



Frontier Resources Ltd

ANNUAL REPORT 2008



FRONTIER RESOURCES LTD

ABN 96 095 684 389

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CORPORATE DIRECTORY

Non-Executive Chairman Bob D. McNeil Managing Director Peter A. McNeil Executive Director Graham J. Fish Non-Executive Director Warren J. Staude Non-Executive Director David Swain Non-Executive Director Ces Iewago Company Secretary Jay Stephenson	Principal Office 120 Tranquil Place Stoneville WA 6081 Australia Registered Office Unit 6, 34 York Street North Perth WA 6006 Australia Postal Address: PO Box 35 North Perth WA 6906 Australia Telephone: (08) 6468 0388 Facsimile: (08) 9228 0704 Email: info@frontierresources.com.au Website: www.frontierresources.com.au	Share Registry Registries Limited Level 2 28 Margaret Street Sydney NSW 2000 Auditors BDO Kendalls Level 18 300 Queen Street BRISBANE QLD 4000
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LETTER FROM THE MANAGING DIRECTOR

Dear Fellow Shareholder

Frontier Resources Ltd experienced resounding exploration success then a tumultuous and ultimately disappointing 2007/2008. The Company was focused on advancing the Kodu copper-gold-molybdenum Deposit in PNG through feasibility to mining until EL 1348 was refused renewal in May 2008. Frontier also continued to evaluate and advance several other prospects to create a secondary, wider geographic and commodities focus and to add value for shareholders.

The Company has now focussed its efforts on completing Pre-Feasibility studies evaluating possible development scenarios for our 100% owned polymetallic Narrawa (gold-silver-lead-zinc) and nearby Stormont (gold-bismuth) Deposits, located in the central- north of Tasmania. Infill drilling was completed in mid-September 2008 at Narrawa and will be ongoing at Stormont until late October. Leave for a Judicial Review regarding the refusal to renew EL 1348 is scheduled to be heard 14th October 2008.

Please see the 'Operations Review' for discussion of excellent exploration results returned during the year.

Frontier was recently granted 2 additional Exploration Licenses in Papua New Guinea (PNG) and these, along with our existing highly prospective projects in PNG and Tasmania, will continue to be cost effectively explored and advanced as appropriate or Joint Ventured.

The Frontier Board was enhanced this year with H.David Swain (Mining/Civil Engineer) and Ces Iewago (Finance /Accountant), adding a commensurate increase to the relevant experience. The Board and management team have more than 300 years combined experience in PNG and Australia to effectively move the Company forward.

The Company has maintained a 'Year Round Drilling' policy effectively since IPO and operate utilising 100% owned and manufactured, cost effective, environmentally friendly, man-portable diamond core rigs. Frontier presently owns 4 rigs and is undertaking a 3,000m commercial drilling program to generate significant cash flow to benefit the Company. An additional 1,200m single rig program will commence early Nov and two additional contracts are presently being discussed. Three more rigs are under construction.

In addition, owning and operating our own earth moving and geophysical equipment allows the immediate capability to undertake planned exploration programs and also for the substantial cost savings on direct exploration costs, resulting in the ability to drill more metres for the same total cost, thus increasing our 'discovery potential'.

Frontier has experienced low staff turnover rates since IPO, despite challenging times for the Company and the 'mining boom', in both Australia and PNG. I thank the excellent and dedicated Frontier Team for their loyalty and diligence throughout the year and value their long term commitment to the Company.

Frontier Resources Ltd has the prerequisites for exploration success in 2008/2009 being:

- o Directors, management and staff with substantial experience in PNG and Tasmania;
- o High-quality, mostly 100% owned, advanced exploration projects;
- o Equipment to accomplish the tasks in our timeframes; and
- o The attitude and approach.

Thank you for your support under trying circumstances and I wish you a successful 2008/2009.

I invite shareholders to call me on +61 (0) 8 9295 0388 for additional information relating to the Company and its projects and visit our website at www.frontierresources.com.au.

Frontier Resources Ltd



P.A. McNeil, M.Sc.
Managing Director

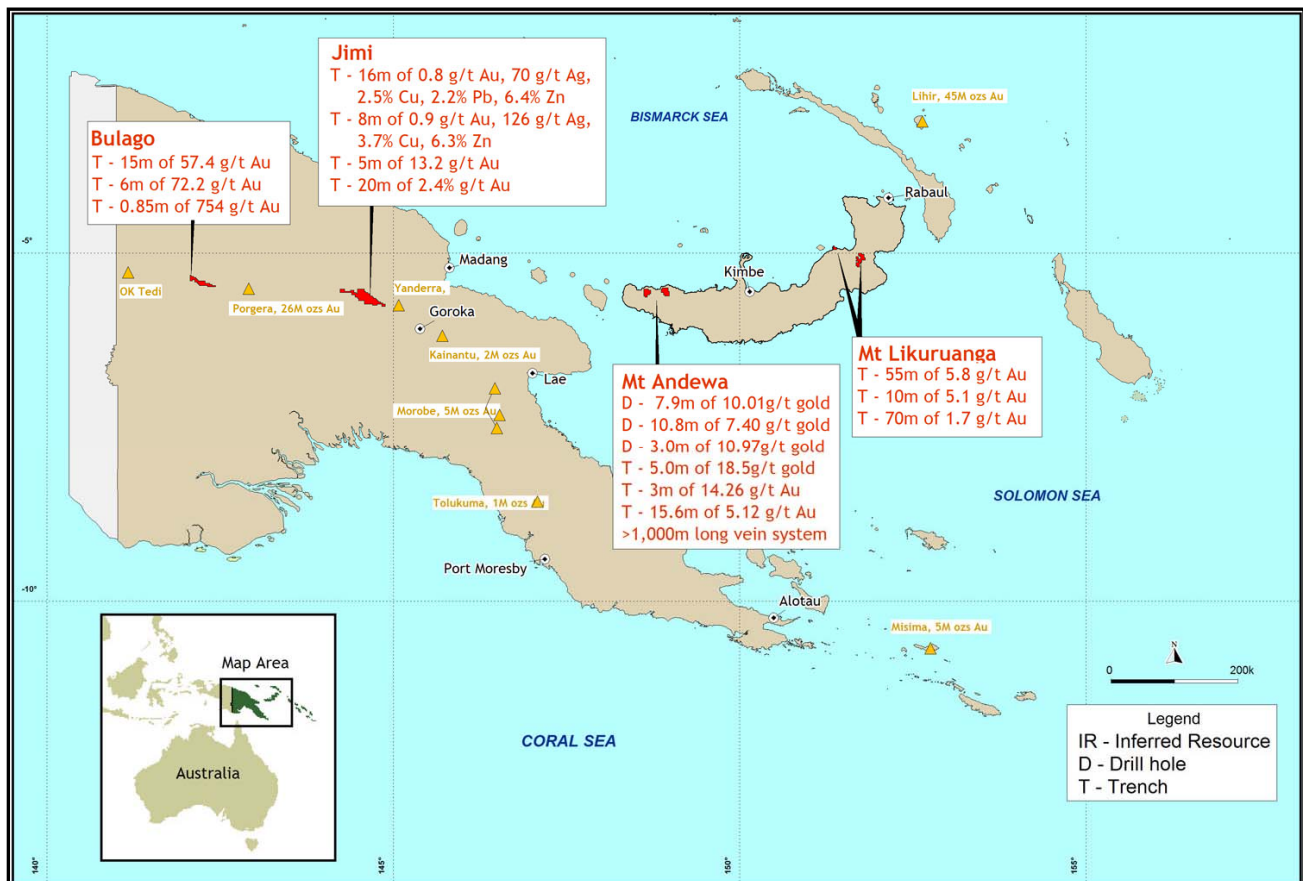
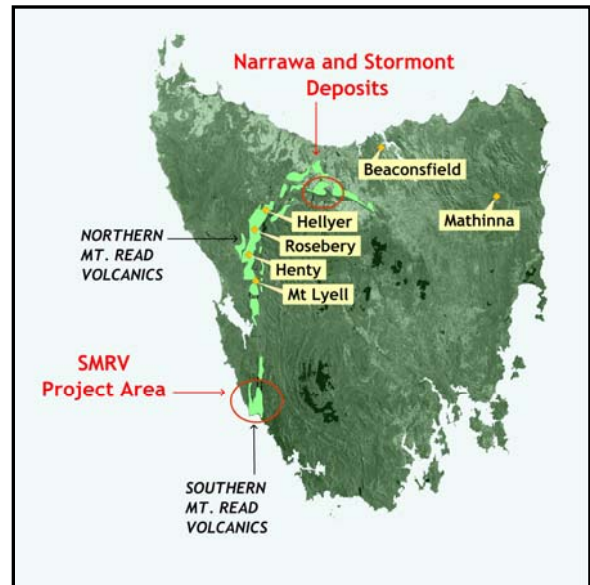
THE MANAGING DIRECTOR'S REVIEW OF OPERATIONS & ACTIVITIES

OPERATIONS REVIEW

Frontier is focused on exploring for and developing mineral deposits in the highly mineralised Pacific 'Rim of Fire' in Papua New Guinea and the highly prospective Mt Read Volcanics of Tasmania. The Company is presently evaluating possible development scenarios for the Narrawa and Stormont Deposits in Tasmania and is undertaking commercial drilling to assist cash-flow.

Frontier has 4 Exploration Licences (100% interest) covering approx. 1,460 km² in PNG and 3 Exploration Licences (90 or 100%) + 2 Retention Licences (100%) covering 134 km² in Tasmania.

The portfolio offers excellent mineral deposit potential, with primary targets being World Class gold-silver epithermal, gold-base metal skarns, copper-gold-molybdenum porphyry and polymetallic VMS (zinc-lead-silver-gold) deposits. The projects all have high-grade exploration results in rock, trenches and/or drill hole and are in the same or similar geological terranes as existing World Class and/or major mines.

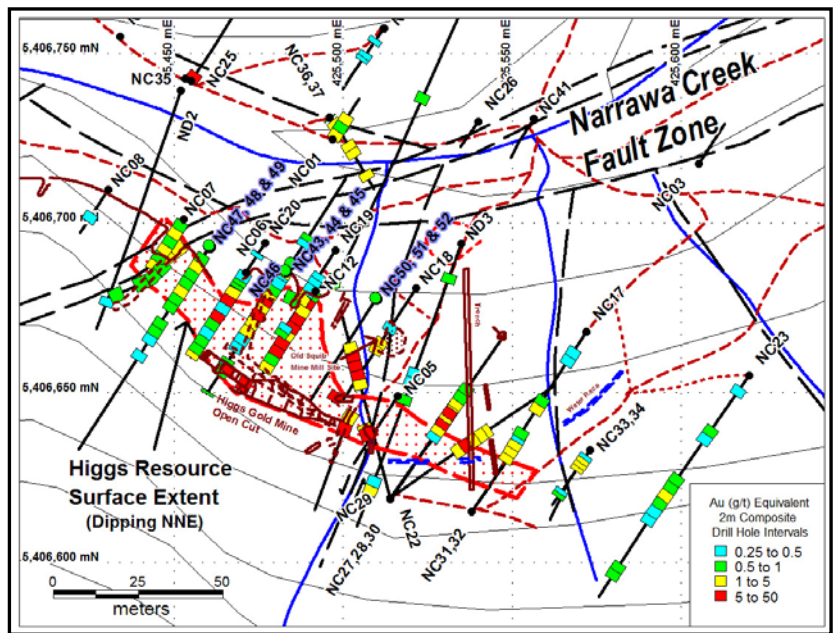


THE MANAGING DIRECTOR'S REVIEW OF OPERATIONS & ACTIVITIES

NARRAWA DEPOSIT (RL 3/2005)

- An Inferred Resource was estimated and reported 5/9/2008 containing 30,850 ounces of gold equivalent* grading 5.05 g/t gold equivalent, within 190,000 tonnes grading 2.74 g/t gold + 1.21% zinc + 1.59% lead + 22g/t silver.

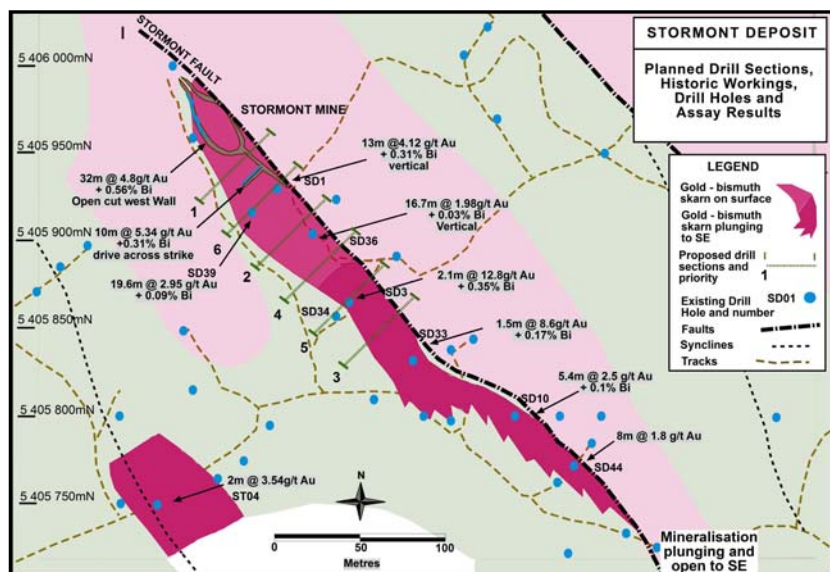
- The resource contains 16,740 ounces of gold (grading 2.74 g/t) + 2,300 tonnes of zinc (grading 1.21%) + 3,020 tonnes of lead (grading 1.59%) + 134,400 ounces of silver (grading 22 g/t) and is contained within 3 on or near surface, potentially open-pit able lodes.



- Excellent metallurgical testwork results have been obtained. This information has been incorporated into a Conceptual Mining Study (CMS) to evaluate the project's potential to be placed into development. The CMS (and metallurgical testwork results) will be released forthwith.
- Additional resource definition and expansion drilling was completed mid September 2008. The resource will be re-estimated when the current exploration program has been completed and will likely be re-classified as Indicated and Inferred.
- The Narrawa Conceptual Mining Study will then be updated to evaluate changes in the projects economics and to recommend a development path forward.
- Drilling is currently underway by Frontier at the nearby Stormont gold-bismuth Deposit for the first time. Subsequently an Inferred Resource will be estimated, metallurgy will be evaluated and Conceptual Mining Study will be completed in the December quarter of 2008.

- The individual and combined Pre-Feasibility studies will assess the capacity of the Narrawa and Stormont Deposits to be mined and processed at the nearby Hellyer or Rosebery mills to generate early cash flow to Frontier.

- Future drilling will target extensions to the mineralisation to increase the total size of the resource and thus improve possible 'economics'. There is excellent exploration potential down dip and particularly to the NW. Additional mineralisation is also likely to be documented in the general project region, from the many existing drill targets.

