



ADDRESS  
PO Box 7996  
Gold Coast Mail Centre  
Qld 9726 Australia  
ABN 96 095 684 389

PHONE  
+61 (07) 5592 2274  
FAX  
+61 (07) 5592 2275

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

31<sup>st</sup> January, 2008

ASX LIMITED  
COMPANY ANNOUNCEMENTS OFFICE

## TECHNICAL REPORT - QUARTER ENDED 31<sup>st</sup> DECEMBER 2007

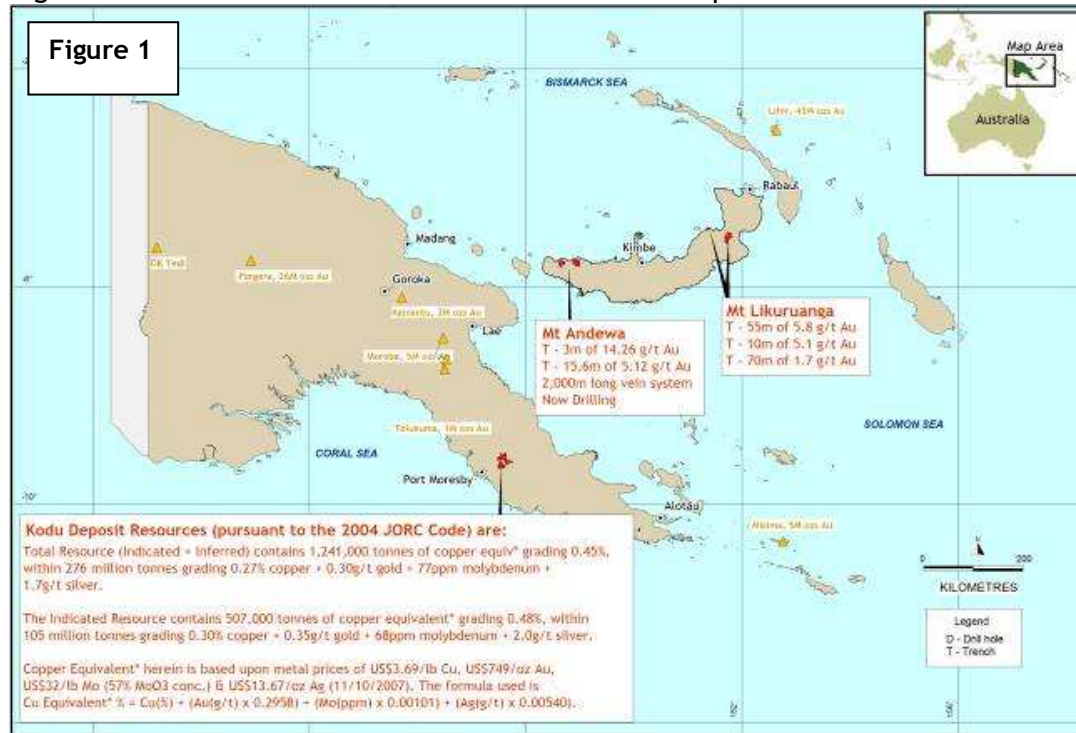
### HIGHLIGHTS

- **An independent Conceptual Mining Study has confirmed excellent potential for Frontier Resources' 95% owned Kodu Deposit in Papua New Guinea to become a very significant global producer of copper, gold and molybdenum.**
  - **Kodu is expected to generate substantial value for Frontier's shareholders, 5% equity Partner Landowners and the nation of PNG.**
    - Frontier has committed to proceed with a Bankable Feasibility Study to expedite the rapid and successful development of the deposit at a rate of 20Mtpa for 10 years, with forecast cash operating costs of US\$12.18/tonne (=US\$0.92/lb Cu).
    - If Kodu were in production today, the deposit would likely be making excellent profits. At 'current' prices, it would become cash flow positive in year 1.
    - The deposit has strong economic parameters at Benchmark Commodity Prices, which are less than half the present prices for copper and molybdenum, showing it is able to survive at a times of low commodity prices.
    - Of real significance though is that the deposit shows excellent results at the current, significantly higher metal prices and excellent future outcomes if power generation costs can be reduced.
    - The orebody is simple for development and mining, has good metallurgical characteristics and recoveries. The project has an estimated capital cost of US\$742 million (incl. US\$152 million in loans).
    - Production should average about 53,000 tonnes of copper, 5.3 tonnes of gold, 1,400 tonnes of molybdenum and 27 tonnes of silver per year, with first production estimated in March 2012.
  - **A major increase in the total Resource tonnage at Kodu was achieved and included the conversion of more than 50% of the previous Inferred Resource to Indicated Resource status, at a slightly higher average grade (announced 23/10/07).**
    - The revised Total Resource (Inferred + Indicated) contains 1,241,000 tonnes of copper equivalent\* grading 0.45%, within 276 million tonnes grading 0.27% copper + 0.30g/t gold + 77ppm molybdenum + 1.7g/t silver.

