

FRONTIER RARE EARTHS AND KOREA RESOURCES CORPORATION SIGN STRATEGIC PARTNERSHIP AGREEMENT

- KORES to acquire up to a 20% interest in the Zandkopsdrift rare earth project, up to a 10% interest in Frontier and a right to purchase up to 40% of Zandkopsdrift's rare earth production -

July 13, 2011

Toronto, Ontario: Frontier Rare Earths Limited (TSX: FRO) (TSX: FRO.WT) announced today that it has signed a heads of agreement with Korea Resources Corporation ("KORES"), the Korean Government-owned mining and natural resource investment company, to form a strategic partnership designed to accelerate the development of Frontier's Zandkopsdrift rare earth project in South Africa. Under the terms of the agreement, which is non-binding, KORES will acquire up to a 20% interest in the Zandkopsdrift project as well as up to a 10% equity position in Frontier and the right to purchase up to 40% of Zandkopsdrift's rare earth production. The parties expect to sign a binding strategic partnership agreement in Q4 2011.

"Signing a strategic partnership agreement with KORES is one of our most important milestones achieved to date and represents a significant third-party endorsement of our Zandkopsdrift project," said James Kenny, President and CEO of Frontier Rare Earths. "KORES, which has earned an international reputation for its world-class financial and technical capabilities, is at the forefront of Korea's drive to secure stable supplies of natural resources, including rare earths, which are crucial to its high-tech economy. Working together with KORES, we are confident that Frontier will achieve its objective of becoming one of the first new large scale rare earth producers outside China."

Shin-Jong Kim, President and CEO of KORES said "KORES has developed a close relationship with Frontier and its management team since we commenced discussions in 2010, and we are very pleased to have reached agreement to cooperate in the development of the Zandkopsdrift rare earth project. As rare earths are a critical raw material needed to support Korea's high technology industry and future economic growth, the Zandkopsdrift project is a strategic priority project for both KORES and Korea. The development of Zandkopsdrift will be a critical element of KORES' efforts to secure a long term, stable source of rare earth supply."

HIGHLIGHTS

- **KORES to acquire up to a 20% interest in Zandkopsdrift**
 - **KORES to acquire up to a 10% interest in Frontier**
 - **KORES to provide financial, technical and operational assistance in relation to the development of Zandkopsdrift**
 - **KORES to purchase up to 40% of rare earth production from Zandkopsdrift**
 - **Binding agreement expected to be signed in Q4 2011**
 - **Discussions continuing with other potential strategic partners**
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Following a period of due diligence and commercial discussions, which commenced in late 2010, Frontier and KORES have executed a heads of agreement which sets out the commercial terms under which Frontier and KORES propose to establish a strategic partnership to develop the Company's Zandkopsdrift rare earth project ("HOA"). The principal commercial terms contained in the HOA are as follows:

Acquisition of Interests in Zandkopsdrift and Frontier

Following completion and publication of a preliminary economic assessment ("PEA") on Zandkopsdrift, which is currently at an advanced stage and scheduled for completion in Q4 2011, KORES will acquire an initial 10% interest in Zandkopsdrift. The consideration for this acquisition will be on market-related terms at the time of completion and will be payable in cash.

Following completion and publication of a definitive feasibility study ("DFS") on Zandkopsdrift, which is currently scheduled for Q4 2012, KORES may acquire an additional 10% interest in Zandkopsdrift. The consideration for the acquisition of this 10% interest will be based on the valuation of Zandkopsdrift as set out in the DFS and will be payable in cash.

KORES will also have an option following the publication of the DFS, and subject to certain pre-conditions, to acquire up to a 10% shareholding in Frontier based on the prevailing market price for Frontier's shares on the Toronto Stock Exchange at that time.

Off take Agreement

KORES will have the right and obligation to purchase a share of rare earth production from Zandkopsdrift proportionate to its interest in Zandkopsdrift. In addition, if KORES fully exercises its option to acquire shares in Frontier, it shall have the right and obligation to purchase up to a maximum 20% additional share of rare earth production from Zandkopsdrift. All of the production purchased by KORES under the offtake arrangements as set out herein will be based on the prevailing international market prices for the relevant rare earth product(s) at the time of purchase.

Project Finance

KORES will take responsibility for arranging debt finance from Korean and other international lenders to cover the capital requirements for the construction and development of a rare earth mining and processing operation at Zandkopsdrift. KORES will also contribute to all costs and expenses incurred in the development and operation of Zandkopsdrift *pro rata* to its equity interest in Zandkopsdrift.

