at the core shack located on the property and given an opportunity to dry if necessary.

Apart from two holes in which RC sample contamination may have occurred, no significant problems were identified with samples derived from RC drilling operations.

For diamond drilling a geologist logged the core and designated the sample interval for assaying based on geology. Sample intervals were generally less than 10 feet. The core was then split lengthwise with a knife-type core splitter, and half was placed in a sample bag for assay. The other half was put back in the core box and kept as a permanent record, unless it was later needed for metallurgical testing.

Certain underground samples were taken from pre-existing workings, with the relevant sample interval generally being 5 feet. Most samples were taken from the ribs of existing workings, however occasionally back samples were collected. Samples collected included chip samples (obtained by use of pneumatic chipper) and muck/face samples where appropriate.

During 2004 to 2005, a soil-sampling program was undertaken on the Zaca site, with 5 to 10 pound samples being taken using a small spade from below the organic horizon on a nominal 300 x 700 feet grid.

Although there have been a few tests to determine the technical feasibility of recovering the gold and silver values by flotation, the majority of the test-work has been directed to determining and optimizing the parameters to recover the values using heap leaching. Metallurgical test-work culminated in a pilot-scale heap-leach test on a 1,500 ton bulk sample, the results of which were as follows:

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For material crushed to -1/4 inch, gold recovery is expected to be approximately 65% and silver recovery is expected to be approximately 45%. High-grade silver values (many ounces/ton) may have different mineralogy and the silver recovery may be significantly lower, but additional test-work on fresh samples would be necessary to determine what recovery should be expected. This potential problem, which affects a small portion of the deposit, may be compounded by the presence of manganese in the form of rhodochrosite.

Preliminary tests show that gold recoveries may be significantly improved through the use of a Barmac crusher or high-pressure grinding rolls, which are more effective at liberating the mineralization. Additional test-work including a bulk sample test would be necessary to confirm this.

There is no written documentation in respect of the sample preparation procedure used by the independent commercial labs that performed the assaying relating to the California Silver, WSMC or Zaca Resources drilling and sampling programs. Notwithstanding this lack of documentation, Fronteer and MDA view the assay data retrieved from these sampling operations as sufficiently reliable. Assaying procedures for all drilling used in the resource estimation generally entailed initial fire extraction followed by a nitric acid digestion of the bead and an AA determination. In some cases where values >0.100 oz. Au/t were obtained by this method the sample was rerun using a fire extraction followed by a gravimetric determination.

Core samples obtained by California Silver were secured in a locked core shack, that was also behind a locked gate. Certain RC drill samples obtained by California Silver were temporarily stored outside of the core shack in order to dry, and in many cases these samples would be returned to the core shack at the termination of each shift.

The security protocols of WSMC and Zaca Resources are not known. However, Fronteer and MDA are of the opinion that the results associated with the drilling by these companies are sufficiently reliable.

Where possible, data verification procedures including database audits, check samples, check assays, twin hole/nearby sample comparisons and sample recovery analysis, were implemented in conjunction with previous sampling activities. In no instances did these procedures bring to light any material deficiencies with the data relied upon by Fronteer and MDA.

The estimated measured, indicated, measured and indicated, and inferred resources based on gold equivalent cutoffs at Zaca are given below.<sup>3</sup> MDA has tabulated the resource based on a calculated gold equivalent grade to fairly represent the *in situ* metal content from the two overlapping metal distributions. The silver to gold ratio is 67 or the equivalent of a \$400 gold price and \$6.00 silver price. No metallurgical recoveries were used to modify the ratio. There is no guarantee that any or all of the resources will be converted to reserves, and various metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other factors could affect the likelihood of any conversion. However, based on historic work and prior economic studies, we currently anticipate that a good portion of the resource should be converted to reserves.

<sup>3</sup> Mineral resources have been estimated by MDA in accordance with the standards adopted by the Canadian Institute of Mining, Metallurgy and Petroleum



( CIM ) Council  
in August 2000,  
as amended, and  
prescribed by  
the Canadian  
Securities  
Administrators  
NI 43-101. The  
mineral  
resources  
expressed in the  
tables below are  
based on the  
technical report  
entitled Updated  
Technical  
Report of the  
Zaca Project,  
Alpine County,  
California, USA  
prepared by  
MDA as at  
November 1,  
2007, available  
on SEDAR at  
[www.sedar.com](http://www.sedar.com).  
Gold equivalent  
calculated at  
gold-silver ratio  
of 67:1. The  
cut-off grade for  
the Zaca project  
measured,  
indicated and  
inferred  
resources is 0.01  
ounces of gold  
equivalent per  
ton.

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**Zaca Classified Gold and Silver Resources (November 1, 2007)****Measured Resources**

| <b>Cutoff</b> | <b>Tons</b> | <b>Grade</b> | <b>Ounces</b>   | <b>Grade</b> | <b>Ounces</b> | <b>Grade</b> | <b>Ounces</b> |
|---------------|-------------|--------------|-----------------|--------------|---------------|--------------|---------------|
| (oz AuEq/t)   |             | (oz AuEq/t)  | <b>Gold Eq.</b> | (oz Au/t)    | <b>Gold</b>   | (oz Ag/t)    | <b>Silver</b> |
| 0.010         | 8,097,000   | 0.029        | 236,000         | 0.019        | 151,000       | 0.704        | 5,700,000     |

**Indicated Resources**

| <b>Cutoff</b> | <b>Tons</b> | <b>Grade</b> | <b>Ounces</b>   | <b>Grade</b> | <b>Ounces</b> | <b>Grade</b> | <b>Ounces</b> |
|---------------|-------------|--------------|-----------------|--------------|---------------|--------------|---------------|
| (oz AuEq/t)   |             | (oz AuEq/t)  | <b>Gold Eq.</b> | (oz Au/t)    | <b>Gold</b>   | (oz Ag/t)    | <b>Silver</b> |
| 0.010         | 18,730,000  | 0.025        | 464,000         | 0.014        | 266,000       | 0.707        | 13,242,000    |

**Measured & Indicated Resources**

| <b>Cutoff</b> | <b>Tons</b> | <b>Grade</b> | <b>Ounces</b>   | <b>Grade</b> | <b>Ounces</b> | <b>Grade</b> | <b>Ounces</b> |
|---------------|-------------|--------------|-----------------|--------------|---------------|--------------|---------------|
| (oz Au/t)     |             | (oz Au/t)    | <b>Gold Eq.</b> | (oz Au/t)    | <b>Gold</b>   | (oz Ag/t)    | <b>Silver</b> |
| 0.010         | 26,827,000  | 0.026        | 700,000         | 0.016        | 417,000       | 0.706        | 18,942,000    |

**Inferred Resources**

| <b>Cutoff</b> | <b>Tons</b> | <b>Grade</b> | <b>Ounces</b>   | <b>Grade</b> | <b>Ounces</b> | <b>Grade</b> | <b>Ounces</b> |
|---------------|-------------|--------------|-----------------|--------------|---------------|--------------|---------------|
| (oz AuEq/t)   |             | (oz AuEq/t)  | <b>Gold Eq.</b> | (oz Au/t)    | <b>Gold</b>   | (oz Ag/t)    | <b>Silver</b> |
| 0.010         | 329,000     | 0.033        | 11,000          | 0.018        | 6,000         | 1.033        | 340,000       |

From 2004 through 2006, costs of approximately US\$264,000 were incurred in connection with the exploration of the Zaca Property. These costs were associated with the limited soil sampling program conducted in 2004 to 2005. Minimal work was carried out in 2007 and 2008.

The USFS is currently conducting a CERCLA non-time critical removal (remediation) action at the Zaca Property under its Interdepartmental Abandoned Mine Lands Watershed Cleanup Initiative program for an estimated cost of between US\$1,500,000 to US\$2,000,000. The focus of the cleanup efforts is on relatively low-volume acid mine drainage from historic mine tunnels and tailings on land at the Zaca Property, all of which pre-date the Corporation's acquisition of a leasehold interest in the property. The cleanup efforts are being administered by the USFS. To-date, the USFS has not sought contribution from the Corporation and the Corporation currently does not believe it will do so. Additionally, there is a limited possibility that the USFS may, at some point in the future, request Fronteer to contribute to the remediation costs associated with an infiltration basin and water retention structure built on lands over which the USFS was granted an easement by NewWest in March 2007.

The Corporation currently has minimal plans for exploration or development of the Zaca Property in 2009. The currently estimated budget for Zaca for 2009 is approximately US\$30,000, mainly consisting of holding costs. The

Corporation anticipates conducting additional engineering studies and currently plans to resume regional exploration at Zaca in 2010. No budgets have yet been developed for this anticipated work program.

Further details regarding the Zaca Property are available in the updated technical report entitled *Updated Technical Report of the Zaca Project, Alpine County, California, USA*, dated November 1, 2007 prepared by David J. Griffith, P. Geo., R.G., and Steven Ristorcelli, R.P. Geo., available on SEDAR at [www.sedar.com](http://www.sedar.com).

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**Ađı Dađı Property, Turkey**

The Ađı Dađı Gold Property is located about 50 kilometres southeast of anakkale near the town of an on the Biga Peninsula of northwestern Turkey. It is situated on a 5 km long, northeast-trending topographic high the elevation of which varies from greater than 900 metres at the southwest end to about 700 metres at the northeast end. The property can be reached from forestry roads from the town of an. The exploration project is operated from a year-round camp in the village of Sogutalan at the base of the Ađı Dađı project area.

The Biga Peninsula has fertile soils and a Mediterranean climate with mild, wet winters and hot, dry summers. The average annual temperature is 17.6° C, and the annual rainfall is approximately 700 millimetres.

The region is well-serviced with electricity, transmission lines and generating facilities. Population and agricultural activity is concentrated in the valleys, while most areas of active exploration are located in highlands which are predominately forested and owned by the state. There is sufficient space in the area of the resources to allow the construction of needed mining infrastructure.

The Ađı Dađı Gold Property currently consists of 13,365 hectares of mineral tenure under 16 licenses. Two specific licenses, AR-81309 and AR-84287, reached their five year anniversaries as exploration licenses on April 19, 2007 and November 19, 2007, respectively, and applications were submitted to the Bureau of Mines in 2007 by TCAM to convert them to exploitation licenses. Based on recent communications between TCAM and the Bureau of Mines, the approval of these licenses is currently expected during the second quarter of 2009. Once the license conversion is complete, TCAM intends to apply for new forestry permits to carry out its planned 2009 exploration programs on these and the remaining 14 licenses.

No forestry permits are currently in hand to carry out any exploration on the Ađı Dađı Gold Property due to the cost of maintaining the existing permits on a year-to-year basis, however, TCAM and Fronteer do not currently anticipate any issues in securing the forestry permits for its exploration or exploitation licenses that are in good standing.

Fronteer Eurasia Madencilik Ltd. Őti. ( Fronteer Eurasia ), a wholly-owned Turkish subsidiary of the Corporation, earned a 100% interest in the Ađı Dađı Gold Property ( Ađı Dađı ) on May 1, 2006 from Teck-Cominco Arama Ve Madencilik Sanayi Ticaret A.Ő. ( TCAM ), a wholly-owned subsidiary of Teck Cominco Limited, through an agreement signed on April 27, 2004. Subsequent to the most recent NI 43-101 technical report dated August 1, 2007, TCAM elected to earn back a 60% interest in Ađı Dađı by spending US\$10,000,000 within 2 years of their earn-back decision date and completed their earn-back requirements by August 31, 2007. Following a 90-day waiting period, TCAM informed the Corporation that they would decline the option to increase their interest to a total of 70%. The joint venture has been maintained on an ongoing basis and all costs are split on a 60/40 basis between TCAM and Fronteer.

Turkey consists of crustal fragments assembled by early Tertiary time as the result of southerly directed obduction events that recorded the collision of Gondwana and Laurasia. The Biga Peninsula is located in the western part of the Sakarya tectonic domain which is bounded by the Intra-Pontide suture to the north and the Ismir-Ankara-Erzincan suture to the south. The Biga Peninsula is made up of several northeasterly trending structural domes composed of metamorphosed Paleozoic and Mesozoic rocks and intervening, east by northeast trending, extensional basins filled with Paleogene and younger volcanic strata. Exotic blocks of eclogite and blueschist occur in a tectonic mēlange that forms part of a possibly Permian volcanic-sedimentary complex adjacent to the Kazdag massif north of Kūukkuyu.

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The basement was intruded during the Miocene by a plutonic volcanic arc, related to the final subduction and closure of the NeoTethys basin in the mid Miocene. It forms part of the Western Anatolia Volcanic Province. The arc comprises Oligocene-early Miocene calc-alkaline granitoid intrusions, and associated volcanism, followed by Late Miocene-Pliocene alkaline volcanism. The arc is believed to have had a neutral to extensional character.

The North Anatolian Fault initiated after final closure of NeoTethys and has been deforming the Biga Peninsula since ~5Ma to the present day. The NATF has exploited the existing geological structures to give dextral transtensional displacement. The extent of displacement is not well defined in the Biga Peninsula. The Ađı Dađı Gold Property is located in one of the Tertiary volcanic basins and adjacent to a granodiorite pluton of Oligocene age on the north side of the Kazdag massif.

The Ađı Dađı Gold Property lies at the edge of the Neogene calc-alkaline to alkaline volcanic rocks north of the Kazdag massif. This extensive volcanic field occupies an area of the Biga Peninsula 40 kilometres by 40 kilometres in size.

Numerous and large areas of hydrothermal alteration are known in this region and are thought to be related to Neogene volcanism and plutonism. The alteration consists of extensive clay halos to areas of siliceous rocks of various origins and is associated with gold mineralization. A strong ENE structural fabric in areas of the anakkale volcanic field is easily seen on Landsat photos. This structural fabric appears to have played a significant role in the localization of intrusives and hydrothermal mineralization in the volcanic field. The known epithermal vein prospects occur mainly along the margins of the extensional basin.

The property is underlain by a flat-lying to gently north-dipping sequence of Pre-Triassic to Pliocene metamorphic and volcanic strata. The lowermost geological unit is mafic metavolcanic and metasedimentary schists of the Kazdag Group which are part of a pre-Triassic metamorphic complex in fault contact with the younger volcanic sequence. Eocene, porphyritic (feldspar-quartz porphyritic) intermediate volcanic rocks are well exposed at lower elevations on the north side of Ađı Dađı mountain and occur at depth below the gold mineralization. Intermediate volcanic rocks are overlain by Miocene felsic to intermediate volcanic rocks consisting of a lower fragmental unit and upper sequence of flows and tuffs.

The dominant east-by-northeast structural trend documented by geological mapping is oblique to the northeast trend of the ridge.

The Ađı Dađı Gold Property is a large high-sulphidation, epithermal gold system with a supergene oxidized and gold-mineralized caprock of silica alteration that measures approximately 4 kilometres by 1.5 kilometres in size. Mineralization is hosted in a northeast-trending, flat-lying sequence of Tertiary volcanic rocks within the Biga Gold Belt. Two main zones of mineralization have been identified on the property at Baba Dađı and Deli Dađı, with encouraging results at Ayitepe, Fire Tower, Tavsan Tepe and Ihlamur as well.

The lower limit of oxidation is a concave surface extending to a depth of 100 metres in the Baba Zone and is mainly below the depth of significant gold mineralization found to date. In addition to oxide material, Deli Dađı also contains a significant amount of mineralization that is transitional between oxide and sulphide, associated with high-grade feeders, and a lesser amount of completely non-oxidized mineralization. Supergene enrichment of gold content in oxidized, siliceous alteration has probably occurred. Molybdenum is enriched by a factor of ten in the oxide zone (up to 500 ppm) relative to the sulphide zone (50 ppm).

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The gold mineralization is disseminated and associated with intensely silicified, vuggy, oxidized and brecciated rocks hosted in volcanic felsic to intermediate tuffs and occasionally phreatic breccia bodies. Hydrothermal-type breccias (crackle, jigsaw, hydrothermal) are most common in this siliceous alteration. Pyrite is by far the most abundant primary sulphide mineral associated with gold. Trace to minor amounts of enargite, covellite, galena and molybdenum (particularly at Baba Daği) are present locally.

Most of the gold mineralization in the Baba Zone either occurs within, or is spatially associated with, a large, upward-flaring, matrix-supported phreatic breccia body. Silicification, locally vuggy and/or crackle-brecciated, appears to be related to this breccia. The attitude of the gold mineralization as interpreted from drilling is dictated by the shape of the breccia body. Some lower-grade mineralization also occurs in oxidized porphyritic andesite adjacent to the phreatic breccia. Weak to well-developed quartz-pyrite veins in a probable porphyry are present in drill core below an elevation of 800 metres. The bulk of gold mineralization occurs within the oxide zone.

The Deli Zone geochemical signature is that of a more classical high-sulphidation epithermal model with elevated Au-Pb-As-Ag. The working model for the Deli Zone is that of an intensely silicified package of felsic to intermediate volcanics being intruded by roughly eastwest-elongated phreatic breccia bodies. The corridors (often faults) for the phreatic breccias in turn become fluid pathways where gold-bearing fluid rises along subvertical feeder structures and intersects crackle to jigsaw brecciated and/or vuggy silica zones, and deposits gold within this rock package, much of which is subsequently oxidized.

During the period from 1996 to 1998, Cominco Madencilik Sanayi A.Ş. drilled 74 shallow vertical holes totaling 8,150 metres on the Ađı Dađı Gold Property. A historical oxide mineral resource of 11.3 million tonnes of 1.2 g/t gold in a block approximately 400 by 400 metres in dimension was identified at Baba Dađı. The geometry of the significant mineralization outlined in the Baba Zone was interpreted as subhorizontal with some gold also occurring at depth within subvertical stockworks of quartz, hematite and other iron oxides. Preliminary metallurgical studies including bottle roll and column tests indicated gold recoveries greater than approximately 93%.

Following Fronteer's optioning of the Ađı Dađı Gold Property in 2004, 97 holes totaling 16,520 metres were drilled between June 2004 and December 2005. Most of the drilling and geological mapping was focused on expanding the newly discovered Deli Dađı Zone; drilling results included up to 4.36 g/t gold over 39.0 metres in AD-118, 3.75 g/t gold over 57.3 metres in AD-126, and 4.30 g/t gold over 42.4 metres in AD-162. The Fire Tower and Ayitepe Zones had a lesser amount of work performed on them during this program.

In 2005, six samples obtained from the property were taken for metallurgical sampling by an independent laboratory. The average extraction from the bottle roll leach tests was approximately 93% gold and 50% silver after 2 days of leaching on pulverized material. Sodium cyanide consumption averaged 0.24 kg NaCN/MT and hydrated lime consumption averaged 2.8 kg Ca(OH)<sub>2</sub>/MT.

The average gold extraction from the fine crush size column leach tests (100% minus 9.5 millimetres) was approximately 91% after 41 days of leaching. This recovery is based upon an average calculated head grade of 1.96 g Au/MT. Sodium cyanide consumption for the Ađı Dađı fine crush size columns averaged 0.38 kg NaCN/MT and 0.17 kg/MT Ca(OH)<sub>2</sub> with 2.5 kg/MT cement addition in agglomeration.

In early 2007, core and RC reject sample material from three Deli Dađı drill holes (AD-116, 163, and 212) was shipped by TCAM for further bottle roll testing at an independent laboratory in Kamloops, British Columbia. During this study, a determination was made of the cyanidation response of the oxide, transition or sulphide zone in each of the three holes, the indication of variability of cyanide response in each

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major zone, and the expected cyanide consumption, lime consumption and dissolution of the other metals. A total of 20 composites were prepared and subjected to standard cyanidation bottle roll tests. A summary of the cyanidation test results for oxide, transition and sulphide composites showed the Au extraction in oxide material averaged approximately 89.4 % in 10 composites, the Au extraction in transition material averaged approximately 56.6 % in four composites, and the Au extraction in sulphide material averaged approximately 41 % in six composites.

Fronteer commissioned an independent NI 43-101 compliant resource estimate from Giroux Consultants Ltd. in January 2006. The resource for the Baba Zone included 6.44 million tonnes averaging 0.858 g/t gold (178,000 ounces of gold) classified as indicated and 18.4 million tonnes averaging 0.78 g/t gold (461,000 ounces of gold) classified as inferred at a 0.5 g/t gold cut-off. The Deli Zone included 1.36 million tonnes averaging 0.90 g/t gold and 5.6 g/t silver (39,000 ounces of gold and 246,000 ounces of silver) classified as indicated and an additional 16.41 million tonnes averaging 1.1 g/t gold and 7.8 g/t silver (582,000 ounces of gold and 4,103,000 ounces of silver) classed as inferred at a 0.5 g Au/t cut-off.

In 2006, the Corporation commenced an exploration program on the Ađı Dađı Property which was assumed by TCAM in May 2006, upon its earn-back election. This exploration program included geological mapping, soil and rock geochemistry analyses, ground IP chargeability/resistivity surveys, petrographic analyses, specific gravity measurements and traditional survey operations. As part of this program, an independent consultant with experience in mapping high sulphidation systems in Peru, was contracted to map the two resource areas on the site. The scope of his mapping also included the examination of a road-side outcrop on another area of the site, and the mapping of silica ribs which appeared to be associated with higher-grade gold intervals in drill holes. During 2006, a further 16,344 metres in 94 holes were drilled on the property along with 53 kilometres of Induced Polarization ( IP ) surveying and selected magnetic surveying. The drilling continued to focus on infill and exploration holes around the current resource areas at Deli Dađı and Baba Dađı, as well as new exploration drilling at the Fire Tower, Ayitepe, Ihlamur Ridge and Tavsun Tepe targets. The Deli Dađı Zone still remains open for expansion to the south, southwest and west.