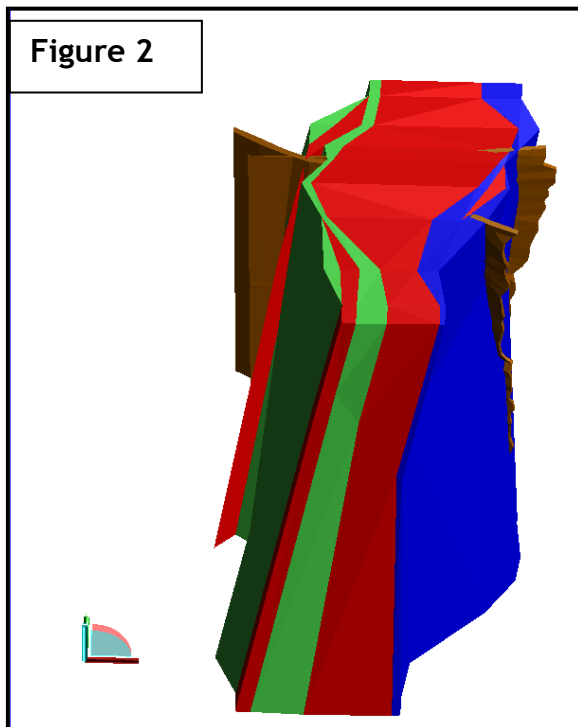
- The Total Resource contains 754,000 tonnes of copper, 83.4 tonnes of gold, 21,200 tonnes of molybdenum and 475 tonnes of silver (or 1.66 billion pounds of copper, 2.68 million ounces of gold, 46.7 million pounds molybdenum and 15.3 million ounces of silver).
  - An Indicated Resource was estimated for the first time at Kodu and it contains 507,000 tonnes of copper equivalent\* grading 0.48%, within 105 million tonnes grading 0.30% copper + 0.35g/t gold + 68ppm molybdenum + 2.0g/t silver.
  - Statistical analysis of the resource model showed that the best continuity of mineralisation in the deposit was down dip or vertically, indicating very good possibilities of further extensions of mineralisation to greater depth.
  - A slightly higher grade core commences on surface in the centre of the deposit and it may provide the basis for a 'Starter Pit'.
- Frontier is blazing a new trail of Social Responsibility and positive landowner engagement in Papua New Guinea. The centrepiece of this policy is a partnership between the Company and all deposit landowners, whereby they will become 5% equity partners in any mines developed on all the Company's Exploration Licenses (in PNG). The Company has 100% landowner support for the possible development of Kodu. The 5% equity will be carried to production, with the landowner's pro-rated capital expenditure to be repaid from their pro-rated mine profits.
  - The Kodu exploration license is currently awaiting renewal from the PNG Government. Comprehensive stakeholder consultative and Landowner/ Local level Government meetings (held 15/11/07 and 11/1/08) have both confirmed the desire from all stakeholders including the Kokoda Track Authority (but excluding the Australian Government Representatives), that the EL should be renewed and the Kodu Deposit should be mined under conditions yet to be determined.
  - Landowners have stated that mining at Kodu and tourism on the Kokoda Track should proceed harmoniously together for the benefit of all stakeholders, however, they also strongly note 'NO EXPLORATION AND MINING AT KODU - NO TOURISM ON THE KOKODA TRACK'.
  - Frontier believes it has the support of the PNG National Government, but does not know when or if the Minister for Mining will renew the Exploration License. The Company's exploration and evaluation of Kodu/ Sirimu has been on hold since late November 2007 awaiting a decision.
- Frontier's drilling at Andewa has documented the existence of near surface and deeper primary high grade gold in the Komsen structure and confirmed the previous high grade trench gold results.
    - Fifteen diamond core holes have been drilled to date for 1,817.15m. Five fences or orientations of drilling have been completed, with varying intersection depths vertically (but mainly near surface) in the main gold and zinc mineralised structure.
    - Drill results during the quarter included 7.9m of 10.01g/t gold (incl. 2m of 32.6g/t) and 2.9m of 6.39g/t gold.
    - Additional drilling is being undertaken to attempt prove up a gold resource, determine the plunge of the high grade mineralisation and to track it further along strike.
- The Company anticipates an impressive assay results stream to be released to the ASX on a regular basis from planned drilling programs.

## SUMMARY

Figure 1. Location of Frontier Resource Ltd's PNG Exploration Licences.



## KODU DEPOSIT



The Kudu porphyry copper-gold-molybdenum Deposit Total Resource was upgraded to contain 1,243,000 tonnes copper equivalent\* grading 0.45%, in 276 Mt grading 0.27% copper + 0.30 g/t gold + 77ppm molybdenum. An Indicated Resource was estimated for the first time and contains 507,000 tonnes of copper equivalent\* grading 0.48%, within 105 million tonnes grading 0.30% copper + 0.35g/t gold + 68ppm molybdenum.

The Indicated and Inferred Resource includes assay data from 27 holes totalling 8,967m. Four holes were outside the wireframes (mineralisation/lithology boundaries) and were not used. Table 1 lists the Indicated, Inferred and Total tonnages and grades of the component metals at the base 0.2% copper equivalent cutoff grade, plus at 3 additional higher cutoffs. The slightly lower copper equivalent\* grade from the prior estimation (18/6/07) at the 0.2% cutoff results mainly from variations in component metal prices.

Cu Eq % Cutoff	INDICATED						INFERRED						TOTAL					
	Tonnes (Mt)	Cu Eq (%)	Cu (%)	Au (g/t)	Mo (ppm)	Ag (g/t)	Tonnes (Mt)	Cu Eq (%)	Cu (%)	Au (g/t)	Mo (ppm)	Ag (g/t)	Tonnes (Mt)	Cu Eq (%)	Cu (%)	Au (g/t)	Mo (ppm)	Ag (g/t)
0.2	105.3	0.48	0.30	0.35	68	2.0	171.0	0.43	0.26	0.27	82	1.6	276.3	0.45	0.27	0.30	77	1.7
0.3	86.9	0.53	0.33	0.40	68	2.0	126.8	0.49	0.30	0.33	85	1.6	213.6	0.51	0.31	0.35	78	1.8
0.4	64.6	0.59	0.38	0.45	67	2.1	78.6	0.58	0.36	0.41	86	1.8	143.2	0.59	0.37	0.43	77	1.9
0.5	44.6	0.66	0.43	0.50	67	2.1	56.5	0.63	0.40	0.45	89	1.8	101.2	0.64	0.41	0.47	80	1.9

Figure 2. Wireframe model of the Kodu Resource showing mineralised porphyry (red), wallrock (green or blue) and unmineralised dykes (brown), viewed approximately to the north. Note that the deposit is widening at depth and still open to the SSW (closest to the reader). The X/Y/Z bars represent E, N and vertical.