Technical and Operating Assistance

KORES will provide such technical, operating and other assistance relating to the design, planning, construction and operation of a rare earth mining and processing operation at Zandkopsdrift as may be required by Frontier.

Downstream Opportunities

KORES and Frontier will cooperate to jointly pursue rare earth related downstream business opportunities in South Africa in partnership with other established Korean industry partners.

Frontier and KORES expect to sign a binding definitive agreement to give effect to the terms contained in the HOA in Q4 2011. The signing of the definitive agreement will be subject to the satisfaction of certain conditions, including finalisation of customary due diligence, third party consents and the securing of any regulatory approval that may be required.

Frontier is also continuing discussions with a number of other parties from whom it has received approaches, with a view to entering into further strategic partnerships that would be complementary to that proposed with KORES.

The signing ceremony for the HOA took place recently in Durban, South Africa and was attended by several senior representatives of KORES including Mr Shin-Jong Kim, President and CEO of KORES, Mr Jong Pal Kim, Director General KORES Rare Metals Investment Division, and Mr Sang Woo Kim, Deputy Director, Ministry of Knowledge Economy, and by Mr James Kenny, President and CEO of Frontier and Mr Derick de Wit, Frontier's Vice President-Project Development. To see pictures of the signing ceremony please visit http://frontierrareearth.com/press_release_9_7_2011.php

For further information visit www.frontierrareearth.com, e-mail the Company at IR@frontierrareearth.com or contact James Kenny, CEO, at +352 208 80249. For further information on KORES visit www.KORES.or.kr.

About Frontier Rare Earths Limited (TSX: FRO) (TSX: FRO.WT)

Frontier Rare Earths Limited (www.frontierrareearth.com) is a mineral exploration and development company exclusively focused on the development of rare earths projects in Southern Africa. Frontier's flagship asset is the Zandkopsdrift rare earth project (95% economic interest held), which is located in the Northern Cape Province of South Africa and is one of the largest undeveloped rare earth deposits worldwide. After Molycorp's Mountain Pass and Lynas' Mount Weld projects, the Zandkopsdrift B Zone has the highest TREO⁽¹⁾ grade and the highest grade of high value HREOs⁽²⁾ of significant advanced deposits⁽³⁾ outside China. Zandkopsdrift's favourable location is expected to provide significant advantages in relation to capital costs, operating costs and development time compared to other rare earth projects currently being evaluated, and makes Frontier well positioned to become one of the most significant new producers of rare earths outside China.

Frontier filed a NI 43-101 report on Zandkopsdrift on 29 October 2010, which included a resource estimate of circa 43m tonnes at an average grade of 2.2% containing 950,000 tonnes TREO applying a 1% cut-off, of which 56% is in the Indicated Resource category. Frontier is well funded with approximately \$48m cash and no debt and this strong working capital position will finance the proposed work programme of the Company and the expected completion of a Preliminary Economic Assessment, Preliminary Feasibility Study and Definitive Feasibility Study on Zandkopsdrift by the end of 2012. Frontier listed on the main board of the Toronto Stock Exchange in November 2010 and currently has 89,562,781 shares outstanding.

Notes:

(1) TREO = total rare earth oxides and includes the elements lanthanum to lutetium expressed as trivalent oxides

(2) HREOs = heavy rare earth oxides; high value HREOs are Europium, Terbium and Dysprosium

(3) Significant advanced deposits are those with >200,000 tonnes TREO classified under SAMREC, JORC, CIM or equivalent international codes

About KORES

Korea Resources Corporation ("KORES") (www.KORES.or.kr), which was established in 1967, is wholly-owned by the Korean government and has a stated objective of becoming a global top 20 mining company by 2020 principally through international investments and joint ventures. KORES is charged with a policy mandate to further Korea's access to strategically important mineral resources, both domestically and internationally. KORES exclusively carries out the Korean government's mineral resources policy objectives by engaging directly, or indirectly through joint ventures or in the form of investments, in overseas exploration, development and production of

strategically important mineral resources, and managing the Korea's stockpile of rare mineral resources. KORES works very closely with all major Korean industry groups and plays an active role assembling consortia of Korean companies to selectively participate with KORES in commercial ventures. The Korean government has designated rare earths as a strategic raw material for Korea's future economic growth and has undertaken considerable work to identify the most prospective sources of future rare earth supply worldwide.

Forward-looking Information: Certain information set forth in this news release may contain forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond the control of the Company, including, but not limited to the impact of general economic conditions, industry conditions, commodity prices, availability of financing, results of feasibility studies and dependence upon regulatory approvals. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.