In 2007, TCAM completed the drilling of a further 98 holes totaling 14,284 metres, collected 792 soil samples and 559 rock samples, produced an updated geological/structural/alteration map for the property, submitted a number of samples for petrographic and metallurgical studies, and initiated environmental baseline work. The focus of the 2007 drilling campaign was largely around the known resources at Deli Dađı and Baba Dađı and exploration drilling in the Fire Tower, Ayitepe, Tavsun Tepe and Ihlumar Ridge areas.

An updated NI 43-101-compliant resource estimate was completed in August 2007. The updated mineral resources for the Ađı Dađı project were publicly reported by press release on June 18, 2007 for the two main resource areas, the Deli and Baba Zones, as follows: <sup>4</sup>

<sup>4</sup> Christopher Lee, P. Geo, Chief Geoscientist for Fronteer, is the designated Qualified Person for the Ađı Dađı Project in Northwestern Turkey and also the Qualified Person for this resource estimate. This

resource estimate is considered to be a reasonable representation of the contained mineralization as understood as of the date of this estimate. No explicit allowances were made for mining and/or metallurgical recoveries. The resource models consist of a combination of oxide/sulphide zones and isograde shells generated in Leapfrog software. Two metre composites were generated from capped gold and silver grades within these solids, and core samples with less than 50% recovery were omitted. Grades were interpolated into blocks measuring 20x20 metres in the horizontal direction and 10 metres in the vertical direction, using inverse distance squared, ordinary kriging, or a combination of both methods,



in Gemcom software. Search radii were determined from variogram ranges, with restricted ranges for high grade populations, and hard boundaries were used to limit sample selection between the oxide and sulphide zones at Deli. Densities were interpolated from drill core data into the block models using inverse distance squared. Blocks were classified into measured indicated and inferred mineral resource categories using a combination of the number drill holes and the average distance of samples used in each block estimate. Mineral resources are not mineral reserves, and there is no guarantee that any resource will become a reserve. The likelihood of any conversion of mineral resources to mineral reserves

may be affected  
by various  
metallurgical,  
environmental,  
permitting, legal,  
title, taxation,  
socio-economic,  
marketing,  
political or other  
issues.

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**Classified Mineral Resources for the Deli Dađı Zone Ađı Dađı Deposit, Northwestern Turkey, August 1, 2007**

| CLASS     | TONNES     | OXIDE RESOURCE |        |         |           |          |
|-----------|------------|----------------|--------|---------|-----------|----------|
|           |            | Au g/t         | Ag g/t | Au ozs  | Ag ozs    | AuEq ozs |
| Measured  | 1,500,000  | 1.9            | 13.9   | 90,000  | 669,000   | 103,380  |
| Indicated | 16,600,000 | 1.2            | 10.6   | 636,000 | 5,661,000 | 749,220  |
| Inferred  | 7,700,000  | 1.4            | 18.5   | 337,000 | 4,571,000 | 428,420  |

| CLASS     | TONNES    | SULPHIDE RESOURCE |        |        |         |          |
|-----------|-----------|-------------------|--------|--------|---------|----------|
|           |           | Au g/t            | Ag g/t | Au ozs | Ag ozs  | AuEq ozs |
| Measured  | 100,000   | 1.4               | 8.0    | 5,000  | 27,000  | 5,540    |
| Indicated | 1,700,000 | 1.0               | 6.5    | 56,000 | 365,000 | 63,300   |
| Inferred  | 2,500,000 | 1.0               | 6.2    | 80,000 | 497,000 | 89,940   |

| CLASS     | TONNES     | TOTAL RESOURCE |        |         |           |          |
|-----------|------------|----------------|--------|---------|-----------|----------|
|           |            | Au g/t         | Ag g/t | Au ozs  | Ag ozs    | AuEq ozs |
| Measured  | 1,600,000  | 1.8            | 13.5   | 94,000  | 696,000   | 107,920  |
| Indicated | 18,300,000 | 1.2            | 10.2   | 693,000 | 6,027,000 | 813,540  |
| Inferred  | 10,200,000 | 1.3            | 15.5   | 418,000 | 5,068,000 | 519,360  |

Classified at 0.5 g/t cut-off

**Classified Mineral Resources for the Baba Dađı Zone, Ađı Dađı Deposit, Northwestern Turkey, August 1, 2007**

| CLASS     | TONNES     | OXIDE RESOURCE |        |         |         |          |
|-----------|------------|----------------|--------|---------|---------|----------|
|           |            | Au g/t         | Ag g/t | Au ozs  | Ag ozs  | AuEq ozs |
| Measured  |            |                |        |         |         |          |
| Indicated | 14,300,000 | 0.8            | 1.0    | 385,000 | 448,000 | 393,960  |
| Inferred  | 7,000,000  | 0.8            | 0.3    | 188,000 | 66,000  | 189,320  |

| CLASS     | TONNES    | SULPHIDE RESOURCE |        |        |        |          |
|-----------|-----------|-------------------|--------|--------|--------|----------|
|           |           | Au g/t            | Ag g/t | Au ozs | Ag ozs | AuEq ozs |
| Measured  |           |                   |        |        |        |          |
| Indicated | 700,000   | 0.7               | 0.7    | 15,000 | 16,000 | 15,320   |
| Inferred  | 2,100,000 | 0.7               | 0.3    | 47,000 | 19,000 | 47,380   |

| CLASS | TONNES | TOTAL RESOURCES |        |        |        |          |
|-------|--------|-----------------|--------|--------|--------|----------|
|       |        | Au g/t          | Ag g/t | Au ozs | Ag ozs | AuEq ozs |
|       |        |                 |        |        |        |          |

|           |            |     |     |         |         |         |
|-----------|------------|-----|-----|---------|---------|---------|
| Measured  |            |     |     |         |         |         |
| Indicated | 15,000,000 | 0.8 | 1.0 | 400,000 | 464,000 | 409,280 |
| Inferred  | 9,100,000  | 0.8 | 0.3 | 235,000 | 86,000  | 236,720 |

Classified at 0.5 g/t cut-off

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In 2008, TCAM work focused on defining new target zones around the known Baba, Deli, Ayitepe and Fire Tower Zones and within the greater Ađı Dađı designated area. A total of 646 soil and 24 rock samples were collected along with 8.25 line kilometres of IP/Resistivity and ground magnetic data, and eight drill holes totaling 1,160.4 metres. The reconnaissance work defined the new Baba Porphyry, Camyurt, Dereoba and Golkoy targets and a diamond drill program was initiated to test the Baba Porphyry (three holes) and the Camyurt low sulphidation target (five holes). The results from the Camyurt drilling were particularly encouraging with all five holes intersecting gold mineralization over a 720-metre strike portion of the 1,500-metre-long Camyurt Zone. Some of the highlights of this drill program include: 0.92 g/t Au/70.4 m, including 2.44 g/t Au/11.7 m in CYD-04; and 1.96 g/t Au/18.0 m, including 3.6 g/t Au/6.0 m; as well as 1.1 g/t Au/19.5 m including 2.0 g/t Au/7.0 m in CYD-03. The remaining 800 metres of the main Camyurt geochemical/geophysical anomaly remains to be drill tested and the zone is open in all directions.

All samples collected by Fronteer/TCAM during drill programs on the Ađı Dađı property were subjected to a quality control procedure that ensured best practice in the handling, sampling, analysis and storage of the drill core. All drill holes were sampled and assayed continuously. Sample intervals were selected on a geological basis and typically varied between 0.5 and 1.0 metres in length. Very occasionally, sample intervals were less than this (to a minimum of 0.30 metres) on specific geological features, and where the rock was obviously barren, the interval was increased to 1.5 metres. Core was split lengthwise using a rock saw, with one half of the samples being submitted for assaying.

Samples from the Ađı Dađı property have been analyzed by two independent laboratories. Au was determined by fire assay fusion with atomic absorption spectrometry. ICP analysis and aqua regia acid digestion ICP-AES has also been conducted.

Fronteer has employed the use of purchased standards, blanks and duplicate samples to test the accuracy of assay results and to monitor the consistency of those external laboratories relied upon to analyze samples from the Ađı Dađı property. Any anomalous results generated in respect of these standards and blanks have been investigated to the satisfaction of Fronteer. In addition, Fronteer submits 5% of all assayed sample pulps (as well as pulps of samples from drill holes which have returned exceptional results) for check assays.

Fronteer believes that all measures taken with respect to sample transport and security with respect to samples obtained from the Ađı Dađı property conform to industry-accepted standards.

Exploration activities at the Ađı Dađı Property are subject to numerous environmental guidelines relating to exploration activities generally. To its knowledge, Fronteer is in material compliance with applicable regulations, and no material environmental liabilities over and above those generally applicable to a gold exploration property have been discovered to date as part of completed and ongoing environmental baseline studies.

Final estimated budgets and planned programs for 2009 are still pending from TCAM.

Further details regarding the Ađı Dađı Property are available in the technical report entitled *Technical Report on the Ađı Dađı Gold Property, Çanakkale, Turkey* dated August 1, 2007, prepared by Ian Cunningham-Dunlop and Christopher Lee, available on SEDAR at [www.sedar.com](http://www.sedar.com).

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**Kirazlı Property, Turkey**

The Kirazlı Gold Property is located in Çanakkale Province on the Biga Peninsula of Northwestern Turkey. Access from Çanakkale, the nearest large population centre (population 78,000) and provincial capital to Kirazlı Village is via 40 kilometres of narrow, winding, paved two lane road. A new highway connects the City of Çanakkale to the Town of Çan and passes within 1.5 kilometres of the property. Access from Kirazlı Village to the project area is along 3 kilometres of well maintained dirt road which provides access to some of the smaller villages.

Kirazlı forms one of the most prominent hills in the region with a maximum elevation of 811 metres. Relief in the area is approximately 250 metres with slopes generally not exceeding approximately 25% to 30%. Vegetation consists of mostly scrub oak and various shrubs up to 3 metres in height. Isolated stands of 20 to 30 year old pines are also present. Large areas along the western side of the Kirazlı Property have been stripped of the vegetation and replanted with pine seedlings.

The Biga Peninsula has fertile soils and a Mediterranean climate with mild, wet winters and hot, dry summers. The average annual temperature is 17.6° C, and the annual rainfall is approximately 700 millimetres.

The region is well-serviced with electricity, transmission lines and generating facilities, the most significant being a large coal-fired power plant outside the town of Çan. Population and agricultural activity is concentrated in the valleys, while most areas of active exploration are located in highlands which are predominately forested and owned by the state.

The Kirazlı Gold Property currently consists of approximately 3,030.79 hectares of mineral tenure under three licenses covering a prominent northwest trending ridge with 500 metres of relief. Two specific licenses, AR-84716 and AR-80722, reached their five year anniversaries as exploration licenses on November 26, 2007 and March 14, 2007, respectively, and applications were submitted to the Bureau of Mines in 2007 by TCAM to convert them to exploitation licenses. Based on recent communications between TCAM and the Bureau of Mines, the approval of these licenses is currently expected during the second quarter of 2009. Once the license conversion is complete, TCAM intends to apply for new forestry permits to carry out its planned 2009 exploration programs on these and the remaining license.

No forestry permits are currently in hand to carry out any exploration on the Kirazlı Gold Property due to the cost of maintaining the existing permits on a year-to-year basis, however, TCAM and Fronteer do not currently anticipate any issues in securing the forestry permits for the exploration or exploitation licenses that are in good standing.

Fronteer Eurasia earned a 100% interest in the Kirazlı Gold Property ( Kirazlı ) on May 1, 2006 from TCAM through an agreement signed in May 2004. Subsequent to the most recent NI 43-101 technical report dated August 1, 2007, TCAM elected to earn back a 60% interest in Kirazlı by spending US\$5,000,000 within 2 years of their earn-back decision date and completed their earn-back requirements by June 26, 2007. Following a 90-day waiting period, TCAM informed Fronteer Eurasia that they would decline the option to increase their interest to a total of 70%. The joint venture has been maintained on an ongoing basis and all costs are split on a 60/40 basis between TCAM and Fronteer.

Turkey consists of crustal fragments assembled by early Tertiary time as the result of southerly directed obduction events that recorded the collision of Gondwana and Laurasia. The Biga Peninsula is located in the western part of the Sakarya tectonic domain which is bounded by the Intra-Pontide suture to the north and the Ismir-Ankara-Erzincan suture to the south. The Biga Peninsula is made up of several northeasterly trending structural domes composed of metamorphosed Paleozoic and Mesozoic rocks and intervening, east by northeast trending, extensional basins filled with Paleogene and younger volcanic

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strata. Exotic blocks of eclogite and blueschist occur in a tectonic mélangé that forms part of a possibly Permian volcanic-sedimentary complex adjacent to the Kazdag massif north of Küçükkuyu. The Kirazlı property is located in a Tertiary volcanic basin, adjacent to a gabbro pluton of Oligocene age on the north side of the Kazdag massif.

Geologically, Kirazlı lies within the Eocene to Pliocene-age, calc-alkaline to alkaline Çanakkale volcanic field on the eastern margin of the postulated Kirazlı caldera. The property is underlain by a sequence of andesitic to dacitic porphyritic coherent and clastic volcanic rocks whose primary textures are largely obscured by a blanket of intense silica and clay alteration. Both complete and truncated circular features interpreted as caldera structures and sources of the volcanic rocks occupy the northwestern portion of the volcanic field. These circular features (along with a strong ENE structural trend in the areas of the Çanakkale volcanic field) are easily seen on 1:100,000 scale Landsat images. The Kirazlı project lies on the eastern edge of one of the largest (6 kilometres diameter) caldera structures, which is informally called the Kirazlı Caldera.

The Kirazlı Gold Property is characterized by two prominent peaks, beneath which exist Miocene andesitic to dacitic volcanic and high-level syn-volcanic intrusive rocks. These felsic to intermediate rocks are variably altered, brecciated, mineralized and display a range of intensities of brittle deformation. Gold mineralization on the property reflects a high-sulphidation epithermal system. Early-phase alteration resulted in an upper layer of dense silicification overlying argillitized, pyritic alteration. This is cut by a series of phreatic breccias that introduce permeable conduits for silica-, sulphide-, gold- and silver-bearing fluids.

Mineralization at the Kirazlı Gold Property consists of three distinct types: (a) a regional low-grade gold zone underling much of Kirazlı Dağı (and enveloping much of the high-grade gold zones); (b) a North-trending elongate body of high-grade gold mineralization in the uppermost argillic/advanced argillic zone slightly overlapping the bottom of the silica cap and a similar high grade zone located near the southwest corner of Kirazlı Dağı; and (c) high grade shoots that transect the redox horizon and plunge to the southwest.

The property was the subject of considerable exploration work by a previous operator from 1987 to 1992, which culminated in drilling 25 percussion holes (564 metres), 20 RC drill holes (3,373 metres), and 24 diamond drill holes (3,275 metres). A shallow-dipping zone of high-grade mineralization was discovered immediately below the barren silica cap in a number of holes and returned results up to 5.0 g/t gold over 52.5 metres, 13.7 g/t gold over 19.5 metres, 1.9 g/t gold over 103.5 metres, and 3.64 g/t gold over 61.50 metres.

From May to December 2004, Fronteer completed an exploration program consisting of a compilation of historic data, a topographic survey, a reject re-assay program, and 890.90 metres of diamond drilling in three holes. This program confirmed the presence of high-grade mineralization and returned improved intercepts of 9.66 g/t Au/5.12m (including 50.7 g/t Au/7.8m), and 1.95 g/t Au/61.2 m (including 4.07 g/t Au/22.9m). These activities identified the potential for additional high-grade resources and improved on the understanding of the geology and geometry of the mineralized zones.

From February to December 2005, Fronteer completed an exploration program that involved 7,386 metres of diamond drilling in 44 holes, 30 kilometres of line cutting, 30 line kilometres of IP geophysics, four metres of trenching, 1:2000 scale bedrock mapping and the collection and analysis of 634 soil samples, 167 grab samples and 64 channel samples. This program expanded the known high-grade zone, delineated a deeper high-grade feeder zone (5.7 g/t gold over 51.2 metres, including 16.62 g/t gold over 15.3 metres), identified and confirmed significant local silver mineralization (27 g/t silver over 117 metres and 89 g/t silver over 64 metres), identified areas of drill-ready surface mineralization and improved on the understanding of the geology and of the geometry of mineralized zones.

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In addition to ongoing field work, Fronteer commissioned an independent NI 43-101 resource estimate from Giroux Consultants Ltd. in January 2006. The new Kirazlı resource estimate outlined 5.43 million tonnes at 1.4 g Au/t and 9.7 g Ag/t classified as indicated (244,000 ounces of gold and 1,693,000 ounces of silver) and 17.8 million tonnes at 0.98 g Au/t and 6.7 g Ag/t classified as inferred (563,000 ounces of gold and 3,859,000 ounces of silver) at a 0.5 g/t gold cut-off. The resource area on Kirazlı is open for expansion to the north and south and at depth.

In 2006, Fronteer commenced an exploration program on the Kirazlı Property which was assumed by TCAM in May 2006, upon its earn-back election. During 2006, a further 6,793 metres in 38 holes were drilled along with selected rock sampling and magnetic surveying. The drilling continued to focus on infill and exploration holes around the main Kirazlı resource area, as well as new exploration drilling at the North Zone, Southwest Zone and Catalkaya Tepe targets.

In 2007, TCAM completed a further 8,291 metres of drilling in 45 holes, collected 916 soil samples and 450 rock samples, produced an updated geological/structural/alteration map for the property, completed 13 line kilometres of IP surveying, 80 line kilometres of magnetic surveying, and 70 metres of trenching, submitted a number of samples for petrographic and metallurgical studies, and initiated environmental baseline work. Highlights from this work included the identification of five new target areas on the property (Kale Porphyry, High Grade Rock Pile, Iri Zone, Feeder Zone and Oxide Gap) and the return of encouraging intersections in drilling. Surface sampling in the Rock Pile area also returned very encouraging results.

All drilling and core recovery operations have been supervised by Fronteer/TCAM personnel and general industry standards have been adhered to. Diamond drill core sample intervals were selected on a geological basis and most typically varied between 0.5 and 1.0 metres in length. Sample intervals were very rarely less than this (minimum 0.30 metres) on specific, narrow geological features, and were occasionally greater than 1.0 metres (typically 1.5 metres, with a maximum width of 3.05 metres) on wide intervals of unoxidized rock, at the discretion of the logging geologist.

Core recovery procedures were adhered to by all drilling operators, with observations being recorded on logging sheets. All core samples collected by Fronteer/TCAM during drill programs on the Kirazlı Gold Property were subjected to a quality control procedure that ensured a best practice in the handling, sampling, analysis and storage of drill core.

Samples from the Kirazlı Gold Property have been analyzed by two independent laboratories. Assay methods have include fire assay fusion with atomic absorption spectrography. ICP analysis and aqua regia acid digestion ICPAES has also been conducted.

Fronteer and TCAM have employed the use of purchased standards, blanks and duplicate samples to test the accuracy of assay results and to monitor the consistency of those external laboratories relied upon to analyze samples from the Ađı Dađı property. Any anomalous results generated in respect of these standards and blanks have been investigated to the satisfaction of Fronteer. In addition, Fronteer and TCAM submit 5% of all assayed sample pulps (as well as pulps of samples from drill holes which have returned exceptional results) for check assays.

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Although anomalous silver mineralization does occur naturally on the property, certain irregular silver assays indicated a possible silver contamination in respect of certain samples, likely resulting from the breaking of drill bits during drilling operations. However, an investigation and sampling program was initiated in 2006/2007 that has allowed Fronteer and TCAM to now distinguish between naturally occurring silver mineralization and that appearing as a result of core contamination.

Fronteer is confident that currently reported silver grades are a direct representation of naturally occurring silver mineralization and that the question of elevated silver levels due to drill bit contamination is no longer a material issue.

Metallurgical processing of samples from the Kirazlı Gold Property has occurred including petrographic studies, cyanide bottle roll leach tests and additional autoclave testing. Most recently, TCAM completed cyanide bottle roll tests on selected samples from three drill holes in 2007 at an independent laboratory in Kamloops, British Columbia. A total of 17 composite samples were prepared and classified as oxide, transition and sulphide. Their findings showed that oxide composites leached well with an overall average of approximately 89% in six composites. Transition material showed lower gold extractions averaging approximately 60.9% from 2 composites. Sulphide material returned low recoveries averaging approximately 36.7% in nine composites. TCAM reported that gold recovery would most likely increase to more than approximately 80% using autoclave leaching or bio-leaching, however, this would have to be balanced by increased processing costs.

Additional historic metallurgical testing carried out by Newmont indicated that sulphide material was in fact leachable with initial bio-oxidation treatment of the ore. Approximately 70% of the sulphides were oxidized after eight days and 85% Au extraction was achieved by leaching the treated ore.

Fronteer believes that all measures taken with respect to sample transport and security with respect to samples obtained from the Ađi Dađı property conform to industry-accepted standards.

A NI 43-101 compliant resource estimate was completed on August 1, 2007. The updated mineral resources for the Kirazlı deposit are estimated as follows:<sup>5</sup>

<sup>5</sup> Christopher Lee, P. Geo, Chief Geoscientist for Fronteer, is the designated Qualified Person for the Kirazlı Project in Northwestern Turkey and also the Qualified Person for this resource estimate. This resource estimate is considered to be a reasonable representation of the contained mineralization as

understood as of the date of this estimate. No explicit allowances were made for mining and/or metallurgical recoveries. The resource models consist of a combination of oxide/sulphide zones, and isograde shells generated in Leapfrog software. Two metre composites were generated from capped gold and silver grades within these solids, and core samples with less than 50% recovery were omitted. Grades were interpolated into blocks measuring 20x20 metres in the horizontal direction and 10 metres in the vertical direction, using inverse distance squared, ordinary kriging, or a combination of both methods, in Gemcom software. Search radii were determined from variogram ranges, with restricted ranges

for high grade populations, and hard boundaries were used to limit sample selection between the oxide and sulphide zones at Kirazlı.