Figure 3. Copper equivalent mineralisation model for the Kodu Deposit, showing the various mineralisation grade domains and viewed to the NW. This is closer to a side on view, that shows persistence of higher grade mineralisation to depth. Hot colours (magenta) represent higher grade mineralisation and colder colours (green) represent lower grade mineralisation. Copper equivalent\* intervals are as follows:

- Blue = <0.2%
- Green = 0.2 - 0.3%
- Red = 0.3 - 0.5%
- Magenta = >0.5%**

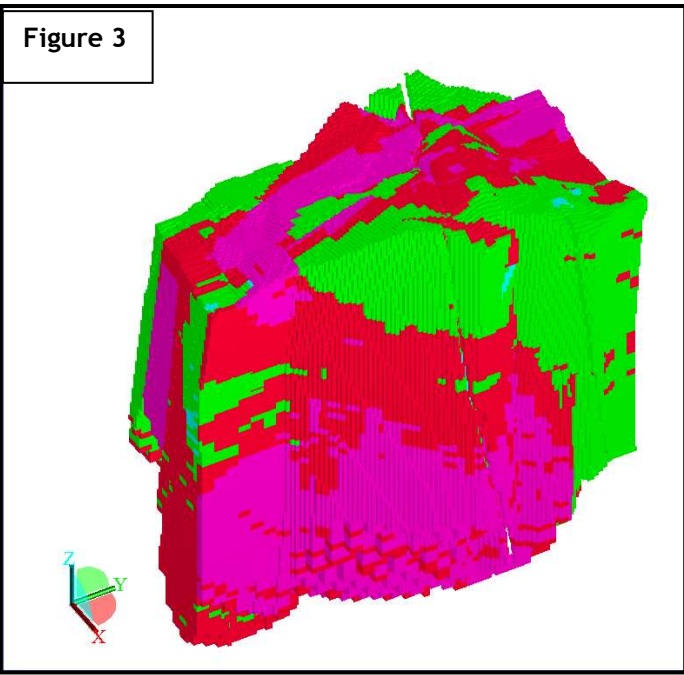
Note the central 'core' of higher grade magenta coloured mineralisation that could potentially host a starter pit.

For scale, the length of all wireframes is 617m (north-south) and the width is 408m (east-west).

The Conceptual Mining Study completed late in 2007 showed deposit has strong economic parameters at Benchmark Commodity Prices, which are less than half the present prices for copper and molybdenum, showing it is able to survive at a times of low commodity prices. Of real significance is that the deposit shows excellent results at the current, significantly higher metal prices and excellent future outcomes if power generation costs can be reduced.

The orebody has been shown to be simple for development and mining, with good metallurgical characteristics and recoveries. The project has an estimated capital cost of US\$742 million, including US\$152 million in loans.

Frontier has committed to proceed with a Bankable Feasibility Study to expedite the rapid and successful development of the deposit at a rate of 20Mtpa for 10 years, with forecast cash operating costs of US\$12.18/tonne (=US\$0.92/lb Cu). Production should average about 53,000 tonnes of copper, 5.3 tonnes of gold, 1,400 tonnes of molybdenum and 27 tonnes of silver per year, with first production estimated in March 2012.



Management believe there is very good potential to substantially increase the resource, with the deposit still open along strike to the SW, possibly fault offset to the NE and completely at depth. Thirty holes have been drilled for 10, 235.2m, with 88% of resource holes terminated in mineralisation. Previous results include 366.5m of 0.70% copper equivalent\* (0.49% Cu + 0.47 g/t Au+ 65ppm Mo ), 338.6m of 0.72% copper equivalent\* (0.48% Cu, 0.47% Au + 83ppm Mo), 450m of 0.46% copper equivalent\* (0.32 Cu, 0.39 Au + 31ppm Mo). Trenches include 110m of 1.25 g/t gold + 0.1% copper.

High grade gold and locally silver + lead mineralisation was noted from the first round of bulldozer trenching at the Sirimu /SW Kodu Epithermal Prospect (located 1.4km to the SW of Kodu), covering an 800m apparent strike length. Drill evaluation is planned on results such as 4.4m of 19.95g/t gold + 47g/t silver + 3.2% lead and 10m of 11.40g/t gold + 40g/t silver. They have been traced for significant surface distances and

provide an attractive complimentary target to the porphyry copper-gold-molybdenum. The only hole drilled previously in the region returned 2m of 15.5 g/t gold.

EL 1348 is located in Central Province, Papua New Guinea about 55km NE of Port Moresby and proximal and to the east of a small portion of the Kokoda Track. Frontier have given 5% equity to landowners and have their 100% support. The EL is awaiting renewal from the PNG Government.

A Consultative Meeting held by the PNG Government on 15/11/2007 to “find an amicable solution to progress the matter”. All relevant stakeholders agreed that compromise is necessary to achieve a reasonable outcome for all participants regarding the renewal of EL 1348 and future development of the Kodu Deposit. Meeting participants included representatives of the Landowners, Kokoda Track Authority, National Cultural Commission, Tourism Promotion Authority and Chamber of Mining & Petroleum. The Australian Government representatives, who noted they have ‘no say anyway’, were the only group to disagree.

Frontier noted to the meeting that resource development is far more fiscally important to the PNG economy and GDP than tourism has been or ever will be. The taxes + royalties paid to the PNG Government from the OK Tedi mine in 2006 (~K800M) are more than all projected 2007/08 Australian aid, neglecting all other contributions from payroll, purchasing etc. This means that 1 copper mine is worth substantially more to the PNG economy annually than all Australian aid.

The Hon. Minister for Mining then called another meeting to ensure that the landowners supported the project. This meeting was convened on January 11 and the result was a unanimous confirmation from Landowners and the Kokoda Track Authority representatives. Managing Director Peter McNeil will be attempting to discuss the issue with the Minister and Vice Minister next week in Port Moresby to seek a resolution to this issue.

## ANDEWA PROJECT

Drill crews have recently been mobilised to recommence / continue evaluation of the significant high grades of gold mineralisation at the very promising Komsen gold /zinc Prospect, New Britain Province (located about 400 kilometres from the Kokoda Track), PNG.