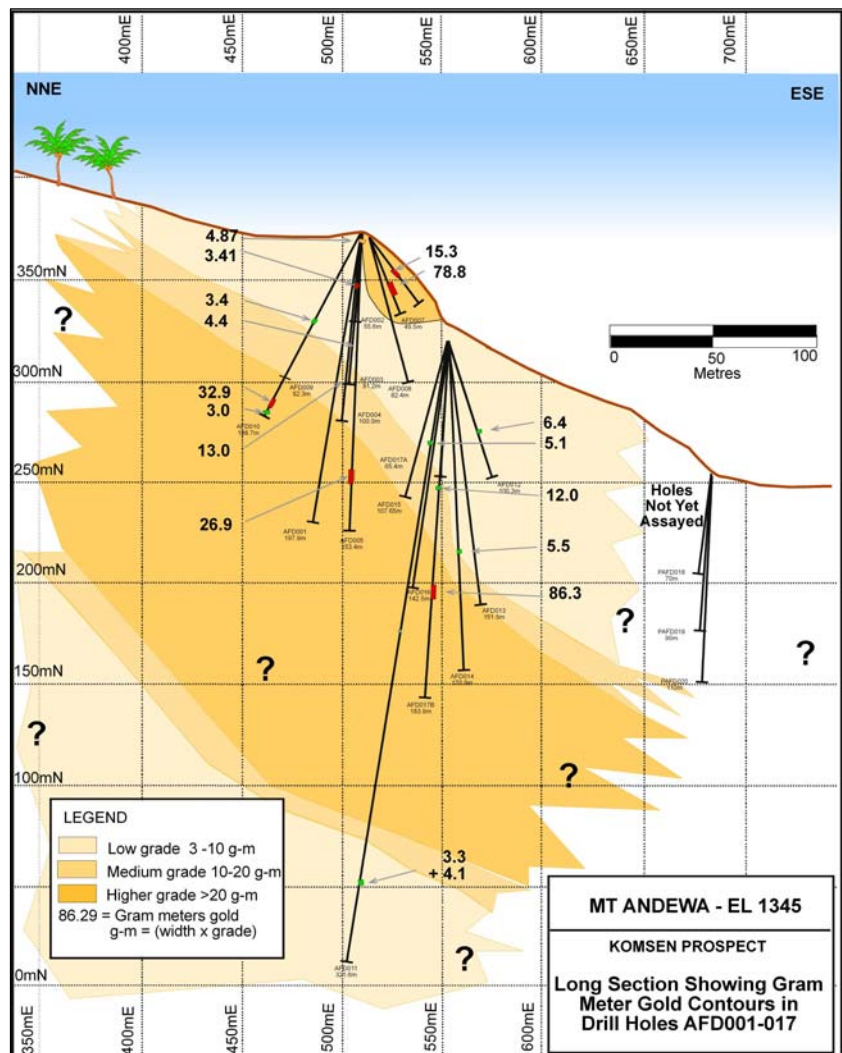


THE MANAGING DIRECTOR'S REVIEW OF OPERATIONS & ACTIVITIES

- The Tasmanian Government is very supportive of mining and exploration. The RLs are in 'good' locations for possible development and there are no known social or alternative land use issues.
- Summary information on the Narrawa Deposit/area was released to the ASX on 19/8/08 and information on the Stormont Deposit will be released forthwith.

ANDEWA PROJECT (EL 1345)

- The five prospects and many areas of interest are in a 7 x 2.5km structural zone in an extinct stratovolcano with widespread hydrothermal alteration and multi-phase calc-alkaline rocks, that is well located near the northern coast of West New Britain, PNG.
- The Komsen Prospect contains several sub-parallel base-metal quartz-carbonate veins, within a 1km long structural zone. Historic surface trenches include 5.0m of 18.5g/t gold, 3.7m of 12.6g/t gold, 3m of 14.3g/t gold and 21.65m of 4.4g/t gold.
- 22 diamond holes have now been drilled by Frontier at Komsen for a total of 2,353.9m, most during 2007/2008.
- Drilling confirmed the continuity of higher gold grades at various depths in the main mineralised structure over a significant strike length.
- Results from the drilling program have included 7.9m of 10.01g/t gold, 3.0m of 10.97g/t, 1m of 29.05g/t gold equivalent (19.0 g/t gold, 119.0g/t silver, 10.3% zinc) and 0.9m of 10.55 g/t gold. Hole AFD017 returned 10.8m of 7.99g/t gold equivalent (7.40g/t gold, 12.4g/t silver), including 3.6m of 14.3g/t gold equivalent (13.5g/t gold, 16.8g/t silver), with 6m also containing 0.33% copper.
- Drilling ceased at Komsen in April and assay results from the final holes have been delayed due to lost samples and will be reported as soon as possible.
- The primary focus at Komsen was to increase the number of drill intersections and hence, potential tonnage in the gold mineralised structure along strike and down dip.

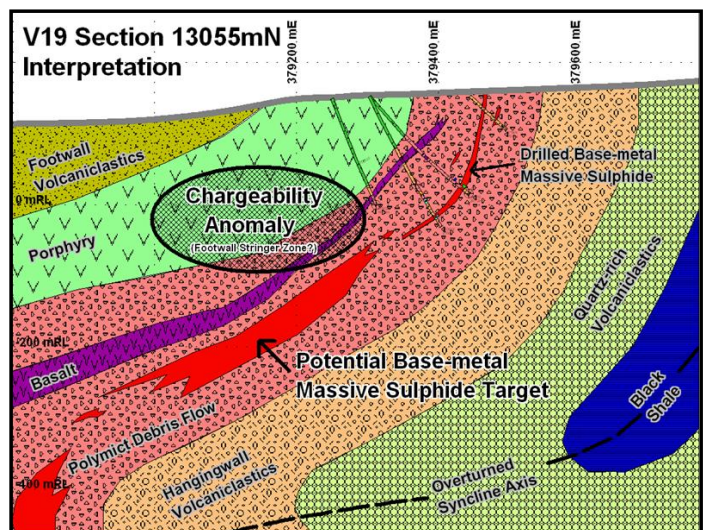


THE MANAGING DIRECTOR'S REVIEW OF OPERATIONS & ACTIVITIES

- An Inferred Resource will be estimated in early 2009, when the resource consultant becomes available. The small/modest sized gold/zinc deposit will then be evaluated for near term development potential. Substantial additional drilling is required to better define the higher grade gold zones tenor and extent.
- Drilled gold mineralisation is currently 110m horizontal/strike length (+150m plunge length downslope) and is known in a single hole to greater than 320m vertical depth.
- The higher grade gold is extensive and could run the length of the system. A gram-metre long section shows depth related gold zonation that is open along strike/down dip, often increasing in contained gold at depth. This is very encouraging for ultimately defining a viable gold deposit.
- See ASX releases dated 9/5/08, 31/3/08, 29/10/07, 12/10/07, 3/10/07, 25/9/07, 31/7/07, 24/11/06 & 28/9/05 for detailed information regarding the Andewa Project.

SMRV PROJECT (EL20/96, 21/99 AND 20/06)

- Frontier completed a diamond core drilling program on the Wart Hill Deposit and extensions targeting massive sulphide, zinc-lead-silver-gold mineralisation. The deposit is located in the Southern Mount Read Volcanics (SMRV) Project, in under-explored and highly prospective southwest Tasmania.
- The exploration program was a technical success with significant advances in the structural and lithological understanding of the mineralised system and several narrow, but potentially economic drill intersections.
- The base and precious metal mineralised horizon at Wart Hill was previously tracked plunging southerly for 290m by Frontier's drilling, before being faulted off at the southern end. The Company attempted to locate the fault offset mineralised horizon and undertook very limited resource infill drilling during the 2008 program.
- The drilling program totalled 2,900.45m in 9 holes and the best result was 3m of 9.4% zinc equivalent in hole WD018. Disseminated and stringer veined base metal sulphides in drill hole SWD002 returned a long low grade intersection of 98m at 0.31% zinc equivalent, indicating close proximity to the main massive sulphide mineralised system. Other best unreported drill results are 5 and 6m of about 1% zinc equivalent.
- Previous Frontier high grade drill results at Wart Hill have included 7m of 16% zinc equivalent (6.16% zinc + 3.33% lead + 0.22% copper + 55.6g/t silver + 1.81g/t gold), with historic trench values such as 3m of 59% zinc Equivalent (21.9% zinc + 13.9% lead + 680g/t silver + 0.84g/t gold).
- The southern fault offset mineralised zone has not yet been re-located, however, positive vectors to the zinc-lead-silver-gold massive sulphide mineralisation were observed and will benefit the next drilling campaign.
- See ASX releases dated 7/5/08 and 11/7/08.



THE MANAGING DIRECTOR'S REVIEW OF OPERATIONS & ACTIVITIES

KODU DEPOSIT - MT BINI (EL1348)

- The Kodu copper-gold-molybdenum Deposit was shown during 2007/2008 to be of World Class standard, with an Inferred Resource of 276 million tonnes, including an Indicated Resource of 105 million tonnes.
- The Conceptual Mining Study showed that a 200 million tonne operation (20M tpa for 10 years) was potentially economic and Frontier committed to undertake a full feasibility study.
- Exploration and drilling was also undertaken at the Elo and Sirimu Prospects and significant assay results were returned. Please see releases dated 2/5, 12/6, 27/6, 18/9 and 25/10/2007.
- A meeting of all stakeholders in November 2007 was successful, with all attendees (except the Australian High Commissioner) stating that the EL should be renewed and the project should proceed.
- Prime Ministers Somare and Rudd met in Bali in December 2007 and it was agreed (according to the PNG Deputy Prime Minister) that the Kokoda Track would be protected.
- Subsequently, the PNG National Government attitude changed toward the possible development of the Kodu Deposit and the concept that the Kokoda Track and eco-tourism is more beneficial to PNG, over a potentially enormous copper-gold-molybdenum mine, prevailed.
- The Minister for Mining /Deputy Prime Minister in Papua New Guinea – Dr Puka Temu MP, refused to renew Exploration Licence 1348 on May 29,2008, citing consideration of a recommendation from the National Executive Council.
- The official reason for not renewing the EL was 'in the National Interest', being concerns for Port Moresby's current and future water and power supplies. These concerns were shown to be baseless by the Frontier commissioned, independent Initial Environmental Assessment.
- The EL was effectively expropriated by the PNG National Government, when it decided that the alternate land use of tourism should prevail and it would not renew the EL.
- Legal proceedings have been initiated with an application for leave to commence a Judicial Review, to be heard October 14, 2008. The Judicial Review seeks to void the Minister's decision and have him re-consider it on the basis of relevant facts, not policy directives from the National Executive Council. If leave is granted, then the Judicial Review will proceed. If leave is not granted, then the Company may appeal.

ADDITIONAL PNG EXPLORATION TARGETS

Bulago (EL 1595)

- The recently granted 365 km² Exploration Licence in PNG encompasses a 45km strike length of the regional structural trend covering 3 multiphase and lightly explored composite quartz monzonite – quartz diorite stocks. Sub-economic porphyry copper- molybdenum mineralisation was noted in reconnaissance exploration in the early 1970's.
- The Suguma Prospect has very high gold grades that are associated with intrusives in narrow to moderate width (1 to 7m) structures and the contact aureole sediments.
- It is located on the NW side of a large (1km x 1km) copper and disjointed gold in soil anomaly, within a large (4.5km x 6km), well defined sub-circular, gold, zinc and copper drainage anomaly. The drainage anomaly covers the recessive intrusive filling a circular drainage basin (the Au_K-1 Prospect), with anomalism continuing up to the peripheral limestones (i.e. skarn potential).

THE MANAGING DIRECTOR'S REVIEW OF OPERATIONS & ACTIVITIES

- Sulphidic breccia/intrusive outcrop channel samples (true width unknown) include: 15m of 57.4 g/t gold, 6m of 72.2 g/t gold, 0.85m of 754 g/t gold, 2m of 188 g/t gold (re-assay of 220 g/t gold), 1.4m of 55 g/t gold + 34 g/t silver.
- Historically five holes were drilled for about 800m, but did not intersect any comparable high-grade gold. Drill hole sectional evaluation shows opportunity for an alternate model (steeper dip to mineralisation) with the prospectivity remaining high.
- The Au_K-1 Prospect gold in soil anomaly is part of the soil anomaly noted above and is 300 x 400m in size centred on a hill, with a highest assay of 0.45 g/t gold. Copper is weakly anomalous and pitting consistently yielded samples greater than 0.1 g/t gold, to a peak of 3.38 g/t gold. It appears to represent a porphyry copper prospect and requires re-evaluation.
- 4 km to the SE of the Suguma Prospect at the Funutu Prospect, there were very high grade precious and base metal outcrop intrusive /breccia rock samples collected, that have never mapped, soil sampled, trenched or drilled. These include:
 - o 197 g/t gold + 363 g/t silver + 0.55% copper + 5.72% zinc + 5.5% lead
 - o 108 g/t gold + 200 g/t silver + 0.38% copper + 4.8% zinc + 2.63% lead
 - o 43 g/t gold +120 g/t silver + 0.49% copper + 1.7 % zinc + 0.86% lead
- 2 km to the SE of Suguma a boulder of skarn assayed 145 g/t gold + 11g/t silver + 0.78% copper + 8.6% zinc + 0.34% lead. The skarn potential of the region has never been evaluated and it obviously warrants it.
- The Suguma and Funutu Prospects will be targeted for follow-up initially, then the high grade skarn. Ultimately, the high grade gold potential in structures and metamorphic aureoles plus porphyry copper-gold-molybdenum potential of the other stocks within the EL will also be assessed.

Jimi (EL 1596)

- The carefully selected and recently granted 657 km² Exploration Licence in PNG has more than 18 named prospects, some never tested for gold.
- Surface geochemical anomalies are 850m and 200m long respectively at the Mul Mul Prospect and were never closed off.
 - o Trenching on a massive sulphide target revealed 16m of 2.5% copper, 6.4% zinc, 2.2% lead, 70 g/t silver and 0.8 g/t gold and also 8m of 3.7% copper, 6.3% zinc, 126 g/t silver and 0.9 g/t gold.
 - o 2.3 g/t gold was located in a soil sample (but never followed up) near another trench with 6% copper + 16% zinc + 7 g/t silver.
 - o Base metal / precious metals are located in a 100m wide clay-silica altered zone controlled by a splay fault off the major Kol Fault. Gossan assayed 4.5 g/t gold with nearby gold in soil values of 0.19 g/t gold.
 - o Reconnaissance drill holes did not intersect similar tenor mineralisation, but it is a large system as presently known and the mineralisation could be plunging.
- The Kolum-Togo Prospect has channel sample results to 5m of 13.2 g/t gold and float samples to 2.9% copper.
- Shear hosted pyrite veins at the Lower Rioron Prospect assay up to 20m of 2.4 g/t gold and 3m of 2.7 g/t gold.
- Several 2 to 5m zones at the Weitah Ridge Prospect assay up to 7.3 g/t gold. Channel sampling resulted in 17m of 1.2 g/t gold.

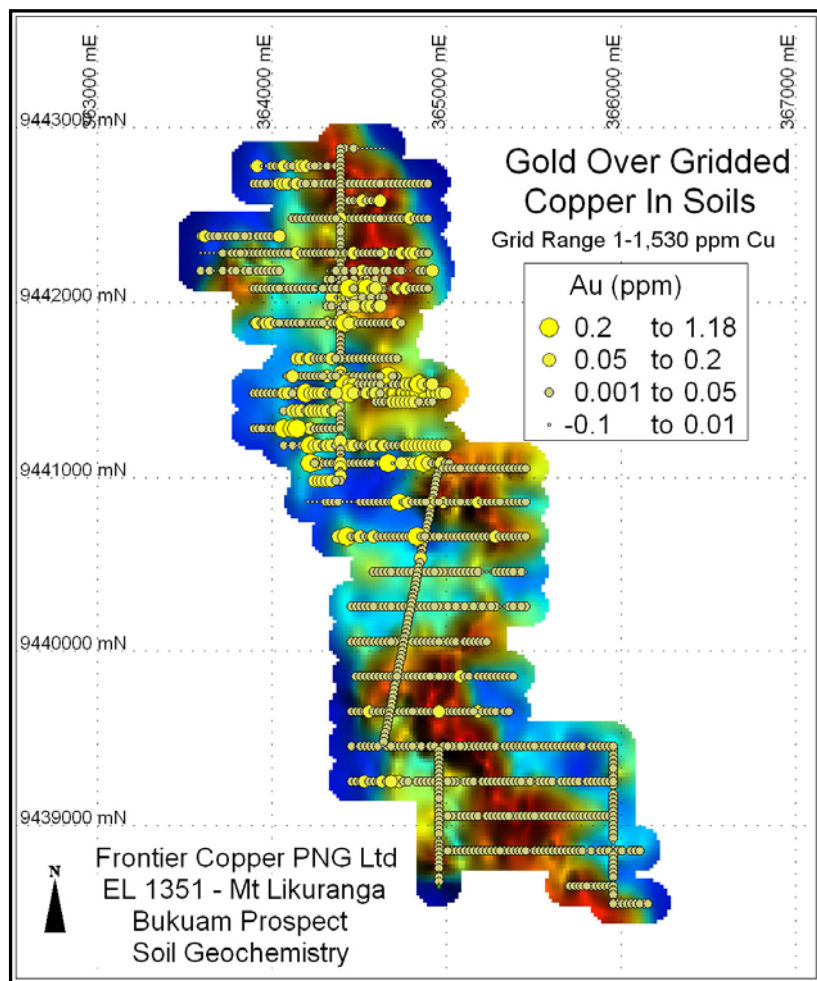
THE MANAGING DIRECTOR'S REVIEW OF OPERATIONS & ACTIVITIES

- Mineralised brecciated rock with a clay matrix occurs in fault zones, with rock chip assays to 0.5% zinc, 0.1% copper and 2 -3 oz silver/tonne at the Kanska Prospect. The prospect has not been tested for gold and strongly warrants it.