Densities were interpolated from drill core data into the block models using inverse distance squared.

Blocks were classified into measured, indicated and inferred mineral resource categories using a combination of the number drill holes and the average distance of samples used in each block estimate.

Mineral resources are not mineral reserves, and there is no guarantee that any resource will become a reserve. The likelihood of any conversion of mineral resources to mineral reserves may be affected by various metallurgical, environmental, permitting, legal, title, taxation, socio-economic,

marketing,  
political or other  
issues.

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**Classified Mineral Resources for the Kirazlı Deposit, Northwestern Turkey, August 1, 2007**

| CLASS     | TONNES    | OXIDE RESOURCE |        |         |           |          |
|-----------|-----------|----------------|--------|---------|-----------|----------|
|           |           | Au g/t         | Ag g/t | Au ozs  | Ag ozs    | AuEq ozs |
| Measured  | 800,000   | 1.5            | 12.3   | 39,000  | 330,000   | 45,600   |
| Indicated | 3,900,000 | 1.1            | 10.4   | 143,000 | 1,292,000 | 168,840  |
| Inferred  | 5,100,000 | 1.1            | 3.8    | 177,000 | 617,000   | 189,340  |

| CLASS     | TONNES     | SULPHIDE RESOURCE |        |         |         |          |
|-----------|------------|-------------------|--------|---------|---------|----------|
|           |            | Au g/t            | Ag g/t | Au ozs  | Ag ozs  | AuEq ozs |
| Measured  | 300,000    | 1.4               | 1.5    | 12,000  | 13,000  | 12,260   |
| Indicated | 4,500,000  | 1.1               | 1.8    | 155,000 | 257,000 | 160,140  |
| Inferred  | 19,600,000 | 1.3               | 1.5    | 799,000 | 941,000 | 817,820  |

| CLASS     | TONNES     | TOTAL RESOURCES |        |         |           |           |
|-----------|------------|-----------------|--------|---------|-----------|-----------|
|           |            | Au g/t          | Ag g/t | Au ozs  | Ag ozs    | AuEq ozs  |
| Measured  | 1,100,000  | 1.4             | 9.6    | 51,000  | 342,000   | 57,840    |
| Indicated | 8,300,000  | 1.1             | 5.8    | 297,000 | 1,549,000 | 327,980   |
| Inferred  | 24,600,000 | 1.2             | 2.0    | 976,000 | 1,558,000 | 1,007,160 |

Classified at 0.5 g/t cut-off

In 2008, no work was completed at the Kirazlı Property because TCAM had applied to convert exploration stage Kirazlı licenses to exploitation stage licenses.

No budget has been estimated for the Kirazlı Project for 2009 as TCAM is still waiting for exploitation stage mineral license approval.

Exploration activities at the Kirazlı Gold Property are subject to numerous environmental guidelines relating to exploration activities generally. To its knowledge, Fronteer is in material compliance with applicable regulations, and no material environmental liabilities over and above those generally applicable to a gold exploration property have been discovered to date as part of completed and ongoing environmental baseline studies

Further details regarding the Kirazlı Property are available in the technical report entitled "Technical Report on the Kirazlı Gold Property, Çanakkale Province, Republic of Turkey" dated August 1, 2007, prepared by Ian Cunningham-Dunlop and Christopher Lee, available on SEDAR at [www.sedar.com](http://www.sedar.com).

**Halilağa Property, Turkey**

The Halilağa Property is located about 45 kilometres southeast of Çanakkale and 25 kilometres west-southwest of the town of Çan on the Biga Peninsula of Northwestern Turkey. Halilağa is also located approximately midway between the Ağı Dağı and Kirazlı projects and has similar infrastructure, topography and climate as described in the previous sections. Access to the property is afforded by a series of good forestry roads from both of these neighbouring towns.

Year-round access to the Halilağa Property for field exploration is unrestricted due to weather. However, snow-falls during winter may restrict vehicle movement. Local labour for exploration activities is employed from villages located near the property. No assessment of the sufficiency of surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pad areas and potential processing plant sites has been undertaken with respect to the property.



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The Halilağa Property consists of approximately 7,230 hectares of mineral tenure in 15 tenements. The permits related to the Halilağa Property are held in the name of Truva Bakir Maden Isletmeleri A.S. ( Truva Bakir ), which is the legal joint venture entity established by Fronteer and TCAM to hold the property. Fronteer owns 40% of the share capital of Truva Bakir, and TCAM owns the remaining 60%, with the option to elect to earn an additional 10% interest as described below and elsewhere in this AIF.

Three specific licenses, AR-83814, AR-84289 and AR-84288, reached their five year anniversaries as exploration licenses on November 12, 2007, November 19, 2007 and November 19, 2007, respectively, and applications were submitted to the Bureau of Mines in 2007 by TCAM to convert them to exploitation licenses. Government inspectors from the Turkish Mining Bureau visited the site on March 14, 2009 and took rock samples to commence the license conversion process. TCAM currently expects to be issued the requested conversion licenses in the second quarter of 2009, at which point it intends to apply for the forestry permits required to commenced planned drilling operations at Kestane. No forestry permits are currently in hand to carry out any exploration on the Halilağa Property due to the cost of maintaining the existing permits on a year-to-year basis, however, TCAM and Fronteer do not currently anticipate any issues in securing the forestry permits for its exploration or exploitation licenses that are in good standing. It is anticipated that the required forestry permits will be obtained by approximately June 2009.

Fronteer Eurasia and TCAM signed an agreement on October 19, 2004 whereby Fronteer could earn an 100% interest in Halilağa and three other properties (collectively known as the Biga Properties ) by spending US\$2,000,000 on exploration over four years, with a first year firm commitment of US\$200,000. TCAM notified Fronteer of its decision to exercise its right to earn back its 60% interest in Halilağa (and Pirentepe, TV Tower and Dede Daği) on November 30, 2006, prior to Fronteer completing its earn-in requirements, and TCAM completed its earn-back requirements by December 1, 2007, giving TCAM a 60% interest in the property. TCAM has been granted an extension to December 31, 2009 on its election whether to earn an additional 10% interest in the property.

The Halilağa Property is located in the south central part of the Biga Peninsula in Northwestern Turkey. Basement rocks of the Biga Peninsula consist of Paleozoic metamorphic rocks and Mesozoic mélanges of eglocites, clastic and carbonate lithologies. Examples of these lithologies occur within, or immediately outside, the mapped areas. Granitic and granodiorite intrusives cut the basement rocks and are overlain by cal-alkaline and alkaline volcanics ranging in age from 35 to 23 Ma. A Miocene andesitic volcanic suite includes andesite, latite, dacite, rhyodacite lava dome facies, and volcanoclastic sequences including ignimbrites and is related to partial melting of the crust during north-south compression and crustal thickening, and later extension. At Halilağa, the andesites are interpreted to be volcanic to sub-volcanic, with an overlying and intercalated sheet, or sheets, of varying tuff units, now present only as silicified cap remnants at higher elevations.

The Halilağa area is mainly underlain by post-basement volcano-sedimentary sequences of Oligo-Miocene age. The basement consisting of shists and carbonates outcrop in the southeast of Bakirlik area. The granodioritic batholith intrudes into the basement rocks including carbonates and generates metasomatism and skarnification. Kestane porphyry emplaced into volcan-sedimentary sequence meanwhile causes hornfels halos around the Kestane area. Geological units detected on the Halilağa Property include colluvium, polymict conglomerates, quartz porphyry, volcanics/subvolcanics, andesitic tuffs, quartzites and carbonates, and schistose basic volcanics and sediments. Alteration on the site includes propylitic/sub-propylitic, argillic, advanced argillic (quartz-alunite), silica-pyrite, silicic, phyllic and potassic.

The Halilağa Property is interpreted to be a single widespread mineralized system containing porphyry-related high-sulphidation style gold and copper-gold mineralization. The key feature of the property is an 8-kilometre long arcuate magnetic high anomaly with coincident gold/copper in soil/rock

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anomalies and IP/Resistivity anomalies. This magnetic feature is host to the Kestane Porphyry target (an outcropping mineralized Cu-Au porphyry identified by Fronteer geologists in 2005 following up on surface soil anomalies), along with the Bakirlik, Kumlugedik, Kunk Tepe and Madendere targets. At Kunk Tepe, east-northeast and east-southeast trending ridges are capped by extensive areas of silicified volcanic rocks. These lithocaps are formed by massive to vuggy silica (quartz alunite), extensive areas of strong limonitic breccias, and argillic to advanced argillic alteration, which are the host for high sulphidation gold mineralization. At Bakirlik, copper-bearing garnet skarn is present. It occurs in carbonaceous limestone near the contact with a quartz monzonite intrusion.

The Cu-Au porphyry mineralization at Kestane was validated in discovery hole HD-01 in November 2006, which returned 0.50 g/t Au and 0.53% copper ( Cu ) over its entire length of 298.2 metres, including 1.03 g/t Au and 1.03% Cu over 105.4 metres (both intervals start from surface). HD-01 was collared in the central part of the Kestane target in a stockwork veined porphyritic quartz monzonite. Alteration and mineralization is consistent with that of typical porphyry deposits with mineralization occurring as chalcopyrite associated with pyrite and magnetite in quartz stock works and as disseminations in the wallrock. The zone is also characterized by an enriched supergene zone overlying the primary sulphide mineralization, a peripheral biotite-magnetite hornfels zone developed in the sedimentary rocks and the andesite, which is partially overprinted by a barren pyritic halo. Mineralized calcic skarn is also locally developed in the northeastern part of the Kestane target.

Fronteer is not aware of any prior ownership of the Halilağa Property, or of any previous mineral resource or reserve estimates or mineral production from the property. The government General Directorate of Mineral Research and Exploration of Turkey conducted regional-scale exploration activities over the Biga Peninsula between 1988 to 1991. Certain activities undertaken near the Halilağa village detected zones of silification and argillic alteration. Two core holes were drilled to test a geochemical anomaly identified by rock-chip sampling, with narrow gold mineralization being intersected in one hole, and no significant mineralization in the other.

In 1997, TCAM collected several rock chip samples near Halilağa North and Kumlugedik Hill where numerous gold anomalies had been detected. A further 293 soil samples were collected from the Kunk-Kumlugedik lithocap in 1998.

During 2005 to 2006, Fronteer/TCAM conducted an exploration program consisting of mapping, surface geochemical sampling, a pole-dipole IP survey and ground magnetic surveying. This included a total of 42.7 line-kilometres of IP and 43.5 line-kilometres of ground magnetic surveys at the Halilağa and Halilağa North sites.

Subsequent drilling in late 2006 and 2007 on the Halilağa Property resulted in a total of 23 holes totaling 6,052.20 metres. 15 diamond drill core holes and 2 RC drill holes totaling 4,462 metres targeted the Kestane Zone and 5 diamond drill core holes and 1 RC drill hole totaling approximately 1,589.90 metres targeted the Kunk Tepe high sulphidation epithermal prospect on the topographic high to the south of Kestane. Results from the Phase 1 Kestane drilling were very encouraging with 12 drill holes defining a sizeable Cu-Au mineralized porphyry system called the Central Zone with dimensions of at least 1,000 metres in length and up to 400 metres in width, with average mineralized intervals of greater than 200 metres in thickness. Reference is made to Fronteer's press release entitled *Ongoing Drill Results Strengthen Significance of Halilağa Copper-Gold Porphyry* dated November 23, 2007 for further details, a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com). The Central Zone still remains open to the north, south and east.

In addition to the drilling campaign in 2006, a total of 63 line kilometres of pole-dipole IP and ground magnetics survey were also completed. The most significant anomaly is the Central Zone within the Kestane porphyry with coincident high chargeability and high magnetic anomalies. The IP



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chargeability profile across the Kestane Zone also shows a chargeability anomaly associated with the mineralized quartz porphyry with a depth profile in excess of 200 metres. In addition to these survey activities, geological mapping of the Central Zone was completed, along with extensive soil, rock, chip and silt orientation sampling programs. These efforts indicated that strong surface geochemical anomalies are not restricted to the Kestane Area, but also occur to the southeast at Bakirlik and in the central and southern parts of the property.

Additional pole-dipole IP and ground magnetic surveying activities were undertaken in 2007. A total of 63.45 line-kilometres of IP and 263.20 line-kilometres of ground magnetic surveys were completed. The most significant anomaly detected was the coincident high chargeability and high magnetic anomalies associated with the Kestane Zone porphyry copper-gold mineralization. High resistivity maps the silica rocks along the top of the ridge line. Additionally, an intriguing semi-circular mag high feature along the low-land areas within which several bulls eye mag highs are found was detected.

Initial stage metallurgical test work was conducted in March 2007 by TCAM on reject samples from the top 200 meters of diamond drill holes HD-01 and HD-04. These samples were sent to G&T Metallurgical Services Ltd. in Kamloops, B.C., Canada for flotation tests and follow up mineralogy. The initial tests concluded that ore samples from holes HD-01 and HD-04 in the Halilağa deposit respond well to flotation. Copper and gold were effectively recovered using a simple flotation flowsheet. A final concentrate grade of 35-40% copper with 85-90% overall copper recovery is achievable with these ores using three stages of cleaning. Gold grades in the final concentrate should be about 25-30 g/t Au with overall gold recovery in the range of 65-70%.

Variability testing has shown that the Halilağa ores have a consistent metallurgical response to flotation with depth. TCAM recommended that additional drill hole samples from Halilağa be tested using the flowsheet developed in this program to verify that they have a similar metallurgical response to the samples from holes HD-01 and HD-04.

As a follow-up to the 2007 work program, TCAM launched a comprehensive 2008 program and conducted detailed outcrop mapping to define structural trends at Kestane, collected 566 rock samples from south of Kestane and from trenches on the Kumlugedik target, and completed 21 drill holes totaling approximately 4,051 metres to test the Bakirlik and Kumlugedik targets in an effort to identify additional porphyry resources within the Halilağa Property. At Bakirlik, skarn-type mineralization was intersected in five holes with highlights including: 1.64% Cu, 0.93 g/t Au, and 23.97 g/t Ag over 17 metres in hole HD-25; and 2.63% Cu, 0.47 g/t Au, and 12.38 g/t Ag over 4 metres in hole HD-21. 9 samples obtained from these holes were petrographically and mineralogically analyzed. The mineralogical and textural assemblages were defined, and minerals were identified microscopically. Data was then interpreted to infer a possible dominate alteration. Generally, the samples were subjected to Ca-Fe alteration (calc-silicite), silification, potassic alteration, sericitization, kaolinization and chloritization.

To date, a total of 43 drill holes (including re-drills) totaling 10,398.70 metres have been drilled. No drilling was conducted on the Central Zone at Kestane in 2008 as TCAM had applied to convert the existing exploration stage Kestane licenses to exploitation stage licenses.

All samples collected by Fronteer/TCAM during drill programs on the Halilağa Property were subjected to a quality control procedure that ensured best practice in the handling, sampling, analysis and storage of the drill core. All drill holes were sampled and assayed continuously. Sample intervals were selected on a geological basis and were typically approximately 2.0 metres in length. Core was split length-wise, with one half of the samples being submitted for assaying. A detailed summary of the sampling and drilling protocols used by Fronteer/TCAM is provided as an appendix to the technical report

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entitled *Technical Report on the Halilağa Exploration Property, Çanakkale, Western Turkey* dated March 30, 2009, prepared by Peter Grieve, available on SEDAR at [www.sedar.com](http://www.sedar.com).

A protocol was initiated in 2005 to send 5% of all assayed sample pulps to a second laboratory for analysis. To date only one hole (HD-04 in 2006) has been checked using this protocol. Check samples were sent to ACME Laboratories for analysis (the laboratory analysis report has not been verified by the technical report author). Au was determined by fire assay fusion with atomic absorption spectography. ICP analysis has also been conducted.

Fronteer has employed the use of purchased standards, blanks and duplicate samples to test the accuracy of assay results and to monitor the consistency of those external laboratories relied upon to analyze samples from the Halilağa Property. Any anomalous results generated in respect of these standards and blanks have been investigated to the satisfaction of Fronteer. In addition, Fronteer submits 5% of all assayed sample pulps for check assays.

Fronteer believes that all measures taken with respect to sample transport and security with respect to samples obtained from the Halilağa Property conform to industry-accepted standards. Exploration activities at the Halilağa Property are subject to numerous environmental guidelines relating to exploration activities generally. To its knowledge, Fronteer is in compliance with applicable regulations, and no material environmental liabilities over and above those generally applicable to a gold exploration property have been discovered to date.

Final estimated budgets and programs for 2009 are still pending from TCAM, however, a minimum 5,000-metre drill program is currently being planned for the Central Zone once the exploitation stage license is granted. This is anticipated to happen in or around April 2009.

Further details regarding the Halilağa Property are available in the updated technical report entitled *Technical Report on the Halilağa Exploration Property, Çanakkale, Western Turkey* dated March 30, 2009, prepared by Peter Grieve, available on SEDAR at [www.sedar.com](http://www.sedar.com).

**CMB Uranium Property, Labrador, Canada**

The CMB Uranium Property is owned by Aurora, which in turn is owned 92.1% by the Corporation. The project is located east of Kaipokok Bay on the north-east coast of Labrador. The community of Postville lies approximately 4 kilometres west of the project boundary, and Happy Valley-Goose Bay lies approximately 180 kilometres southwest of Postville. Access to the project is best gained by way of a short helicopter flight from Postville, which itself can be reached via local regional passenger service flights departing from Happy Valley-Goose Bay. Additionally, access can be gained by way of coastal supply-ferry boat service during ice-free periods (June to October), and float plane/boat plane access may also be suitable where camps have been established to support major drilling programs.

The climate of Labrador is more Arctic than Atlantic because of its location on the eastern side of the continent and experiences strong seasonal contrasts. Winters are very cold lasting almost eight months with normal daytime temperatures for January between -10°C and -15°C and annual snowfalls up to 400 millimetres annually. The summer season is brief and cool along the coast with July average temperatures between 8 °C to 10°C (with rare hot spells bringing temperatures up to 35°C) and average precipitation ranging to 200 millimetres.

The CMB Uranium Property is located in a rugged wilderness area of generally moderate gently rolling relief ranging to about 700 metres above sea level. Vegetation is primarily characterized by sparse

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coniferous forest cover consisting of black spruce, balsam fir and tamarack. A large portion of the project area was affected by a forest fire in 1966, and has experienced little re-vegetation. Areas of outcrop are flanked by glacial till, and in turn by minor amounts of glacial outwash in major drainages, with most terrain being covered by sheets of glacial boulders.

Local infrastructure is limited to facilities located in Postville and the nearby community of Makkovik. Postville is a clean and progressive village with rental space suitable for the establishment of an exploration base.

The CMB Uranium Property consists of approximately 94,925 hectares comprising 51 licenses and is 100%-owned by Aurora, subject to a 2% gross sales royalty on uranium and 2% NSR royalty on base and precious metals payable to Altius. This includes 32 mineral licenses totaling 91,500 hectares and 19 quarry licenses totaling 3,425 hectares. Most of the licenses are contiguous and cover much of the historical Kitts-Michelin uranium district in the eastern part of the Central Mineral Belt. The licenses were originally subject to a letter of agreement between Fronteer and Altius dated February 5, 2003 regarding an area of interest including the current location of the CMB Uranium Property. This agreement formed the basis of a 50:50 alliance between Fronteer and Altius, and the licenses were transferred to Aurora pursuant to a June 3, 2005 agreement. Aurora is currently the registered holder of the licenses, and the project remains subject to a 2% NSR royalty on precious and base metals and a 2% net sales royalty from uranium produced by the project

Additional permitting requirements associated with any potential mining operation will be dependent on the outcome of the ongoing review of mineral land use policies by the Nunatsiavut government. Fronteer will endeavour to comply with any permitting requirements associated with its ongoing exploration activities and any potential future mining operations.

The CMB Uranium Property is located within a larger area of Archean to Mesoproterozoic crust located in Eastern Labrador as part of the north-eastern Laurentian Shield. This area contains portions of the Nain, Makkovik and Churchill tectonic provinces and has been overprinted in the south by the Exterior Thrust Belt of the Grenville Province. This larger area comprises a series of six Proterozoic supracrustal sequences, intrusive suites of various stages and adjacent Archean rocks.

The Makkovik Province consists of the Kaipokok, Aillik and Cape Harrison tectonic domains. The Kaipokok shear zone which defines the boundary between the Kaipokok and Aillik domains also marks the southern limit of Archean crust in the Makkovik Province. The Cape Harrison domain has been interpreted as a magmatic arc developed near the Makkovik continental margin.

The Aillik domain is underlain by strata of the Paleoproterozoic Post Hill and Aillik groups as well as extensive granitoid terrain comprised of several intrusive suites. The stratigraphy of the Post Hill and Aillik groups and the distribution of intrusive suites within the Aillik domain are not well defined. A number of uranium occurrences are located along the Nakit Slide (a strand of the Kaipokok shear zone) which is a tectonic contact between lithologies of the Post Hill Group and Aillik Group. The Post Hill Group is an approximately 2700 metre thick sequence of metamorphosed-siliceous clastic metasedimentary strata and mafic metavolcanic rocks in tectonic contact with Archean gneiss. The group occurs as highly strained amphibolites and gneiss in thrust sheets near Kaipokok Bay. The Aillik Group is made up of a 5000 metre thick succession of metasedimentary rocks, bimodal metavolcanic rocks (dominantly felsic), subvolcanic intrusive and diabase dykes.