Frontier’s drilling has documented the existence of near surface and deeper primary high grade gold in the Komsen structure and confirmed the high grade trench gold results. Additional drilling is required to determine the plunge of the mineralisation and other characteristics.

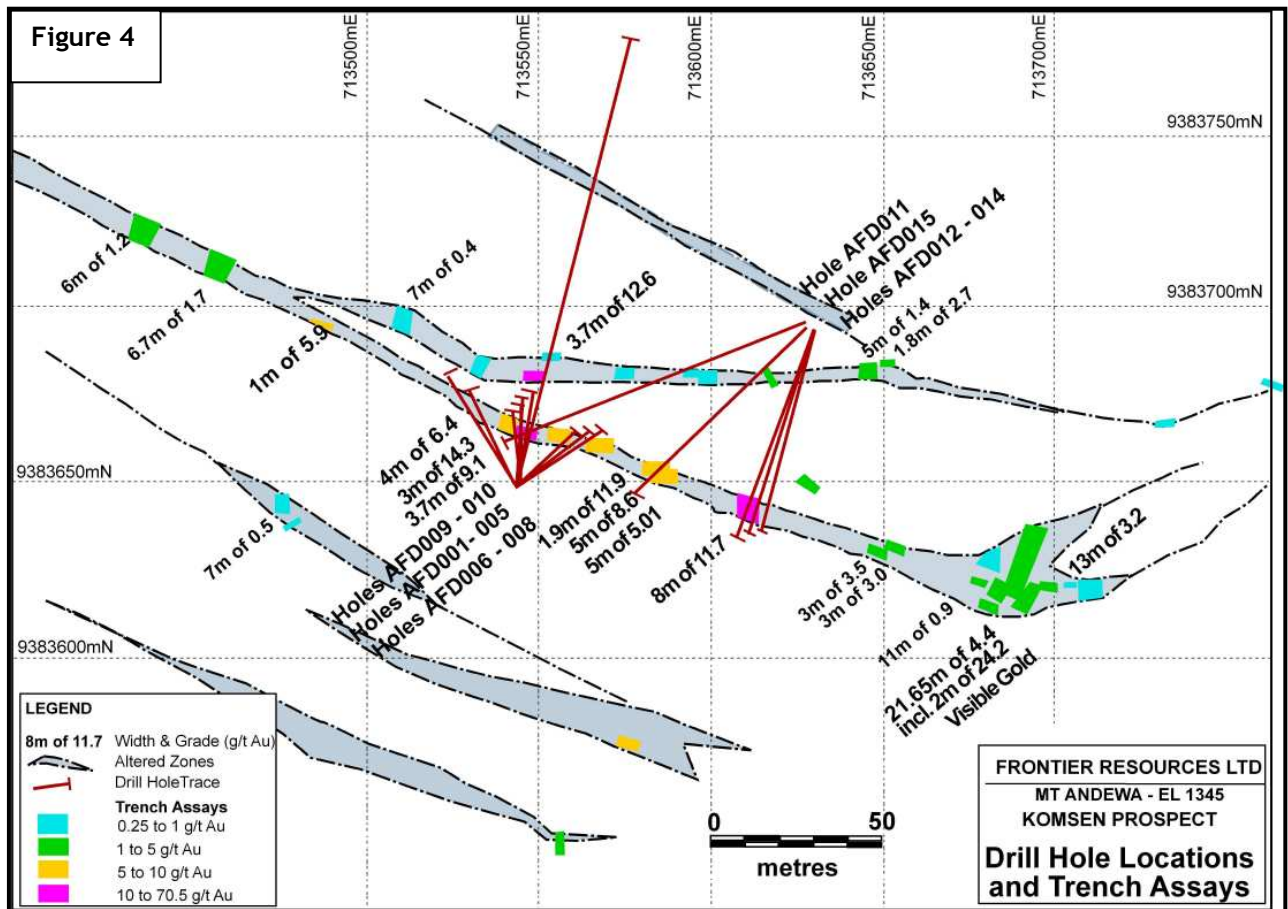
It is Frontier’s intent to fast track evaluation of Komsen by attempting to define moderate grade, possibly vat leachable resources for possible near term mine development. The 2,000m long multiple vein system is relatively well defined over 1,000m and contains a core zone several hundred metres long.

Recent drill results include 7.9m of 10.01g/t gold (incl. 2m of 32.6g/t) and 2.9m of 6.39g/t gold, targeting near surface parts of the mineralised structure and locally along strike.

Hole Number	Intercept Length (m)	Gold (g/t)	Silver (g/t)	Zinc (%)	From (m)	To (m)	EOH Depth (m)	Azimuth (degrees)	Inclination (degrees)	Easting (m)	Northing (m)	RL (m)
AFD006	2.9	6.39	6.2	-	30.4	33.3	56.9	060	-45.0	713543.5	9383647	374m
including	0.9	10.55	-	-	32.4	33.3						
AFD007	7.9	10.01	4.5	0.11	31.5	39.4	49.5	060	-55.0	713543.5	9383647	374m
including	5.9	13.07	6.0	0.14	33.5	39.4						
including	2.0	32.55	6.0	0.22	37.4	39.4						
AFD008	0.9	0.21	-	-	71.2	72.1	82.4	060	-65.0	713543.5	9383647	374m

Fourteen diamond core holes have been drilled to date for 1,693.2m. Five fences or orientations of drilling have been completed, with varying intersection depths vertically in the main structure.

Figure 1 (below) is a plan of part of the Komsen Prospect, showing surface traces of holes drilled to date, the approximate true width of hand trenched gold mineralised intervals and their locations and the surface traces of/spatial relationships between the known gold mineralised structures.



Results from and compilation of holes AFD009-013 is awaited, however, the Komsen Prospect is looking very promising and obviously warrants a substantial amount of additional work to determine its ultimate potential. Additional results will be released as soon as possible.