Likuruanga (EL 1351)

Bukuam Prospect

- A 5.5km long x 1km wide copper in stream sediment anomaly on the eastern margin of the 20 x 6km Esis-Sai granitoid complex on the island of New Britain in PNG has a porphyry copper-gold-silver-molybdenum target with 300 to 600M tonnes grading 0.5% to 1% copper equivalent, plus high-grade zinc-silver-gold skarns and high grade shear hosted gold (based on regional deposits and existing results, however, there is no certainty that this target will be delineated).
- Frontier have previously defined an impressive multi element soil anomaly over 4,800m long (open to the north, south and east) and completed a limited ground magnetic survey. Historic trenching returned 55m of 5.8g/t gold, 10m of 5.1g/t gold and 70m of 1.7g/t gold in different zones.
- Only 3 historic holes were drilled, returning 6m of 2.2g/t gold + 9.5g/t silver + 1.2% zinc, 2m of 3.5g/t gold + 9.5g/t silver and 10m of 1.7g/t gold + 2.7 g/t silver + 4.8% zinc.
- The 55m long interval remains untested by drilling and according to the CRA geologists who drilled it, "the gold grade in the skarn could increase towards the shear zone with a possible bonanza at the contact".



Esis porphyry copper Deposit

- Situated on the western flank of the Esis-Sai granitoid complex (opposite and about 14km SW of Bukuam) is mineralisation in quartz-diorite and magnetite breccias that is known to be over 1,300 x 700m, averaging 0.18% copper (and possibly leached and thus would be expected to be of lower grade).
- A 1,000 x 100 to 150m wide body was noted by BHP grading about 0.4% copper from 15 very shallow drill holes (each about 25m long) and hand trenches.
- Holes were averaged over their length and included 21.6m of 0.50% copper and 30.3m of 0.41%, at opposite ends of the ridge, leaving the mineralized zone open to the north and south. Hand trenches included 90m of 0.40% copper with 20ppm molybdenum, within a magnetite breccia.

THE MANAGING DIRECTOR'S REVIEW OF OPERATIONS & ACTIVITIES

- Four holes (around 150m to 155m) tested part of the prospect near-surface in 1973, returning 152.6m grading 0.39% copper + 24ppm molybdenum and 152.4m of 0.28% copper + 12ppm molybdenum, with highest grades of 1.62% and 124ppm, respectively.
- The undrilled gold in soil anomaly at Pele Prospect is about 750m north of Esis, with jarosite alteration and coincident copper in soil and rock.
- No substantive work has been conducted at Esis for 35 years, a resource has never been estimated and this target requires substantial exploratory and resource definition drilling.

CORPORATE

- A Share Purchase Plan was finalised during the 2nd Quarter, 2008, with 12,177,409 shares issued at 8.5 cents to raise a total of \$1,035,079. The outstanding Share Capital is currently 145,759,293.

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Frontier Resources Ltd and the entities it controlled at the end of, or during, the year ended 30 June 2008.

DIRECTORS

The following persons were Directors of Frontier Resources Ltd during the financial year and up to the date of this report:

R.D. McNeil
P.A. McNeil
G.J. Fish
W.J. Staude
H.D. Swain (appointed 6 February 2008)
C.E. Iewago (appointed 6 February 2008)

PRINCIPAL ACTIVITIES

The principal activities during the financial year of entities within the consolidated entity were exploration and evaluation of gold, silver and other base metal projects.

RESULTS AND DIVIDENDS

The consolidated entity loss from operating activities after tax for the financial year is \$5,822,638 (2007: Loss \$1,656,190). There is no dividend paid or recommended.

The result of the consolidated entity was significantly affected by exploration expenditure of \$4,372,448 (2007: \$1,007,268) expensed in accordance with the Company's accounting policy regarding the capitalisation of exploration expenditure as outlined in note 1 to the Financial Statements.

REVIEW OF OPERATIONS

During the financial year:

- (i) The Company funded ongoing exploration and evaluation work on its exploration areas in Tasmania and Papua New Guinea; and
- (ii) The Company raised \$1,165,618 before costs, from the issue of shares and options as detailed in note 16 to the Financial Statements.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year, the government of Papua New Guinea did not renew the Kodu tenement EL 1348 and as a result the board have written off 100% of the exploration costs. In the opinion of the Directors there were no other significant changes in the state of affairs of the consolidated entity that occurred during the financial year not otherwise disclosed in this report or the consolidated financial report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There were no significant events occurring after the balance date.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely future developments in the operations of the consolidated entity and the expected results of those operations in subsequent financial years are:

- Continued assessment and evaluation of the Papua New Guinea and Tasmanian exploration licences.
- Continuing to provide contract drill services to other Companies in Papua New Guinea.

DIRECTORS' REPORT

The Directors are pleased with exploration results during the financial year, however, they are conscious that additional funding through equity, joint ventures or borrowings will be required to pursue the potential of existing projects in the future.

ENVIRONMENTAL REGULATIONS

The consolidated entity is subject to significant environmental regulation in respect of its mineral exploration activities.

The entity has exploration and mining tenements in Papua New Guinea and in Tasmania, Australia. The entity is not aware of any breach of environmental regulations during or since the end of the financial year.

INFORMATION ON DIRECTORS

Particulars of Directors' interest in shares and options of Frontier Resources Ltd

Director and Experience

Special Responsibilities	Ordinary Shares	Options
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Robert D. McNeil

Chairman for 7 years.

4,614,554	800,000 Unlisted
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Age 70, B.Sc., M.Sc. He has 47 years industry experience in Australia, Papua New Guinea, U.S.A., Indonesia, Thailand and other countries. He was formerly General Manager of Esso Papua New Guinea Inc. where he was based in Lae, Papua New Guinea for 5½ years. Before this assignment he resided in the U.S.A. for 5 years and prior to that worked for several major and minor companies mainly in Australia. He has been associated with the discovery of several orebodies, specifically the Juno and Warrego orebodies at Tennant Creek by Peko in the 1960's. He is Executive Chairman of Macmin Silver Ltd, and Chairman, CEO and President of New Guinea Gold Corporation, a Yukon company listed on the TSX Venture Exchange (Canada), and non-executive Chairman and Director of Golden Tiger NL. He has not held any former Directorships within the last 3 years.

Peter A. McNeil

Managing Director for 7 years.

Member of Planning & Operations Committee	9,229,047	1,170,000 Unlisted
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Age 47. B.Sc., M.Sc. He has 26 years exploration experience in Papua New Guinea, U.S.A. and Australia, including programs at the Lihir gold deposit and in the Goldfields and Kimberley regions of Western Australia and Tasmania. He has been associated with the discovery of a number of orebodies including Nimary and Sunrise Dam in Western Australia. Peter McNeil is also a non-executive Director of Macmin Silver Ltd (ASX) and New Guinea Gold Corporation (TSX-Venture). He also held former Directorships within the last 3 years in Vangold Resources Ltd and South Pacific Minerals Corp. (both TSX-Venture).

DIRECTORS' REPORT

INFORMATION ON DIRECTORS	Particulars of Directors' interest in shares and options of Frontier Resources Ltd		
	Special Responsibilities	Ordinary Shares	Options
<i>Graham J. Fish</i>			
Executive Director for 2 years and Independent Non-Executive Director for 4½ years. Age 69. He graduated B.Sc. (Geology, Chemistry) in 1958, Dip. Ed. in 1961 and M.Ed. in 1980 from the University of Tasmania. He worked as a teacher of Geology and Chemistry in Tasmanian Education Department Colleges before promotion into administrative roles from 1973.	Member of Planning & Operations Committee	48,601	800,000 Unlisted
He has 34 years of management skills and has extensive experience in administration and education development in Tasmania. He has a background in geology and has chaired committees on both national and state school curriculum and assessment boards.	Member of Audit Committee		
He has delivered papers and written science and education reports for UNESCO in Bangkok in 1983, and in Korea in 1988, for the South Pacific in Fiji in 1995, for International Conferences in Sydney in 1993 and New Zealand in 1994. He has not held any former Directorships within the last 3 years.			
<i>Warren J. Staude</i>			
Non-Executive Director for 5½ years. Age 66. He is a graduate of the University of Sydney (B.Sc., Geology), Macquarie University (M.Sc., Mineral Economics) and holds a Graduate Diploma from the Securities Institute of Australia.	Member of Audit Committee	100,000	800,000 Unlisted
Mr Staude has 44 years professional experience in mining, exploration and resource finance industries. He has worked in Government, as a private consultant, and on the academic staff of Macquarie University. He has worked for the AMP Society's resource investment division, then in the stockbroking industry, before joining GIO Australia Asset Management.			
He is currently a non-executive director of Malachite Resources N.L., Eagle Eye Metals Ltd, Stonehenge Metals Ltd and Central West Gold N.L. He also held former Directorships within the last 3 years in Mount Conqueror Minerals NL and Jupiter Mines Ltd.			
Mr Staude currently sits on the Joint Ore Reserves Committee (JORC) and the Valmin Committee and brings your Company a wealth of experience in the Australian financial markets.			

DIRECTORS' REPORT

INFORMATION ON DIRECTORS	Particulars of Directors' interest in shares and options of Frontier Resources Ltd		
	Special Responsibilities	Ordinary Shares	Options

Director and Experience

Hugh David Swain – Appointed 6 February 2008

Non-Executive Director. Age 71. Mr H David Swain is an accomplished Mining/Civil Engineer with 45 years, including 7 years as Chief Mining Engineer at Bougainville Copper Limited in Papua New Guinea. David was the author of the Kodu Deposit Conceptual Mining Study released to the ASX on 19 November 2007 and Frontier management believes his acceptance reflects very positively on the potential of Kodu and other Frontier projects.

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Mr H David Swan – B.Eng (Mining) 1962, M.Eng. (Civil) 1972 – University of Sheffield, has over 40 years professional experience in the mining industry in Africa, Australasia and SE Asia and has held senior management positions both operating and technical. He is a Fellow of the AIMM and of the IMM (UK).

Ces E Iewago – Appointed 6 February 2008

Non-Executive Director. Age 48. Mr Ces Iewago trained as an accountant, holds a Master of Business Administration, is a Fellow of the Australian Institute of Company Directors and has over 20 years experience in business banking, financial services and investments sectors in Papua New Guinea.

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Mr Iewago previously served as Managing Director of Public Offers Superannuation Fund, the largest fund in PNG (2000 to 2003). He was Country Director and General Manager of Investment Bank, Merrill Lynch in PNG (1997 to 2000) and was responsible for its corporate and retail business. He also held the position of Deputy Managing Director of PNG's first Merchant Bank, Resources & Investment Finance Ltd (1990 to 1996) responsible for Marketing, Corporate Business and Portfolio Management. He is a director of New Guinea Gold Corporation and a number of PNG companies.

COMPANY SECRETARY – QUALIFICATIONS & EXPERIENCE

Jay Stephenson – Appointed 15 January 2008 – Company Secretary for 8 months.

Jay Stephenson holds a Master of Business Administration, is a Certified Management Accountant (Canada), Member of the Australian Institute of Company Directors and Fellow of the Chartered Institute of Secretaries. Jay is currently a non-executive Director of Drake Resources Limited and Aura Energy Limited as well as Company Secretary for a number of ASX listed resources and industrial companies.

Garry M. Edwards – Resigned 15 January 2008 – Previous Company Secretary for 6 years.

DIRECTORS' REPORT

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year (and the number each Director was entitled to attend):-

	Directors' Meetings		Audit Committee Meetings		Planning & Operations Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
R.D. McNeil	6	6	Not Eligible	-	Not Eligible	-
P.A. McNeil	6	6	Not Eligible	-	2	2
G.J. Fish	6	6	2	2	2	2
W.J. Staude	6	6	2	2	Not Eligible	-
H.D. Swain	3	3	Not Eligible	-	Not Eligible	-
C.E. Iewago	3	3	Not Eligible	-	Not Eligible	-

REMUNERATION REPORT (Audited)

(a) Principles used to determine the nature and amount of remuneration (audited)

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that director and executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- transparency; and
- capital management.

The Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design;
- focuses on sustained growth in share price and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives.
- rewards capability and experience;
- reflects competitive reward for contribution to shareholder growth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Relationship between remuneration and Company performance

During the past year and since listing on 9 April 2003 the Company (and the consolidated entity) have generated losses because it is still involved in mineral exploration, not in production.

In the past year the market price of the Company's ordinary shares has decreased from 17 cents to 3.8 cents.

Ordinary shares in the Company first traded on 9 April 2003 at 17 cents after listing on the ASX. On 30 June 2008 the market price of the shares was 3.8 cents. During the period from 9 April 2003 to 30 June 2008, the shares traded at a high of 48 cents on 13 June 2006 and a low of 3.8 cents on 30 June 2008. There have been no dividends or return of capital during that period.

Given that the remuneration is commercially reasonable / appropriate / benchmarked, the link between remuneration, company performance and shareholder wealth generation is tenuous, particularly in the exploration stage of a minerals company. Share prices are subject to the influence of international metal prices and market sentiment toward the sector, and increases or decreases may occur quite independent of executive performance or remuneration.

Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Board seeks to ensure Non-Executive Directors' fees and payments are appropriate and in line with the market.

Directors' fees

The current base remuneration was last reviewed with effect from March 2005. Directors' fees are inclusive of committee fees.

Non-Executive Directors' fees are determined within the Non-Executive Directors' fee pool limit, which is periodically recommended for approval by shareholders. The pool currently stands at \$100,000 per annum for Non-Executive Directors.

Retirement allowances for Directors

The Company provides no retirement allowances for Non-Executive Directors.

Executive pay

The executive pay and reward framework has three components:

- base pay and benefits;
- long-term incentives through Directors options (refer note 22); and
- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Base pay

Structured as a total employment cost package which may be delivered as a mix of cash and prescribed non-financial benefits at the executives' discretion.

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases fixed in any senior executives' contracts.

Benefits

Executives receive no benefits outside of the base pay, options and superannuation disclosed in this report.

Retirement benefits

Other than statutory superannuation contributions, no retirement benefits are provided for executives except statutory entitlements.

Frontier Resources Ltd Employee Option Plan

Information on the Frontier Resources Ltd Employee Option Plan is set out in Note 22 . Directors may not participate in the Employee Option Plan. The Frontier Option Plan does not remove the at risk aspect of options granted under the plan. The plan does not include any limitation of risk for option holders.