Mineralization on the CMB Uranium Property is hosted by Paleoproterozoic supracrustal sequences of the Post Hill and Aillik Groups and is represented by approximately forty uranium showings, including seven significant uranium deposits/prospects (Michelin, Kitts, Rainbow, Otter Lake, Inda, Gear and Nash). The uranium mineralization is typically hosted within strongly foliated, pelitic

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metasedimentary rocks of the Post Hill Group or fine-grained felsic to intermediate metavolcanic rocks of the Aillik Group. Uranium mineralization is associated with magnetite, actinolite, calcite, pyrite veining and strong to intense shearing and pervasive hematite alteration (+/- magnetite).

Mineralization on the CMB Uranium Property has been detected in several areas. Some of these areas material to the CMB Uranium Property is discussed individually below:

*Michelin Deposit:* This deposit consists of several sub-parallel groups of mineralized zones along a strike length of 1,200 metres to local depths of 900 metres and is open in all directions. The mineralization is largely confined to a 150 to 200 metre thick zone of visibly discernible hematite alteration within a coarse feldspar porphyritic quartz mylonite unit. The zones have an average grade of 0.12%  $U_3O_8$ , strike approximately 60%, dip approximately 55% southeast, and contain higher grade shoots which plunge steeply to the south-southwest. The most consistently mineralized material occurs within a 65-metre thick interval located near the upper part of the lower half of the alteration zone. This interval contains up to three higher-grade sub intervals, separated by lower grade or essentially un-mineralized material. The alteration zone is marked by gradational replacement of biotite and chlorite by hornblende, and more proximal to mineralization, by pyroxene and actinolite. There is also an increase in calcite and gypsum, although these are still only present in very minor quantities. New drilling by Aurora in 2005 to 2007 was successful in both confirming the known mineralization above 250 metres and also extending the zone down-plunge to a vertical depth of 900 metres.

*Jacques Lake (McLean Prospect):* Mineralization has been detected as occurring in felsic and intermediate metavolcanic rocks of the Aillik Group. A dispersal train of twelve radioactive boulders with an average content of 0.32%  $U_3O_8$  was detected by a prospector working on behalf of Brinex in 1978. These results have been supplemented by recent drilling campaigns carried out by Aurora in 2005 to 2007.

*Gear Lake Prospect:* Mineralization has been detected within sheared metasedimentary rocks over a strike length of 120 metres. An average grade of 0.165%  $U_3O_8$  was obtained for a zone of mineralization 30 metres long by 4.9 metres wide as outlined to a depth of 70 metres.

*Inda Lake Prospect:* Mineralization has been found to occur on the upper, south-eastern limb of a north-easterly trending anticline which is overturned to the north-west. The mineralization occurs as a footwall lens and three hanging wall lenses along a strike length of 1.1 kilometres between Inda and Knife Lakes.

*Nash Lake Prospect:* Three zones of mineralization within a shear zone called the Nakit Slide have been detected. A dip of 60° east and average width of 1.85 metres were reported for the zone.

*Rainbow Deposit:* This zone occurs as a stratiform lens within Aillik Group feldspathic tuff and tuff breccias. Mineralization with an average grade of 0.15%  $U_3O_8$  occurs over a strike length of 290 metres and widths up to 15 metres. The main lens as inferred by drilling was 140 metres long by 2 to 15 metres wide by 79 metres deep and is open in all directions.

*Michelin East Target:* Investigations and ground carried out by Brinex led to the discovery of the Chitra Zone, Mikey Lake Zone and Running Rabbit Zone. Follow-up drilling partially tested these zones as well as a number of known radiometric anomalies.

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Following the initial acquisition of licenses, Fronteer and Altius personnel carried out a limited field visit in July 2003 to examine and sample historical metal occurrence on, and adjacent to, the newly acquired mineral land tenure.

This was followed by a more extensive 2004 exploration program primarily centred on the carrying out of a 12,800 line-kilometre high resolution airborne magnometer and gamma-ray spectrometer survey by Fugro Airborne Surveys Corporation. The anomalies generated by this survey were then prospected, evaluated and ranked in the field by Altus and Fronteer personnel. Encouraging results were obtained, and several areas were identified as project areas with potential for bulk tonnage volcanic-hosted uranium mineralization.

Exploration activities completed in 2005 included: (1) a 5,783 line-kilometre detailed airborne magnetic and radiometric surveying over the Michelin, Jacques Lake, Otter Lake, Melody Hill and Inda Lake Trend target areas; (2) IKONOS air photo imagery capture along with geological mapping, geochemical sampling, scintillometer surveys (grid and boulder) and track etch surveying; and (3) a 9,402 metre 27 hole diamond drill program with focus on the Michelin, Otter and Jacques Lake target areas. This 2005 program was highly successful in extending both the known zone of mineralization at the historic Michelin Uranium Deposit and also discovering new zones in the CMB district area through the application of modern ideas and exploration technologies. Additionally, this program provided Aurora staff with a high level of confidence in the calibre of work carried out by Brinex due to a strong correlation between results obtained and those reported for previous holes drilled thereby.

The area including the CMB property was first explored by British Newfound Exploration Limited ( Brinex ) in 1955 following the discovery of encouraging signs by prospectors. A program of drilling and underground development by means of adit was commenced on the Kitts deposit in 1957. However, issues relating to the availability of Atomic Energy Commission of Canada supply contracts led to the suspension of these activities.

No further exploration was carried out until 1966 when Brinex entered into a joint venture with Metallgesellschaft A.G. covering a portion of the area of Brinex's licenses. Exploration carried out under this joint venture result in the discovery of the Michelin deposit, as well as the Gear, Inda and Nash prospects from 1966 to 1969. Each of these resulted from ground follow-up activities carried out following airborne gamma-ray spectrometer surveys in 1967. Throughout the 1970s, property scale exploration of the Kitts and Michelin deposits and extensive exploration of other radiometric anomalies occurred.

Brinex completed a plan to commence mining operations encompassing the Michelin and Kitts deposits following these exploration efforts. However, the project was cancelled in the early 1980s due to a collapse in uranium prices. By way of separate cessions of its licenses in 1980 and 1985, Brinex ceded its interest in the project.

Following a period during which the lands comprising the CMB project remained open, the licenses currently held by Aurora were acquired in 2003 and 2004 pursuant to the strategic alliance between Fronteer and Altius.

As a follow-up to encouraging exploration results obtained by Fronteer and Altius during the period from 2003 to 2005, and by Aurora in 2006, a \$21,250,000 budget was proposed by Aurora for 2007 to further evaluate key targets within the CMB Uranium Property. This proposal included 75,000 metres of diamond drilling at the Michelin, Jacques Lake, Melody Hill, Aurora Corridor and Inda Lake Trend (Gear, Inda and Nash) target areas, a ground geophysical survey at the Michelin Deposit, and ongoing resource, metallurgical, environmental and engineering studies.

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Diamond drilling commenced on April 16, 2007 and was completed on November 27, 2007. A total of 141 drill holes totaling 49,793 metres were completed on the Michelin Main, Melody Hill, Jacques Lake, Aurora Corridor and Inda Lake Trend (Gear, Inda and Nash) targets. Results have been very positive with the best results being intersected within the inferred resource block at the Michelin Uranium Deposit, continuing strong results at the Jacques Lake deposit area with comparable grades and widths of uranium mineralization to that of Michelin, encouraging intercepts at depth at the historic Gear and Inda deposits, and new exploration discoveries along the Aurora Corridor (including Burnt Brook, Gayle and Kathi).

Additional operations carried out during this 2006 exploration program included mapping and prospect sampling of the Aurora Corridor, a 1360-station gravity survey, environmental baseline studies and ongoing metallurgical testing of ore from the Michelin, Jacques Lake and White Bear targets was also carried out at a laboratory in Lakefield, Ontario in 2007 with results showing uranium recoveries at Michelin to be around the order of approximately 88% and those at Jacques Lake to be approximately 91%.

An updated NI 43-101 compliant resource estimate for the CMB Uranium Property was completed over the months of January and February 2008, including upgrading the resource for the Jacques Lake and Michelin deposits and some minor historic deposits on the property, along with first time mineral resource estimates for the Rainbow, Nash, Inda and Gear deposits. The resource modeling was carried out with both an Open Pit and Underground component for the Jacques Lake and Michelin deposits. The resources were estimated by Christopher Lee, the Chief Geoscientist of Fronteer who also provides certain geoscientist services to Aurora under a secondment arrangement between Fronteer and Aurora, who updated the 2007 resource estimate prepared by Gary Giroux, P. Eng., an independent Qualified Person for the purposes of NI 43-101.

An updated NI 43-101 technical report for the 2008 resource estimate entitled *An Update on the Exploration Activities of Aurora Energy Resources Inc. on the CMB Uranium Property, Labrador, Canada, During the Period January 1, 2007 to December 31, 2007 - Part II CMB Mineral Resources* dated April 7, 2008 and Amended August 28, 2008, was prepared by Ian Cunningham-Dunlop, P. Eng., and Christopher Lee, P. Geo., a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com) and is summarized below.<sup>6</sup>

<sup>6</sup> Christopher Lee, P. Geo, Chief Geoscientist for Fronteer who also provides certain geoscientist services to Aurora under a secondment arrangement between Fronteer and Aurora, is the designated Qualified Person for the CMB Uranium Property resource estimates. This resource estimate is considered to be a reasonable representation of the contained

mineralization as understood as of the date of this estimate. No explicit allowances were made for mining and/or metallurgical recoveries. All estimates were conducted using 3D geological solids defined by a combination of stratigraphy, alteration and grade, and hand-digitized on 25 to 50-metre cross-sections in Gemcom software. Assay composites were generated from capped  $U_3O_8$  grades within these solids and used to interpolate grades into 3D block models, using either ordinary kriging (Michelin, Jacques Lake) or anisotropic inverse distance squared weighting (Rainbow, Gear, Inda, Nash). Optimum search parameters (ranges, orientations, number of samples) were chosen to reflect modeled or interpreted grade continuity, low and high grade populations, and sample density. A single mean specific gravity, as measured from 22 to 329 samples of mineralized rock, was used for each deposit. Mineral resources for the satellite deposits

(Rainbow, Gear, Ina, Nash) are reported for only those blocks located less than 300 metres from surface. Blocks were classified into measured, indicated and inferred mineral resource categories using a combination of the number drill holes, average distance of samples used in each block estimate, and geological confidence. Mineral resources are not mineral reserves, and there is no guarantee that any resource will become a reserve. The likelihood of any conversion of mineral resources to mineral reserves may be affected by various metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other issues. Assay results were prepared under the guidance of Mr. Ian Cunningham-Dunlop, P. Eng, the former Vice-President, Exploration for Aurora, who is designated as a Qualified Person with the ability and authority to verify the authenticity of and validity of this data. Drill core data was prepared and analyzed in accordance with



industry standards by  
Activation  
Laboratories Ltd.,  
Ancaster, Ontario.

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**2008 CMB Uranium Property Resource Summary**

| Deposit         | Class                           | Underground*      |             |                                   | Open Pit**        |                                |                                   | Total                                |
|-----------------|---------------------------------|-------------------|-------------|-----------------------------------|-------------------|--------------------------------|-----------------------------------|--------------------------------------|
|                 |                                 | Tonnes            | %<br>U3O8   | lbs U <sub>3</sub> O <sub>8</sub> | Tonnes            | %U <sub>3</sub> O <sub>8</sub> | lbs U <sub>3</sub> O <sub>8</sub> | Lbs<br>U <sub>3</sub> O <sub>8</sub> |
| MICHELIN        | Measured                        | 1,289,000         | 0.12        | 3,310,000                         | 5,795,000         | 0.08                           | 9,768,000                         |                                      |
|                 | Indicated                       | 16,170,000        | 0.13        | 44,582,000                        | 7,146,000         | 0.06                           | 9,774,000                         |                                      |
|                 | <b>Measured &amp; Indicated</b> | <b>17,459,000</b> | <b>0.12</b> | <b>47,892,000</b>                 | <b>12,941,000</b> | <b>0.07</b>                    | <b>19,542,000</b>                 | <b>67,434,000</b>                    |
| JACQUES<br>LAKE | Measured                        | 415,000           | 0.09        | 802,000                           | 401,000           | 0.09                           | 798,000                           |                                      |
|                 | Indicated                       | 3,357,000         | 0.08        | 5,861,000                         | 1,909,000         | 0.07                           | 2,950,000                         |                                      |
|                 | <b>Measured &amp; Indicated</b> | <b>3,772,000</b>  | <b>0.08</b> | <b>6,663,000</b>                  | <b>2,310,000</b>  | <b>0.07</b>                    | <b>3,748,000</b>                  | <b>10,411,000</b>                    |
| RAINBOW         | Indicated                       |                   |             |                                   | 1,088,000         | 0.09                           | 2,063,000                         | 2,063,000                            |
| NASH            | Indicated                       |                   |             |                                   | 757,000           | 0.08                           | 1,300,000                         | 1,300,000                            |
| INDA            | Indicated                       |                   |             |                                   | 1,460,000         | 0.06                           | 2,037,000                         | 2,037,000                            |
| GEAR            | Indicated                       |                   |             |                                   | 520,000           | 0.06                           | 665,000                           | 665,000                              |
| <b>TOTAL</b>    | <b>Measured &amp; Indicated</b> | <b>21,231,000</b> | <b>0.12</b> | <b>54,555,000</b>                 | <b>19,076,000</b> | <b>0.07</b>                    | <b>29,355,000</b>                 | <b>83,910,000</b>                    |
| MICHELIN        | Inferred                        | 12,577,000        | 0.12        | 33,647,000                        | 1,564,000         | 0.05                           | 1,818,000                         | 35,465,000                           |
| JACQUES<br>LAKE | Inferred                        | 2,778,000         | 0.08        | 4,596,000                         | 2,210,000         | 0.05                           | 2,314,000                         | 6,910,000                            |
| RAINBOW         | Inferred                        |                   |             |                                   | 931,000           | 0.08                           | 1,700,000                         | 1,700,000                            |
| NASH            | Inferred                        |                   |             |                                   | 613,000           | 0.07                           | 904,000                           | 904,000                              |
| INDA            | Inferred                        |                   |             |                                   | 3,042,000         | 0.07                           | 4,538,000                         | 4,538,000                            |
| GEAR            | Inferred                        |                   |             |                                   | 210,000           | 0.06                           | 262,000                           | 262,000                              |
| <b>TOTAL</b>    | <b>Inferred</b>                 | <b>15,355,000</b> | <b>0.11</b> | <b>38,243,000</b>                 | <b>8,570,000</b>  | <b>0.06</b>                    | <b>11,536,000</b>                 | <b>49,779,000</b>                    |

\* Aurora s CMB  
mineral

resources are reported at cut-off grades that contemplate underground (0.05% U<sub>3</sub>O<sub>8</sub>) and open pit (0.03% U<sub>3</sub>O<sub>8</sub>) mining scenarios, based on preliminary economic assumptions, and may be refined with more in-depth economic analysis.

Based on the encouraging results from the 2007 work program, a two-phase program of work was recommended for 2008. The 2008 Phase I Work Program was to be implemented during the fourth quarter of 2007 through to the first quarter of 2008 and includes: the completion of the remaining infill meterage from 2007 to convert inferred resource blocks to indicated resource blocks at the Michelin and Jacques Lake deposits; ongoing environmental baseline work; metallurgical testing of the Michelin and Jacques

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Lake deposits; and the initiation of geotechnical studies. The budget for the proposed 2008 Phase I Work Program was estimated at \$8,000,000.

The 2008 Phase I Work Program was to be followed up by a 2008 Phase II Work Program for the second to fourth quarters of 2008 to include: a 50,000-metre diamond drill program at the Michelin, Jacques Lake, Aurora Corridor, Michelin East, Rainbow and Inda Lake trends. The program was planned to have a dual focus: to define and convert inferred pounds of  $U_3O_8$  to indicated pounds at the known deposits at Michelin and Jacques Lake and to develop new resources within the other targets areas; a geological mapping and geochemical sampling program throughout the CMB claim group with particular focus on the Aurora River trend, southwest of Jacques Lake; and an ongoing environmental baseline survey and monitoring program (Q2/Q3 2008). The budget for the Proposed 2008 Phase II Work Program was estimated at \$20,000,000.

Ongoing engineering and development work on the CMB Uranium Property was also budgeted at a cost for 2008 of \$18,000,000.

However, in October 2007, the Nunatsiavut Government in Labrador initiated the first steps towards formulating its official policy on uranium mining on Labrador Inuit Lands by striking a formal committee to further study the issue. In March 2008, the Nunatsiavut Assembly passed on first reading of a bill to institute a three year suspension on uranium mining and milling on Labrador Inuit Land. On April 8, 2008, the Nunatsiavut Assembly voted eight to seven in favour of implementing a three-year moratorium on uranium mining on Labrador Inuit Lands, but would continue to allow uranium exploration. The rationale for this decision was to allow time for the Nunatsiavut Government and the Government of Newfoundland and Labrador, through the Regional Planning Authority, to formulate a Land Use Plan as required by the Labrador Inuit Land Claims Agreement. The Nunatsiavut Government did indicate that they were supportive of natural resource development and open to evaluating ongoing project information but needed additional time to prepare for significant developments like the Michelin Project. There can be no assurance that the Nunatsiavut Government will be supportive of natural resource development in the region or what, if any, actions the Nunatsiavut Government will adopt or propose with respect to uranium development and mining or with respect to the existing moratorium on uranium mining and milling on Labrador Inuit Land.

To reflect the level of uncertainty associated with this decision but to fulfill contractual and financial obligations for 2008, Aurora revised its 2008 work programs and budgets to focus on building community support and resource value for Michelin. The revised budget for the remainder of 2008 was adjusted to \$20,100,000, representing a reduction of 47% from the originally planned expenditure of \$38,000,000 for the same period. The revised budget includes: \$4,000,000 for infill drilling; \$2,000,000 for surveying, site reclamation and camp demobilization; \$4,900,000 for geotechnical and development drilling and engineering studies; \$1,900,000 for tailings management study; \$2,400,000 for health, safety and environment; \$800,000 for community relations; and \$4,100,000 for general and administrative costs.

The resulting 2008 exploration program focused on infill-drilling of the Michelin and Jacques Lake deposits. This was completed to advance the conversion of inferred and indicated mineral resource categories to indicated and measured mineral resource categories. Aurora spent a total of \$17,240,983 on exploration in 2008 with a total of 23,658 metres drilled. The 2008 exploration program was primarily focused on infill-drilling of the Michelin and Jacques Lake deposits and was based from a camp at each site. A prospecting program, which followed the drilling program, was designed to access previously untested geophysical and geochemical anomalies and to advance exploration targets to develop future drill targets in the search for other deposits within the Central Mineral Belt.

The results from the 2008 drilling program were consistent with previous infill drilling and now bring Aurora closer to completing a pre-feasibility study on the Michelin Project. As noted above,

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Aurora's exploration expenditures for fiscal 2008 totaled \$17,240,983, most of which occurred on licenses which host the Michelin and Jacques Lake deposits. Significant expenditures were also incurred on 22 licenses that involved such activities as prospecting, mapping and channel sampling. During 2008, \$7,287,191 was spent on the Michelin deposit which resulted in 15,422 metres of drilling, and \$5,526,035 was spent on the Jacques Lake deposit and that resulted in 10,152 metres of drilling.

All samples collected by Aurora staff during drill programs were subjected to a quality control procedure that ensured best practices in the handling, sample, analysis and storage of ore. Drill core sampling proceeded on the basis of visual indications of mineralization and zones of anomalous radioactivity. Generally, intervals greater than 300 cps in hand were sampled, with sample intervals being predominantly in the range of 0.5 to 1.0 metres (except through areas of homogeneous lithology, where adjusted sample intervals were used). It is believed that the orientation and length of these samples are appropriate for the style of mineralization at the CMB Uranium Property.

After splitting, drill core samples were delivered by helicopter to either Postville or Witchdoctor Lake, whereupon they were then shipped by plane to Happy Valley-Goose Bay to be delivered to the facilities of an independent laboratory. Processing and analysis of samples was conducted at these facilities and check samples have also been analyzed by the Saskatchewan Research Council.

Samples were generally subjected to delayed neutron counting analysis, along with ICP/OES aqua regia chemical digestion testing. Aurora employs the use of blank, standard and quarter-split duplicates to ensure the reliability of all sample results. Upon receipt of analytical data, these blanks, standards and duplicates are examined for evidence of laboratory contamination, analytical error, calibration errors, assay reproducibility and other signs of unusual processing. Any signs of such factors result in an investigation and often result in samples being re-tested until control material passes. In addition, approximately 5% of all samples are subjected to a check assay. To Fronteer's knowledge, the quality assurance procedures and assay protocols used by Aurora in connection with drilling and sampling on the CMB property conform to industry standard guidelines.

A number of metallurgical tests have been conducted on mineralized samples. Results of these tests indicate that Michelin ore is soft and that grinding requirements will be low relative to other ore. Provided that it is not diluted with hanging and footwall rock, the ore obtained at Jacques Lake is also soft, although slightly more abrasive than that obtained from Michelin. Metallurgical testing completed to-date has indicated that various methods of processing, including batch ball milling, continuous leaching, resin-in-pulp recovery and semi-continuous neutralization may be viable. Additionally, encouraging results have been obtained which suggest that heap leaching may be acceptable for lower-grade ore. Column leach tests of larger samples may be undertaken to investigate this further.

In the early part of 2009, Aurora will begin the process of calculating a new NI 43-101 resource estimate for the Michelin project based on the results of the 2008 drilling program. The new resource calculation is currently expected to be complete by the end of the second quarter of 2009.