**TASMANIAN EXPLORATION LICENCES AND RETENTION LICENCES (Narrawa, Stormont and Wart Hill Projects - RL3/2006, RL4/2006 and EL 20/96)**

The under-explored, highly prospective Southern Mount Read Volcanics (SMRV) Project, in southwest Tasmania is being targeted for Eskay Creek /Rosebery / Hellyer type high-grade, high tonnage, zinc-lead-silver-gold, volcanic hosted massive sulphide Deposits. The SMRV Project covers a total strike length of about 45km of the highly prospective Mount Read Volcanics south of Macquarie Harbour in Tasmania (ELs 20/1996, 21/1999, 19/2006 and 20/2006). Refer to previous ASX releases for specifics relating to the SMRV Project.

The primary focus of Frontier’s planned exploration work for the 2007/2008 field season is to extend, increase and further define the known high grade zinc-lead-silver-gold Volcanic Hosted Massive Sulphide mineralisation at Wart Hill and locate and define mineralisation at depth in the ‘faulted off’ south section of prospect.

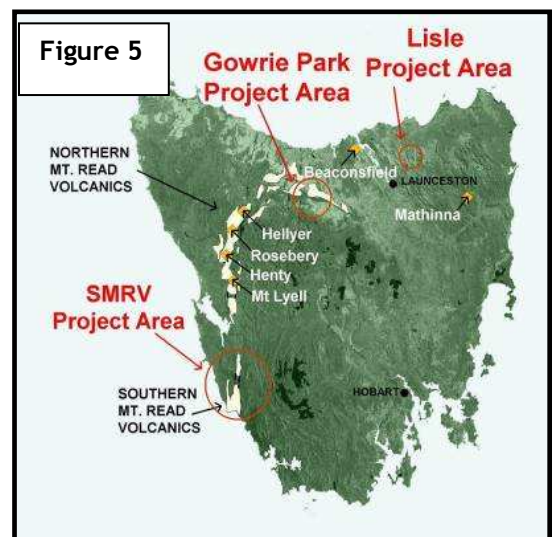


Figure 5 shows the location of Frontier's project areas in Tasmania and figure 6 shows the Exploration Licences and prospect areas at the SMRV in SW Tasmania.

An exploration program to define drilling targets at the NE Osmund Prospect, which is an airborne electromagnetic anomaly in the SMRV Project, commenced in late November and was completed in late January 2008. There is highly anomalous gold stream geochemistry coincident with a porphyry contact, an airborne electromagnetic (EM) conductor and radiometric and magnetic highs. These airborne geophysical and geochemical anomalies were tested by grid based power auger soil sampling, rock chip sampling and ground magnetics. Subsequent follow up ground EM and drilling will be conducted as warranted.

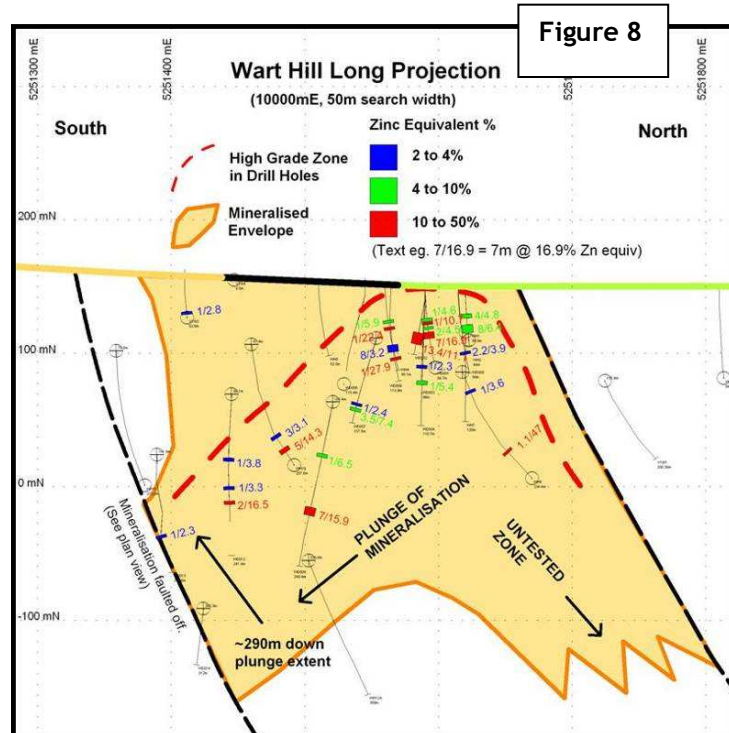
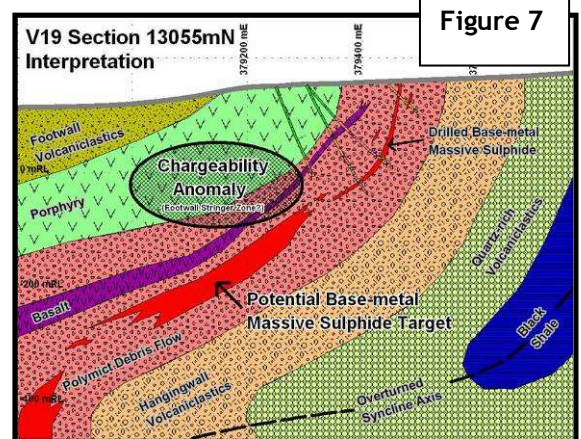
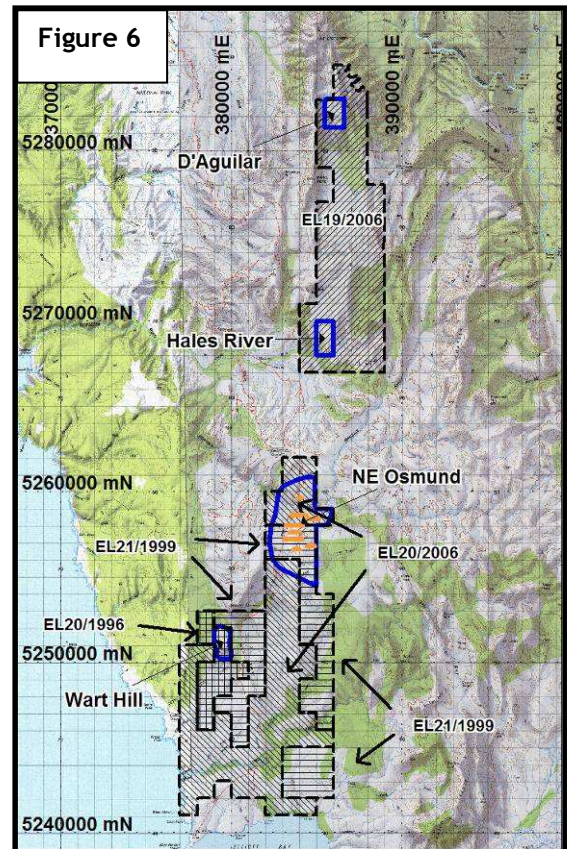
Targets have been generated from Frontier's detailed structural and stratigraphic understanding of Wart Hill, synthesised with the results of a relatively new geophysical technique called 3D Induced Polarisation (IP). 3D IP was trialled in 2005/6 over the Wart Hill and Aldebaran areas to define targets at depth, with up to 350m effective ground penetration claimed by the contractors.