Performance Conditions

There are no performance conditions on remuneration other than options granted to Directors and those issued under the Employee Option Plan are not vested until the employee or Director have been with the Company for 12 months. Refer to section (d) of Remuneration Report for further details of share based payments.

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

(b) Details of remuneration (audited)

Details of the nature and amount of each element of the emoluments of each of the key management personnel of the Company and the consolidated entity for the year ended 30 June 2008 are set out in the following tables, details of job titles of other key management personnel can be found in section (c) of this Remuneration Report.

2008	Short-term employee benefits			Post-employment benefits		Share-based payment		
	Cash salary and fees	Cash Bonus	Non-Monetary benefits	Super-annuation	Retirement benefits	Options*	Total	Remuneration that is Performance Based
Name	\$	\$	\$	\$	\$	\$	\$	%
Directors								
R.D. McNeil	36,250	-	-	5,400	-	58,720	100,370	58.5
P.A. McNeil^	242,060	-	-	-	-	58,720	300,780	19.5
G.J. Fish^	50,742	-	-	6,702	-	58,720	116,163	50.5
W.J. Staude	22,083	-	-	3,225	-	58,720	84,028	69.8
H.D. Swain	10,000	-	-	900	-	-	10,900	
C.E. Iewago	-	-	-	-	-	-		-
Other key management personnel								
R. Reid^	123,457	-	-	30,730	-	21,930	176,117	12.5
T. Grigson^	130,545	-	-	32,034	-	18,275	180,854	10.1
J. Jeal^	97,398	-	-	28,209	-	7,710	132,917	5.8
Total	712,535	-	-	107,200	-	282,395	1,102,129	

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

2007	Short-term employee benefits			Post-employment benefits		Share-based payment	Total	Remuneration that is Performance Based#
	Cash salary and fees	Cash Bonus	Non-Monetary benefits	Super-annuation	Retirement benefits	Options*		
Name	\$	\$	\$	\$	\$	\$	\$	%
<i>Directors</i>								
R.D. McNeil	15,000	-	-	1,350	-	-	16,350	-
P.A. McNeil^	228,631	-	-	-	-	-	228,631	-
G.J. Fish^	30,000	-	-	2,700	-	-	32,700	-
W.J. Staude	26,000	-	-	1,350	-	-	27,350	-
H.D. Swain	-	-	-	-	-	-	-	-
C.E. Iewago	-	-	-	-	-	-	-	-
<i>Other key management personnel</i>								
R. Reid^	111,663	-	-	10,050	-	12,754	134,467	9.5
T. Grigson^	103,669	-	-	9,330	-	12,754	125,753	10.1
J. Jeal^	-	-	-	-	-	-	-	-
J McDougall	80,544	-	-	7,249	-	6,377	94,170	6.8
Total	595,507	-	-	32,029	-	31,885	659,421	

^ These executives are the 5 highest paid executives of the group.

* Option value calculation using Black-Scholes Model.

Remuneration that is performance based % is that % of remuneration that consisted of options.

It is noted that P.A. McNeil's listed remuneration is for 266 days worked (relative to a normal standard salary of about 225 days per annum). This represents about ¼ extra time worked over a normal salaried role. P.A. McNeil's consulting rate is based on a daily charge rate equivalent to a salary of \$178,500 plus all statutory oncosts.

(c) Service agreements (audited)

There are no service agreements in place for executive or non-executive Directors.

The current specified executives have contracts of service with the following conditions:

Exploration Manager, R. Reid- for the full year

- term – unspecified – either party may terminate with 30 days notice in writing.
- annual salary of \$120,750 p.a. with no specified review period.
- occasional personal use of company vehicle subject to approval by Managing Director.

PNG Logistics Supervisor, J. Jeal – for the period 20 August 2007 to 30 June 2007.

- term – unspecified – either party may terminate with 30 days notice in writing.
- annual salary of Kina200,000 p.a. with no specified review period.
- occasional personal use of company vehicle subject to approval by Managing Director.

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Logistics & Drilling Manager, T. Grigson -for the full year

- term – unspecified- either party may terminate with 30 days notice in writing.
- annual salary of \$115,000 p.a. with no specified review period.
- occasional personal use of company vehicle subject to approval by Managing Director.

(d) *Share-based Compensation (audited)*

Options

Options are granted to key management personnel (other than directors) under the Frontier Resources Ltd Employee Option Plan and are subject to the terms of the Frontier Resources Ltd Employee Option Plan as outlined in note 23 to the Financial Statements.

Options are granted under the Plan for no consideration. Options are granted for a period not exceeding five years. There are no performance conditions attached to Options, other than the employee must maintain employment for a 12 month period.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

Type of Options	Grant date	Expiry date	Exercise price	Value per option at grant date	Date exercisable
Employee	28 Sep 2004	31 Dec 2007	\$0.20	\$0.08	Between 29 Sep 2004 and 31 Dec 2007
Employee	16 Mar 2006	01 Dec 2008	\$0.10	\$0.0434	Between 16 Mar 2006 and 01 Dec 2008
Employee	20 Oct 2006	20 Oct 2011	\$0.14	\$0.0911	Between 20 Oct 2006 and 20 Oct 2011
Employee	19 Oct 2007	19 Oct 2010	\$0.16	\$0.0731	Between 19 Oct 2008 and 19 Oct 2010
Director	23 Nov 2007	30 Nov 2010	\$0.20	\$0.0734	Between 20 Nov 2008 and 30 Nov 2010
Employee	11 Dec 2007	11 Dec 2010	\$0.15	\$0.0466	Between 1 Dec 2008 and 11 Dec 2010

Options granted under the Plan carry no dividend or voting rights.

All options were provided at no cost to the recipients.

Details of options over ordinary shares in the Company provided as remuneration to each Director of Frontier Resources Ltd and each of the key management personnel of the Group are set out below. When exercisable, each option is convertible into one ordinary share of Frontier Resources Ltd. Further information on the options is set out in note 22(b) to the Financial Statements.

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

Name	Grant Date 2008	Number of options granted during the year 2008	Number of options vested during the year 2008	Vested % 2008	Forfeited % 2008
Key management personnel of the Group					
R.D. McNeil	23 Nov 2007	800,000	800,000	100	-
P.A. McNeil^	23 Nov 2007	800,000	800,000	100	-
G.J. Fish^	23 Nov 2007	800,000	800,000	100	-
W.J. Staude	23 Nov 2007	800,000	800,000	100	-
H.D. Swain	-	-	-	-	-
C.E. Iewago	-	-	-	-	-
R. Reid	19 Oct 2007	300,000	300,000	100	-
T. Grigson	19 Oct 2007	250,000	250,000	100	-
J. Jeal	19 Oct 2007	100,000	100,000	100	-

Refer to note 21 for Option balances by Key management personnel as at 30 June 2008 and 30 June 2007.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2008 included:

Options Issued	2,830,000	3,200,000	740,000
a) consideration (2007: Nil)	Nil	Nil	Nil
b) exercise price (2007: \$0.14)	\$0.16	\$0.20	\$0.15
c) grant date(2007: 20 Oct 2006)	19 Oct 2007	23 Nov 2007	11 Dec 2007
d) expiry date (2007: 20 Oct 2011)	19 Oct 2010	30 Nov 2010	11 Dec 2010
e) share price at grant date (2007: \$0.12)	\$0.19	\$0.125	\$0.135
f) expected price volatility of Company shares (2007: 205%)	107.33%	100.90%	100.94%
g) expected dividend yield (2007: Nil)	Nil	Nil	Nil
h) risk-free interest rate (2007: 5.97%)	6.40%	6.60%	6.64%

Shares provided on exercise of remuneration options

There were 300,000 ordinary shares in the Company provided as a result of the exercise of remuneration options to each director of Frontier Resources Ltd and other key management personnel of the Group.

Employee incentive option plan

None of the Directors of Frontier Resources Ltd are eligible to participate in the Company's employee incentive option plan.

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

(e) Equity Instruments issued on exercise of remuneration options

Details of equity instruments issued during the period to key management personnel and executives as a result of options exercised that had previously been granted as compensation are as follows:

2008 Name	Number of shares issued on exercise of options	Number of options exercised	Amount paid per share	Amount unpaid per share
R.D. McNeil	-	-	-	-
P.A. McNeil^	-	-	-	-
G.J. Fish^	-	-	-	-
W.J. Staude	-	-	-	-
H.D. Swain	-	-	-	-
C.E. Iewago	-	-	-	-
R. Reid	200,000	200,000	\$0.10	\$0.00
T. Grigson	80,000	80,000	\$0.10	\$0.00
J. Jeal	20,000	20,000	\$0.10	\$0.00
J. McDougall	-	-	-	-
	300,000	300,000		

(f) Additional information – (audited)

Share-based compensation: Options

Further details relating to options are set out below:

Name	A Remuneration consisting of options	B Value at grant date \$	C Value at exercise date \$	D Value at lapse date \$
R.D. McNeil	58.5	58,720	-	-
P.A. McNeil^	19.5	58,720	-	-
G.J. Fish^	50.5	58,720	-	-
W.J. Staude	69.8	58,720	-	-
H.D. Swain	-	-	-	-
C.E. Iewago	-	-	-	-
R. Reid	12.5%	12,754	24,000	-
T. Grigson	10.1%	12,754	20,000	-
J. Jeal	5.8%	6,377	8,000	-

A = The percentage of the value of remuneration consisting of options, based on the value at grant date set out in column B.

B = The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of options granted during the year as part of remuneration.

C = The value at exercise date of options that were granted as part of remuneration and were exercised during the year.

D = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year.

END OF REMUNERATION REPORT

DIRECTORS' REPORT

LOANS TO DIRECTORS AND EXECUTIVES

No loans have been made to Directors of Frontier Resources Ltd and the specified executives of the consolidated entity, including their personally-related entities.

SHARES UNDER OPTION

Unissued ordinary shares of Frontier Resources Ltd under option at the date of this report are as follows:

Date options granted	Expiry date	Issue price of shares	Number under option
16 Mar 2006	01 Dec 2008	\$0.10	1,330,000
20 Oct 2006	20 Oct 2011	\$0.14	1,560,000
19 Oct 2007	19 Oct 2010	\$0.16	2,830,000
23 Nov 2007	30 Nov 2010	\$0.20	3,200,000
11 Dec 2007	11 Dec 2010	\$0.15	740,000
			9,660,000

No optionholder has any right under the options to participate in any other share issue of the Company or of any other entity.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Frontier Resources Ltd were issued during or since the end of the financial year ended 30 June 2008 on the exercise of options. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

Date options granted	Issue price of shares	Number of shares issued
Listed:		
13 July 2007	0.20	38,461
25 Oct 2007	0.20	968
08 Nov 2007	0.20	50,888
23 Nov 2007	0.20	242,966
30 Nov 2007	0.20	122,310
29 Nov 2007	0.20	8,379
Unlisted:		
13 July 2007	0.10	90,000
13 July 2007	0.14	70,000
25 Oct 2007	0.10	225,000

INSURANCE OF OFFICERS

Since the end of the previous financial year the consolidated entity has paid insurance premiums in respect of directors' and officers' legal expenses and liability insurance. The policies prohibit disclosure of details of the policies or the premiums paid. The Company has not otherwise, during or since the end of the year, except at the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or any of its controlled entities against a liability incurred as such an officer or auditor.

DIRECTORS' REPORT

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Consolidated Entity are important.

Details of the amounts paid or payable to the auditor (BDO Kendalls) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to the auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 26.

DIRECTORS' REPORT

NON-AUDIT SERVICES (continued)

CONSOLIDATED

2008

2007

\$

\$

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms.

Assurance services

1. Audit Services

PricewaterhouseCoopers Australian firm
BDO Kendalls
Sinton Spence Chartered Accountants PNG
Total remuneration for audit services

-	32,641
36,400	-
11,367	-
47,767	32,641

2. Other Assurance Services

PricewaterhouseCoopers Australian firm
Total remuneration for other assurance services
Total remuneration for assurance services

-	8,761
-	8,761
47,767	41,402

Taxation Services and Accounting Services

PricewaterhouseCoopers Australian firm:
BDO Kendalls
Total remuneration for taxation services

-	6,417
858	-
858	6,417

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsible on behalf of the company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the company with leave of the Court under Section 237 of the Corporations Act 2001.

This report is made in accordance with a resolution of the Directors.



P.A. McNeil

Managing Director

30 September 2008

AUDITORS' INDEPENDENCE DECLARATION



BDO Kendalls

BDO Kendalls (QLD)
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Brisbane QLD 4000
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Phone 61 7 3237 5999
Fax 61 7 3221 9227
info.brisbane@bdo.com.au
www.bdo.com.au

ABN 70 202 702 402

Declaration of Independence by Christopher Skelton to the Directors of Frontier Resources Limited

As lead auditor of Frontier Resources Ltd for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Frontier Resources Ltd and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Chris Skelton', with a long horizontal flourish extending to the right.

C J Skelton
Partner
BDO Kendalls (QLD)

Brisbane

Dated: 30 September 2008

CORPORATE GOVERNANCE STATEMENT

The Board of Frontier Resources Ltd (the Company) is committed to maintaining high standards of Corporate Governance. This statement outlines the main Corporate Governance practices that were adopted or in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

Principle 1: Lay Solid Foundations for Management and Oversight

Recommendation 1.1: *Formalise and disclose the functions reserved to the Board and those delegated to management.*

The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of shareholders.

Its functions and responsibilities include:

- Determining strategic and policy direction and monitoring performance against strategy.
- Establishing goals and monitoring performance.
- Identifying risk and opportunities for ensuring risk management systems are established and reviewed.
- Approving and monitoring financial reports, capital management, and compliance.
- Ensuring that policies and compliance systems consistent with the Company's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly.
- Appointing senior management and monitoring performance, remuneration and succession.

The Board is also governed by the Company's constitution. The day to day management of the Company's affairs and implementation of corporate strategies and policy initiatives are formally delegated by the Board to the Managing Director and senior executives.

Principle 2: Structure the Board to Add Value

Recommendation 2.1: *A majority of the Board should be Independent Directors.*

Given the company's background, nature and size of its business and the current stage of its development, the Board is comprised of six directors, four of whom are non-executive. The Board believes that this is both appropriate and acceptable at this stage of the company's development.

Recommendation 2.2: *The Chairperson should be an Independent Director.*

The Chairperson, Mr R.D McNeil is not independent, as set out above, but due to his experience and expertise in areas the Company operates in, the Board considers he is suitably skilled to perform the role.

Recommendation 2.3: *The roles of the chairperson and chief executive officer should not be exercised by the same individual.*

The positions of Chairman and Managing Director are held by separate persons.

Recommendation 2.4: *The Board should establish a nomination committee.*

The Board has not established a nomination committee due to the company's background, nature and size of its business and the current stage of its development. The Board undertakes the process of determining the need for, screening and appointing new directors.

Recommendation 2.5: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 2.*

The skills and experience for the directors are set out in the company's Annual Report and on its website.

The Company has not included on its website, information on procedures for the selection and appointment of new Directors as these procedures are not formalised.

CORPORATE GOVERNANCE STATEMENT

Principle 3: Promote Ethical and Responsible Decision Making.

Recommendation 3.1: *Establish a code of conduct to guide Directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:*

3.1.1- the practices necessary to maintain confidence in the Company's integrity

3.1.2- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The company has adopted a Code of Conduct setting standards expected of directors, officers, employees and contractors and demonstrate the Company's commitment to conducting business in an ethical and accountable manner. Directors, officers, employees and contractors are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Adherence to the code of conduct is expected at all times and the Board actively promotes a culture of quality and integrity.

The Board monitors the implementation of the Code. Breaches are reported by employees or contractors to the Managing Director or Company Secretary.