For 2009, Aurora has proposed a \$5,900,000 exploration program to include completing a tailings management options study, continuing environmental baseline studies and metallurgical studies, and progressing the mill process design, while implementing a comprehensive community engagement plan. This program also currently includes approximately \$1,600,000 in estimated expenditures for exploration of licenses on the CMB Uranium Property, which are currently under bond to the Government of Newfoundland and Labrador. Aurora has an obligation to incur expenditures on staked licenses or post requisite bonds. Accordingly, as at December 31, 2008, \$1,450,000 was posted as bonds by Aurora, in lieu of the required expenditures until the required expenditures are met. By the end of 2009, Aurora anticipates that approximately \$1,460,000 would be held in bond by the provincial government. Once the expenditures are incurred, the bonds may be retrieved, essentially resulting in the 2009 planned exploration

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program in Labrador being a cash-neutral program. Aurora currently expects to recover the posted bonds during the fourth quarter of 2009 or the first quarter of 2010. The exact nature of the 2009 exploration program for the CMB Uranium Property has not been developed but is not expected to include drilling. Upon completion of the exploration program and assuming retrieval of the bonds, it is anticipated that Aurora will be able to maintain its mineral tenure for up to nine years without further expenditures on these license areas.

Exploration activities at the CMB Uranium Property are subject to numerous environmental guidelines relating to uranium and exploration activities generally. To Fronteer's knowledge, Aurora is in material compliance with applicable regulations, and no material environmental liabilities over and above those generally applicable to a uranium exploration property have been discovered to date as part of completed and ongoing environmental baseline studies.

Further details regarding the CMB Uranium Property are available in the amended technical report entitled *An Update on the Exploration Activities of Aurora Energy Resources Inc. on the CMB Uranium Property, Labrador, Canada, During the Period January 1, 2007 to December 31, 2007 - Part II CMB Mineral Resources* dated April 7, 2008 and Amended August 28, 2008, was prepared by Ian Cunningham-Dunlop, P. Eng., and Christopher Lee, P. Geo., available on SEDAR at [www.sedar.com](http://www.sedar.com).

**Terms of Reference**

Mr. Christopher Lee, Chief Geoscientist of the Corporation, is the qualified person as defined in Part 1.1 of NI 43-101, who has verified the disclosure of the above noted information on the Corporation's material mineral properties. Mr. Lee has verified the data disclosed through a review of the existing technical reports on each property and review of the exploration data and internal reports and summaries of the exploration activity since the date of the most recent technical report, as applicable.

**DIVIDENDS**

There are no restrictions that prevent the Corporation from paying dividends. However, the Corporation has not paid any dividends on its Common Shares since incorporation. At present, all available funds are invested to finance the growth of the Corporation and the exploration and development of its mineral properties. Any decision to pay dividends on its Common Shares in the future will be made by the board of directors of the Corporation from time to time, in its discretion, on the basis of many factors, including Fronteer's earnings, operating results, financial condition and anticipated cash needs and other conditions existing at such time.

**DESCRIPTION OF CAPITAL STRUCTURE**

The Corporation is authorized to issue an unlimited number of Common Shares. There are 113,726,279 Common Shares issued and outstanding as of March 30, 2008. Holders of Common Shares of the Corporation are entitled to receive notice of any meetings of shareholders of the Corporation, and to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares of the Corporation do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of Common Shares of the Corporation are entitled to receive on a *pro rata* basis such dividends on such Common Shares, if any, as and when declared by the Corporation's board of directors at its discretion from funds legally available therefor, and, upon the liquidation, dissolution or winding up of the Corporation, are entitled to receive on a *pro rata* basis the net assets of the Corporation after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a *pro rata* basis with the holders of Common Shares with respect to dividends or liquidation. The Common

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Shares of the Corporation do not carry any pre-emptive, subscription, redemption, retraction, surrender or conversion or exchange rights, nor do they contain any sinking or purchase fund provisions.

**MARKET FOR SECURITIES**

The Common Shares of the Corporation are listed for trading on the TSX and the NYSE Amex under the symbol FRG .

The following table sets forth, for the periods indicated, the reported high and low daily trading prices and the aggregate volume of trading of the Fronteer Common Shares on the TSX during the year ended December 31, 2008:

| <b>Period</b>  | <b>Volume</b> | <b>High<br/>(\$)</b> | <b>Low<br/>(\$)</b> |
|----------------|---------------|----------------------|---------------------|
| December 2008  | 5,516,968     | 3.47                 | 1.97                |
| November 2008  | 2,502,850     | 2.90                 | 1.55                |
| October 2008   | 3,823,101     | 3.17                 | 1.80                |
| September 2008 | 6,048,283     | 3.60                 | 1.93                |
| August 2008    | 2,779,495     | 3.79                 | 2.54                |
| July 2008      | 6,902,859     | 5.68                 | 3.42                |
| June 2008      | 3,030,820     | 5.44                 | 4.54                |
| May 2008       | 4,789,879     | 5.94                 | 3.57                |
| April 2008     | 6,788,512     | 5.79                 | 3.71                |
| March 2008     | 7,856,500     | 9.19                 | 4.33                |
| February 2008  | 5,474,131     | 9.60                 | 7.61                |
| January 2008   | 6,648,800     | 11.50                | 7.65                |

**PRIOR SALES**

The Corporation issued the following non-trading securities (stock options to acquire Common Shares) during the financial year ended December 31, 2008:

| <b>Date of Grant</b> | <b>Number of<br/>Stock<br/>Options<br/>Issued</b> | <b>Exercise<br/>Price<br/>(\$)</b> | <b>Expiry<br/>Date</b> |
|----------------------|---|------------------------------------|------------------------|
| 2-Jan-08             | 10,000  | \$ 9.96                            | 1-Jan-13               |
| 21-Jan-08            | 30,000  | \$ 9.54                            | 20-Jan-13              |
| 28-Jan-08            | 200,000   | \$ 8.45                            | 27-Jan-13              |

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| <b>Date of Grant</b> | <b>Number of<br/>Stock<br/>Options<br/>Issued</b> | <b>Exercise<br/>Price<br/>(\$)</b> | <b>Expiry<br/>Date</b> |
|----------------------|---|------------------------------------|------------------------|
| 6-Feb-08             | 1,417,500   | \$ 8.04                            | 5-Feb-18               |
| 28-Feb-08            | 30,000  | \$ 9.54                            | 27-Feb-13              |
| 10-Apr-08            | 30,000  | \$ 5.15                            | 10-Apr-13              |
| 14-Apr-08            | 100,000   | \$ 5.02                            | 13-Apr-13              |
| 21-Apr-08            | 20,000  | \$ 5.02                            | 20-Apr-13              |

**DIRECTORS AND OFFICERS****Name, Address, Position and Occupation**

The name, province or state and country of residence, position or office held with the Corporation and principal occupation for the immediately preceding five years of each of the directors and executive officers of the Corporation are as follows:

| <b>Name and Residence</b>  | <b>Position with<br/>Corporation</b>                     | <b>Principal Occupation for Five<br/>Preceding Years</b>  | <b>Director Since</b> |
|--|--|---|-----------------------|
| Oliver Lennox-King <sup>(6)</sup><br><br>Ontario, Canada             | Chairman   | Chairman and Director of Aurora (2006 to present), a mineral exploration company.<br><br>Chairman and Director, Southern Cross Resources Inc. (1997 to 2003), a mineral exploration company.  | November 2003         |
| Mark O. Dea <sup>(6)</sup><br><br>British Columbia,<br>Canada        | President, Chief<br>Executive<br>Officer and<br>Director | President and Chief Executive Officer of Fronteer (2001 to present).<br><br>President and Chief Executive Officer of Aurora (2005 to 2008), a mineral exploration company.  | May 2001              |
| Donald McInnes<br>(1)(2)(3)(4)(6)<br><br>British Columbia,<br>Canada | Director   | Vice Chairman and Chief Executive Officer and former President of Plutonic Power Corporation (June, 1999 to present), an emerging power producer.<br><br>President of Blackstone Ventures Inc. (January 1995 to March 2008), a mineral exploration company.<br><br>President of Western Keltic Mines Inc. (June 1993 to 2006), a mineral exploration company. | June 2001             |



|                                  |          |  |               |
|----------------------------------|----------|--|---------------|
| George Bell <sup>(1)(2)(4)</sup> | Director | President, Chief Executive Officer and Director of Unor Inc., (2004 to present), a junior uranium and diamond exploration company. | December 2003 |
| Ontario, Canada                  |          |  |               |

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| <b>Name and Residence</b>  | <b>Position with Corporation</b>  | <b>Principal Occupation for Five Preceding Years</b>  | <b>Director Since</b> |
|--|---|---|-----------------------|
|  |   | Chairman and Director of Norsemont Mining Inc., (2007 to present), a copper development company.  |                       |
|  |   | Director, Weda Bay Minerals Inc., (2005 to 2006), a nickel development company.   |                       |
|  |   | Director, Southern Cross Resources Inc. (2003 to 2005), a mineral exploration company.  |                       |
| Lyle R. Hepburn <sup>(3)(4)</sup><br>Ontario, Canada                       | Director  | Partner in the Toronto law firm of Beach, Hepburn LLP (1985 to present).  | April 2004            |
| Jo Mark Zurel <sup>(1)(2)(4)(5)</sup><br>Newfoundland and Labrador, Canada | Director  | President, Stonebridge Capital Inc. (2006 to present), an investment company.<br><br>Senior Vice-President and Chief Financial Officer of CHC Helicopter Corporation (1998 to 2006), a helicopter services company.   | December 2006         |
| Scott Hand <sup>(2)(3)(4)(5)</sup><br>Ontario, Canada                      | Director  | Former Chairman and Chief Executive Officer of Inco Limited (April 2002 to January 2007), a mining company.   | May 2007              |
| Sean Tetzlaff<br>British Columbia, Canada                                  | Chief Financial, Officer, Vice President, Finance and Corporate Secretary | Chief Financial Officer, Vice President, Finance and Corporate Secretary of Fronteer (2005 to present).<br><br>Chief Financial Officer and Corporate Secretary of Aurora (2005 to 2008), a mineral exploration company.   | N/A                   |
|  |   | Chartered accountant, KPMG LLP (2001 to 2004), a chartered accountancy firm.  |                       |
| Christopher Lee<br>British Columbia, Canada                                | Chief Geoscientist  | Chief Geoscientist of Fronteer (2007 to present).<br><br>Prior Chief Geoscientist and subsequent provision of Chief Geoscientist services to Aurora (January 2007 to present), a mineral exploration company.<br><br>Principal Geologist of SRK Consulting Inc. | N/A                   |

(2000 to 2006), an engineering consulting firm.

|                             |                                |   |     |
|-----------------------------|--------------------------------|---|-----|
| Ian<br>Cunningham-Dunlop    | Vice President,<br>Exploration | Vice President, Exploration of Fronteer (2004 to<br>present).                           | N/A |
| British Columbia,<br>Canada |                                | Vice President, Exploration of Aurora (2005 to<br>2008), a mineral exploration company. |     |

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| <b>Name and Residence</b>      | <b>Position with Corporation</b> | <b>Principal Occupation for Five Preceding Years</b>  | <b>Director Since</b> |
|--------------------------------|----------------------------------|---|-----------------------|
| Jim Lincoln<br><br>Nevada, USA | Vice President, Operations       | Vice President, Operations of Fronteer (2006 to present).<br><br>Chief Operating Officer of Aurora (2006 to 2008).<br><br>Vice President, Corporate Development of Jinshan Gold Mines Inc. (2005 to 2006), a mining corporation.<br><br>Principal of Lincoln Associates Inc. (2004 to 2005), an international mineral resource consulting corporation.<br><br>Senior Vice President and Chief Operating Officer of North Star Exploration Inc. (2002 to 2004), a mineral exploration corporation. | N/A                   |

**Notes:**

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Corporate Governance and Nominating Committee.
- (4) Member of the Special Committee.
- (5) Member of the Special Option Committee.
- (6)

Health, Safety  
and  
Environment  
Committee.

The term of office of each of the Corporation's directors expires at the Corporation's next annual general meeting at which directors are elected for the upcoming year or earlier in accordance with the by-laws of the Corporation.

**Aggregate Ownership of Securities**

As at December 31, 2008, the directors and executive officers of the Corporation, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 648,800 Common Shares of the Corporation representing approximately 0.8% of the issued and outstanding Common Shares of the Corporation as of such date.

**CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS**

Save for as set out below:

1. no director or executive officer of Fronteer is, as at the date of this AIF, or has been, within 10 years before the date of this AIF, a director, chief financial officer or chief executive officer of any company that,
    - (a) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (any such order, an Order ) that was issued while that person was acting in that capacity; or
    - (b) was subject to an Order that was issued after that person ceased to act in such capacity and which Order resulted from an event that occurred while that person was acting in that capacity; and
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2. no director, executive officer or shareholder of the Corporation holding a sufficient number of securities of the Corporation to materially affect its control (a Significant Shareholder ):
  - (a) is, at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
  - (b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets; and
3. no director, executive officer or Significant Shareholder of the Corporation has been subject to:
  - (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
  - (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Mr. Lennox-King was previously a director of Unisphere Waste Conversion Ltd. (TSXV: UCB). He resigned as a director of Unisphere Waste Conversion Ltd. on February 9, 2005, immediately before a subsidiary of Unisphere Waste Conversion Ltd. filed a Notice of Intention to make a proposal to its creditors under the *Bankruptcy and Insolvency Act* (Canada).

In 2002, Mr. Lincoln was employed by North Star Exploration, Inc. ( North Star ) as Senior Vice President and Chief Operating Officer. North Star was a wholly-owned subsidiary of EMEX Corporation ( EMEX ), a NASDAQ listed company. EMEX was controlled by a New York Banking Family Trust (the Trust ). Over a six year period from late 1996 through to late 2002, EMEX invested approximately US\$30,000,000 in North Star and another EMEX subsidiary. The funds were supplied by the Trust in the form of secured loans to EMEX. In late 2002, the Trustees of the Trust decided that the investment was not going to be paid back in any reasonable time. The Trust chose to end its business endeavors by declaring Chapter 11 bankruptcy under the applicable U.S. bankruptcy laws. In December 2002, EMEX filed for Chapter 11 bankruptcy in the Bankruptcy Court of Denver, Colorado. The bankruptcy proceedings were completed in the Denver Bankruptcy Court in late 2003. In November 2002, upon learning of the intent of the parent company to file for bankruptcy, Mr. Lincoln resigned as an officer and board member from North Star.

The above and below information as to ownership of securities of the Corporation, corporate cease trade orders, bankruptcies, penalties or sanctions, and existing or potential conflicts of interest, not being within the knowledge of the Corporation, has been provided by each insider of the Corporation individually.

**CONFLICTS OF INTEREST**

Except as disclosed herein, to the knowledge of management of the Corporation, there are no existing or potential material conflicts of interest between the Corporation or any of its subsidiaries and any director or officer of the Corporation. Directors and officers of the Corporation may serve as directors and/or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Corporation or any of its

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subsidiaries may participate, the directors of the Corporation may have a conflict of interest in negotiating and conducting terms in respect of such participation. In the event that such conflict of interest arises at a meeting of the Corporation's board of directors, a director who has such a conflict is required to disclose such conflict and abstain from voting for or against the approval of such participation or such terms.

**LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

The Corporation is not currently, and has not at any time during its most recently completed financial year, been a party to, nor has any of its property been the subject of, any material legal proceedings or regulatory actions. Except as described below, the Corporation is not aware of any such proceedings or actions threatened or known to be contemplated.

On January 29, 2009, the Corporation received a letter from New York counsel to NWG Investments Inc. ( NWG ), demanding the rescission of the share exchange transaction between the Corporation and NewWest, which was concluded in September 2007. The letter alleges that the Corporation fraudulently induced NWG to transfer its NewWest shares through misrepresentations and omissions of material fact regarding the ability of Aurora to commence uranium mining operations in Labrador, Canada. In April 2008, the Nunatsiavut Government imposed a three-year moratorium on mining of uranium on its lands in Labrador. NWG alleges that Fronteer knew about the moratorium prior to the conclusion of the NewWest share exchange in September 2007 and did not disclose this information to NWG. The letter also advises Fronteer that NWG is exploring an oppression claim against Fronteer and other unidentified persons in Ontario. As of March 30, 2009, no claim has been filed with any court. The Corporation's counsel have performed a detailed review of the Corporation's communications and disclosure of this matter and as a result, the Corporation believes that the threatened claims have no merit and plans to vigorously defend itself should any claim be filed. No amounts have been accrued for any potential loss under this complaint.

In December 2007, the Corporation received a letter from Siskinds LLP, a law firm in Ontario, Canada, alleging that certain stock options granted by Fronteer were implicitly in the money at the time of grant. The board of Fronteer immediately struck an independent committee (the Special Option Committee) to review the Corporation's stock option granting practices and past option grants. The Special Option Committee hired independent counsel to assist with the review. Based on the investigation conducted by and the advice of independent counsel, the Special Option Committee concluded, among other things, that it did not believe that Fronteer had looked back for dates that would give a grantee a better price than was available on the date of grant. The Corporation has complied with all of its reporting obligations in respect of this matter. The Special Committee's independent counsel discussed the review with the TSX and has been advised that the TSX has closed its file on this matter. In addition, the Special Option Committee has been advised by its independent counsel that the administration of its stock option policy complies with its stock option plan, with TSX requirements and with current best practice standards. On the recommendation of the Special Option Committee, the Board has adopted a stock option policy that sets out the basis on which options are granted.

The Corporation believes that the threatened claims have no merit and will vigorously defend itself and its directors should any claim be filed. No amounts have been accrued for any potential loss under this complaint. As of March 30, 2009, no claim has been filed with any court.

**INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as described below and elsewhere in this AIF, no director, executive officer, or person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any associate or affiliate of any of the foregoing, has or has had any material interest, directly or indirectly, in any transaction involving the Corporation within the three most

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recently completed financial years or during the current financial year that has materially affected or will materially affect the Corporation.

**Restructuring Agreements**

On and as of June 30, 2005, WSMC, a wholly-owned subsidiary of Western States Minerals, consolidated the rights to possess, explore, develop and mine the Mineral Interests of the Safra Companies. In addition, Western States Royalty, an affiliate of WSMC, acquired the Mineral Royalties on the properties of NewWest, subject to the right of Zaca Resources to retain the Zaca Royalty.

As part of the various Pre-IPO NewWest Restructuring completed prior to or as of July 5, 2006 discussed elsewhere in this AIF, such Mineral Interests and Mineral Royalties (including the Zaca Royalty) were sold or contributed to the LLCs. The LLCs were in turn sold to NWG, a company that is indirectly, wholly-owned by Mr. Jacob Safra. Following these transactions, pursuant to the LLC Purchase Agreement, NWG and therefore indirectly, Mr. Safra, acquired all of the issued and outstanding shares of NewWest in exchange for the acquisition by NewWest of a 100% interest in each of the LLCs. Under the LLC Sale Agreement, NewWest acquired all of the issued and outstanding shares of NewWest USA, in exchange for the acquisition by NewWest USA of 100% of NewWest's interests in the LLCs. In October 2006, NewWest Gold LLC and Zaca Mining LLC were merged into NewWest USA. After giving effect to these transactions and Fronteer's subsequent acquisition of NewWest, NewWest acquired and continues to hold all Mineral Interests through Fronteer USA (formerly NewWest USA) and Fronteer Gold LLC (formerly Nevada Western Gold LLC), and holds all Mineral Royalties (including the Zaca Royalty) through NWG Royalty LLC. On August 29, 2006, NewWest completed an initial public offering after which Mr. Safra's indirect interest in NewWest was reduced to approximately 86%. Upon completion of the acquisition of all of the issued and outstanding shares of NewWest by the Corporation as discussed above, Mr. Safra, primarily through NWG, currently owns approximately 11.4% of all of the issued and outstanding Common Shares of Corporation as of the date of this AIF.

**Offer to Acquire Aurora**

As described elsewhere in this AIF, on January 23, 2009, Fronteer commenced its Offer by way of take-over bid to acquire all of the outstanding Aurora Shares not already owned by Fronteer. For further details, see the section of this AIF entitled "General Development of the Business - Three Year History" above. Each of Oliver Lennox-King, a Director of Fronteer, and Mark O'Dea, the President and Chief Executive Officer and a Director of Fronteer, are also directors on the board of Aurora (Mr. Lennox-King is the Chairman of the Aurora board and Mr. O'Dea is the Deputy Chairman of the Aurora board). In connection with the Offer, the board of directors of Aurora struck a special committee comprised of independent directors and, accordingly, neither Mr. Lennox-King nor Mr. O'Dea participated in deliberations by the board of Aurora in respect of the Offer. In addition, each such individual, along with certain other directors and executive officers of Fronteer, held or hold Aurora Shares and/or options to acquire Aurora Shares. Except as disclosed above, to the knowledge of Fronteer, no other director or executive officer of Fronteer, or any other person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares of Fronteer, or any associate or affiliate of any of the foregoing, have or had any material interest, direct or indirect, in any transactions within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Fronteer.

**REGISTRAR AND TRANSFER AGENT**

The Corporation has co-transfer agents being Equity Transfer & Trust Company at its principal office in Toronto, Ontario, Canada and the Registrar and Transfer Company at its principal office in Cranford, New Jersey, USA.