See figure 7 for the schematic exploration model and figure 8 for a long section through Wart Hill showing mineralised drill intersections (represented as Zinc equivalent).

Drilling is planned to commence at the Wart Hill Prospect at the SMRV Project in late January 2008 and exploration crews have been mobilised. This drilling will focus on down plunge extensions of the Wart Hill Deposit mineralisation and new targets along strike of the known host horizon position. In addition, large undrilled electromagnetic targets that have the potential for new discoveries of Rosebery style massive sulphide mineralisation buried at shallow depth will be targeted.

Previous Frontier high grade drill results at the Wart Hill Prospect have included 3.9m of 12.6% zinc + 7.2% lead + 123 g/t silver + 0.60 g/t gold, with historic trench values such as 3m of 21.9% zinc + 13.9% lead + 680g/t silver + 0.84g/t gold. The base and precious metal mineralised horizon at Wart Hill was tracked plunging for 290m by Frontier's previous drilling, before being faulted off at the southern end. The Company will attempt to locate the fault offset mineralised horizon, undertake infill drilling and also test the width of the zone.

Exploration is being undertaken in phases, commencing with the NE Osmund survey, then diamond drilling (1,200m) at Wart Hill, additional regional geochemical and geophysical surveys



and lastly drilling of the regional targets. This staged approach will result in a substantial and cost effective program.

The existing Wart Hill Camp is being utilised, along with quad bike support.

Geological mapping, rock chip and soil sampling will be undertaken at other prospects to the north along the Low Rocky Point Porphyry contact, extending into the Innes Peak EL20/2005 area. Drill testing will be undertaken as warranted, with up to 500m drilling anticipated for regional prospects late in the 2007/2008 field season.

The proposed work program for EL19/2006 focuses on the D'Aguilar South and Hales West Prospects, with low impact geological mapping and stream sediment sampling in other select areas.

Three phases of anomaly discrimination are planned:

- First pass focused toward GIS generated targets and filling in stream sediment sample gaps via geological mapping, rock chip, panned concentrates and stream silt (-80#) sampling.
- Preliminary soil sampling may be undertaken where warranted on generated targets.
- Follow up via soil sampling (and infill) and more detailed geological mapping and rock chip sampling.
- Drilling may be undertaken subject to encouraging results, but likely awaits the 2008/2009 field season.

The Hales River West Prospect consists of a 2km long zone with anomalous stream sediments (to 240 ppm lead), C-horizon soil samples with lead to 860 ppm and zinc to 880 ppm. The prospect has favourable general geologic stratigraphy for VHMS (but little detailed mapping has been completed), there are unsampled streams within the anomalous basin and no panned concentrate or stream silt (-80#) gold assays from soils or streams.

The area strongly warrants testing via C-horizon soil sampling covering a 1.0 x 0.5km grid (200m line spacing with sample 25m downline). Anomalous areas identified during initial sampling may be infill sampled with 100m spaced grids.

The D'Aguilar South Prospect contains widespread copper, lead and zinc anomalism in stream sediment samples, highly anomalous gold in pan concentrates (including six pans of visible gold), a broad zone of anomalous gold in Huminox soils, massive silica±sericite±hematite alteration with rock chip samples to 125ppb gold, intense mapped chlorite±pyrite alteration in the interpreted stratigraphic footwall position to gold-anomalous outcropping mineralization. The previous explorer recommended drill testing at depth (250-300m hole), but it never eventuated. Work in the D'Aguilar South area will be principally reconnaissance in nature, but up to 2000m of soil sampling may be undertaken.

Geostat have commenced resource estimations for Narrawa Creek/Higgs Deposit, Stormont Deposit and Wart Hill Deposit. This work is anticipated to be completed later in Q1 2008. Conceptual Mining Studies are being undertaken also to evaluate the deposits' potential economic viability and to determine a course of action with the projects.

## **CORPORATE**

Frontier is blazing a new trail of Social Responsibility and positive landowner engagement in Papua New Guinea. This policy is being implemented for altruistic and commercial reasons. The centrepiece is a partnership between the Company and all deposit landowners, whereby they will become 5% equity partners in any mines developed on all the Company's Exploration Licenses (in PNG).

The 5% equity will be carried to production, with the landowner's pro-rated capital expenditure to be repaid from their pro-rated mine profits. Mechanisms to accomplish this and other details are being investigated, but could be through the granting the equity in the holding company established specifically to own the Mining lease and develop the deposit.



Achieving the confidence of the public (including shareholders and potential shareholders) is very important to Frontier and something we strive constantly to accomplish, in addition to the core business of exploration for and exploitation of mineral resources.

The FNT0 class of options ceased trading on the ASX at 5.00pm 23 November 2007 (as required by the ASX listing rules) and lapsed on 30<sup>th</sup> November 2007. Minor amounts of options were exercised prior to their expiry.