Recommendation 3.2: *Disclose the policy concerning trading in company securities by directors, officers and employees*

The Company has in place a trading policy, "Dealings in Company Securities Policy". A copy of the policy is provided to all directors, officers, employees and contractors.

The policy imposes basic trading restrictions on all employees of the Company with 'inside information', and additional trading restrictions on the directors of the Company.

'Inside information' is information that:

- is not generally available; and
- if it were generally available, it would, or would be likely to influence investors in deciding whether to buy or sell the Company's securities.

If an employee possesses inside information, the person must not:

- trade in the Company's securities (including the exercise of employee options);
- advise others or procure others to trade in the Company's securities; or
- pass on the inside information to others - including colleagues, family or friends - knowing (or where the employee or Director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, the Company's securities.

This prohibition applies regardless of how the employee or Director learns the information (e.g. even if the employee or Director overhears it or is told in a social setting).

In addition to the above, Directors must not acquire or sell, directly or indirectly any securities (shares or options) in the Company except later than an hour after and within the period of 1 month after the release of any of the quarterly, half-yearly and yearly reports and any announcements to the ASX which may or are likely to effect the value of the company's assets in a material way, or, 1 month after the holding of the Annual General Meeting.

A Director who intends to trade in Company securities must firstly notify the Managing Director or Company Secretary so that any potential embarrassment/market misconception may be avoided if an announcement is imminent. In the event of a significant trade, all Directors should be notified as soon as possible. If the Managing Director or Company Secretary intend to trade in Company securities they must firstly notify the Chairman.

The Directors must notify the Company Secretary as soon as practicable, but not later than 5 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act and the Listing rules of the ASX, the Company on behalf of the Directors must advise the ASX of any transactions conducted by them in the securities of the Company.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

The trading policy is reviewed annually.

Recommendation 3.3: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 3.*

CORPORATE GOVERNANCE STATEMENT

A summary of both the Company's Code of Conduct and its Share Trading Policy were included on the Company's website in April 2007.

Principle 4: Safeguard Integrity in Financial Reporting

Recommendation 4.1: *Require the chief executive officer(or equivalent) and the chief financial officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.*

The Company's Managing Director and Chief Financial Officer provide this statement.

Recommendation 4.2: *The Board should establish an audit committee.*

An audit committee was established by the Board prior to the 2003-2004 year.

Recommendation 4.3: *Structure the Audit Committee so that it consists of:*

- *Only non-executive directors*
- *A majority of independent directors*
- *An independent chairperson, who is not chairperson of the Board*
- *At least 3 members*

The Company's Audit Committee comprises Mr Fish, Mr Stephenson and Mr Staude, who currently acts as chairperson. The Audit Committee does not currently consist of all non-executive directors; it does have a majority of directors who are independent and an independent chairperson. The Board considers this to be acceptable due to the size of both the Company and the Board. Information on the qualifications of the Directors on the Audit Committee and attendance at Audit Committee meetings are contained in the Directors' report.

Recommendation 4.4: *The Audit Committee should have a formal charter.*

The Audit Committee operates in accordance with a formal written charter. The main responsibilities of the committee are to:

- Review reports prepared by the external auditors and other consultants to ensure that, should a major deficiencies or breakdowns in controls or procedures be identified, appropriate and prompt remedial action is taken by management.
- Liaising with the external auditors and ensuring that the annual statutory audit, half-year review are conducted in an effective manner.
- Reviewing internal controls and recommending enhancements
- Monitoring compliance with the Corporations Act 2001, Australian Securities Exchange Listing Rules and any matters outstanding with auditors, taxation and other regulatory authorities and financial institutions.

Principle 5: Make Timely and Balanced Disclosure

Recommendation 5.1: *Establish written policies and procedure designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance.*

The Company has a formal continuous disclosure policy. The policy requires all executives and Directors to inform the Managing Director or in his absence the Company Secretary of any potentially material information as soon as practical after they become aware of that information.

Information is material if it is likely that the information would influence investors who commonly acquire securities on the ASX in deciding whether to buy, sell or hold the Company's securities.

Information need not be disclosed only if the ASX listing rules provide for non-disclosure.

The Managing Director is responsible for interpreting and monitoring the Company's disclosure policy and where necessary informing the Board. The Company Secretary is responsible for all communications with ASX.

CORPORATE GOVERNANCE STATEMENT

Recommendation 5.2: *Provide the information indicated in the ASX Corporate Governance Councils' Guide to Reporting on Principle 5.*

Disclosure is reviewed as a routine agenda item at each Board meeting.

Principle 6: Respect the Rights of Shareholders

Recommendation 6.1: *Design and disclose a communications strategy to promote effectively communication with shareholders and encourage effective participation at general meetings.*

The Company is committed to dealing fairly, transparently and promptly with shareholders. The Board aims to ensure that the shareholders are informed of all major developments.

The annual report is distributed to all shareholders who have specifically requested the document. In addition, the Company makes all ASX announcements, details of shareholder meetings and financial reports available on the Company's website.

Half-year financial reports prepared in accordance with the requirements of Accounting Standards and the Corporations Act 2001 are lodged with the Australian Securities and Investments Commission and the Australian Securities Exchange. The financial reports are sent to any shareholder who requests them and quarterly reports are submitted to the ASX under the requirements of the Exchange relating to mining companies. Copies of the quarterly reports are sent to shareholders whenever sufficient new information in the report warrants distribution.

Recommendation 6.2: *Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.*

The Company's practice is to request that its external auditor attends its annual general meeting.

Principle 7: Recognise and Manage Risk

Recommendation 7.1: *The Board or appropriate committee should establish policies on risk oversight and management.*

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level. The Risk Management Policy is reviewed annually.

Recommendation 7.2: *The chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state to the Board in writing that:*

7.2.1 – the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and

7.2.2 – the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Company's Managing Director and Chief Financial Officer provide this statement.

Recommendation 7.3: *Provide the information indicated in the ASX Corporate Governance Council's Guide to reporting on Principle 7.*

A description of the Company's risk oversight and management policy and internal compliance and control system is not included on the Company's website.

CORPORATE GOVERNANCE STATEMENT

Principle 8: Encourage Enhanced Performance

Recommendation 8.1: *Disclose the process for performance evaluation of the Board, its committees and individual Directors, and key executives.*

The Company has adopted self evaluation processes to manage Board performance. An annual review is undertaken in relation to the composition and skills mix of the Directors of the Company.

Evaluation of Committees is conducted on a similar basis.

Evaluation of key executives is conducted via annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made.

Principle 9 Remunerate Fairly and Responsibly

Recommendation 9.1: *Provide disclosure in relation to the Company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the link between remuneration paid to Directors and key executives and corporate performance.*

The broad remuneration policy is to ensure that remuneration properly reflects the relevant person's duties and responsibilities, and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board believes that the best way to achieve this objective is to provide Executive Directors and executives with a remuneration package consisting of fixed components and incentives that reflect the person's responsibilities, duties and personal performance.

The remuneration of Non-Executive Directors is determined by the Board as a whole having regard to the level of fees paid to Non-Executive Directors by other companies of similar size in the industry.

Principle 9.2: *The Board should establish a remuneration committee*

Since the Company listed in April 2003 the Company has not had a Remuneration Committee and it is not intended at this stage to establish one unless there is a significant increase in the number of executives.

Recommendation 9.3: *Clearly distinguish the structure of non-executive Directors' remuneration from that of executives.*

The aggregate remuneration to the Non-Executive Directors will not exceed the maximum amount approved by the Company's shareholders in the annual general meeting.

Recommendation 9.4: *Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.*

Equity-based executive remuneration is made in accordance with the equity scheme approved by shareholders.

Recommendation 9.5: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 9*

Since the Company listed in April 2003 the Company has not had a Remuneration Committee and it is not intended at this stage to establish one unless there is a significant increase in the number of executives.

Principle 10: Recognise the Legitimate Interests of Stakeholders

Recommendation 10.1: *Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.*

As set out in relation to best practice recommendation 3.1, the Company has adopted a Code of Conduct setting standards expected of directors, officers, employees and contractors. The Code is available on the Company's website.

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This financial report covers both Frontier Resources Ltd as an individual entity and the consolidated entity consisting of Frontier Resources Ltd and its subsidiaries. The financial report is presented in the Australian currency.

Frontier Resources Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Frontier Resources Ltd
Unit 6
34 York Street
NORTH PERTH WA 6006

A description of the nature of the consolidated entity's operations and its principal activities is included in the Managing Director's letter to shareholders and Review of Operations & Activities on pages 2 to 10 and in the Directors' report on pages 11 to 25, which are not part of the financial report.

The financial report was authorised for issue by the Directors on 30 September 2008. The Company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial reports and other information are available on our website: www.frontierresources.com.au.

For queries in relation to our reporting please call +61 9 6468 0388 or email info@frontierresources.com.au.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	CONSOLIDATED		PARENT ENTITY	
		2008	2007	2008	2007
		\$	\$	\$	\$
Revenue from continuing operations	4	132,530	147,870	130,953	147,870
Other income	4	41,519	45,550	41,519	45,550
Exploration expenditure	5, 13	(4,372,448)	(1,007,268)	(437,229)	(280,098)
Administration and insurance expenses		(403,803)	(339,941)	(360,856)	(319,925)
Gross employee benefit expense		(867,370)	(380,002)	(788,552)	(337,865)
Employee benefits expense capitalised to exploration		187,182	201,031	83,230	155,163
Depreciation		(271,071)	(131,458)	(183,386)	(63,566)
Consultancy		(154,510)	(26,906)	(119,074)	(11,651)
Promotional expenses		(20,723)	(33,211)	(19,524)	(33,211)
Other expenses from ordinary activities		(93,944)	(131,855)	(80,635)	(111,909)
Provision for non recovery of loans and receivables	5, 10	-	-	(4,498,537)	(770,723)
Loss before income tax		(5,822,638)	(1,656,190)	(6,232,091)	(1,580,365)
Income tax expense	6	-	-	-	-
Net Loss for the year		(5,822,638)	(1,656,190)	(6,232,091)	(1,580,365)
		Cents	Cents		
Basic and diluted (loss) per share	24	(4.4)	(1.8)		

The above income statements should be read in conjunction with the accompanying notes.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
BALANCE SHEETS
AS AT 30 JUNE 2008

	Notes	CONSOLIDATED		PARENT ENTITY	
		2008	2007	2008	2007
		\$	\$	\$	\$
ASSETS					
Current Assets					
Cash and cash equivalents	7	585,102	4,153,726	537,893	4,049,781
Inventory/work in progress	8	51,655	-	51,655	-
Trade and other receivables	9	22,338	189,250	20,354	169,831
Total Current Assets		659,095	4,342,976	609,902	4,219,612
Non-Current Assets					
Trade and other receivables	10	84,005	83,943	76,940	1,936,512
Other financial assets	11	-	-	10,621	10,622
Property, plant and equipment	12	1,302,950	1,293,955	1,043,194	994,880
Mineral exploration and evaluation expenditure	13	2,176,872	3,088,506	2,176,872	1,564,819
Total Non-Current Assets		3,563,827	4,466,404	3,307,628	4,506,833
Total Assets		4,222,922	8,809,380	3,917,530	8,726,445
LIABILITIES					
Current Liabilities					
Trade and other payables	14	321,245	594,096	250,151	501,303
Total Current Liabilities		321,245	594,096	250,151	501,303
Non-Current Liabilities					
Provisions	15	41,670	9,157	37,563	5,086
Total Non-Current Liabilities		41,670	9,157	37,563	5,086
Total Liabilities		362,915	603,253	287,714	506,389
Net Assets		3,860,007	8,206,127	3,629,816	8,220,056
EQUITY					
Contributed equity	16	15,750,208	14,584,590	15,750,208	14,584,590
Reserves	17	281,400	(29,501)	712,353	236,119
Accumulated losses	17	(12,171,601)	(6,348,962)	(12,832,745)	(6,600,653)
Total Equity		3,860,007	8,206,127	3,629,816	8,220,056

The above balance sheets should be read in conjunction with the accompanying notes.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	CONSOLIDATED 2008 \$	2007 \$	PARENT ENTITY 2008 \$	2007 \$
Total equity at the beginning of the year		8,206,127	2,581,592	8,220,056	2,254,076
Foreign Currency translations		(165,332)	(265,620)	-	-
Net income (expense) recognised directly in equity		(165,332)	(265,620)	-	-
(Loss)/Profit for the year		(5,822,639)	(1,656,190)	(6,232,091)	(1,580,365)
Total recognised income and expense for the year		(5,987,971)	(1,921,810)	(6,232,091)	(1,580,365)
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs	16	1,165,618	7,445,376	1,165,618	7,445,376
Share based payment expenses	17	476,233	100,969	476,233	100,969
Total equity at the end of the year		<u>3,860,007</u>	<u>8,206,127</u>	<u>3,629,816</u>	<u>8,220,056</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	CONSOLIDATED 2008 \$	2007 \$	PARENT ENTITY 2008 \$	2007 \$
Cash Flows from Operating Activities					
Cash receipts in the course of operations		14,655	423,172	14,655	423,172
Interest received		116,298	60,340	116,298	60,340
Payments to suppliers and employees not included as part of exploration and evaluation activities below		(3,843,556)	(1,285,044)	(1,192,260)	(962,903)
Net Cash (Outflow) from Operating Activities	27	(3,717,603)	(801,532)	(1,061,307)	(479,391)
Cash Flows From Investing Activities					
Exploration and evaluation activities		(612,054)	(2,449,822)	(612,054)	(387,926)
Security deposits recovered / (paid)		-	(660)	-	(660)
Purchase of property, plant and equipment		(442,709)	(553,057)	(397,153)	(323,227)
Purchase of additional shares in subsidiary		-	-	-	(3,393)
Proceeds from sale of property, plant and equipment		31,972	236,926	31,972	50,455
Proceeds from sale of available for sale financial assets		-	-	-	-
Funding activities of subsidiaries		-	-	(2,638,965)	(2,527,889)
Net Cash (Outflow) From Investing Activities		(1,022,791)	(2,766,613)	(3,616,200)	(3,192,640)
Cash Flows From Financing Activities					
Net cash proceeds from the issue of shares		1,165,619	7,421,660	1,165,619	7,421,660
Net Cash Inflow From Financing Activities		1,165,619	7,421,660	1,165,619	7,421,660
Net Increase (Decrease) in Cash and Cash Equivalents		(3,569,775)	3,853,530	(3,511,888)	3,749,629
Cash and Cash Equivalents at the beginning of the financial year		4,153,726	300,195	4,049,781	300,152
Effects of exchange rate changes on cash and cash equivalents		1,150	16	-	-
Cash and Cash Equivalents at the End of Year	7	585,102	4,153,726	537,893	4,049,781
Non-cash financing and investing activities	29				

The above cash flow statements should be read in conjunction with the accompanying notes.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Frontier Resources Ltd as an individual entity and the consolidated entity consisting of Frontier Resources Ltd and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Frontier Resources Ltd comply with International Financial Reporting Standards (IFRS).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, certain classes of property, plant and equipment.

**FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Going Concern

Refer to details in Note 3(d).

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Frontier Resources Ltd ("company" or "parent entity") as at 30 June 2008 and the results of all subsidiaries for the year then ended. Frontier Resources Ltd and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(g)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Joint ventures

Joint venture operations

The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Frontier Resources Ltd's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

(i) Interest income

Interest income is recognised on a time proportion basis using the effective interest method, see note 1(l). When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(h) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off against the receivable directly unless a provision for impairment has previously been recognised. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement as part of other expenses.

Evidence of impairment may include indications that the customer is experiencing significant financial difficulty, where debt collection procedures have been commenced, there is a fair probability that the customer will be put into administration or liquidation, or where balances are outstanding for more than 7 days.

Receivables are determined to be uncollectible only when there is no expectation of recovering any additional cash. This may occur when a final distribution has been made from administrators/liquidators, or where unsuccessful attempts have been made to recover the debt through legal actions or debt collection agencies and the prospect of recovering any additional cash is remote.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of raw material and consumables inventories is based on the average cost basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Cost includes variable costs and where applicable direct fixed costs of production including an appropriate share of overheads based on normal operating capacity.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

(l) Financial Instruments

Financial Instruments are initially recognised at fair value plus transaction costs. Subsequent to initial recognition they are measured as follows:

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available for sale financial assets are measured at fair value.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities) the group establishes fair value by using a variety of valuation techniques. Where the fair value of a financial asset cannot be reliably measured, it will be measured at cost.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Items of property, plant and equipment are depreciated over their estimated useful lives. The diminishing balance method is used. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Estimates of useful lives are made at the time of acquisition and varied as required. Expected useful lives are: Plant and Equipment between 4 years and 7 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade and other payables are classified as financial liabilities. Financial liabilities are measured at amortised cost using the effective interest method.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(p) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year.

(q) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(r) Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave is expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Long service leave

Any liability for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the Frontier Resources Ltd Employee Option Plan. Information relating to this Plan is set out in note 23.

The fair value of options granted under the Frontier Resources Ltd Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(s) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are not included in the cost of the acquisition as part of the purchase consideration.

(t) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Potential shares as a result of options outstanding at the end of the year are not dilutive and therefore have not been included in the calculation of diluted earnings per share.

(u) Exploration and evaluation expenditure

The Company has adopted a policy of writing off exploration and evaluation expenditure at the end of the period in which it is incurred, unless a mineral resource has been estimated for the area of interest.

The Directors believe that this policy results in the carrying value of exploration expenditure more appropriately reflecting the definition of an asset, being future benefits controlled by the consolidated entity.

Costs arising from exploration and evaluation activities are carried forward where these activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All costs carried forward are in respect of areas of interest in the exploration and evaluation phases and accordingly, production has not commenced.

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, in particular when exploration for and evaluation of mineral resource in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the company has decided to discontinue such activities in the specific area.

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(w) New accounting standards and interpretations

The following Australian Accounting Standards and interpretations have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material financial impact on the financial report of the parent or the economic entity.

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Group
AASB 2007-3 Amendments to Australian Accounting Standards	AASB 5	Non-current Assets Held for Sale and Discontinued Operations	1.1.2009	1.7.2009
	AASB 6	Exploration for and Evaluation of Mineral		
	AASB 102	Inventories		
	AASB 107	Cash Flow Statements		
	AASB 119	Employee Benefits		
	AASB 127	Consolidated and Separate Financial Statements		
	AASB 134	Interim Financial Reporting		
	AASB 136	Impairment of Assets		
	AASB 1023	General Insurance Contracts		
	AASB 1038	Life Insurance Contracts		

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Group
AASB 8 Operating Segments	AASB 114 Segment Reporting	As above	1.1.2009	1.7.2009
AASB 2007-6 Amendments to Australian Accounting Standards	AASB 1 First time adoption of AIFRS	The revised AASB 123: Borrowing Costs issued in June 2007 has removed the option to expense all borrowing costs. This amendment will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the financial group as they already capitalise borrowing costs related to qualifying assets.	1.1.2009	1.7.2009
	AASB 101 Presentation of Financial Statements			
	AASB 107 Cash Flow Statements			
	AASB 111 Construction Contracts			
	AASB 116 Property, Plant and Equipment			
	AASB 138 Intangible Assets			
AASB 123 Borrowing Costs	AASB 123 Borrowing Costs	As above	1.1.2009	1.7.2009
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101 Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income.	1.1.2009	1.7.2009
AASB 101	AASB 101 Presentation of Financial Statements	As above	1.1.2009	1.7.2009

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008

NOTE 2 FINANCIAL RISK MANAGEMENT

Risk management has focused on limiting liabilities to a level which could be extinguished by sale of assets if necessary.

The Group's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group is engaged in mineral exploration and evaluation, and does not currently sell product and derives only limited revenue from interest earned and the manufacture of equipment.

Risk management is carried out by the board as a whole and no formal risk management policy has been adopted but is in the process of development.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the PNG kina. Since the economic entity has not yet commenced mining operations or to sell products the exposure is limited to the movement in loan accounts between the Parent and the Subsidiaries located in Papua New Guinea. As such, this is not considered a material exposure and no sensitivity analysis has been prepared.

(ii) Price risk

The Group is not currently exposed to equity securities or commodity price risk.

(iii) Fair value interest rate risk

Refer to (d) below.

(b) Credit risk

Credit exposure represents the extent of credit related losses that the Group may be subject to on amounts to be received from financial assets. Credit risk arises principally from trade and other receivables including inter company loans. The objective of the economic entity is to minimise the risk of loss from credit risk. Although revenue from operations is minimal, the Group trades only with creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. The Group's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the balance sheet.

The economic entity has no concentrations of credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The objective of the economic entity is to maintain sufficient liquidity to meet commitments under normal and stressed conditions.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities. Due to the lack of material revenue, the Group aims at maintaining flexibility in funding by maintaining adequate reserves of liquidity.

(d) Cash flow and fair value interest rate risk

From time to time the Group has significant interest bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The Group's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future the exposure to interest rates is limited to the cash and cash equivalents balances. As such, this is not considered a material exposure and no sensitivity analysis has been prepared.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes assumptions concerning the future. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgments, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and assets and liabilities within the next financial year are discussed below.

(a) Impairment of Assets

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. The Board has reviewed its balance sheet at 30 June 2008 and an impairment of the full amount of exploration costs carried forward of EL1348, Kodu, has been recorded on the basis of that tenements renewal being refused by the Mineral Resources Authority of PNG.

(b) Deferred exploration and evaluation expenditure

Exploration and Evaluation costs are carried forward where a mineral resource has been estimated for the area of interest, refer to accounting policy stated in note 1(v).

(c) Share based payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes option pricing model, using the assumptions detailed in Note 22.

(d) Going Concern

The financial statements have been prepared on the going concern basis. As at 30 June 2008 the Group had net assets of \$3,860,007 and continues to incur expenditure on its exploration tenements drawing on its cash balances. At 30 June 2008, the Group has approximately \$585,102 in cash and cash equivalents. Without raising additional funds there is significant uncertainty whether the Group will continue as a going concern and therefore whether the Group will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. The directors remain confident that the company will be successful in its fund raising activities and have accordingly prepared the financial report on a going concern basis.

In addition, the ultimate recoupment of costs carried forward for exploration and evaluation is dependent upon the successful development and commercial exploitation or sale of the respective areas of interest.

Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should exploitation of tenements not be successful or the company not continue as a going concern.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008

NOTE 4	REVENUE	CONSOLIDATED		PARENT ENTITY	
		2008	2007	2008	2007
		\$	\$	\$	\$
	From continuing operations				
	Drilling contract income	-	87,530	-	87,530
	Other sundry income	16,232	-	14,655	-
	Other revenue				
	Interest – unrelated parties	116,298	60,340	116,298	60,340
	Total Revenue	132,530	147,870	130,953	147,870
	Other Income				
	Net gain on disposal of property, plant and equipment	41,519	45,550	41,519	45,550
	Total Other Income	41,519	45,550	41,519	45,550
NOTE 5	EXPENSES AND SIGNIFICANT ITEMS				
	Depreciation				
	Plant & equipment	271,071	131,458	183,386	63,566
	Defined Contribution				
	Superannuation expense	89,573	61,424	67,806	50,430
	Rental Expenses for Operating Leases	-	-	-	-
	Significant Items				
	Impairment of:				
	Exploration and evaluation asset	2,176,872	3,088,506	2,176,872	1,564,819
	Receivables from controlled entities	-	-	5,351,764	2,712,799
NOTE 6	INCOME TAX				
(a)	Numerical reconciliation of income tax expense to prima facie tax payable / (tax loss)				
	Profit (loss) from continuing operations before income tax expense	(5,822,638)	(1,656,190)	(6,232,093)	(1,580,365)
	Tax at Australian tax rate of 30% (2007: 30%) and Papua New Guinea tax rate of 30% (2007: 30%)	(1,746,792)	(496,857)	(1,869,628)	(474,110)
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
	Sundry	-	255	-	255
	Share based payments expense	142,871	44,548	142,871	44,548
	Deferred tax asset not brought to account	1,603,921	452,054	1,726,757	429,307
	Income tax expense	-	-	-	-
(b)	Tax losses				
	Unused tax losses for which no deferred tax asset has been recognised	14,806,501	10,241,268	9,566,463	7,822,338
	Potential tax benefit @ 30%	4,441,950	3,072,380	2,869,939	2,346,701

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008

NOTE 6 INCOME TAX (continued)

This benefit for tax losses will only be obtained if:

- assessable income of a nature and of an amount sufficient to enable the benefit to be realised is derived; and
- conditions for deductibility imposed by law continue to be complied with; and
- no changes in tax legislation adversely affect the ability in realising the benefit.

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$	\$	\$	\$
(c) Deferred tax liabilities/(assets) not recognised				
Amounts recognised in profit or loss				
Exploration and evaluation costs	2,176,872	3,088,506	2,176,872	1,564,819
Sundry	1,411	(93,044)	(190,233)	(945,204)
	2,178,283	2,995,462	1,986,639	619,615
Potential tax benefit @ 30%	653,485	898,639	595,992	185,885
Set-off deferred tax assets associated with carried forward losses not recognised	(653,485)	(898,639)	(595,992)	(185,885)
Net deferred tax liability	-	-	-	-

NOTE 7 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at bank	96,617	137,366	49,408	33,421
Cash in Maxi Account	488,485	4,016,360	488,485	4,016,360
Cash at bank and on hand	585,102	4,153,726	537,893	4,049,781
Reconciliation of Cash				

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and Cash Equivalents	585,102	4,153,726	537,893	4,049,781
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Cash at bank earns an effective rate of 5.33%

Cash in maxi account does not have a fixed term and funds are available on call.

NOTE 8 CURRENT ASSETS - INVENTORIES/ WORK IN PROGRESS

Drill program for third party in progress	51,655	-	51,655	-
	51,655	-	51,655	-

NOTE 9 CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

Other receivables	22,338	61,534	20,354	42,115
Prepayments	-	127,716	-	127,716
	22,338	189,250	20,354	169,831

No receivables balances are past due or impaired at year end.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008

NOTE 10	NON-CURRENT ASSETS - TRADE AND OTHER RECEIVABLES	CONSOLIDATED		PARENT ENTITY	
		2008	2007	2008	2007
		\$	\$	\$	\$
Deposits – tenements and premises (a)		84,005	83,943	76,940	76,940
Loans to subsidiaries (b)		-	-	5,351,764	2,712,799
Less provision for non-recovery		-	-	(5,351,764)	(853,227)
		84,005	83,943	76,940	1,936,512

(a) Deposits – tenements and premises includes Mining Resource Tasmania deposits for performance and private land and are non-interest bearing.

(b) Loans to subsidiaries have been completely written down. The loans are non-interest bearing.

Reconciliation of movements in provision

Beginning balance				853,227	82,504
Expenses				4,498,537	770,723
Closing balance		-	-	5,351,764	853,227

NOTE 11 NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS

Shares in subsidiaries (note 28)		-	-	10,622	10,622
		-	-	10,622	10,622

NOTE 12 NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

Plant and Equipment

Plant and equipment at cost	1,657,264	1,252,420	1,188,082	832,322
Less accumulated depreciation	(694,068)	(441,707)	(484,642)	(320,684)
Assets under construction	339,754	483,242	339,754	483,242
	1,302,950	1,293,955	1,043,194	994,880

Reconciliation

Reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the financial year are set out below:

Carrying amount at the beginning of the financial year	810,713	682,491	511,638	309,712
Additions	432,439	554,452	387,461	323,226
Disposals	(12,273)	(218,135)	(12,273)	(31,137)
Depreciation expense	(268,658)	(104,861)	(183,386)	(63,566)
Depreciation capitalised to exploration and evaluation expenditure	-	(26,597)	-	(26,597)
Assets under construction	339,754	483,242	339,754	483,242
Foreign currency exchange differences	975	(76,637)	-	-
Carrying amount at the end of the financial year	1,302,950	1,293,955	1,043,194	994,880

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008

NOTE 13 NON-CURRENT ASSETS - MINERAL EXPLORATION AND EVALUATION

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$	\$	\$	\$
Balance at the beginning of the financial year	3,088,506	1,582,976	1,564,819	1,528,351
Expenditure capitalised*	13,686	61,775	13,686	61,775
Employee benefits expenditure during the year	430,245	729,475	236,945	127,574
Other expenditure during the year	1,082,651	1,685,382	361,423	127,217
Amounts written off during the year	(2,451,672)	(1,007,268)	-	(280,098)
Foreign currency exchange differences	13,456	36,166	-	-
Balance at the end of the financial year	2,176,872	3,088,506	2,176,872	1,564,819

* Capitalised expenditure is in relation to equipment used for exploration & evaluation. It includes depreciation of \$nil, insurance of \$327, and repairs & maintenance of \$13,359 (2007: depreciation of \$26,597, insurance of \$2,989, and repairs & maintenance of \$32,189).

NOTE 14 CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade creditors (a)	220,936	354,039	164,586	277,267
Deposit held pending sale of drill rig under construction	-	175,000	-	175,000
Aggregate employee benefit and related on-costs liabilities (b)	100,309	65,057	85,565	49,036
	321,245	594,096	250,151	501,303

(a) All creditors are non-interest bearing and are normally settled on 30 day terms.

(b) Employee benefit and related on-costs liabilities include holiday provision and superannuation payable and are non-interest bearing.

Contractual cashflows from trade and other payables approximate their carrying amount. Trade and other payables are contractually due within 6 months of year end.

NOTE 15 NON-CURRENT LIABILITIES - PROVISIONS

Employee benefit Long Service Leave	41,670	9,157	37,563	5,086
Reconciliation of Movement				
Opening Balance	9,157	-	5,086	-
Additional long service leave provided	32,513	9,157	32,177	5,086
Long Service Leave taken	-	-	-	-
Closing Balance	41,670	9,257	37,263	5,086

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008

NOTE 16	CONTRIBUTED EQUITY	PARENT ENTITY		PARENT ENTITY	
		2008	2007	2008	2007
		Shares	Shares	\$	\$
(a) Paid Up Capital					
	Ordinary shares – fully paid of no par value	145,759,293	132,732,912	15,750,208	14,584,590

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and in a poll each share is entitled to one vote.

(b) Movements in ordinary share capital of the Company:

Date	Details	Notes	Number of Shares	Issue Price \$	\$
1 Jul 2006	Opening Balance		71,170,055		7,139,214
20 Jul 2006	Exercise of unlisted options for shares				
	Proceeds received		525,000	0.10	52,500
	Transferred from share-based payments reserve				22,785
11 Aug 2006	Exercise of unlisted options for shares				
	Proceeds received		50,000	0.10	5,000
	Transferred from share-based payments reserve				2,170
13 Sep 2006	Placement		9,198,380	0.12	1,103,806
28 Nov 2006	Exercise of listed options		10,000	0.20	2,000
14 Dec 2006	Placement		7,125,173	0.12	855,021
04 Jan 2007	Exercise of unlisted options for shares				
	Proceeds received		90,000	0.10	9,000
	Transferred from share-based payments reserve				3,906
05 Feb 2007	Exercise of unlisted options for shares				
	Proceeds received		100,000	0.10	10,000
	Transferred from share-based payments reserve				4,340
04 Apr 2007	Rights Issue dated 22 Feb 2007		9,813,046	0.13	1,275,696
20 Apr 2007	Rights Issue dated 22 Feb 2007		4,350,000	0.13	565,500
23 Apr 2007	Rights Issue dated 22 Feb 2007		4,200,000	0.13	546,000
27 Apr 2007	Rights Issue dated 22 Feb 2007		750,000	0.13	97,500
29 May 2007	Rights Issue dated 22 Feb 2007		25,021,258	0.13	3,252,764
27 Jun 2007	Exercise of unlisted options for shares				
	Proceeds received		330,000	0.10	33,000
	Transferred from share-based payments reserve				14,322
	Less transaction costs arising on issues				(409,934)
30 Jun 2007	Sub-total		61,562,857		7,445,376
30 Jun 2007	Balance		132,732,912		14,584,590
13 July 2007	Exercise of unlisted options for shares		198,461	0.1334	26,535
25 Oct 2007	Exercise of unlisted options for shares		225,968	0.10	22,694
08 Nov 2007	Exercise of listed options		50,888	0.20	10,178
23 Nov 2007	Exercise of listed options		242,966	0.20	48,593
30 Nov 2007	Exercise of listed options		122,310	0.20	24,462
29 Nov 2007	Exercise of listed options		8,379	0.20	1,676
22 May 2008	Share Purchase Plan		12,177,409	0.085	1,035,080
	Issue Costs				(3,600)
30 Jun 2008	Sub-total		13,026,381		1,165,618
30 Jun 2008	Balance		145,759,293		15,750,208

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008

NOTE 16 CONTRIBUTED EQUITY (continued)

(c) Options

	No. of Options	
	2008	2007
The number of unissued ordinary shares relating to options not exercised at year end:		
- Options exercisable on or before 30 November 2007 at 20 cents	-	83,092,820
- Non-transferable Options exercisable on or before 31 December 2007 at 20 cents	-	1,600,000
- Non-transferable Options exercisable on or before 01 December 2008 at 10 cents	1,330,000	1,645,000
- Non-transferable Options exercisable on or before 20 October 2011 at 14 cents	1,560,000	1,630,000
- Non-transferable Options exercisable on or before 19 October 2010 at 16 cents	2,830,000	-
- Non-transferable Options exercisable on or before 30 November 2010 at 20 cents	3,200,000	-
- Non-transferable Options exercisable on or before 11 December 2010 at 15 cents	740,000	-
	9,660,000	87,967,820

(d) Option Issues

During the financial year the Company made the following options issues:

Date	Details	Number of Options	Exercise Price	Expiry Date
19 Oct 2007	Non-transferable options issued under the terms of the Employee Option Plan	2,830,000	\$0.16	19 Oct 2010
23 No 2007	Non-transferable options issued under the terms of the Employee Option Plan	3,200,000	\$0.20	30 Nov 2010
11 Dec 2007	Non-transferable options issued under the terms of the Employee Option Plan	740,000	\$0.15	11 Dec 2010

(e) Option Exercise

During the financial year a total of 848,972 Options were exercised.

(f) Option Expiry

During the financial year 82,628,848 Options expired.

(g) Option Cancellation and Lapse

During the financial year 1,670,000 Options were cancelled or lapsed.

(h) Capital Management

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

The capital structure of the economic entity consists of equity attributable to equity holders of the parent comprising issued capital, reserves and accumulative losses as disclosed in Notes 16 and 17.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group and the parent entity at 30 June 2008 and 30 June 2007 are as follows.

The economic entity is not subject to any externally imposed capital requirements.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008

NOTE 16 CONTRIBUTED EQUITY (continued)

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash and cash equivalents	585,102	4,153,726	537,893	4,049,781
Trade and other receivables	22,338	189,250	20,335	169,831
Trade and other payables	(321,245)	(594,096)	(250,151)	(501,303)
Working capital position	286,195	3,748,880	308,077	3,718,309

NOTE 17 RESERVES AND ACCUMULATED LOSSES

(a) Reserves

Share-based payments reserve	712,353	236,119	712,353	236,119
Foreign currency translation reserve	(430,953)	(265,620)	-	-
	281,400	(29,501)	712,353	236,119

Movements

Share-based payments reserve

Balance 1 July	236,119	135,150	236,119	135,150
Option expense	476,234	148,493	476,234	148,493
Transfer to share capital (options exercised)	-	(47,524)	-	(47,524)
Balance 30 June	712,353	236,119	712,353	236,119

Movements

Foreign currency translation reserve

Balance 1 July	(265,620)	-	-	-
Currency translation differences arising during the year	(165,333)	(265,620)	-	-
Balance 30 June	(430,953)	(265,620)	-	-

(b) Accumulated losses

Movements in retained profits were as follows:

Balance 1 July	(6,348,962)	(4,692,772)	(6,600,653)	(5,020,288)
Net profit/(loss) for the year	(5,822,638)	(1,656,190)	(6,232,091)	(1,580,365)
Balance 30 June	(12,171,600)	(6,348,962)	(12,832,744)	(6,600,653)

(c) Nature and purpose of reserves

(i) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued.

(ii) Foreign Exchange translation reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in note 1(d). The reserve is recognised in profit and loss when the net investment is disposed of.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008

NOTE 18 COMMITMENTS

Exploration Expenditure Commitments

In order to maintain rights of tenure to exploration tenements the Company and the consolidated entity are required to perform exploration work to meet the minimum expenditure requirements as specified by various governments.

Outstanding obligations are not provided for in the accounts and are payable:

	CONSOLIDATED 2008 \$	2007 \$	PARENT ENTITY 2008 \$	2007 \$
Not later than 1 year	746,876	964,000	373,653	781,000
Later than 1 year but not later than 2 years	38,433	216,000	-	200,000
Any greater than 5 years	785,309	1,180,000	373,653	981,000

NOTE 19 RELATED PARTY TRANSACTIONS

Directors and specified executives

Disclosures relating to Directors and specified executives are set out in note 21.

Wholly-owned group

The wholly-owned group and the consolidated entity consist of Frontier Resources Ltd and its wholly-owned subsidiaries, Frontier Gold (PNG) Ltd and Frontier Copper (PNG) Ltd. Ownership interests in these subsidiaries are set out in note 28.

Frontier Gold (PNG) Ltd and Frontier Copper (PNG) Ltd are incorporated in, and operate in, Papua New Guinea.

Transactions between Frontier Resources Ltd and other entities in the wholly-owned group during the year ended 30 June 2008 consisted of loan funds advanced to Frontier Gold (PNG) Ltd of \$50,129 (2007: \$16,862) and loan funds advanced to Frontier Copper (PNG) Ltd of \$2,588,836 (2007: \$2,587,094). Loans are advanced for working capital purposes.

As at 30 June 2008 Frontier Gold (PNG) Ltd owed Frontier Resources Ltd \$149,497 (2007: \$99,367) and Frontier Copper (PNG) Ltd owed Frontier Resources Ltd \$5,202,268 (2007: \$2,613,432) as shown in note 10. These are fully provided for at year end. The expense recognised during the period in respect of the provision is \$2,638,966.

The above transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of principal on loans advanced to Frontier Gold (PNG) Ltd and Frontier Copper (PNG) Ltd and no interest has been charged.

Other related parties

There were no transactions or balances with other related parties including director related entities during the year.

Controlling entities

The ultimate parent entity in the wholly-owned group and the consolidated entity is Frontier Resources Ltd, a public, listed company, incorporated and resident in Australia and having its registered address and principal place of business at Unit 6, 34 York Street, North Perth WA 6006.

Ownership interests in related parties

Interests held in the subsidiaries - note 28.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008

NOTE 20 BUSINESS COMBINATION

There were no acquisitions in the year ended 30 June 2008.

NOTE 21 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following persons were Directors of Frontier Resources Ltd during the financial year:

Chairman – Non-Executive
R.D. McNeil

Executive Director
P.A. McNeil, *Managing Director*

Executive Director
G.J. Fish

Non-Executive Director
W.J. Staude

Non-Executive Director
H.D. Swain (appointed 6 February 2008)

Non-Executive Director
C.E. Iewago (appointed 6 February 2008)

(b) Other key management personnel

The following persons also had authority for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position	Employer
R. Reid	Exploration Manager	Frontier Resources Ltd
T. Grigson	Logistics & Drilling Manager	Frontier Resources Ltd
J. Jeal	PNG Logistics Supervisor	Frontier Resources Ltd

All of the above persons except H.D Swain, C.E Iewago and J. Jeal were also key management personnel during the year ended 30 June 2007.

c) Key Management Personnel Compensation

	CONSOLIDATED		PARENT ENTITY	
	2008	2007	2008	2007
	\$	\$	\$	\$
Short term employee benefits	712,535	595,507	615,138	595,507
Post employment benefits	107,200	32,029	78,991	32,029
Other Long term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share Based Payments	282,394	31,885	274,685	31,885
	1,102,129	659,421	968,814	659,421

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008

NOTE 21 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(d) Equity Instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options over ordinary shares in the Company provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in section (d) of the remuneration report on pages 20 to 21.

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each Director of Frontier Resources Ltd and the specified executive of the consolidated entity, including their personally-related entities, are set out below.

2008	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Other changes during the year**	Balance at the end of the year	Vested and exercisable at the end of the year
Name						
<i>Directors of Frontier Resources Ltd</i>						
R.D. McNeil	2,337,000	800,000	-	(2,337,000)	800,000	800,000
P.A. McNeil	2,907,578	800,000	-	(2,537,578)	1,170,000	1,170,000
G.J. Fish	420,829	800,000	-	(420,829)	800,000	800,000
W.J. Staude	450,000	800,000	-	(450,000)	800,000	800,000
H.D. Swain	-	-	-	-	-	-
C.E. Iewago	-	-	-	-	-	-
<i>Other key management personnel</i>						
R. Reid	340,000	300,000	-	-	640,000	640,000
T. Grigson	490,000	250,000	(30,000)	-	710,000	710,000
John Jeal	-	150,000	(20,000)	-	130,000	130,000
J. McDougall	130,000	-	-	(130,000)	-	-
2007						
Name	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Other changes during the year**	Balance at the end of the year	Vested and exercisable at the end of the year
<i>Directors of Frontier Resources Ltd</i>						
R.D. McNeil	2,437,000	-	-	(100,000)	2,337,000	2,337,000
P.A. McNeil	2,367,578	-	-	540,000	2,907,578	2,907,578
G.J. Fish	416,829	-	-	4,000	420,829	420,829
W.J. Staude	450,000	-	-	-	450,000	450,000
<i>Other key management personnel</i>						
R. Reid	400,000	140,000	(200,000)	-	340,000	340,000
T. Grigson	400,000	140,000	(50,000)	-	490,000	490,000
J. McDougall	175,000	70,000	(115,000)	-	130,000	130,000

There are no options which are vested and unexercisable at the end of the year or the prior year.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008

NOTE 21 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(iii) Share holdings

The numbers of shares in the Company held during the financial year by each Director of Frontier Resources Ltd and other key management personnel of the consolidated entity are set out below.

2008	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year**	Balance at the end of the year
Name				
<i>Directors of Frontier Resources Ltd</i>				
R.D. McNeil	4,564,554	-	50,000	4,614,554
P.A. McNeil	9,189,047	-	40,000	9,229,047
G.J. Fish	25,071	-	23,530	48,601
W.J. Staude	100,000	-	-	100,000
H.D. Swain	-	-	-	-
C.E. Iewago	-	-	-	-
<i>Other key management personnel</i>				
R. Reid	100,000	-	-	100,000
T. Grigson	30,000	30,000	(30,000)	30,000
J. Jeal	-	20,000	-	20,000
J. McDougall	50,000	-	(50,000)	-
2007				
Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year**	Balance at the end of the year
<i>Directors of Frontier Resources Ltd</i>				
R.D. McNeil	5,394,520	-	(829,966)	4,564,554
P.A. McNeil	8,489,047	-	700,000	9,189,047
G.J. Fish	20,829	-	4,242	25,071
W.J. Staude	50,000	-	50,000	100,000
<i>Other key management personnel</i>				
R. Reid	-	200,000	(100,000)	100,000
T. Grigson	-	50,000	(20,000)	30,000
J. McDougall	-	115,000	(65,000)	50,000

No shares were held nominally at year end or the prior year end.

** Other changes during the year include other acquisitions and disposals for directors and their related parties.

(e) Loans to Directors and executives

No loans were made to Directors of Frontier Resources Ltd or other key management personnel of the consolidated entity, including their personally-related entities (2007: Nil).

(f) Other transactions with Directors and other key management personnel

Directors of Frontier Resources Ltd

A Director, P.A. McNeil, has a Consulting arrangement in place for the provision of geological and management services to the consolidated entity.

Directors R.D. McNeil and P.A. McNeil are parties to a joint venture agreement for the Company to solely fund exploration on the related parties interest of 10% in two exploration tenements controlled by the Company.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008

NOTE 21 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Aggregate amounts of each of the above types of other transactions with Directors of Frontier Resources Ltd:

	2008 \$	2007 \$
Amounts recognised as expense		
Consulting fees:		
Administration*	85,616	11,940
Exploration*	242,060	247,479
Exploration Expenditure (JV)	79,558	7,461

*includes the provision of office and motor vehicle.

Other key management personnel of the consolidated entity

No other transactions occurred between the Company and other key management personnel except for the reimbursement at cost of expenditure incurred on behalf of the Company.

NOTE 22 SHARE-BASED PAYMENTS

(a) Frontier Resources Ltd Employee Option Plan

The Directors of the Company may, upon the recommendation of the Managing Director, issue options to subscribe for shares in the Company to employees and consultants of the Company, a company related to the Company ("Related Company") and any joint venture in which the Company or a Related Company participates. However, no options are to be issued to Directors of the Company pursuant to the Plan.

- Each option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company.
- The options are exercisable at any time prior to 5.00 p.m. eastern standard time, on the first business day five (5) years after the date of issue of the options ("expiry date" or at an earlier date specified at the time the options are granted). Options may only be exercised in multiples of 5,000. Any options not exercised by the expiry date shall lapse.
- The exercise price of each option will be 110% of the average of the market closing price for Company ordinary shares over the 5 business days prior to the day on which options are issued (rounded up to the nearest full cent) or a greater price determined by the Directors. The amount calculated by that average is to be advised to the recipient at the time of issue of the options.
- Exercise of the options is effected by delivery of a Notice of Exercise to the registered office of the Company together with payment of the exercise price of the options. Shares will be issued pursuant to the exercise of the options not more than 14 days after receipt by the Company from the option holder of the Notice and the exercise price in respect of the options.
- Options may not be exercised if the effect of such exercise and subsequent allotment of shares would be to create a holding of less than a marketable parcel of ordinary shares unless the allottee is already a shareholder of the Company at the time of exercise.
- Options are not transferable. Application will not be made to ASX for their Official Quotation.
- All shares issued upon exercise of the options and payment of the exercise price will rank pari passu in all respects with the Company's then existing ordinary fully paid shares. The Company will apply for Official Quotation by ASX of all shares issued upon exercise of the options.
- There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the books closing date will be at least 7 business days after the issue is announced. This will give optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008

NOTE 22 SHARE-BASED PAYMENTS (continued)

- In the event of any reconstruction, including a consolidation, sub-division, reduction or return of the issued capital of the Company prior to the expiry date, the number of options to which each holder is entitled or the exercise price of the options or both will be reconstructed as appropriate in a manner which is in accordance with the Listing Rules then applying and which will not result in any benefits being conferred on optionholders which are not conferred on shareholders, subject to such provisions with respect to the rounding of entitlements as may be sanctioned by the meeting of shareholders approving the reconstruction of capital, but in all other respects the terms of exercise of the options will remain unchanged.
- If an optionholder under this Plan ceases to be substantially involved with the Company, the Directors, at their discretion may cancel all or part of the holder's options obtained under this plan after giving the holder 60 days notice of their intention to do so.

Set out below are summaries of options granted under the plan.

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Issued during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at end of the year Number
Consolidated and parent entity - 2008							
03 Dec 2003	31 Dec 2007	\$0.20	1,600,000	-	-	(1,600,000)	-
16 Mar 2006	01 Dec 2008	\$0.10	1,645,000	-	(315,000)	-	1,330,000
20 Oct 2006	20 Oct 2011	\$0.14	-	1,630,000	-	(70,000)	1,560,000
19 Oct 2007	19 Oct 2010	\$0.16	-	2,830,000	-	-	2,830,000
23 Nov 2007	30 Nov 2010	\$0.20	-	3,200,000	-	-	3,200,000
11 Dec 2007	11 Dec 2010	\$0.15	-	740,000	-	-	740,000
			3,245,000	8,400,000	(315,000)	(1,670,000)	9,660,000
Weighted average remaining contracted life of options (Years)			0.42	2.55	-	-	2.23
Weighted average exercise price			\$0.152	\$0.170	\$0.100	\$0.197	\$0.161

The Options exercised during the year were done so on 13 July 2007 (160,000) and 25 October 2007 (225,000)

Options granted at the end of the year were all vested.

Consolidated and parent entity - 2007

03 Dec 2003	31 Dec 2007	\$0.20	1,600,000	-	-	-	1,600,000
16 Mar 2006	01 Dec 2008	\$0.10	3,115,000	-	(1,095,000)	(375,000)	1,645,000
20 Oct 2006	20 Oct 2011	\$0.14	-	1,630,000	-	-	1,630,000
			4,715,000	1,630,000	(1,095,000)	(375,000)	4,875,000
Weighted average exercise price			\$0.134	\$0.14	\$0.10	\$0.10	\$0.146

The Options exercised during the year were done so on 20 July 2007, (525,000), 11 August 2007 (50,000), 4 January 2007 (90,000) 5 February 2007 (100,000), and 27 June 2007 (330,000).

Options granted at the end of the year were all vested.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 22 SHARE-BASED PAYMENTS (continued)

Options exercised during the financial year and number of shares issued to employees on the exercise of options.

Exercise date	Fair value of shares at issue date	2008 Number	2007 Number
13 Jul 2007	\$0.100	90,000	-
13 Jul 2007	\$0.140	70,000	-
25 Oct 2007	\$0.100	225,000	-
20 Jul 2006	\$0.180	-	525,000
11 Aug 2006	\$0.165	-	50,000
04 Jan 2007	\$0.135	-	90,000
05 Feb 2007	\$0.120	-	100,000
27 Jun 2007	\$0.175	-	330,000
		<u>385,000</u>	<u>1,095,000</u>

Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The options outstanding at 30 June 2008 had a weighted average exercise price of \$0.161 and a remaining weighted average contractual life of 2.23 years.

The weighted average fair value of the options granted during the year was \$0.0530. This price was calculated by using a Black Scholes option pricing model applying the following inputs:

Weighted Average Exercise Price;	\$0.161
Weighted Average Life of the Option;	2.23 years
Underlying share price;	\$0.153
Expected Share Price volatility; and	103.59%
Risk free interest rate.	6.52%

(b) Frontier Resources Ltd Directors' Options

The terms and conditions for these options are set out below.

Each option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company.

The options are exercisable at any time from 1 January 2005 and prior to 5.00pm eastern standard time, 31 December 2007 ("expiry date"). Options may only be exercised in multiples of 50,000. Any options not exercised by the expiry date shall lapse.

The exercise price of each option will be 20 cents.

Exercise of the options is effected by delivery of a Notice of Exercise to the registered office of the Company together with payment of the exercise price of the options. Shares will be issued pursuant to the exercise of the options not more than 14 days after receipt by the Company from the optionholder of the Notice and the exercise price in respect of the options.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
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NOTE 22 SHARE-BASED PAYMENTS (continued)

Options may not be exercised if the effect of such exercise and subsequent allotment of shares would be to create a holding of less than a marketable parcel of ordinary shares unless the allottee is already a shareholder of the Company at the time of exercise.

Options are not transferable. Application will not be made to Australian Securities Exchange Limited ("ASX") for their Official Quotation.

All shares issued upon exercise of the options and payment of the exercise price will rank pari passu in all respects with the Company's then existing ordinary fully paid shares. The Company will apply for Official Quotation by ASX Limited of all shares issued upon exercise of the options.

There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the books closing date will be at least 7 business days after the issue is announced. This will give optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.

In the event of any reconstruction, including a consolidation, sub-division, reduction or return of the issued capital of the Company prior to the expiry date, the number of options to which each holder is entitled or the exercise price of the options or both will be reconstructed as appropriate in a manner which is in accordance with the Listing Rules and will not result in any benefits being conferred on optionholders which are not conferred on shareholders, subject to such provisions with respect to the rounding of entitlements as may be sanctioned by the meeting of shareholders approving the reconstruction of capital, but in all other respects the terms of exercise of the options will remain unchanged.

The options can be issued to a Director or his nominee.

Set out below are summaries of options granted to Directors.

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Issued during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at end of the year Number
Consolidated and parent entity - 2008							
23 Nov 2007	30 Nov 2010	\$0.20	-	3,200,000	-	-	3,200,000
31 Dec 2003	31 Dec 2007	\$0.20	1,600,000	-	-	(1,600,000)	-
			1,600,000	3,200,000	-	(1,600,000)	3,200,000

Options granted at the end of the year were all vested.

Consolidated and parent entity - 2007

31 Dec 2003	31 Dec 2007	\$0.20	1,600,000	-	-	-	1,600,000
			1,600,000	-	-	-	1,600,000

Options granted at the end of the year were all vested.

There were no directors' options exercised during the financial years ended 30 June 2008 and 30 June 2008.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
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NOTE 22 SHARE-BASED PAYMENTS (continued)

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Options issued under employee option plan	476,233	148,493	476,233	148,493

NOTE 23 SEGMENT INFORMATION

Primary reporting – geographical based on the location of assets

		Geographical Segments		
		Papua New Guinea	Australia	Consolidated
		\$	\$	\$
Revenue from continuing operations	2008	1,576	130,953	132,530
	2007	-	147,870	147,870
Other income	2008	-	41,519	41,519
	2007	-	45,550	45,550
Segment results	2008	(2,794,804)	(3,027,834)	(5,822,638)
	2007	(75,825)	(1,580,365)	(1,656,190)
Segment assets	2008	318,471	3,904,451	4,222,922
	2007	82,936	8,726,444	8,809,380
Segment liabilities	2008	75,201	287,714	362,915
	2007	96,864	506,389	603,253
Segment depreciation	2008	87,685	183,386	271,071
	2007	67,892	63,566	131,458
Segment write down of exploration assets	2008	3,935,219	437,229	4,372,448
	2007	727,170	280,098	1,007,268

The consolidated entity operates predominantly in the mining industry. This comprises exploration and evaluation of gold, silver and base metals projects. Inter-segment transactions are priced at cost to the consolidated entity.

NOTE 24 EARNINGS PER SHARE (“EPS”)

	Consolidated		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
Basic and diluted earnings/(loss) per share (cents per share).	(4.4c)	(1.8c)	-	-
The profit/(loss) used in calculating basic earnings per share is the loss attributable to members of Frontier Resources Ltd.	(5,822,639)	(1,656,190)	-	-
Weighted average number of shares used in the calculation of the basic EPS.	133,581,884	90,008,522	-	-
The number of potential ordinary shares relating to options not exercised at the end of the year. These potential ordinary shares are anti-dilutive in both years and so have not been included in the EPS calculations.	9,660,000	87,967,820	-	-

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008

NOTE 25 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There were no after balance date events.

NOTE 26 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditors of the parent entity and its controlled entities, their related practices and non-related audit firms.

Assurance services

1. Audit Services

PricewaterhouseCoopers Australian firm:	-	32,641
BDO Kendalls	36,400	-
Sinton Spence PNG firm:	11,368	13,214
<i>Total remuneration for audit services</i>	47,768	45,855

2. Other Assurance Services

PricewaterhouseCoopers Australian firm:	-	8,761
BDO Kendalls	-	-
Sinton Spence PNG firm:	-	1,264
<i>Total remuneration for other assurance services</i>	-	10,025

All Assurance Services

PricewaterhouseCoopers Australian firm:	-	41,402
BDO Kendalls	36,400	-
Sinton Spence PNG firm:	11,368	14,477
<i>Total remuneration for other assurance services</i>	47,768	55,879

Taxation and Accounting Services

PricewaterhouseCoopers Australian firm:	-	6,417
BDO Kendalls	859	-
Sinton Spence PNG firm:	-	4,405
<i>Total remuneration for taxation services</i>	859	10,822

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008

NOTE 27	RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES	CONSOLIDATED		PARENT ENTITY	
		2008	2007	2008	2007
		\$	\$	\$	\$
(a) Reconciliation of operating loss after income tax to the net cash flow from operations:					
	Operating profit / (loss) after income tax	(5,822,638)	(1,656,190)	(6,232,091)	(1,580,365)
	Adjustment for non cash items:				
	- Exploration and evaluation costs written off (relates to investing activities)	1,543,328	1,007,268	-	280,098
	- Gain on disposal of fixed assets	(41,519)	(18,792)	(41,519)	(19,318)
	- Gain on disposal of drill rigs	-	(19,807)	-	(19,807)
	- Depreciation and amortisation expense	271,071	131,458	183,386	90,163
	- Non-cash employee benefits expense – share-based payments	476,232	148,493	476,232	148,493
	- Provision for non-recovery of loan	-	-	4,498,537	770,723
	- Net exchange differences	(196,679)	(187,793)	-	-
	Change in operating assets and liabilities:				
	- Accounts payable and provisions	(62,900)	192,951	(43,670)	249,048
	- Accounts receivable and prepayments	167,156	64,315	149,473	65,009
	- Inventory/WIP	(51,655)	(463,435)	(51,655)	(463,435)
	Net cash inflow / (outflow) from operating activities	(3,717,603)	(801,532)	(1,061,307)	(479,391)

NOTE 28	SUBSIDIARIES	Country of Incorporation	Class of Shares	Equity Holding	
				2008	2007
	Name of Entity			%	%
	Frontier Gold (PNG) Ltd	Papua New Guinea	Ordinary	100	100
	Frontier Copper (PNG) Ltd	Papua New Guinea	Ordinary	100	100

NOTE 29 NON-CASH FINANCING AND INVESTING ACTIVITIES

There were no such activities during the year (2007: Nil).

NOTE 30 CONTINGENT LIABILITIES

The Group has no contingent liabilities at 30 June 2008.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements, comprising the income statement, balance sheet, cash flow statement, statement of changes in equity, accompanying notes, are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standards and the Corporations Regulations 2001; and
 - b. give a true and fair view of the financial position as at 30 June 2008 and of the performance of the year ended on that date of the company and the consolidated entity.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosures included in pages 15 to 22 of the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2008, comply with section 300A of the Corporations Act 2001.
4. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



P.A. McNeil
Managing Director

30 September 2008

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF FRONTIER RESOURCES LTD



BDO Kendalls

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INDEPENDENT AUDITOR'S REPORT

ABN 70 202 702 402

To the members of Frontier Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Frontier Resources Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF FRONTIER RESOURCES LTD



Auditor's Opinion

[In our opinion:

- (a) the financial report of Frontier Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a)

Emphasis of Matter – Going Concern

Without qualification to the opinion expressed above attention is drawn to the matters detailed in Note 3(d). As stated in the note, the financial statements have been prepared on the going concern basis. As at 30 June 2008 the Group had net assets of \$3,860,007 and continues to incur expenditure on its exploration tenements drawing on its cash balances. At 30 June 2008, the Group has approximately \$585,102 in cash and cash equivalents. Without raising additional funds there is significant uncertainty whether the Group will continue as a going concern and therefore whether the Group will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. In addition, the ultimate recoupment of costs carried forward for exploration and evaluation is dependent upon the successful development and commercial exploitation or sale of the respective areas of interest.

No adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the exploitation of areas of interest not be successful or should the company not continue as a going concern.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 14 to 21 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Frontier Resources Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

BDO Kendalls (QLD)

BDO Kendalls

A handwritten signature in black ink, appearing to read 'CJ Skelton', written over a horizontal line.

CJ Skelton
Partner

Brisbane

Dated: 30 September 2008

SCHEDULE OF TENEMENTS

EL No.	Tenement	Ownership
Frontier Copper (PNG) Ltd 100% owned PNG subsidiary		
EL 1345	Mt Andewa (243km ²)	100% Frontier Resources
EL 1351	Likuruanga (195km ²)	100% Frontier Resources
Frontier Resources Ltd Tasmanian EL's		
EL 21/1999	Wanderer River (44km ²)	90% Frontier Resources/10% McNeil Associates/EMC
EL 20/1996	Elliott Bay (11km ²)	90% Frontier Resources/10% McNeil Associates/EMC
RL 3/2005	Narrawa Creek (3km ²)	100% Frontier Resources
RL 4/2005	River Lea (4km ²)	100% Frontier Resources
EL 20/2006	Lewis (72km ²)	100% Frontier Resources

SHAREHOLDER INFORMATION

Information required by Australian Securities Exchange Limited and not shown elsewhere in this report is as follows:-

STATEMENT OF QUOTED SECURITIES AS AT 22nd SEPTEMBER 2008

- a) Distribution of Shareholders
- | Size of Holding | Number of Shareholders |
|------------------|------------------------|
| 1 – 1,000 | 1,064 |
| 1,001 – 5,000 | 673 |
| 5,001 – 10,000 | 397 |
| 10,001 – 100,000 | 1,003 |
| 100,001 and over | 231 |
| | 3,368 |
- b) Number of holders of less than marketable parcels **2,147**
- c) Percentage holding of 20 largest holders **40.88%**
- d) There are no substantial shareholders listed in the Company's register as at 22nd September 2008.
- e) Twenty largest shareholders as at 22nd September 2008.

Shareholder		Quantity	% of Total Holding
Name			
1. ANZ Nominees Limited		22,384,237	16.757
2. Macmin Silver Ltd		5,425,000	4.061
3. Jude Sebastian Alva & Melissa Emma Alva		5,000,000	3.743
4. Exploration & Management Consultants Pty Ltd		4,766,473	3.568
5. McNeil Associates Pty Ltd		4,258,461	3.188
6. Paige Simone McNeil		1,834,265	1.373
7. Peter Andrew McNeil		1,270,139	0.951
8. Exploration & Management Consultants Pty Ltd		1,245,618	0.932
9. James David Thorn & Suporn Limmanee		1,000,000	0.749
10. Robert Cameron Galbraith		960,164	0.719
11. Walter Paul Sawko		900,878	0.674
12. HSBC Custody Nominees (Australia) Limited		811,940	0.608
13. Restiff Pty Limited		750,001	0.561
14. Neil James Charman		745,593	0.558
15. Lynette Colleen Thallon		614,166	0.460
16. Sai Asia International Pty Ltd		600,000	0.449
17. Adam Paul Maxey		550,000	0.412
18. Judith Emily Robinson		502,050	0.376
19. A J McDonald Pty Ltd		500,000	0.374
20. Amal Marie-Rose Cain		500,000	0.374
TOTAL		54,618,985	40.887

- f) Voting Rights
Registered holders of ordinary shares in the capital of the Company may attend and vote at general meetings of the Company in person or by proxy and may exercise one vote for each share held. Every person present at a general meeting as an ordinary shareholder shall have one vote on a show of hands.

STATEMENT OF UNQUOTED SECURITIES (OPTIONS) AS AT 22nd SEPTEMBER 2008

There are on issue the following unquoted securities:-

	Quantity
Non transferable options expiring 01 December 2008 exercisable at 10 cents	1,555,000
Non transferable options expiring 20 October 2011 exercisable at 14 cents	1,560,000