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**MATERIAL CONTRACTS**

The only material contracts entered into by the Corporation, other than in the ordinary course of business, during the most recently completed financial year of the Corporation or before the most recently completed financial year of the Corporation but which are still in effect, are as follows:

1. The Option Agreement dated April 27, 2004 between the Corporation and TCAM, pursuant to which TCAM and the Corporation acquired their 60% and 40% interests, respectively, in the Ađi Dađi Property, and the Option Agreement dated May 6, 2004 between the Corporation and TCAM, pursuant to which TCAM and the Corporation acquired their 60% and 40% interests, respectively, in the Kirazlı Property (collectively, the TCAM Option Agreements). Under the Option Agreements, TCAM was entitled to certain back-in rights in respect of each project, which rights were subsequently exercised by TCAM as discussed elsewhere in this AIF. As a result of electing to exercise its back-in rights, TCAM's royalty rights in respect of the Ađi Dađi and Kirazlı projects provided for under the Option Agreements no longer apply. Under the TCAM Option Agreements, Fronteer and TCAM hold their interests in the two properties through two Turkish corporations. TCAM controls both Turkish corporations and remains operator of the projects for as long as TCAM's interest exceeds 50%. In consideration of the preliminary ounces then-outlined on the properties, Fronteer is required to pay TCAM, within 60 days following commencement of commercial production, a production bonus of US\$10 per ounce for every ounce, up to a maximum of 600,000 ounces on Ađi Dađi and 250,000 ounces on Kirazlı, produced from within the then-defined resource areas. The ownership structure in respect of each project will remain at 60% TCAM / 40% Fronteer unless the respective interest of either party is diluted for failure to participate in funding an approved program. The activities and other details of the investments are more fully described elsewhere in this AIF.

2. The Option Agreement dated October 19, 2004 between the Corporation and TCAM, pursuant to which the Corporation was granted an option to acquire a 100% interest in a group of properties known as the Biga Properties (which includes the Halilađa Property) and TCAM was granted certain back-in rights. Under the terms of the Option Agreement, TCAM and Fronteer earned a 60% and 40% interest, respectively, in the Halilađa Property and four other designated properties (together the Designated Properties). TCAM has a further right to elect to earn an additional 10% interest in the Halilađa Property, thereby increasing its interest in the Halilađa Property to 70%. Such election on the Halilađa Property was required to be made within 90 days of TCAM earning its 60% interest in the the Halilađa Property. To earn its additional 10% interest on the Halilađa Property, TCAM is required to complete a feasibility study on the Halilađa Property within four years of earning its 60% interest. In addition to completing a feasibility study, if TCAM makes the decision to put the Halilađa Property into production and Fronteer wishes to participate, TCAM is required to use its best efforts to arrange project debt financing and offer to loan to Fronteer, at commercial rates, the remaining equity component of any project financing required. TCAM's right to elect to earn an additional 10% interest in the Halilađa Property has been extended to the earlier of (i) December 31, 2009 and (ii) the date which is six months after the date of receipt of drill permit approvals that would permit TCAM to perform drilling in the Kestane zone of the Halilađa Property (further details are described in item 6 under Material Contracts below). TCAM has elected to maintain its 60% interest on three of the remaining Designated Properties while the fourth Designated Property, Pirentepe, has been added to and now forms part of the Halilađa Property. Should TCAM elect to earn an additional 10% in the Halilađa Property, TCAM's requirement to complete a feasibility study at the Halilađa Property will be extended to four years from the date the election to earn the additional 10% is made. If TCAM elects not to earn an additional 10% in the Halilađa Property, the ownership structure will remain at 60% TCAM / 40% Fronteer, unless the respective interest of either party is diluted for failure to participate in funding an approved program.

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3. Agreement Respecting Further Exploration of Area of Interest dated February 28, 2006 between the Corporation, Altius and Aurora, whereby the Corporation and Altius agreed to contribute to Aurora any future lands acquired within an area of interest in the Central Mineral Belt, Labrador, or within the currently exempt mineral lands in Labrador. This Agreement also terminated the former alliance between the Corporation and Altius upon the initial public offering of Aurora, pursuant to which each of Fronteer and Altius acquired an equity interest in Aurora in consideration for contributing their respective lands in the Central Mineral Belt, Labrador, to Aurora..
4. Joint Venture Agreement between NewWest Gold USA Inc. (now Fronteer USA) and Pittston Nevada Gold Company, a wholly-owned subsidiary of AuEX Ventures Inc. ( AuEX ) dated December 22, 2006 and effective May 23, 2006, to allow Fronteer to earn up to a 65% interest in the Long Canyon Project. Under the Joint Venture Agreement, each party retains a 3% NSR royalty on respective lands contributed to the joint venture. To maintain a 51% interest in the Long Canyon Property, Fronteer USA was required to expend the first US\$5,000,000 on the joint properties, which was completed in September 2008. Fronteer USA elected not to earn an additional 14% by completing all subsequent expenditures through to completion of a feasibility study. The joint venture will therefore remain a 51% Fronteer/49% AuEX joint venture unless the respective interest of either party is diluted for failure to participate in funding an approved program. Details concerning this joint venture arrangement are described elsewhere in this AIF.
5. Arrangement Agreement between Fronteer and NewWest dated July 27, 2007, pursuant to which Fronteer acquired 100% of NewWest. Pursuant to the Arrangement Agreement, Fronteer agreed to exchange 0.26 of a Fronteer Common Share for each NewWest share acquired. In addition, all of the outstanding options of NewWest were exchanged for replacement options of Fronteer and became exercisable to acquire that number of Common Shares determined by reference to the exchange ratio. The completion of the arrangement was subject to a number of customary conditions precedent, including that it be approved by 66 2/3% of the votes cast by NewWest's shareholders and optionholders at a special meeting, which approval was subsequently obtained. The Arrangement Agreement also contained certain representations and warranties by the parties. The acquisition of NewWest by Fronteer pursuant to the terms of the Arrangement Agreement was completed on September 24, 2007.
6. Option and Joint Venture Agreement between Fronteer and Newmont Mining Corporation ( Newmont ) dated June 1, 2008, with respect to the terms of a joint venture on the Sandman Property, which Agreement replaces the LOI between Fronteer and Newmont, as it relates to the Sandman project, described elsewhere in this AIF. Under the terms of the Agreement, Newmont may earn up to a 60% interest in the Sandman project by investing \$23,000,000 in advancing the project. As part of the Agreement, Newmont contributed over eight new sections of adjacent mineral interests to the Sandman Property. Under the terms of the two-phase agreement, Newmont may earn an initial 51% interest in Sandman within 36 months by: (i) spending an initial US\$14,000,000 on exploration (US\$3,000,000, US\$5,000,000 and US\$6,000,000 in years one, two and three, respectively), (ii) making a production decision supported by a bankable feasibility study, (iii) making a commitment to fund and construct a mine, and (iv) reporting reserves. As part of Phase 2, Newmont may then earn an additional 9% interest in Sandman by spending a further US\$9,000,000 on development. Fronteer can also elect to have Newmont arrange financing for its 40% of ongoing development costs at the lesser of (i) the London Interbank Offered Rate (LIBOR) plus 4%, or Fronteer's then-current borrowing rate. Newmont must obtain repayment of the amount advanced, plus interest, solely from up to 80% of Fronteer's share of production, less production costs. Provided that Newmont completes its Phase 2 earn-in requirements, Newmont is entitled to recover an additional sum of US\$3,750,000 from 90% of the Corporation's share of production (net of costs) until that amount is recovered in full. Fronteer retains a 2% NSR royalty on production of the first 310,000 ounces at Sandman.

Copies of each of the material contracts described above have been filed with the applicable Canadian securities regulatory authorities and are available on SEDAR at [www.sedar.com](http://www.sedar.com).

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**INTERESTS OF EXPERTS**

**Names of Experts**

PricewaterhouseCoopers LLP, Independent Registered Chartered Accountants, provide auditors' reports with respect to the audited financial statements of the Corporation.

The individuals named below have each prepared technical reports for the Corporation with respect to the Corporation's mineral properties:

- (a) Gary Giroux, P. Eng., co-author of the technical report entitled "The Exploration Activities of Aurora Energy Resources Inc. on the CMB Uranium Property, Labrador, Canada, During the Period January 2006 to January 2007" dated February 19, 2007 as amended March 1, 2007; co-author of the amended technical report entitled "An Update on the Exploration Activities of Aurora Energy Resources Inc. on the CMB Uranium Property, Labrador, Canada During the Period January 1, 2007 to October 31, 2007" dated November 20, 2007; co-author of the technical report entitled "The Exploration Activities of Aurora Energy Resources Inc. on the CMB Uranium Property, Labrador, Canada During the Period January 2006 to January 2007" dated February 19, 2007; co-author of the technical report entitled "The Exploration Activities of Fronteer Development Group Inc. on the Ađı Dađı Gold Property, Çanakkale Province, Turkey from April 2004 to December 2005", dated March 10, 2006, as amended May 25, 2006 and as further amended May 25, 2006; and co-author of the technical report entitled "The Exploration Activities of Fronteer Development Group Inc. on the Kirazlı Gold Property, Çanakkale Province, Republic of Turkey During the Period February to December 2005" dated March 10, 2006, as amended May 25, 2006 and as further amended May 25, 2006;
  - (b) Ian Cunningham-Dunlop, P. Eng., co-author of the technical report entitled "An Update on the Exploration Activities of Aurora Energy Resources Inc. on the CMB Uranium Property, Labrador, Canada, During the Period January 1, 2007 to December 31, 2007 - Part II CMB Mineral Resources" dated April 7, 2008, as amended August 28, 2008; co-author of the amended technical report entitled "An Update on the Exploration Activities of Aurora Energy Resources Inc. on the CMB Uranium Property, Labrador, Canada During the Period January 1, 2007 to October 31, 2007" dated November 20, 2007; co-author of the technical report entitled "Technical Report on the Ađı Dađı Gold Property, Çanakkale Province, Turkey" dated August 1, 2007; and co-author of the technical report entitled "Technical Report on the Kirazlı Gold Property, Çanakkale Province, Turkey" dated August 1, 2007; co-author of the technical report entitled "The Exploration Activities of Fronteer Development Group Inc. on the Ađı Dađı Gold Property, Çanakkale Province, Turkey from April 2004 to December 2005" dated March 10, 2006, as amended May 25, 2006 and as further amended May 25, 2006; and co-author of the technical report entitled "The Exploration Activities of Fronteer Development Group Inc. on the Kirazlı Gold Property, Çanakkale Province, Republic of Turkey During the Period February to December 2005" dated March 10, 2006, as amended May 25, 2006 and as further amended May 25, 2006;
  - (c) Christopher Lee, P. Geo., co-author of the technical report entitled "An Update on the Exploration Activities of Aurora Energy Resources Inc. on the CMB Uranium Property, Labrador, Canada, During the Period January 1, 2007 to December 31, 2007"
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Part II CMB Mineral Resources dated April 7, 2008 and amended August 28, 2008; co-author of the technical report entitled Technical Report on the Ađı Dađı Gold Property, Çanakkale Province, Turkey dated August 1, 2007; co-author of the technical report entitled Technical Report on the Kirazlı Gold Property, Çanakkale Province, Republic of Turkey dated August 1, 2007; co-author of the amended technical report entitled An Update on the Exploration Activities of Aurora Energy Resources Inc. on the CMB Uranium Property, Labrador, Canada During the Period January 1, 2007 to October 31, 2007 dated November 20, 2007; and co-author of the technical report entitled Technical Report on the Northumberland Project, Nye County, Nevada, USA: Resource Update 2008 dated July 28, 2008 as amended August 8, 2008;

- (d) Dr. D.H.C. Wilton, P. Geo., co-author of the amended technical report entitled The Exploration Activities of Aurora Energy Resources Inc. on the CMB Uranium Property, Labrador, Canada, During the Period January 2006 to January 2007 dated February 19, 2007 and amended March 1, 2007; and co-author of the amended technical report entitled An Update on the Exploration Activities of Aurora Energy Resources Inc. on the CMB Uranium Property, Labrador, Canada During the Period January 1, 2007 to October 31, 2007 dated November 20, 2007;
- (e) Peter Grieve, M.Sc., M.A.I.G., author of the technical report entitled Technical Report on the Pirentepe and Halılađa Exploration Properties, Çanakkale, Western Anatolia, Turkey dated March 30, 2007; and author of the updated technical report entitled Technical Report on the Halılađa Exploration Property, Çanakkale, Western Turkey dated March 30, 2009;
- (f) Dr. Mark O Dea, P. Geo., co-author of the amended technical report entitled An Update on the Exploration Activities of Aurora Energy Resources Inc. on the CMB Uranium Property, Labrador, Canada during the Period January 1, 2007 to October 31, 2007 dated November 20, 2007;
- (g) Jim Lincoln, P. Eng., co-author of the amended technical report entitled An Update on the Exploration Activities of Aurora Energy Resources Inc. on the CMB Uranium Property, Labrador, Canada during the Period January 1, 2007 to October 31, 2007 dated November 20, 2007;
- (h) Michael M. Gustin, R.P. Geo., of MDA, co-author of the updated technical report entitled Updated Technical Report, Sandman Gold Project, Humboldt County, Nevada, USA dated November 1, 2007; co-author of the technical report entitled Updated Technical Report, Northumberland Property, Nye County, Nevada, USA dated November 1, 2007;
- (i) George Lanier, co-author of the technical report entitled Updated Technical Report, Northumberland Project, Nye County, Nevada, USA dated November 1, 2007; and co-author of the technical report entitled Updated Technical Report, Sandman Gold Project, Humboldt County, Nevada, USA dated November 1, 2007;
- (j) Steven Ristorcelli, R.P. Geo., of MDA, co-author of the technical report entitled Updated Technical Report, Northumberland Project, Nye County, Nevada, USA dated November 1, 2007; and co-author of the technical report entitled Updated Technical Report of the Zaca Project, Alpine County, California, USA dated November 1, 2007;

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- (k) David Griffith, P. Geo., of MDA, co-author of the technical report entitled Updated Technical Report of the Zaca Project, Alpine County, California, USA dated November 1, 2007;
- (l) Jim Ashton, P. Eng., co-author of the updated technical report entitled Technical Report on the Northumberland Project, Nye County, Nevada, USA: Resource Update 2008 dated July 28, 2008 as amended August 8, 2008; and co-author of the technical report entitled Updated Technical Report, Sandman Gold Project, Humboldt County, Nevada, USA dated November 1, 2007; and
- (m) Moira T. Smith, P. Geo, qualified person responsible for the technical disclosure on the Long Canyon Project.

**Interests of Experts**

As of the date of this AIF, PricewaterhouseCoopers LLP have reported that they are independent in accordance within the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia and within the meaning of the Securities Act administered by the SEC and the requirements of the Public Company Accounting Oversight Board.

Except as noted below, none of the other experts named under Names of Experts, above, either as of the date when they prepared the statement or report, or anytime thereafter to the date hereof had or received any registered or beneficial interests, direct or indirect, in any securities or other property of the Corporation (based on information provided to the Corporation by the experts).

Each of Ms. Smith and Messrs. O Dea, Lincoln, Cunningham-Dunlop, Lee, Ashton, Lanier and Grieve are, as of the date of this report or were, as of the date of his or her report or statement above, employees of the Corporation. As of the date hereof, the registered or beneficial interests, direct or indirect, in any securities of the Corporation, held by each of Ms. Smith and Messrs. Lincoln, Cunningham-Dunlop, Lee, Ashton, Lanier and Grieve constitute less than 1% of the Corporation's outstanding securities. None of the experts holds an interest, either direct or otherwise, in any property of the Corporation.

As of the date of this report, Mr. O Dea, the President and Chief Executive Officer of the Corporation, directly or indirectly holds, or controls and directs, an interest in 52,443 Common Shares of the Corporation. In addition, Mr. O Dea holds employee stock options to purchase an additional 1,480,000 Common Shares of the Corporation at exercise prices ranging from \$1.20 to \$14.25 and expiring on dates ranging from September 28, 2009 to February 5, 2018.

**PROMOTERS**

Each of Mark O Dea, President and Chief Executive Officer of the Corporation, and Sean Tetzlaff, Chief Financial Officer and Corporate Secretary of the Corporation, were involved in the founding and organizing of Fronteer and its subsidiary Aurora and, accordingly, are considered promoters pursuant to applicable Canadian securities laws. Mr. O Dea and Mr. Tetzlaff were previously employed by Aurora and, in connection with the prior termination of their employment, are entitled to or have received certain severance payments from Aurora. Mr. O Dea is entitled to severance equal to six months of his prior Aurora annual salary (\$255,000) and received a bonus payment in respect of his prior employment with Aurora during a portion of 2008, at an amount equal to \$54,782. Mr. Tetzlaff received a total of \$85,000 in severance payments, equal to six months of his prior Aurora annual salary.

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Mr. O Dea beneficially owns, or controls and directs, 52,443 Common Shares representing approximately 0.05% of the issued and outstanding Common Shares. Mr. Tetzlaff beneficially owns, or controls and directs, nil Common Shares representing approximately 0% of the issued and outstanding Common Shares. Each of Mr. O Dea and Mr. Tetzlaff also previously received, in connection with performance of their duties and responsibilities during their prior employment with Aurora, options to acquire Aurora Shares. Mr. O Dea currently holds 869,600 options to acquire Aurora Shares, while Mr. Tetzlaff currently holds 377,500 options to acquire Aurora Shares. It is anticipated that upon the completion of the takeover of 100% of Aurora by Fronteer, expected to close on April 21, 2009, each Aurora option will be convertible into .825 of a Fronteer share, upon exercise.

**AUDIT COMMITTEE INFORMATION****Audit Committee Charter**

The Corporation's Audit Committee has a written charter (the Audit Committee Charter), a copy of which is attached to this AIF as Schedule A.

**Composition of the Audit Committee**

The following are the members of the Corporation's Audit Committee:

|                          |                            |                                     |
|--------------------------|----------------------------|-------------------------------------|
| Jo Mark Zurel (Chairman) | Independent <sup>(1)</sup> | Financially literate <sup>(1)</sup> |
| George Bell              | Independent <sup>(1)</sup> | Financially literate <sup>(1)</sup> |
| Donald McInnes           | Independent <sup>(1)</sup> | Financially literate <sup>(1)</sup> |

**Note:**

- (1) As defined by National Instrument 52-110 *Audit Committees* (NI 52-110).

**Relevant Education And Experience**

The following is a description of the education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member:

**Jo Mark Zurel**

Mr. Zurel holds a Bachelor of Commerce degree from Dalhousie University and is a Chartered Accountant. From 1998 to 2006, Mr. Zurel was Senior Vice-President and Chief Financial Officer of CHC Helicopter Corporation. Mr. Zurel is currently the President of Stonebridge Capital Inc., an investment company with a diverse portfolio of investments in private and public companies. As a result of this past experience, Mr. Zurel has extensive experience preparing and evaluating financial statements with a breadth and level of complexity similar to those of the Corporation. He currently also serves on the audit committee of Major Drilling International Inc. and Newfoundland Power Inc.

**George Bell**

Mr. Bell has a Bachelor of Science in Business Administration from the University of North Dakota. He has over 40 years of experience working in various roles within the mineral resource and forestry industries. Mr. Bell is currently President and Chief Executive Officer of Unor Inc. (2004 to present), a publicly traded mineral exploration company. From 1997 to 2003, Mr. Bell was an Officer and Director of eSpatial Solutions Limited, a Dublin-based software developer. Mr. Bell was a member of the audit committee of Southern Cross Resources Limited, a former TSX-listed company from 2003 to 2006 and Weda Bay Minerals Inc., another former TSX-listed company from 2005 to 2006. As a result of this



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past experience, Mr. Bell has extensive experience evaluating financial statements with a breadth and level of complexity similar to those of the Corporation.

**Donald McInnes**

Mr. McInnes is past President and Director of Western Keltic Mines Inc. (1993 to 2006), a current director and past President of Blackstone Ventures Inc. (1995 to March 2008) and a former Director of Atkiwa Minerals Corp, all of which are mineral exploration companies. He is also Vice Chair and Chief Executive Officer of Plutonic Power Corporation (1999 to present), a publicly traded emerging power producer. As a result of this past experience, Mr. McInnes has extensive experience evaluating financial statements with a breadth and level of complexity similar to those of the Corporation. He currently serves on the audit committee of Blackstone Venture Inc. and Plutonic Power Corporation and formerly served on the audit committee of Atikwa Minerals Corp. The Corporation has not relied on any exemptions in NI 52-110 regarding constitution of the Audit Committee or otherwise in 2008 or 2007.

**Audit Committee Oversight**

At no time since the commencement of the year ended December 31, 2008 was a recommendation of the Audit Committee to nominate or compensate an Independent Registered Chartered Accountant not adopted by the board of directors of the Corporation.

**Pre-Approval Policies and Procedure**

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the Audit Committee Charter attached as Schedule A hereto.

**Independent Registered Chartered Accountants Services Fees (By Category)**

The aggregate fees billed by the Corporation's Independent Registered Chartered Accountants in the years ended December 31, 2008 and 2007 are as follows:

|             | <b>Audit-Related</b>  |             |                 | <b>All<br/>Other<br/>Fees</b> | <b>Total<br/>Fees</b> |
|-------------|-----------------------|-------------|-----------------|-------------------------------|-----------------------|
|             | <b>Audit<br/>Fees</b> | <b>Fees</b> | <b>Tax Fees</b> |                               |                       |
| <b>2007</b> | \$ 137,800            | 47,350      | \$ 32,000       | \$Nil                         | \$ 217,150            |
| <b>2008</b> | \$ 210,000            | Nil         | \$ 20,741       | \$Nil                         | \$ 231,741            |

The nature of each category of fees is as follows:

***Audit Fees:***

Audit fees were paid for professional services rendered by the auditors for the audit of the Corporation's annual financial statements, reviews of the Corporation's interim financial statements and attestation services provided in connection with statutory and regulatory filings or engagements, (including the Corporation's short form prospectus offering in May 2007). Audit fees increased over 2007 due to the complexity of the Corporation and the need for the auditors to attest to Management's assessment of the effectiveness of internal controls.