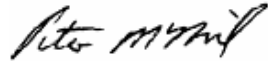
**PLEASE REFER TO THE FOLLOWING ASX ANNOUNCEMENTS RELEASED DURING THE DECEMBER 2007 QUARTER FOR ADDITIONAL DETAILED INFORMATION**

- 3rd October 2007 -- Exploration and Corporate Update.
- 12<sup>th</sup> October - Moderate gold grade and High grade zinc + lead/silver intersected in holes at Komsen Prospect, Andewa Project, EL 1345, Papua New Guinea
- 18<sup>th</sup> October - Notification of Option expiry
- 18<sup>th</sup> October - Notice of Annual General Meeting to be held 20<sup>th</sup> November, 2007.
- 19<sup>th</sup> October - Notification of Issue of Options under Employee Incentive Option Plan
- 23<sup>rd</sup> October - Kodu Deposit, Mt Bini Project, EL1348, Papua New Guinea announcement of 36% tonnage increase to Total Resource to contain 1.24Mt of Cu equivalent grading 0.45% including 105Mt of Indicated grading 0.48% Cu equivalent.
- 25<sup>th</sup> October - Possible SSW extension at the Kodu Deposit defined and high grade bulldozer trench results at Sirimu Prospect, Mt Bini Project, EL1348, Papua New Guinea.
- 25<sup>th</sup> October - Allotment of Securities announced
- 29th October - High grade gold, zinc and silver assays at Komsen Prospect, Andewa Project, EL 1345, Papua New Guinea.
- 30<sup>th</sup> October - Papua New Guinean landowners to become 5% equity partners in any mine development in PNG formalised.
- 30<sup>th</sup> October - Notice of expiry of Frontier Options on 30<sup>th</sup> November, 2007.
- 31<sup>st</sup> October - Power Point Presentation October 2007
- 8<sup>th</sup> November - Allotment of Securities
- 19<sup>th</sup> November - Media Release re CMS and BFS
- 19<sup>th</sup> November - Clarification of issues relating to the renewal of EL1348 Kodu Deposit, PNG
- 19<sup>th</sup> November - Positive Conceptual Mining Study on Kodu Deposit, PNG completed by independent Mining Engineer High David Swain, B.Eng (Mining, M.Eng (Civil), FIMM FAIMM. Frontier commits to Bankable Feasibility Study on Kodu Deposit.
- 20<sup>th</sup> November -- Chairman's address, Annual General Meeting held at Gold Coast, QLD
- 20<sup>th</sup> November -- Outcome of Annual General Meeting key issues.
- 20<sup>th</sup> November -- PowerPoint Presentation from Annual General Meeting
- 27<sup>th</sup> November -- 2007 / 2008 Exploration program commences at Southern Mount Read Volcanics (SMRV) Project, Tasmania
- 28<sup>th</sup> November -- Announcement of assay results from Komsen Prospect, Andewa Project EL12345 Papua New Guinea which included 7.9m of 10.01 g/t Gold plus 2.9m of 6.34g/t gold.

- 4<sup>th</sup> December - Allotment of Securities 4/12/2007 announced.
- 11<sup>th</sup> December - Issue of Options 11/12/2007 announced.
- 15<sup>TH</sup> January 2008 - Change in Company Secretary

For additional information relating to the Company and its projects please visit our website at [www.frontierresources.com.au](http://www.frontierresources.com.au) or feel free to contact me.

## FRONTIER RESOURCES LTD



P.A. McNeil, M.Sc.

**MANAGING DIRECTOR**

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by, or compiled under the supervision of Peter A. McNeil - Member of the Aust. Inst. of Geoscientists. Peter McNeil is the Managing Director of Frontier Resources, who consults to the Company. Peter McNeil has sufficient experience which is relevant to the type of mineralisation and type of deposit under consideration to qualify as Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting Exploration Results, Mineral Resources and Ore Resources. Peter McNeil consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

## ABOUT FRONTIER RESOURCES

- The Company is focused on exploring the highly mineralised Pacific ‘Rim of Fire’, Papua New Guinea and the major Kodu copper - gold - molybdenum Deposit. The Company is also successfully exploring the Andewa gold Project, Elo and Bukuam copper +/- gold/moly porphyries, plus the SMRV zinc-lead-silver-gold Project in the highly prospective Mt Read volcanics of Tasmania. Frontier’s objective is to advance the Kodu Deposit rapidly and cost effectively.
- The Company has a 95% interest in 3 Exploration Licences (Kodu, Likuruanga and Andewa) covering approx. 804 km<sup>2</sup> of quality copper and gold properties in PNG and 5 Exploration Licences + 2 Retention Licences covering 211 km<sup>2</sup> in Tasmania.
- The portfolio offers excellent mineral deposit potential, with primary Targets being World Class copper/gold/molybdenum porphyry, gold/silver epithermal 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.
- Frontier’s Directors and management team have more than 200 years combined experience in PNG and Australia to serve the interests of the Company and its shareholders.
- Frontier operates with a general policy of ‘DRILLING’ our quality projects using our purpose built and self manufactured, cost effective, environmentally friendly, man-portable diamond core rigs. We ‘own’ and operate all the major required means of exploration including a long term and very competent human resources team, drilling, earth moving and transport equipment, magnetic surveys, to maximise exploration success, while minimising costs in a very competitive environment.
- The Company is an ASX listed junior mineral explorer whose shares also trade on the Frankfurt, Berlin and Munich Stock Exchanges.

## Notes:

- The Indicated and Inferred Resource at Kodu was estimated by Ms Fleur Muller BSc(Hons) MAusIMM, MAIG, a fulltime employee of Geostat Services Pty Ltd, under the supervision of P.McNeil and R.Reid (Managing Director and Exploration Manager of Frontier Resources Ltd, respectively,) using Surpac geological modelling software. Ms Muller has considerable experience in the estimation of resources over a wide variety of commodities and mineralisation styles including porphyry copper-gold deposits and as such, meets the formal requirements as defined in the JORC Code (Joint Ore Reserves Committee, 2004) to be a Competent Person for the estimation of the Kodu Deposit Mineral Resources. Ms Muller has consented to the inclusion in this report of the matters based on her information in the form and context in which it appears.