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***Audit-Related Fees:***

Audit-related fees are defined as the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported under the Audit Fees item above. In 2007 fees were paid for accounting, advisory and consulting services performed with respect to the acquisition by the Corporation of all the issued and outstanding shares of NewWest and the preparation of the information circular of NewWest distributed to its shareholders in connection therewith. See the section of this AIF entitled "General Development of the Business - Three Year History" above.

***Tax Fees:***

Tax fees were paid for tax compliance, tax advice and tax planning professional services related to payroll matters in 2007 in respect of employees who were U.S. residents.

***All Other Fees:***

There were no Other fees paid.

**ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR under the Corporation's profile at [www.sedar.com](http://www.sedar.com). Additional information, including with respect to directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Corporation's information circular for its most recent annual general meeting of security holders involving the election of directors. Additional financial information is provided in the Corporation's audited consolidated financial statements and management's discussion and analysis for the Corporation's most recently completed financial year. A copy of such documents and of this Annual Information Form may be obtained upon request from the Corporate Secretary of the Corporation. The Corporation may require payment of a reasonable charge if the request is made by a person who is not a holder of securities of the Corporation.

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**SCHEDULE A**

**Charter of the Audit Committee of the Board of Directors of  
Fronteer Development Group Inc.**

**Purpose**

The Audit Committee (the Committee) is appointed by and reports to the Board of Directors (the Board) of Fronteer Development Group Inc. (the Corporation). The Committee assists the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee's primary duties and responsibilities are to:

conduct such reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;

assess the integrity of internal controls, disclosure controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;

ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel;

review the quarterly and annual financial statements and management's discussion and analysis of the Corporation's financial position and operating results and report thereon to the Board for approval of same;

review the Annual Report on Form 20-F or the Annual Information Form and Form 40-F, if applicable, and report to the Board for approval of the same;

recommend to the Board for approval by the shareholders the Corporation's external auditors;

monitor the independence and performance of the Corporation's external auditors, including attending at private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration;

establish procedures for the receipt of complaints and submissions relating to accounting matters;

except as set forth below, pre-approve all audit and non-audit services provided by the Corporation's external auditors; and

provide oversight to related party transactions entered into by the Corporation and other matters involving conflicts of interest.

**Resources and Authority**

1. The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the external auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee.

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2. The Committee shall have unrestricted access to the books and records of the Corporation.
3. The Committee has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

**Composition**

4. The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the Ontario Securities Commission ( **OSC** ), the Toronto Stock Exchange, the *Business Corporations Act* (Ontario), the United States Securities and Exchange Commission (the **SEC** ), the NYSE Amex and all applicable securities regulatory authorities.
5. The Committee members will be elected annually at the first meeting of the Board following the annual general meeting of shareholders.
6. The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair.
7. Each member of the Committee shall be independent (as such term is defined under applicable securities laws and exchange requirements). Also, at least one member of the Committee shall meet the requirements of an audit committee financial expert (as such term is defined in Form 20-F or Form 40-F, as applicable).

**Meetings**

8. The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. The attached Appendix A sets out certain items to be addressed in regularly scheduled meetings of the Committee.
  9. A majority of the members of the Committee present either in person or by telephone shall constitute a quorum.
  10. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
  11. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by, the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
  12. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
  13. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
  14. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries, and other persons, as the Committee may see fit, from time to time, to attend at meetings of the Committee.
  15. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an
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instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.

16. The Chair of the Committee shall report periodically the Committee's findings and recommendations to the Board.

**Resources and Authority**

17. The Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and give direction for payment of compensation for advisors employed by the Committee;
- (c) communicate directly with the internal and external auditors.

**Chair**

18. The Chair of the Committee:

- (a) provides leadership to the Committee with respect to its functions as described in this charter and as otherwise may be appropriate, including overseeing the logistics of the operations of the Committee;
  - (b) chairs meetings of the Committee, unless not present including in camera sessions, and reports to the Board of Directors following each meeting of the Committee on the findings, activities and any recommendations of the Committee;
  - (c) ensures that the Committee meets on a regular basis and at four times per year;
  - (d) in consultation with the Lead Director and the Committee members, establishes a calendar for holding meetings of the Committee;
  - (e) establishes the agenda for each meeting of the Committee, with input from other Committee members, the Lead Director and any other parties as applicable;
  - (f) ensures that Committee materials are available to any Director on request;
  - (g) acts as liaison and maintains communication with the Lead Director and the Board to optimize and coordinate input from Board Members, and to optimize the effectiveness of the Committee. This includes reporting to the full Board on all proceedings and deliberations of the Committee at the first meeting of the Board after each Committee meeting and at such other times and in such manner as the Committee considers advisable;
  - (h) reports annually to the Board on the role of the Committee and the effectiveness of the Committee role in contributing to the objectives and responsibilities of the Board as a whole;
  - (i) ensures that the members of the Committee understand and discharge their duties and obligations;
  - (j) fosters ethical and responsible decision making by the Committee and its individual members;
  - (k) together with the Corporate Governance and Nominating Committee, oversees the structure, composition, membership and activities delegated to the Committee from time to time;
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- (l) composition, membership and activities delegated to the Committee from time to time;
- (m) ensures that resources and expertise are available to the Committee so that it may conduct its work effectively and efficiently and preapproves work to be done for the Committee by consultants;
- (n) facilitates effective communication between members of the Committee and management; and
- (o) attends each meeting of shareholders to respond to any questions from shareholders as may be put to the Chair; and
- (p) performs such other duties and responsibilities as may be delegated to the Chair by the Board of Directors from time to time.

**Responsibilities**

19. The Committee shall:

*Financial Accounting and Reporting Process and Internal Controls*

- (a) Review the annual audited financial statements to satisfy itself that they are presented in accordance with applicable generally accepted accounting principles ( **Canadian GAAP** ) and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
- (b) Review and approve the interim financial statements prior to their being filed with the appropriate regulatory authorities.
- (c) Review the Annual Report on Form 40-F to satisfy itself that it is presented in accordance with applicable U.S. federal securities laws and regulations and report thereon to the Board and recommend to the Board whether or not same should be approved prior to being filed with the appropriate regulatory authorities.
- (d) Review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management's response. The Committee shall assess the integrity of internal controls and financial reporting procedures and ensure implementation of such controls and procedures.
- (e) Satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, management's discussion and analysis and interim earnings press releases, and periodically assess the adequacy of these procedures.
- (f) Approve management's discussion and analysis relating to interim financial statements and any other public disclosure documents, that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information. Review and recommend to the Board for approval of management's discussion and analysis relating to annual financial statements and any other public disclosure documents, that are required to be approved by the Board under any applicable laws before the Corporation publicly discloses this information.

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- (g) Meet no less frequently than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of the Corporation in charge of financial matters, deem appropriate.
- (h) Inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.
- (i) Review the post-audit or management letter (if one is issued) containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
- (j) Oversee the Corporation's plans to adopt changes to accounting standards and related disclosure obligations.
- (k) Ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.
- (l) Establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
  - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- (m) Provide oversight to related party transactions and other matters involving conflicts of interests entered into by the Corporation.

*Independent Auditors*

- (n) Recommend to the Board for approval by the shareholders a firm of external auditors and shall set the compensation for the external auditors, provide oversight of the external auditors and shall ensure that the external auditors report directly to the Committee.
- (o) Ensure that in compliance with applicable law, the lead audit partner at the external auditors is replaced every five years.
- (p) Be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
- (q) Except as set forth below, pre-approve all audit and non-audit services not prohibited by Canadian and United States securities laws and regulations to be provided by the external auditors.
- (r) Monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the external auditors.
- (s) Prior to the audit, review the external auditors' audit plan, including the scope, procedures, timing and staffing of the audit.
- (t)

Review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.

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- (u) Obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within Canadian GAAP that were discussed with management, their ramifications, and the external auditors preferred treatment and material written communications between the Corporation and the external auditors.
- (v) Review fees paid by the Corporation to the external auditors and other professionals in respect of audit and non-audit services on a quarterly basis.
- (w) Directly review and approve the Corporation's hiring of partners, employees and former partners and employees of the present and former auditors of the Corporation.
- (x) Ensure its receipt from the external auditor of a formal written statement delineating all relationships between the auditor and the Corporation consistent with United States Independence Standards Board Standard 1.

*Other Responsibilities*

- (y) Perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.
  - (z) Review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.
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**FRONTEER DEVELOPMENT GROUP INC.**

**Procedures for Receipt of Complaints and Submissions  
Relating to Accounting Matters**

1. The Corporation shall inform employees by e-mail that is disseminated to all employees at least annually, of the individual (the **Complaints Officer** ) designated from time to time by the Committee to whom complaints and submissions can be made regarding accounting, internal accounting controls or auditing matters or issues of concern regarding questionable accounting or auditing matters.
  2. The Complaints Officer shall be informed that any complaints or submissions so received must be kept confidential and that the identity of employees making complaints or submissions shall be kept confidential and shall only be communicated to the Committee or the Chair of the Committee.
  3. The Complaints Officer shall be informed that he or she must report to the Committee as frequently as such Complaints Officer deems appropriate, but in any event no less frequently than on a quarterly basis prior to the quarterly meeting of the Committee called to approve interim and annual financial statements of the Corporation.
  4. Upon receipt of a report from the Complaints Officer, the Committee shall discuss the report and take such steps as the Committee may deem appropriate.
  5. The Complaints Officer shall retain a record of a complaint or submission received for a period of six years following resolution of the complaint or submission.
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**FRONTEER DEVELOPMENT GROUP INC.**

**Procedures for Approval of Non-Audit Services**

1. The Corporation's external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:
  - (a) bookkeeping or other services related to the Corporation's accounting records or financial statements;
  - (b) financial information systems design and implementation;
  - (c) appraisal or valuation services, fairness opinion or contributions-in-kind reports;
  - (d) actuarial services;
  - (e) internal audit outsourcing services;
  - (f) management functions;
  - (g) human resources;
  - (h) broker or dealer, investment adviser or investment banking services;
  - (i) legal services;
  - (j) expert services unrelated to the audit; and
  - (k) any other service that the Canadian Public Accountability Board, the United States Public Company Oversight Board or any other applicable regulatory authority determines is impermissible.
2. In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services in accordance with the requirements set forth under the *de minimis exception* provided by Section (c)(7)(i)(C) of Rule 2-01 of Regulation S-X. All other non-audit services shall be approved or disapproved by the Committee as a whole as set forth herein.
3. The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.

Updated January 21, 2009

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**APPENDIX A****MEETING AGENDA ITEMS**

|   | <b>Q1</b> | <b>Q2</b> | <b>Q3</b> | <b>Q4</b> |
|---|-----------|-----------|-----------|-----------|
| <b>1. Committee Mandate</b>   | X         |           |           |           |
| Review the mandate of the Committee annually including the accompanying pre-approval of audit and non-audit services policy, for submission to the Board of Directors.  |           |           |           |           |
| <b>2. Interim Financial Reports</b>   | X         | X         | X         |           |
| Review and approval of interim financial statements, MD&A and earnings press releases prior to their release to the public.   |           |           |           |           |
| <b>3. Annual Financial Reports</b>  | X         |           |           |           |
| Review and approval for submission to the Board of Directors of annual financial statements, MD&A and earnings press releases prior to their release to the public.   |           |           |           |           |
| Discuss in detail the financial statement and the auditors report on the financial statement with the Chief Financial Officer and the external auditors. Review the post audit or management letter (if issued) containing the recommendations of the external auditors and management's response and subsequent follow up to any identified weaknesses | X         |           |           |           |
| <b>4. Other Annual Financial Information</b>  |           |           |           | X         |
| Review the annual report and other annual public information documents (for example, the AIF, 40-F and MD&A) prior to release. Make recommendation to the board whether or not the same should be approved prior to be filed with the appropriate regulatory authorities.   |           |           |           |           |
| <b>5. External Audit Terms of Reference and Planning</b>  |           |           | X         |           |
| Review the terms of the engagement of the external auditors, and the audit plan and estimated fees for the current year.  |           |           |           |           |
| Review the final audit fee of the previous year and pre-approve the fees for the current year.  |           |           | X         |           |

Review the annual audit plan prior to the audit with the auditors. X

**6. Internal Control Systems**

X

Review any internal control reports prepared by management and the evaluation of such reports by external auditors, together with management's assessment of internal controls. Assess the integrity of internal controls and financial reporting procedures of the Corporation and insure implementation of such controls and procedures.

Periodically assess the adequacy of the Corporation's procedures surrounding the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, MD&A, and interim earnings press releases. X

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|   | <b>Q1</b> | <b>Q2</b> | <b>Q3</b> | <b>Q4</b> |
|---|-----------|-----------|-----------|-----------|
| Review the status of management's response to the previous year's Audit Findings letter from the external auditors and the Corporation responses to the issues raised.                            | X         |           |           |           |
| Enquire as to the proposed wording of the CEO and CFO quarterly and annual certifications filed with regulators and assess adequacy.  | X         | X         | X         | X         |
| <b>7. Conduct of the Annual External Audit or Quarterly Review (if applicable)</b>  |           |           |           | X         |
| Discuss matters affecting the conduct of the audit or review and other corporate matters with the external auditors. Provide for a private discussion with the auditors.                          |           |           |           |           |
| Recommend to the Board of Directors the retention or replacement of the external auditors.  |           |           |           | X         |
| Set the compensation for external auditors and, provide oversight of the external auditors and ensure the external auditors report directly to the Committee.                                     |           |           | X         |           |
| Resolve any disputes or disagreements between management and the external auditors regarding financial reporting.   | X         | X         | X         | X         |
| Directly review and approve the Corporation's hiring of partners and other professionals in respect of audit and non-audit services.  | X         | X         | X         | X         |
| Review the fees paid to the external auditors and other professionals in respect of audit and non-audit services.   | X         | X         | X         | X         |
| <b>8. Policy Review</b>   | X         |           |           |           |
| Review the Corporation's Whistle Blower Policy.   |           |           |           |           |
| Review and assess the adequacy of the Corporation's Disclosure controls and Procedures Policy.  |           |           | X         |           |
| Review and assess the adequacy of the Corporation's Code of Ethics and any separate ethics standard for senior management. Discuss with Senior Management any known breach of the Code of Ethics. |           |           | X         |           |

**9. External Auditor Services**

X

Pre-approve audit and non-audit services to be provided by the Corporation's external auditors.

Monitor and assess the relationship between management and the external auditors. Support and assure independence and objectivity of external auditors.

X

X

X

X

Obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within Canadian GAAP that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Corporation and the external auditors.

X

Receive from the external auditor a formal written statement delineating all relationships between the auditor and the Corporation consistent with United States Independence Standards Board Standard 1

X

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|   | <b>Q1</b> | <b>Q2</b> | <b>Q3</b> | <b>Q4</b> |
|---|-----------|-----------|-----------|-----------|
| <b>10. Risk Exposures</b>   |           |           |           | X         |
| Review significant risk exposures with management and external auditors, both internal and external and assess steps management has taken to minimize such risks. |           |           |           |           |
| <b>11. Related Party Transactions</b>   | X         | X         | X         | X         |
| Review related party transactions and other matters involving conflicts of interest and provide oversight as appropriate.   |           |           |           |           |
| <b>12. Review of Complaint Submissions</b>  | X         | X         | X         | X         |
| Review of any complaints relating to Accounting Matters received by the Complaints Officer. Hear a report from the Complaints Officer.                            |           |           |           |           |

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Financial Statements

**FRONTEER DEVELOPMENT GROUP INC.**  
**(AN EXPLORATION STAGE COMPANY)**

Years ended December 31, 2008 and 2007  
(Expressed in Canadian dollars)

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**Management's Responsibility for Financial Reporting**

The accompanying financial statements of the Company have been prepared by management in accordance with accounting principles generally accepted in Canada and reconciled to accounting principles generally accepted in the United States as set out in Note 19, and contain estimates based on management's judgment. Management maintains an appropriate system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained.

The Audit Committee of the Board of Directors has met with the Company's independent auditors to review the scope and results of the annual audit, and to review the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

The Company's independent auditors, PricewaterhouseCoopers LLP, are appointed by the shareholders to conduct an audit in accordance with generally accepted auditing standards in Canada, and their report follows:

*Mark O Dea*

Mark O Dea  
President and CEO

*Sean Tetzlaff*

Sean Tetzlaff  
CFO, Corporate Secretary

**Management Report on Internal Control Over Financial Reporting**

Management of the Corporation is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Management has used the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission to evaluate the effectiveness of internal control over financial reporting.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on this evaluation, management has concluded that the Corporation's internal control over financial reporting was effective as at December 31, 2008.

The effectiveness of the Corporation's internal control over financial reporting has been audited by PricewaterhouseCoopers LLP, independent registered public accounting firm, as stated in their report which appears within.

*Mark O Dea*

Mark O Dea  
President and CEO  
March 26, 2009

*Sean Tetzlaff*

Sean Tetzlaff  
CFO, Corporate Secretary

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**PricewaterhouseCoopers LLP**  
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**Independent Auditors Report  
To the Shareholders of Fronteer Development Group Inc.**

We have completed integrated audits of Fronteer Development Group Inc.'s 2008 and 2007 consolidated financial statements and of its internal control over financial reporting of as at December 31, 2008 and an audit of its 2006 consolidated financial statements. Our opinions, based on our audits, are presented below.

**Consolidated financial statements**

We have audited the accompanying consolidated balance sheets of Fronteer Development Group Inc. (the Company) as at December 31, 2008 and 2007, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for each of the years in the three year period ended December 31, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits of the Company's financial statements as at December 31, 2008 and for each of the years in two year period then ended in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). We conducted our audit of the Company's financial statements for the year ended December 31, 2006 in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. A financial statement audit also includes assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and December 31, 2007 and the results of its operations and its cash flows for the each of the years in the three year period ended December 31, 2008 in accordance with Canadian generally accepted accounting principles.

**Internal control over financial reporting**

We have also audited Fronteer Development Group Inc.'s internal control over financial reporting as at December 31, 2008, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its

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assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control, based on the assessed risk and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as at December 31, 2008 based on criteria established in Internal Control Integrated Framework issued by the COSO.

**Chartered Accountants**

Vancouver, BC, Canada

March 26, 2009

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(AN EXPLORATION STAGE COMPANY)

**Consolidated Balance Sheets**

(Expressed in Canadian dollars)

As at December 31,

|   | 2008          | 2007          |
|---|---------------|---------------|
| <b>Assets</b>   |               |               |
| Current assets:   |               |               |
| Cash and cash equivalents   | \$ 30,941,783 | \$ 99,039,334 |
| Short-term deposits   | 50,093,493    |               |
| Accounts receivable and other   | 995,880       | 1,357,487     |
| Due from related party (Note 15)                                      | 166,610       | 107,865       |
|   | 82,197,766    | 100,504,686   |
| Prepaid acquisition costs (Note 11)                                   | 724,590       |               |
| Equipment (Note 6)  | 1,555,994     | 1,236,802     |
| Investments (Note 7)  |               | 9,391,906     |
| Reclamation deposits (Note 8)   | 3,175,125     | 1,797,010     |
| Exploration properties and deferred exploration expenditures (Note 9) | 227,664,887   | 223,852,971   |
| Equity investments in Turkish Properties (Note 10)                    | 13,255,365    | 12,957,378    |
| Equity investment in Aurora Energy Resources Inc. (Note 11)           | 74,945,577    | 76,696,684    |
|   | \$403,519,304 | \$426,437,437 |
| <b>Liabilities and Shareholders Equity</b>                            |               |               |
| Current liabilities:  |               |               |
| Accounts payable and accrued liabilities                              | \$ 3,420,398  | \$ 2,550,477  |
| Due to joint venture partner  |               | 564,377       |
| Asset retirement obligations (Note 8)                                 | 357,094       | 486,775       |
|   | 3,777,492     | 3,601,629     |
| Due to joint venture partners   | 122,441       |               |

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|   |               |               |
|---|---------------|---------------|
| Asset retirement obligations (Note 8)   | 1,068,433     | 765,479       |
| Future income taxes (Note 12)           | 60,016,336    | 55,220,552    |
| Shareholders' Equity                    |               |               |
| Share capital (Note 13)                 | 321,201,217   | 320,515,042   |
| Contributed surplus                     | 23,730,849    | 16,234,821    |
| Accumulated other comprehensive income  |               | 4,788,488     |
| Retained earnings (accumulated deficit) | (6,397,464)   | 25,311,426    |
|   | 338,534,602   | 366,849,777   |
|   | \$403,519,304 | \$426,437,437 |

Nature of operations (Note 1)

Contingencies and commitments (Notes 9, 14 and 18)

Subsequent events (Note 11, 17)

*The accompanying notes form an integral part of these consolidated financial statements*

Approved by the Board of Directors:

*Jo Mark Zurel*

*George Bell*

Director

Director

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(AN EXPLORATION STAGE COMPANY)

**Consolidated Statements of Operations**

(Expressed in Canadian dollars)

For the year ended December 31,

|   | 2008          | 2007         | 2006        |
|---|---------------|--------------|-------------|
| Operating expenses:   |               |              |             |
| Write-down of exploration properties and deferred exploration expenditures (Note 9) | \$ 10,636,575 | \$ 1,789,764 | \$ 98,784   |
| Stock-based compensation (Note 13)  | 5,988,136     | 8,732,286    | 3,035,209   |
| Wages and benefits  | 3,447,874     | 2,297,910    | 1,424,237   |
| Property investigation  | 2,480,197     | 2,439,782    | 594,895     |
| Professional fees   | 1,412,154     | 745,555      | 485,657     |
| Office and general  | 1,326,105     | 714,142      | 386,472     |
| Investor relations, promotion and advertising                                       | 605,872       | 820,275      | 705,306     |
| Amortization  | 355,090       | 165,097      | 86,493      |
| Listing and filing fees   | 202,495       | 220,560      | 121,311     |
| Reclamation accretion (Note 8)  | 57,279        | 20,461       |             |
| Loss on disposal of capital assets  | 44,975        | 5,081        | 2,763       |
| Recovery of expenses  |               |              | (8,005)     |
| Loss from operations  | 26,556,752    | 17,950,913   | 6,933,122   |
| Other income (expenses):  |               |              |             |
| Interest income   | 2,985,007     | 3,828,844    | 1,309,550   |
| Gain (loss) on sale of marketable securities and investment (note 7)                | 1,768,235     | (366,143)    | 117,639     |
| Other income  | 105,073       | 18,942       |             |
| Dilution gain (Note 11)   | 71,049        | 43,039,000   | 26,489,773  |
| Equity income from Turkish Properties   | 44,933        |              |             |
| Change in fair value of financial instruments (Note 7)                              | (360,906)     | (168,113)    |             |
| Equity in loss of Aurora Energy Resources Inc.                                      | (1,822,156)   | (3,850,471)  | (6,974,120) |
| Foreign exchange gain (loss)  | (11,715,736)  | 192,011      | 7,385       |
|   | (8,924,501)   | 42,694,070   | 20,950,227  |
| Income (loss) before income taxes and discontinued operations                       | (35,481,253)  | 24,743,157   | 14,017,105  |
| Current income tax expense (Note 12)  |               | 811          |             |
| Future income tax expense (recovery) (Note 12)                                      | (3,772,363)   | 4,367,605    | (998,530)   |

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|   |              |            |            |
|---|--------------|------------|------------|
|   | (3,772,363)  | 4,368,416  | (998,530)  |
| Income (loss) before discontinued operations            | (31,708,890) | 20,374,741 | 15,015,635 |
| Loss from discontinued operations                       |              |            | (3,996)    |
| Net income (loss) for the period                        | (31,708,890) | 20,374,741 | 15,011,639 |
| Basic earnings (loss) per common share                  | (0.38)       | 0.29       | 0.27       |
| Diluted earnings (loss) per common share                | (0.38)       | 0.28       | 0.25       |
| Weighted average number of common shares<br>outstanding |              |            |            |
| Basic   | 83,275,668   | 70,692,759 | 55,944,336 |
| Diluted   | 83,275,668   | 73,245,070 | 59,991,201 |

*The accompanying notes form an integral part of these consolidated financial statements*

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**Table of Contents****FRONTEER DEVELOPMENT GROUP INC.**

(AN EXPLORATION STAGE COMPANY)

**Consolidated Statement of Cash Flows**

(Expressed in Canadian dollars)

For the year ended December 31,

|  | 2008           | 2007          | 2006          |
|--|----------------|---------------|---------------|
| Cash provided (used for):  |                |               |               |
| Operating activities:  |                |               |               |
| Earnings (loss) for the year before discontinued operations                | \$(31,708,890) | \$ 20,374,741 | \$ 15,015,635 |
| Items not affecting cash:  |                |               |               |
| Future income taxes  | (3,772,363)    | 4,367,605     | (998,530)     |
| Stock-based compensation   | 5,988,136      | 8,732,286     | 3,035,209     |
| Write-down of exploration properties and deferred exploration expenditures | 10,636,575     | 1,789,764     | 98,920        |
| Amortization   | 355,090        | 165,097       | 86,493        |
| Reclamation accretion  | 57,279         | 20,461        |               |
| Loss on disposal of capital assets   | 44,975         | 5,081         | 2,763         |
| Loss (gain) on sale of marketable securities                               | (1,768,235)    | 366,143       | (117,639)     |
| Change in fair value of financial instruments                              | 360,906        | 168,113       |               |
| Foreign exchange loss (gain)   | 11,715,736     | (192,011)     | (7,385)       |
| Dilution gain  | (71,049)       | (43,039,000)  | (26,489,773)  |
| Equity in loss of Aurora Energy Resources Inc.                             | 1,822,156      | 3,850,471     | 6,974,120     |
| Equity income from Turkish properties                                      | (44,933)       |               |               |
| Changes in non-cash working capital:                                       |                |               |               |
| Accounts receivable and other  | 129,428        | 26,040        | (307,242)     |
| Accounts payable and accrued liabilities                                   | 311,366        | 13,113        | 407,248       |
| Amounts due from related parties   | (58,745)       | (19,711)      | (88,154)      |
| Cash used in operating activities  | (6,002,568)    | (3,371,807)   | (2,388,335)   |
| Financing activities:  |                |               |               |
| Increase (decrease) in bank indebtedness                                   |                |               | (44,078)      |
| Issuance of common shares for cash   |                | 66,345,500    | 38,400,000    |
| Cash received on exercise of warrants                                      |                | 4,942,743     | 10,909,820    |
| Cash received on exercise of options                                       | 407,300        | 1,335,651     | 1,209,045     |
| Share issue costs  |                | (3,714,321)   | (2,471,741)   |
| Cash provided by financing activities                                      | 407,300        | 68,909,573    | 48,003,046    |
| Investing activities:  |                |               |               |
| Change in accounts receivable and other                                    | 232,179        | 298,047       | (65,249)      |
| Change in accounts payable and accrued liabilities                         | 558,556        | 150,083       | 83,893        |



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|   |               |               |               |
|---|---------------|---------------|---------------|
| Cash acquisition costs  |               | (517,799)     |               |
| Proceeds from sale of equipment   | 193,221       |               |               |
| Purchase of marketable securities and long term investments               |               | (2,616,518)   | (5,347,317)   |
| Purchase of short-term deposits   | (50,000,000)  |               |               |
| Prepaid acquisition costs   | (724,590)     |               |               |
| Due to joint venture partners   | 122,441       | 564,377       |               |
| Purchase of equipment   | (1,007,676)   | (610,615)     | (227,724)     |
| Reclamation bonds   | (1,378,115)   | (16,667)      |               |
| Investment in Aurora Energy Resources Inc.                                |               |               | (10,000,002)  |
| Recovery of deferred exploration expenditures                             | 2,044,150     | 1,264,344     | 9,500         |
| Proceeds from sale of investments   | 5,295,450     |               |               |
| Proceeds from sale of marketable securities                               |               | 3,841,655     | 601,059       |
| Investment in Turkish Properties  | (564,377)     | (954,574)     |               |
| Interest in exploration properties and deferred exploration expenditures  | (17,077,206)  | (8,309,527)   | (6,298,162)   |
| <br>  |               |               |               |
| Cash used in investing activities   | (62,305,967)  | (6,907,194)   | (21,244,002)  |
| <br>  |               |               |               |
| Cash flows from discontinued operations                                   |               |               | (3,996)       |
| <br>  |               |               |               |
| Effect of exchange rate difference on cash                                | (196,316)     | 16,849        | (71,733)      |
| <br>  |               |               |               |
| Increase in cash  | (68,097,551)  | 58,647,421    | 24,294,980    |
| <br>  |               |               |               |
| Cash and cash equivalents, beginning of period                            | 99,039,334    | 40,391,913    | 16,096,933    |
| <br>  |               |               |               |
| Cash and cash equivalents, end of period                                  | \$ 30,941,783 | \$ 99,039,334 | \$ 40,391,913 |
| <br>  |               |               |               |
| Non-cash investing and financing activities:                              |               |               |               |
| Common stock issued upon acquisition of NewWest Gold Corporation          | \$            | 160,017,437   | \$            |
| Fair value of options issued upon acquisition of NewWest Gold Corporation |               | 1,615,416     |               |
| Common stock issued for interest in exploration properties                |               |               | 702,420       |

*The accompanying notes form an integral part of these consolidated financial statements*

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(AN EXPLORATION STAGE COMPANY)

**Consolidated Statement of Shareholders' Equity**

(Expressed in Canadian dollars)

As at December 31,

|   | Common Shares |             | Contributed<br>Surplus | Warrants    | Accumulated<br>Other | Retained                 | Total        |
|---|---------------|-------------|------------------------|-------------|----------------------|--------------------------|--------------|
|   | Shares        | Amount      |                        |             | Comprehensive        | Earnings                 | Shareholders |
|   |               |             |                        |             | Income               | (accumulated<br>deficit) | Equity       |
| #   | \$            | \$          | \$                     | \$          | \$                   | \$                       |              |
| Balance as at<br>December 31,<br>2005                       | 48,518,309    | 35,657,063  | 3,062,200              | 3,754,619   |                      | (10,737,113)             | 31,736,769   |
| Shares issued<br>for cash                                   | 6,000,000     | 38,400,000  |                        |             |                      |                          | 38,400,000   |
| Exercise of<br>stock options                                | 1,058,066     | 1,950,417   | (741,372)              |             |                      |                          | 1,209,045    |
| Exercise of<br>warrants                                     | 5,288,379     | 13,235,398  |                        | (2,325,578) |                      |                          | 10,909,820   |
| Shares issued<br>for interest in<br>exploration<br>property | 105,000       | 702,420     |                        |             |                      |                          | 702,420      |
| Renunciation of<br>flow-through<br>expenditures             |               | (140,833)   |                        |             |                      |                          | (140,833)    |
| Recognition of<br>benefit of share<br>issue costs           |               | 843,358     |                        |             |                      |                          | 843,358      |
| Share issue<br>costs cash                                   |               | (2,471,741) |                        |             |                      |                          | (2,471,741)  |
| Stock options<br>cancelled                                  |               |             | (32,198)               |             |                      |                          | (32,198)     |
| Stock-based<br>compensation                                 |               |             | 3,195,786              |             |                      |                          | 3,195,786    |
| Net income for<br>the year                                  |               |             |                        |             |                      | 15,011,639               | 15,011,639   |
| Balance as at<br>December 31,<br>2006                       | 60,969,754    | 88,176,082  | 5,484,416              | 1,429,041   |                      | 4,274,526                | 99,364,065   |

|  |            |             |           |             |           |           |             |
|--|------------|-------------|-----------|-------------|-----------|-----------|-------------|
| Adjustment to other comprehensive income for change in accounting policy, net of future taxes of \$123,458 |            |             |           |             |           | 673,042   | 673,042     |
| Adjustment to retained earnings for changes in accounting policies, net of future taxes of \$121,460       |            |             |           |             |           | 662,159   | 662,159     |
| Balance, as at January 1, 2007 as adjusted   | 60,969,754 | 88,176,082  | 5,484,416 | 1,429,041   | 673,042   | 4,936,685 | 100,699,266 |
| Shares issued for cash   | 4,498,000  | 66,345,500  |           |             |           |           | 66,345,500  |
| Share issued in NWG acquisition (Note 3)   | 15,181,920 | 160,017,437 |           |             |           |           | 160,017,437 |
| Exercise of stock options  | 729,015    | 2,162,646   | (826,995) |             |           |           | 1,335,651   |
| Exercise of warrants   | 1,797,361  | 6,371,784   |           | (1,429,041) |           |           | 4,942,743   |
| Recognition of future income tax benefit of share issue costs  |            | 1,155,914   |           |             |           |           | 1,155,914   |
| Share issue costs cash   |            | (3,714,321) |           |             |           |           | (3,714,321) |
| Stock-based compensation   |            |             | 9,961,984 |             |           |           | 9,961,984   |
| Fair value of stock options issued upon NWG acquisition (Note 3)   |            |             | 1,615,416 |             |           |           | 1,615,416   |
| Unrealized gain on long-term   |            |             |           |             | 4,707,285 |           | 4,707,285   |

|  |            |             |            |             |              |  |              |
|--|------------|-------------|------------|-------------|--------------|--|--------------|
| investment   |            |             |            |             |              |  |              |
| Recognition of<br>future taxes on<br>long term<br>investment |            |             |            | (591,839)   |              |  | (591,839)    |
| Net income for<br>the year                                   |            |             |            |             | 20,374,741   |  | 20,374,741   |
| Balance as at<br>December 31,<br>2007                        | 83,176,050 | 320,515,042 | 16,234,821 | 4,788,488   | 25,311,426   |  | 366,849,777  |
| Exercise of<br>stock options                                 | 375,000    | 686,175     | (278,875)  |             |              |  | 407,300      |
| Stock-based<br>compensation                                  |            |             | 7,774,903  |             |              |  | 7,774,903    |
| Other<br>comprehensive<br>loss                               |            |             |            | (4,788,488) |              |  | (4,788,488)  |
| Net loss for the<br>year                                     |            |             |            |             | (31,708,890) |  | (31,708,890) |
| Balance as at<br>December 31,<br>2008                        | 83,551,050 | 321,201,217 | 23,730,849 |             | (6,397,464)  |  | 338,534,602  |

**Consolidated Statement of Comprehensive Income (Loss)**

(Expressed in Canadian dollars)

|  | Year ended December 31, |              |
|--|-------------------------|--------------|
|  | 2008                    | 2007         |
| Net income (loss) for the year   | \$(31,708,890)          | \$20,374,741 |
| Other comprehensive items:   |                         |              |
| Unrealized gain (loss) on investment   | (3,262,510)             | 4,115,446    |
| Reclassification of gain on disposal of investment included in net loss,<br>net of taxes | (1,525,978)             |              |
| Total comprehensive income (loss)  | \$(36,497,378)          | \$24,490,187 |

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**FRONTEER DEVELOPMENT GROUP INC.  
(AN EXPLORATION STAGE COMPANY)**

**Notes to Financial Statements**

(Expressed in Canadian dollars)

Years ended December 31, 2008 and 2007

**1. NATURE OF OPERATIONS**

Fronteer Development Group Inc. (the Company or Fronteer ) has international operations focused on the acquisition, exploration and development of mineral resource properties. The Company has not yet determined whether these properties contain resources that are economically recoverable. The recoverability of the carrying values of exploration properties and deferred exploration expenditures is dependent upon the delineation of economic reserves, the preservation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing necessary to complete development of the properties and their future profitable production or, alternatively, upon the Company's ability to dispose of its interests on an advantageous basis (see Notes 9 and 10).

**2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Company are in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered significant. As described in Note 18, these accounting principles differ in certain material respects from accounting principles accepted in the United States.

*Principles of consolidation*

The accompanying consolidated financial statements include the accounts of the Company and its significant wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

These financial statements also include the accounts of Aurora Energy Resources Inc. ( Aurora ) on a proportionately consolidated basis for the period from January 1, 2006 to March 21, 2006. For the period from March 22, 2006, to December 31, 2006, and for the years ended December 31, 2007 and December 31, 2008, the equity method has been applied (see Note 11).

*Equity method of accounting*

The Company follows the equity method of accounting for companies where it exercises significant influence. Under the equity method, the Company records its investment in the net assets as a single line on the balance sheet and its percentage interest in the results of operations as a single line item on the statement of operations.

*Measurement uncertainty*

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of management estimates include the rates for amortization of capital assets, assessments of the recoverability of mineral properties, impairment of long-lived assets, the carrying value of the investment in Aurora, the determination of the provision for future removal and site restoration costs, the potential recognition of future income tax assets and the assumptions used in the determination of the fair value of stock-based compensation. Actual results could differ from those estimates.

Management believes that the estimates are reasonable.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and deposits in banks with an original maturity of 90 days or less, and are carried at fair value. These investments are liquid and can be converted to cash at any time.

*Short-term deposits*

Short-term deposits consist of cash invested in guaranteed investment certificates with maturities of up to one year at the time of acquisition. These investments are liquid and can be converted to cash at any time. The balance is carried at fair value, which includes interest earned on the investments.

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**FRONTEER DEVELOPMENT GROUP INC.  
(AN EXPLORATION STAGE COMPANY)**

**Notes to Financial Statements**

(Expressed in Canadian dollars)

Years ended December 31, 2008 and 2007

*Equipment and Amortization*

Equipment is stated at historical cost less amortization. The equipment noted below is amortized over its estimated useful life using the following annual rates and methods:

|                        |     |                   |
|------------------------|-----|-------------------|
| Computer equipment     | 30% | Declining balance |
| Computer software      | 50% | Straight line     |
| Field equipment        | 20% | Declining balance |
| Furniture and fixtures | 20% | Declining balance |
| Leasehold improvements |     | Term of lease     |
| Automotive equipment   | 30% | Declining balance |

Amortization of assets used in exploration is capitalized to deferred exploration expenditures.

*Exploration Properties and Deferred Exploration Expenditures*

Acquisition and exploration expenditures on properties, less recoveries in the pre-production stage, are deferred until such time as the properties are put into commercial production, sold or become impaired. On the commencement of commercial production, the deferred costs are charged to operations on the unit-of-production method based upon estimated recoverable proven and probable reserves. General exploration expenditures are charged to operations in the period in which they are incurred. The Company recognizes the payment or receipt of amounts required under option agreements as an addition or reduction, respectively, in the book value of the property under option when paid or received.

The amount shown for mineral property interests represents costs incurred and deferred to date net of recoveries from joint-venture parties and write-downs and does not necessarily reflect present or future values.

*Impairment of Long-Lived Assets*

The Company reviews and evaluates its long-lived assets for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. An impairment is considered to exist if total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset. An impairment loss is measured and recorded based on the estimated fair value of the assets. Assumptions underlying future cash flow estimates are subject to risks and uncertainties. Any differences between significant assumptions used and actual market conditions and/or the Company's performance could have a material effect on the Company's financial position and results of operations.

*Impairment of Equity Investments*

The Company reviews and evaluates its equity investments for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. An impairment is considered to exist if there has been a significant or prolonged decline in the fair value of the investment below its cost or if there is information about significant changes with adverse effects that have taken place in the environment in which the issuer operates and indicate that the carrying amount of the investment may not be recovered.

*Asset Retirement Obligations*

The Company is subject to federal, state and local environmental laws and regulations. The Company has put in place ongoing pollution control and monitoring programs at its properties, and posted surety bonds as required for compliance with state and local closure, reclamation and environmental obligations. Estimated future reclamation and property closure costs are based on current legal and regulatory requirements. The Company records the fair value of reclamation and property closure costs in the period in which they are incurred. A corresponding amount is added to the carrying amount the carrying amount of the associated asset and amortized over the asset's life. The liability is accreted over time through charges to earnings.



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**FRONTEER DEVELOPMENT GROUP INC.**

**(AN EXPLORATION STAGE COMPANY)**

**Notes to Financial Statements**

(Expressed in Canadian dollars)

Years ended December 31, 2008 and 2007

*Flow-through Financing*

The Company has financed a portion of its exploration activities through the issue of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investor. Proceeds received on the issue of such shares have been credited to share capital and the related exploration costs have been charged to exploration properties and deferred exploration expenditures. A future income tax liability is recognized, and the shareholders' equity reduced, on the date the Company renounces the tax benefits associated with the expenditures, provided there is reasonable assurance that the expenditures will be made.

The Company may also recognize the benefit of previously unrecognized future income tax assets relating to non-capital loss carryforwards to offset the future income tax liability arising on a renouncement of expenditures. The corresponding credit reduces income tax expense.

*Stock-Based Compensation*

The Company has two employee stock option plans: an employee stock option plan and an acquisition stock option plan. The Company recognizes an expense or addition to exploration properties and deferred exploration expenditures for options granted under the employee stock option plan, and as a cost of acquisition for options granted under the acquisition stock option plan arising from stock options granted to both employees and non-employees using the fair value method. The fair value of option grants is generally established at the date of grant using the Black-Scholes option-pricing model and the compensation amount, equal to the option's fair value, is recognized on a graded basis over the vesting period of the option. The vesting periods of the stock options granted range from vesting immediately to vesting over a three-year period.

*Income Taxes*

Income taxes are accounted for using the asset and liability method. Under this method of tax allocation, future tax assets and liabilities are determined based on differences between the financial statement carrying values of existing assets and liabilities and their respective income tax bases ( temporary differences ) and losses carried forward. Future income tax assets and liabilities are measured using the enacted tax rates expected to be in effect when the temporary differences are likely to reverse. The effect of a change in tax rates on future income tax assets and liabilities is reflected in the period in which the change is substantively enacted. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

*Foreign Currency Translation*

These financial statements are denominated in Canadian dollars, the Company's functional currency. Amounts denominated in foreign currencies are translated into Canadian dollars as follows:

- i. monetary assets and liabilities at the rates of exchange in effect at the balance sheet date;
- ii. non-monetary assets at historical rates;
- iii. revenue and expense items at the average rates for the period, except for depreciation and amortization, which are based on historical rates.

The net effect of foreign currency translation is included in the statement of operations.

*Basic and diluted earnings per share*

Earnings per share are calculated using the weighted average number of common shares outstanding. The calculation of diluted earnings per share assumes that outstanding options and warrants are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share and is only recognized when the effect is dilutive.

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*Financial Instruments*

All financial instruments are classified into one of the following four categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification:

- Held-to-maturity investments, loans and receivables are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period net earnings.
- Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in other comprehensive income until the asset is removed from the balance sheet.
- Held for trading financial instruments are measured at fair value. All gains and losses are included in net earnings in the period in which they arise.
- All derivative financial instruments are classified as held for trading financial instruments and are measured at fair value, even when they are part of a hedging relationship. All gains and losses are included in net earnings in the period in which they arise, except for derivative instruments which represent a cash flow hedge, where the gain or loss is recognized in other comprehensive income.

The Company's financial instruments primarily consist of cash (classified as held for trading), short-term deposits (classified as held to maturity), accounts receivable (classified as loans and receivables), and accounts payable (classified as held for trading). The fair value of these financial instruments equals their carrying values. Reclamation deposits are classified as held to maturity.

Comprehensive income comprises the Company's net income and other comprehensive income.

Comprehensive income represents changes in shareholders' equity during a period arising from non-owner sources.

Financial assets and financial liabilities are recognized on the balance sheet when the Company has become party to the contractual provisions of the instruments.