- \*Copper Equivalent is the contained copper, gold, silver and molybdenum that are converted to an equal amount of pure copper and summed (based on assays of mineralised rock and actual metal prices).
- Zinc\* or Gold\* Equivalents are the same, except metals are converted to the equivalent amount of zinc or gold, respectively.
- Equivalents are used to allow interpretation of the possible theoretical 'value' of mineralised rock, without consideration of the ultimate extractability any of the metals.
- Copper Equivalent\* herein is based upon metal prices of US\$3.69/lb Cu, US\$749/oz Au, US\$32/lb Mo (57% MoO<sub>3</sub> conc.) & US\$13.67/oz Ag (11/10/2007). The formula used is  $\text{Cu Equivalent}^* \% = \text{Cu}(\%) + (\text{Au}(\text{g}/\text{t}) \times 0.2958) + (\text{Mo}(\text{ppm}) \times 0.00101) + (\text{Ag}(\text{g}/\text{t}) \times 0.00540)$ .
- Island Arc porphyry copper- gold- molybdenum deposits such as Kodu typically recover contained Cu, Au, Mo and Ag (subject to metallurgical characteristics and prevailing metal prices).
- It is the Company's opinion that each of the elements included in the copper metal equivalents calculation has good potential to be recovered if the project proceeds to mining, as per extraction rates documented in the Conceptual Mining Study (ASX release dated 19/11/2007).
- Zinc Equivalent\* herein is based upon metal prices of US\$0.53/lb Zn, US\$0.42/lb Pb, US\$7.50/oz Ag, US\$425/oz Au (5/6/2005). The formula used is  $\text{Zn Equivalent}^* \% = \text{Zn}(\%) + (\text{Pb}(\%) \times 0.7928) + (\text{Ag}(\text{g}/\text{t}) \times 0.02055) + (\text{Au}(\text{g}/\text{t}) \times 1.16952)$ .
- Volcanic Hosted Massive Sulphide Deposits (VHMS) such as Wart Hill, typically recover contained Zn, Pb, Ag and Au (subject to metallurgical characteristics and prevailing metal prices).
- The ASX requires a metallurgical recovery be specified for each metal, however, no testwork has ever been undertaken at Wart Hill and recoveries can only be assumed to be typical for VHMS deposits.
- It is the Company's opinion that each of the elements included in the zinc metal equivalents calculation has good potential to be recovered if the project proceeds to mining.

# Appendix 5B

## Mining exploration entity quarterly report

Name of entity

**FRONTIER RESOURCES LTD**

ACN OR ARBN

**095 684 389**

Quarter ended ("current quarter")

**31 December 2007**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year To Date (6 Mths) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(1,091)	(2,316)
(b) development	-	-
(c) production	-	-
(d) administration	(126)	(233)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	52	81
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - Expenditure reimbursable by JV partner	-	-
Other - Expenditure reimbursable by others	(2)	(143)
<b>Net Operating Cash Flows</b>	<b>(1,167)</b>	<b>(2,611)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchase of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(4)	(66)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	42	42
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other - Mines Dept deposits	-	-
<b>Net Investing Cash Flows</b>	<b>38</b>	<b>(24)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,129)</b>	<b>(2,635)</b>

1.13	Total operating and investing cash flows (brought forward)	(1,129)	(2,635)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issue of shares, options, etc.	106	130
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - Subscriptions re Rights issue	-	-
<b>Net financing cash flows</b>		106	130
<b>Net increase (decrease) in cash held</b>		(1,023)	(2,505)
1.20	Cash at beginning of quarter / year to date	2,678	4,160
1.21	Exchange rate adjustments to 1.20		
1.22	<b>Cash at end of quarter</b>	\$1,655	\$1,655

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	126
1.24	Aggregate amount of payments to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Directors: salaries and consulting fees

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows.

--

2.2 Details of outlays made by other entities to establish or increase their shares in projects in which the reporting entity has an interest.

--

**Financing facilities available***Add notes as necessary for an understanding of the position*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	900
4.2 Development	-
<b>Total</b>	900

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	634	678
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other : fixed term deposits	1,022	2,000
<b>Total: cash at end of quarter</b> (item 1.22)	1,655	2,678

**Changes in interests in mining tenements**

	Tenement Reference	Nature of Interest (note(2))	Interest at beginning of Quarter	Interest at end of Quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

**Issued and quoted securities at end of current quarter**

Description includes rate of interest and any redemption or conversion rights together with prices and dates

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>	Nil	Nil		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs redemptions				
7.3 <b>+Ordinary securities</b>	133,581,884	133,581,884		
7.4 Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	425,511 225,000	425,511 225,000	20 cents 10 cents	
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	Nil	Nil		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	1,330,000		10 cents	01-Dec-08
	1,560,000		14 cents	20-Oct-11
(i) not exercisable until 19/10/08	2,830,000		16 cents	19-Oct-10
(ii) not exercisable until 30/11/08	3,200,000		20 cents	30-Nov-10
(iii) not exercisable until 11/12/08	740,000		15 cents	11-Dec-10
7.8 Issued during quarter	2,830,000 3,200,000 740,000		16 cents 20 cents 15 cents	19-Oct-10 30-Nov-10 11-Dec-10
7.9 Exercised during quarter	425,511 225,000	425,511	20 cents 10 cents	30-Nov-07 01-Dec-08
7.10 Expired/cancelled during quarter	82,628,848 1,600,000	82,628,848	20 cents 20 cents	30-Nov-07 31-Dec-07
7.11 <b>Debentures</b> <i>(totals only)</i>	Nil	Nil		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	Nil	Nil		

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4)
- 2 This statement does / ~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: ..... Date: January 31, 2008  
(~~Director~~/Company Secretary)

Print name: Jay Stephenson .....

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. Any entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and Quoted Securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == ==