



FRONTIER RESOURCES LIMITED

A.B.N. 96 095 684 389

CONSOLIDATED INTERIM FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2021

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Frontier Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Frontier Resources Limited (the **Company**) and the entities it controlled at the end of, or during, the half-year ended 31 December 2021 (**Period**).

DIRECTORS

The following persons were directors of the Company during the whole of the half-year and up to the date of this report, unless otherwise indicated:

Brian Thomas (Non-Executive Director) – appointed 22 October 2021
David Frances (Non-Executive Chairman) – appointed 4 February 2022
Peter Swiridiuk (Non-Executive Director)
Alec Pismiris (Non-Executive Director) – resigned 4 February 2022
Jessica O'Neil (Non-Executive Director) – resigned 22 October 2021

RESULTS AND DIVIDENDS

The consolidated entity loss after income tax for the half-year is \$957,971 (2020: \$403,672). There is no dividend paid or recommended. The result for this half-year included exploration expenditure of \$335,425 (2020: \$273,770).

REVIEW OF OPERATIONS

Murraydium Rare Earth Project Acquisition

During the Period the Company announced it had entered into a conditional Binding Heads of Agreement (**HoA**) to acquire all of the shares in Southern Rare Earths Pty Ltd (**Southern Rare Earths**) which holds four exploration licence applications in the Murray Basin region in South Australia that are considered to be prospective for ionic clay hosted rare earth elements (REE) (**Murraydium Project**).



Figure 1. Location Map of the Southern Rare Earth's Murraydium Projects in the south-eastern region of South Australia.

The Murraydium Project (**Project**) is located in the south-eastern region of Naracoorte in South Australia’s Murray Basin, consisting of four exploration licence applications, covering an area of 873 square kilometres. The region is seeing a renewed focus for REE minerals with the success of Australian Rare Earths (ASX:AR3) at its 100% owned Koppamurra Project.

Tenement Details

Details of the tenements which cover the project area are set out in the table below. The four exploration tenements that make up the Murraydium Project, all are 100% owned by Southern Rare Earths and all have the same tenement identification number:

Murraydium Project	Tenement	Registered Holder	Ownership
Naracoorte	ELA 2021/00058	Southern Rare Earths Pty Ltd	100%
Bordertown	ELA 2021/00058	Southern Rare Earths Pty Ltd	100%
Jip Jip	ELA 2021/00058	Southern Rare Earths Pty Ltd	100%
Keith	ELA 2021/00058	Southern Rare Earths Pty Ltd	100%

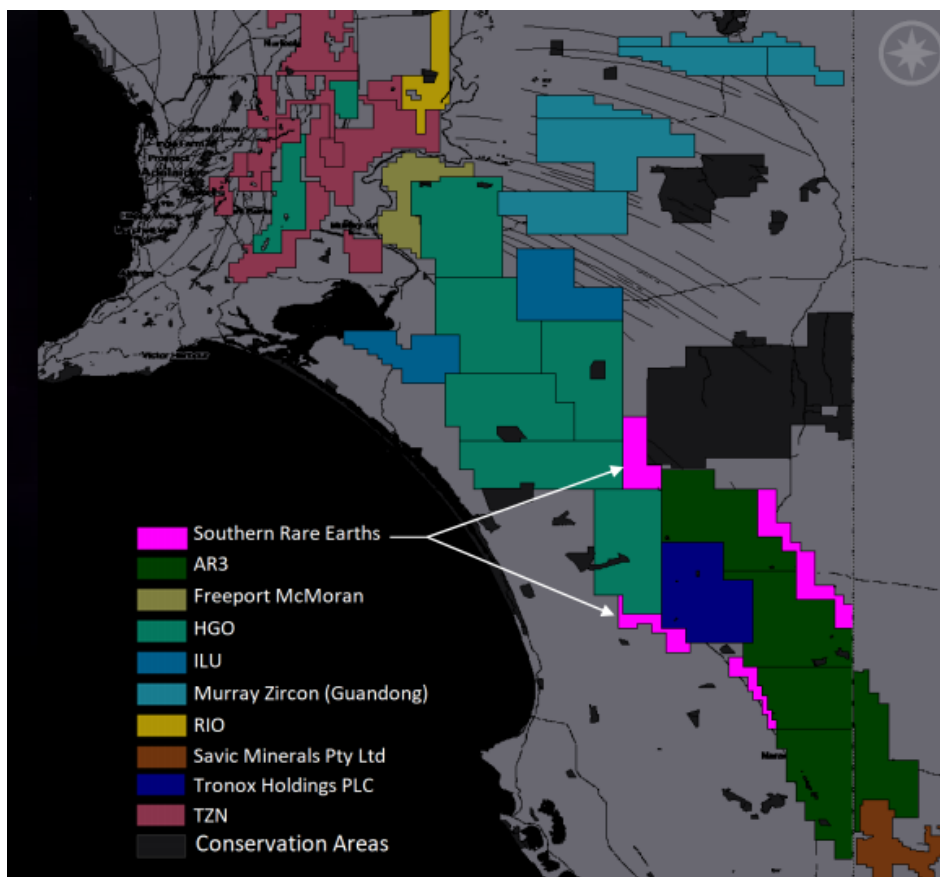


Figure 2. Tenement Map of the Southern Rare Earth’s Murraydium Projects in the south-eastern region of South Australia.

Regolith hosted REE deposits - background

There are several known types of regolith hosted REE deposits globally including, ion adsorption clay deposits, alluvial and placer deposits (Jowitt et al 2017). The development of potentially economic regolith-hosted REE deposits requires a combination of a REE enriched protolith and weathering processes that concentrate the REE in the regolith. Ion adsorption type REE deposits are the dominant source of heavy REE currently mined in the world, with all economic examples of this type of deposit confined almost exclusively to areas underlain by granitic rocks in southern China⁵. REE mineralisation in the Murray Basin at Australian Rare Earths (ASX:AR3) Koppamurra Project is hosted by clay material interpreted to have been deposited onto a limestone base (Gambier Limestone) and accumulated in an interdunal, lagoonal or estuarine environment. The mineralogy of the clay is indicative of formation under mildly alkaline conditions in a marine or coastal environment from fine grained sediments either river transported or windblown thereby supporting this interpretation.

Mineralogical test work conducted on a clay sample from the Koppamurra Project area established that the dominant clay minerals are smectite and kaolin, and the few REE-rich minerals detected during the SEM investigation are not considered inconsistent with the suggestion that a significant proportion of REE are distributed in the sample as adsorbed elements on clay and iron oxide surfaces¹. Work to date suggests that the source of the REE at Koppamurra is most likely basalt associated alkali volcanics of the Newer Volcanics Province in south-eastern Australia, with the wider Koppamurra project area being considered prospective for rare earth mineralisation.

However, whilst Koppamurra clays display ionic character, and the deposit shares a number of similarities with both ion adsorption clay deposits and volcanic ash fall placer deposits, there are also a number of differences, with further work required before a genetic model for REE mineralisation at Koppamurra and the broader Murray Basin can be conclusively defined. In addition, further work is required to better define metallurgical recoveries, process flow sheets, effective mining methods, and project economics.

Critical Minerals - REE market and forecasts

Critical minerals are metals and non-metals that have important economic functions, cannot be easily substituted and face some degree of supply risk. Supply risks can stem from geological scarcity, geopolitical issues, trade policy or other factors, resulting in critical mineral lists differing by jurisdiction.

Critical minerals typically have an important role in industrial applications, but it is their vital, and rapidly growing, role in new technologies that is sparking interest and expectations of faster demand growth.

Economic security and supply-chain reliability is also driving attention in critical minerals, as some governments look to avoid the negative impacts of trade dependence and related market shocks. Increasing awareness of mineral sourcing ethics, including environmental and social impacts, is driving further interest in mineral supply chains (e.g. EU battery regulations and industry led cobalt traceability measures)⁶.

Permanent rare earth magnets are used extensively in low-emissions technologies like wind turbines and electric vehicles, and the forecast demand is expected to grow⁶ (Figure 3).

The average annual growth for the price of magnet metals over the next 10 years to 2030 (in real terms) is projected to be 8-9% (Figure 3). The global rare earths market was valued at around US\$2 billion in 2020, and is forecast to grow to around US\$12 billion by 2030, up an average 16% a year (Roskill (2021); Department of Industry, Science, Energy and Resources (2021) (Figure 4).

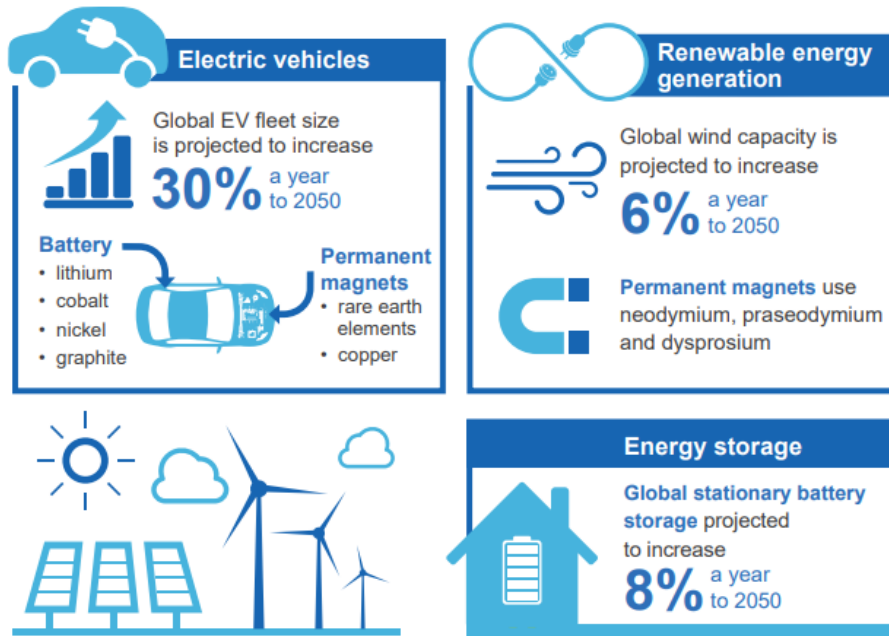


Figure 3. Critical Minerals such as rare earth elements that make up permanent magnets are expecting strong demand due to growing demand from electric vehicles and renewable energies such as wind turbines⁶.

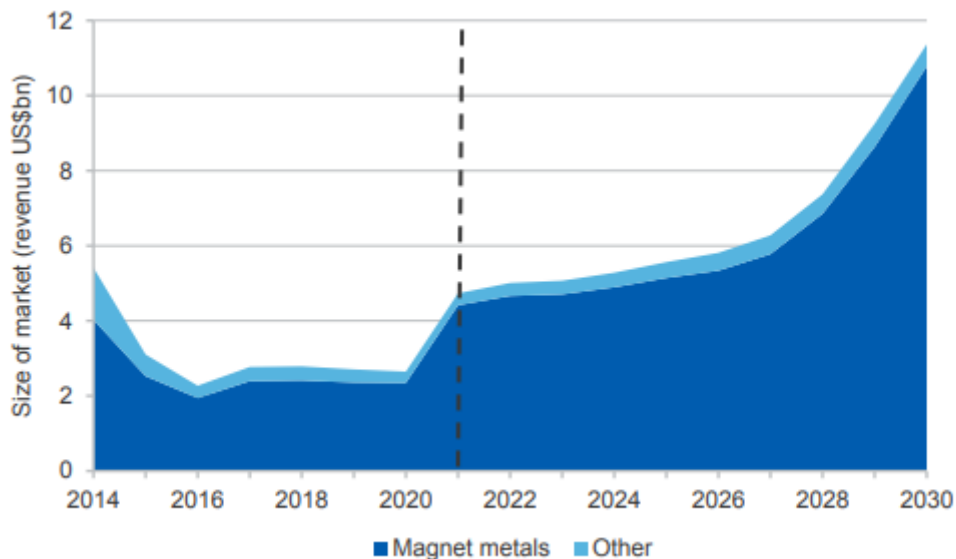


Figure 4. Rare earths market size outlook⁷. Source: Roskill (2021); Department of Industry, Science, Energy and Resources (2021).

Murraydium Project Drillhole Planning

A five-day site visit was completed on the prospective clay hosted Rare Earth Element (REE) project in the Murray Basin, South Australia to help in the selection of drill sites for a first pass Aircore drilling program along existing public roads. Exploration PEPR's (Programs for Environmental Protection and Rehabilitation) are being completed together with necessary Notice of Entry Permits to be ready for lodgement once tenements have been granted.

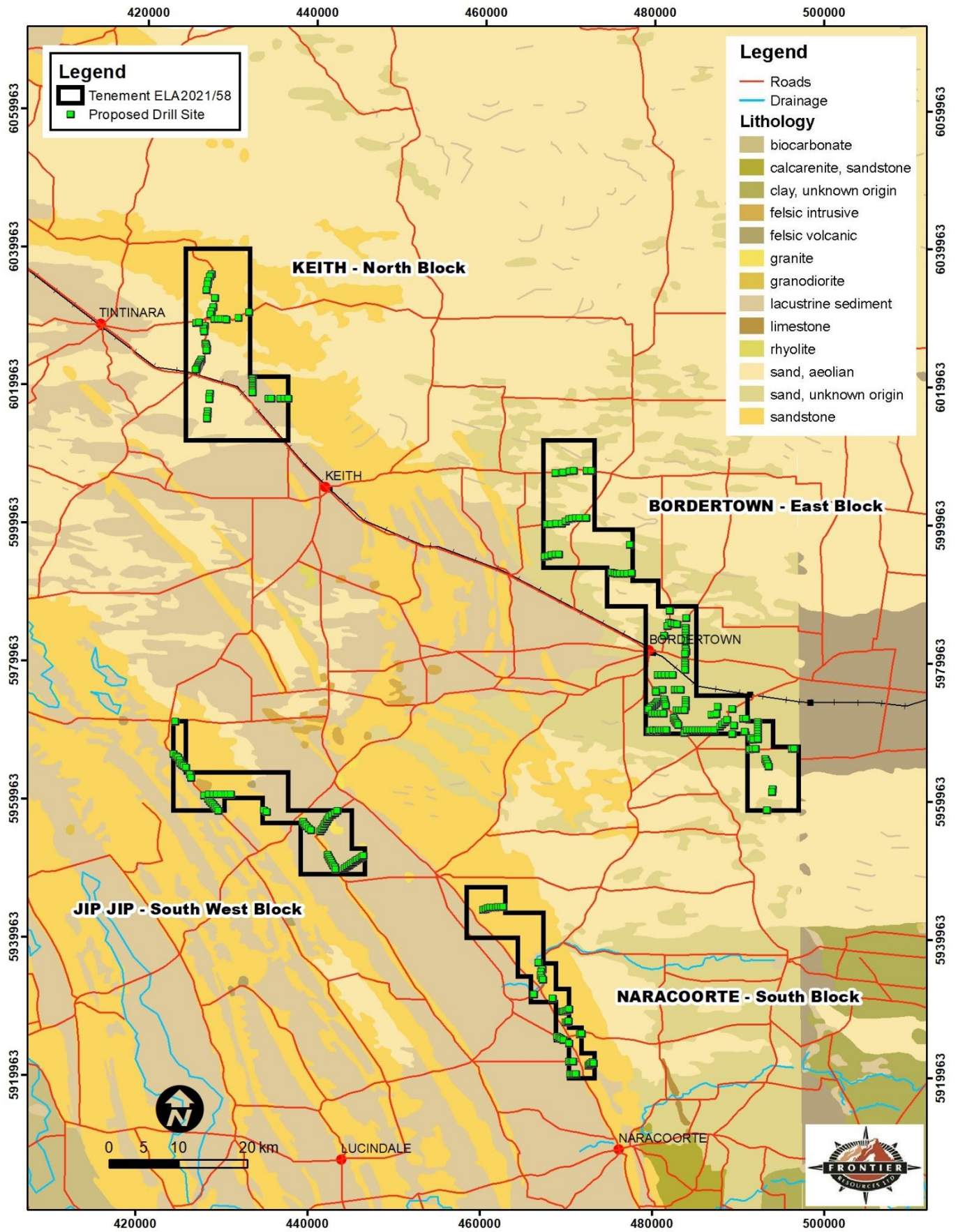


Figure 5: Southern Rare Earths Tenements Showing Proposed Drill Sites.

The Company's focus on REE's is directly in line with global push for carbon neutrality driven by renewable energy (particularly wind turbine) installations and Electric Vehicle adoption driving global demand for the combination of rare earths.

A total of 307 drill sites along existing roads have been sited, subject to budget approvals by the board, for an initial drilling program to test for rare earth elements within the four tenement blocks Naracoorte, Bordertown, Jip Jip and Keith (Figure 5).

South Australian exploration licence holders have statutory requirements including the identification of relevant environmental, social and economic impacts and obtain relevant approvals prior to undertaking exploration activities. Frontier has engaged a tenement consulting specialist to assist in completing the PEPR and council permits to be ready for lodgement once tenements have been granted.

The project area forms part of an extensive Tertiary strand plain comprising a series of sandstone-dominant fluvial and beach-dune strand complexes. The sand units commonly form undulating sand ridges interspersed with low lying areas of clay, mud and sand. The ASX listed Australian Rare Earths Limited (AR3) REE-bearing clays occur within the lower part of the Loxton-Parilla Sand unit which covers an extensive area of the SW Murray Basin in eastern South Australia. This is Frontier's main exploration target.

Acquisition of Gascoyne Rare Earth Element, High Purity Alumina and Gold Projects, Western Australia

During the Period the Company advised it had entered into a conditional agreement to acquire all of the shares in Dalkeith Capital Pty Ltd (**Dalkeith**) which holds two granted exploration licences in the Gascoyne Region of Western Australia that are considered to be prospective for REE's (**Gascoyne Project**), two granted exploration licences prospective for bright white kaolin and High Purity Alumina (**HPA**) located 460km east of Perth (**Koolya Project**) and one exploration licence application prospective for gold 50km east of Kalgoorlie (**Kalgoorlie Project**).

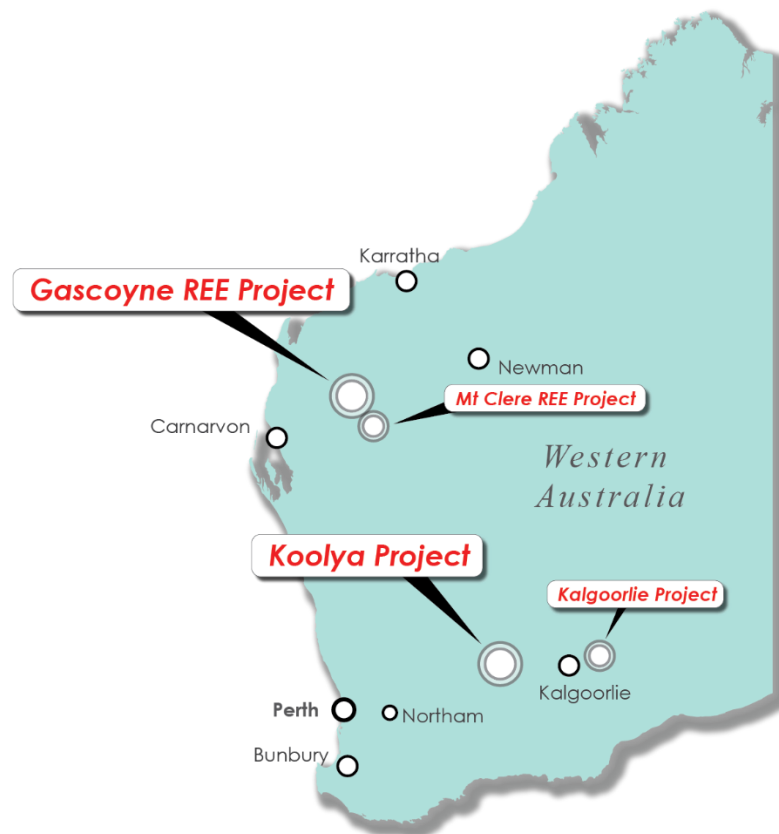


Figure 6. Location Map of the Projects in Western Australia.

The Gascoyne REE Project adjoins the world-class Yangibana Deposit (ASX.HAS ~A\$460 million market capitalisation) in the Gascoyne Region of Western Australia, set to be the next REE producer outside of China by 2023. The project area is also proximal to recent discoveries made by Dreadnought Resources at their Mangaroon Project located ~15kms southwest of the Yangibana REE Resource³ (ASX.DRE ~A\$104 million market capitalisation).

The REE-bearing Yangibana ironstones within the Durlacher Supersuite lithology were first targeted by prospectors in 1972 as base metal bearing gossans with the REE potential of the ironstones not assessed until 1985 and remained underexplored until Hastings Technology Metals (ASX.HAS) acquired the project in 2011. Hastings has since delineated a world-class JORC 2012 Mineral Resource of 27.42Mt @ 0.97% TREO with 0.33% Nd₂O₃+Pr₆O₁₁ and a ratio of 52% Nd Pr:TREO making it one of the highest value REE projects for ore value per kg. The HAS Resource estimate comprises 4.9Mt @1.01% TREO in the Measured category, 16.24Mt @0.95% TREO Indicated and 6.27Mt @0.99% TREO Inferred

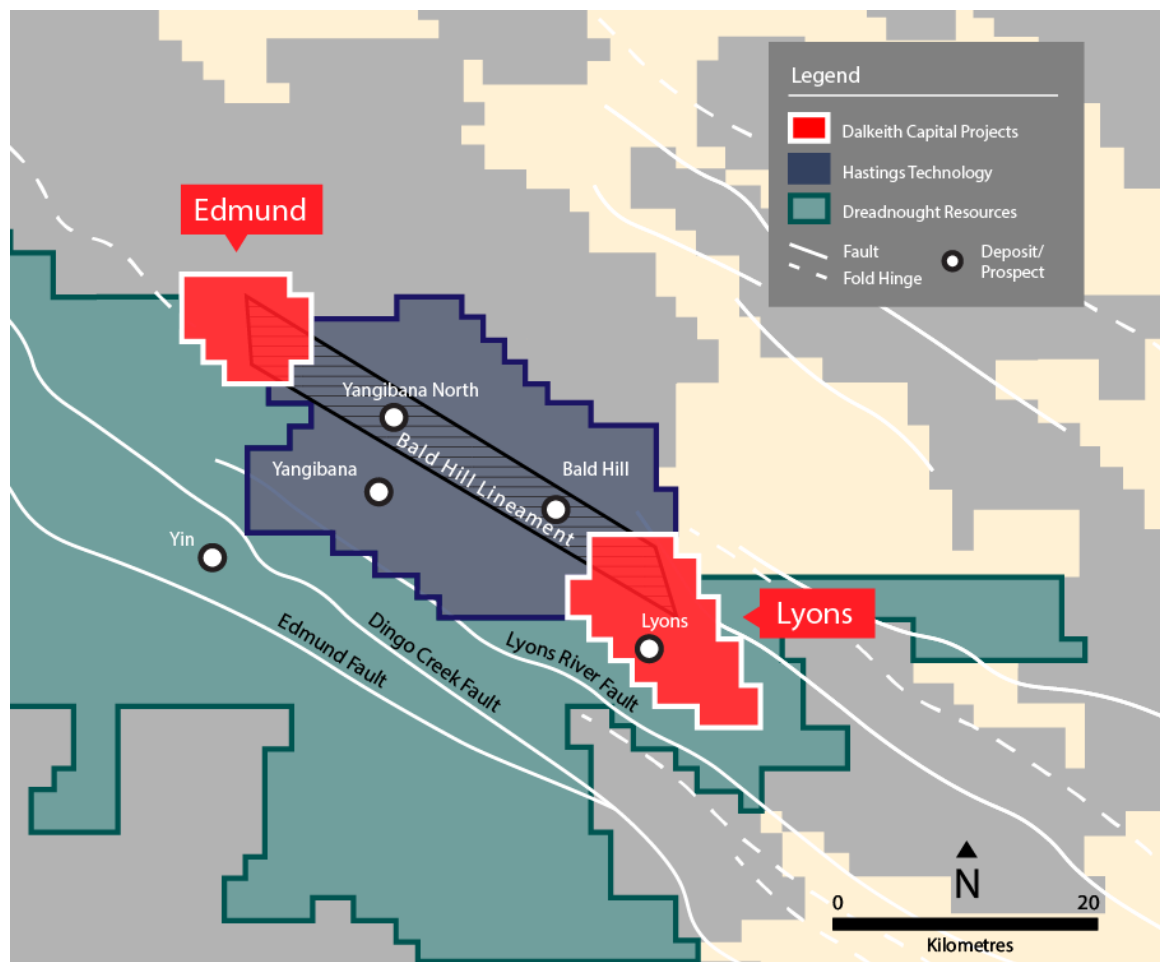


Figure 7. Location Map of the Edmund and Lyons tenements which make up the Gascoyne Project in Western Australia.

Despite the region’s prospectivity for REE’s, very limited exploration has been undertaken at the Gascoyne Project, in part due to shallow alluvial cover which has led to the area being overlooked historically. The southeastern Lyons tenement E09/2515 has small areas of outcrop, near the historic copper prospect Tabletop Well occurrence.

With the use of modern exploration techniques and a renewed focus on REE's there is an exciting opportunity for the discovery of economic REE mineralisation. A detailed airborne magnetic-radiometric survey consisting of 5,189 line kilometres was flown over the entire 230km² project area in November 2021. Southern Geoscience Consultants (SGC) are currently processing and reviewing the radiometric and magnetic geophysical data to assist with planning of exploration programs for 2022. The final report by SGC is expected to be completed late January with a focus on priority anomalies and drill target ranking.

Access into the project area is very good with a combination of well-maintained gazetted and station roads located on Edmund and Wanna Pastoral Leases which will greatly assist exploration work programs. A field crew will be mobilised to site for further reconnaissance geological mapping and rock-chip sampling in Q1 2022.

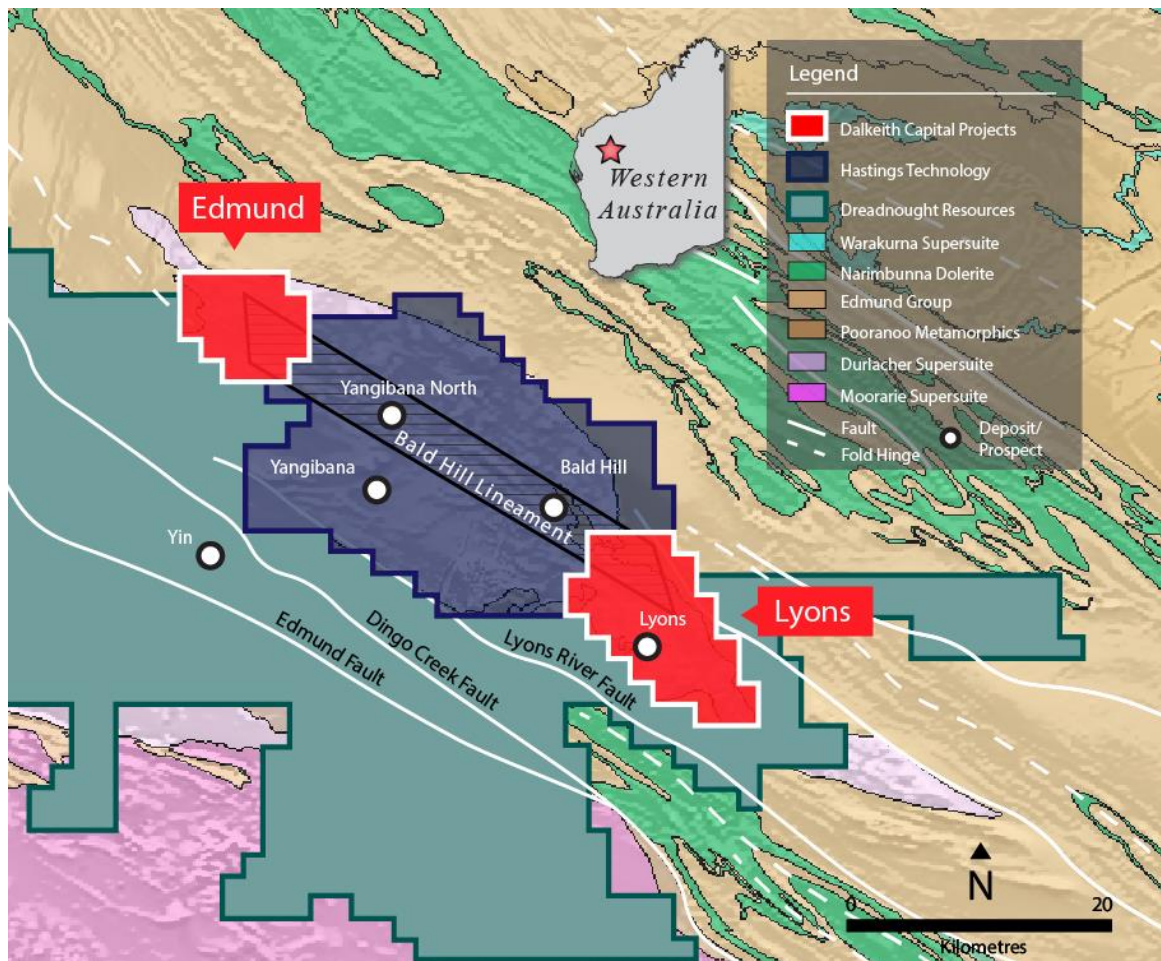


Figure 8. Geology and Tenement Map of the Gascoyne Rare Earth Projects in Western Australia.

New Rare Earth Discovery with Encouraging First Pass Rock Chip Results at Gascoyne Project

During the Period the Company announced the assay results from a reconnaissance rock chip sampling program completed at the Gascoyne Project, with assay results confirming the presence of rare earth oxide mineralisation in the outcropping mineralised ironstone. The ongoing desktop review of the project area by the Frontier technical consultant Tom Langley also focussed on Geoscience Australia's Capricorn Regional Electromagnetic Survey which provided further encouraging findings with the interpretation that the Gifford Creek Carbonatite Complex underlies part of the Gascoyne Project area.

Frontier will undertake further sampling at the mineralised ironstone with the aim of finding higher grade along the strike of the outcrop. Further heli-supported field reconnaissance and sampling programs across the areas not yet covered will be conducted as soon as possible to validate the potential of rare earth elements mineralisation within the Gascoyne and Mt Clere project areas. Follow up exploration will depend on the results of these initial work programs and interpretation of the recently flown magnetic-radiometric data, prior to drilling programs being undertaken in Q2, 2022.

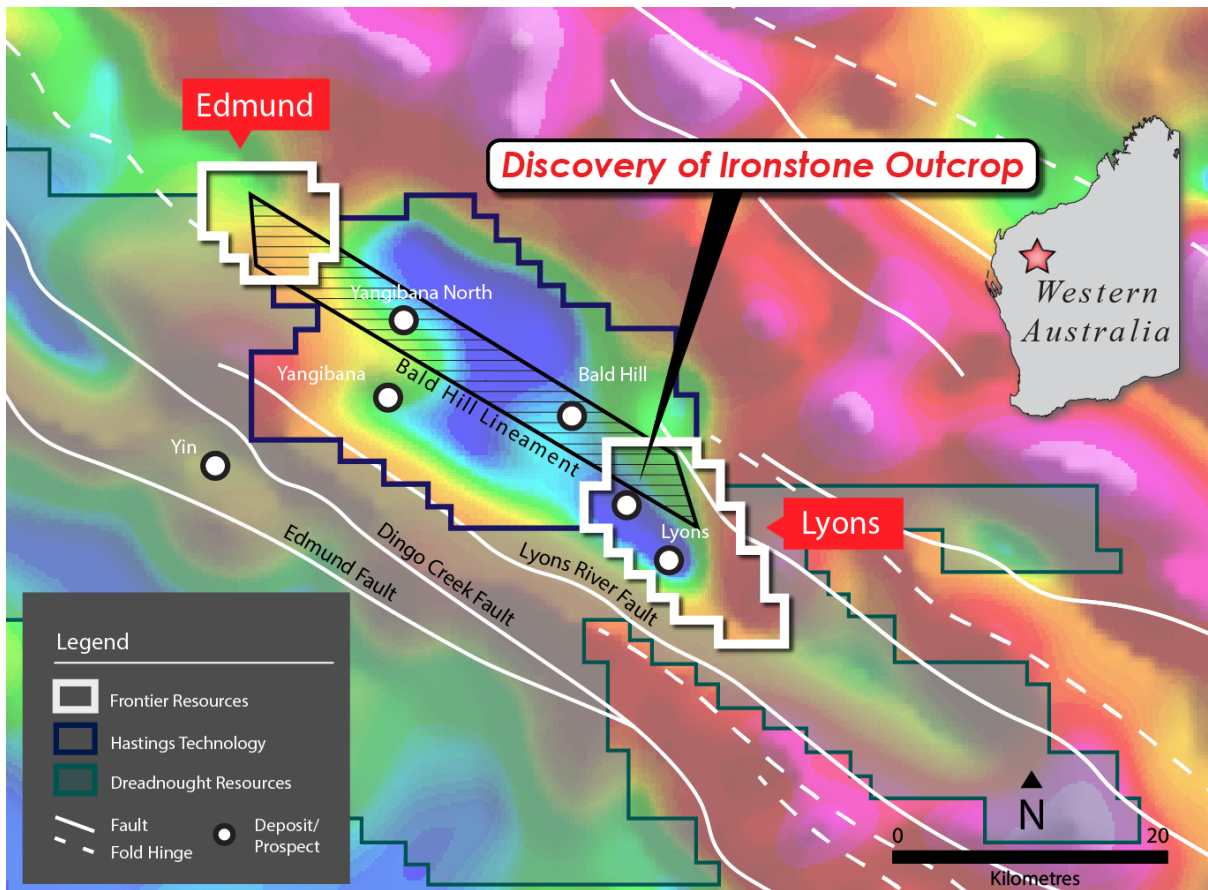


Figure 9. Gascoyne Project overlay with Geoscience Australia AEM image highlighting the conductive low associated with the Gifford Creek Carbonatite Complex. Image accessed via Geoscience Australia website.

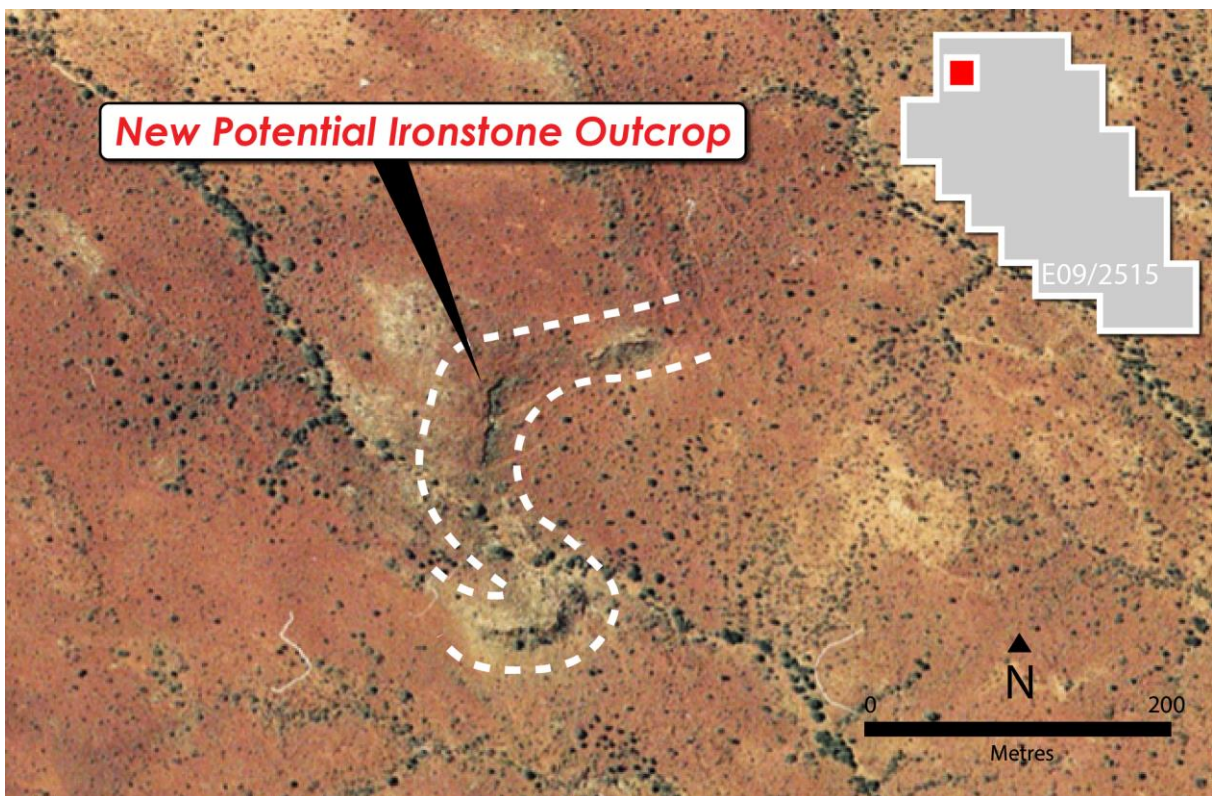


Figure 10. New area of interest for follow up not yet sampled which may be a potential outcropping ferro-carbonatite.

Koolya High Purity Alumina Project

The Koolya High Purity Alumina Project which covers 240km² prospective for bright white kaolin and High Purity Alumina (HPA) located 460km east of Perth. The region is a proven high quality kaolin producing region with Tellus Holdings Sandy Ridge kaolin mine 30km away to the northeast and Kula Gold's (ASX.KGD) recent discovery 80km south.

The Sandy Ridge open pit mine is very high-grade with an ISO Brightness of 84-86% (Optical Unfired), up to 36m thick and an initial 25 year mine life (Reference: KulaGold | Kaolin discovered by Kula Gold at Southern Cross).

Kaolin is a platy white clay derived from the mineral Kaolinite formed by hydrothermal weathering of igneous rock such as granite. Whilst it is a common mineral, it rarely occurs in large high-grade and low impurity deposits. Kaolin deposits with low impurities are an optimal feedstock for High Purity Alumina (HPA) production via the direct synthesis of HPA 4N and 5N from kaolin ore.

The market for HPA is witnessing dramatic consumer driven growth, with the HPA market forecast to be US\$4.49Bn by 2022 (Reference: Premium Kaolin for Ceramic Applications - Tellus Holdings). HPA growth has been invigorated in response to global investment in new applications and technologies such as electric vehicles (EV), static energy storage sector and LED lighting have created increased demand and market opportunities.

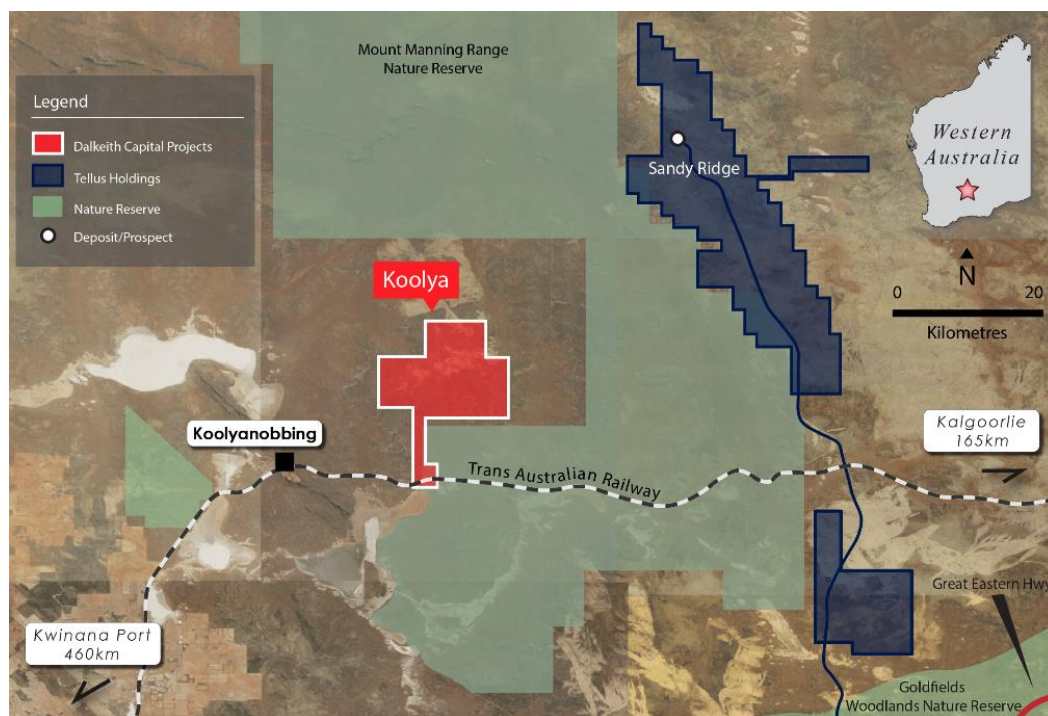


Figure 11. Location Map of the Koolya Project in Western Australia.

Koolya is a drill ready project with reconnaissance drilling to be undertaken immediately on grant of PoW's to investigate the depth, thickness, ISO brightness, mineralogy, and alumina content over the project area. The tenure is highly supportive of a large-scale development, with no competing land ownership of Pastoral Lease or freehold farmland minimising barriers and costs of development compared to other ASX-listed projects. In the event of a potential development of a mine, there is excellent infrastructure with the Trans Australian Railway adjoining the project, allowing for increased economies of scale via bulk transport of up to 5,000t per train movement.

SEM imaging and metallurgy studies will be completed on drill samples to confirm the qualitative nature of alumina content and Halloysite, if present.

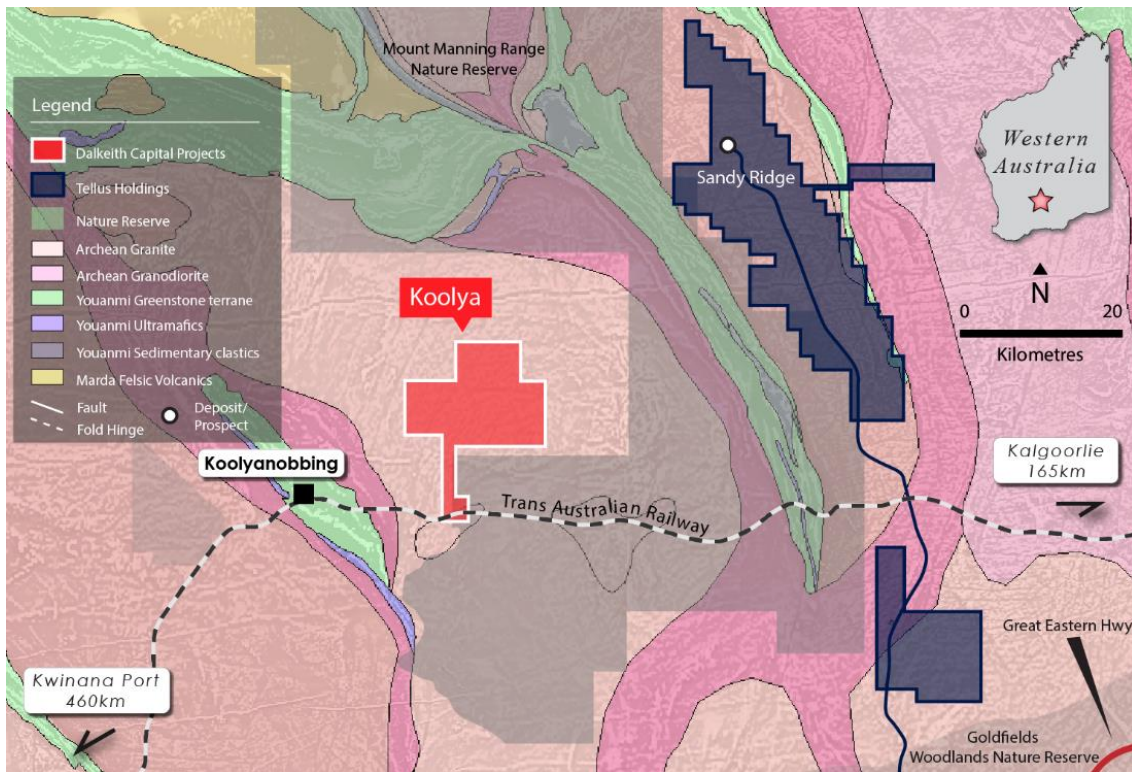


Figure 12. Geology Map of the Koolya Project in Western Australia.

Kalgoorlie Project

The Kalgoorlie Project consists of one exploration tenement application E 27/648, which is located 50km east of Kalgoorlie, 5km southwest of the Jubilee Mining Centre and 6km northeast of the Queen Lepage Mining Centre. Initial exploration work will focus on the site of historic prospecting activity that covers the now surrendered lease P 27/2131. An extensive geochemical sampling program is planned to cover the entire tenement upon tenement grant, with Air Core drilling to follow pending positive results.

Gascoyne Project Airborne Magnetic-Radiometric Survey Completed

In November 2021 Frontier completed a 5,189 line-kilometre airborne magnetic–radiometric survey at the Gascoyne REE Project covering 230km². The survey was flown over the recently discovered outcropping REE ironstone and seeks to identify further prospective ironstones outcropping or under shallow cover. Southern Geoscience Consultants (SGC) were appointed to process and review the geophysical data to assist with planning of exploration programs for 2022. A final report by SGC is expected to be completed late January Q1, 2022 with a focus on priority anomalies and drill target ranking.

Both tenements at the Gascoyne Rare Earth Project were granted in December 2021, clearing the way for Program of Works (PoW) to be submitted for maiden drill program in Q2, 2022

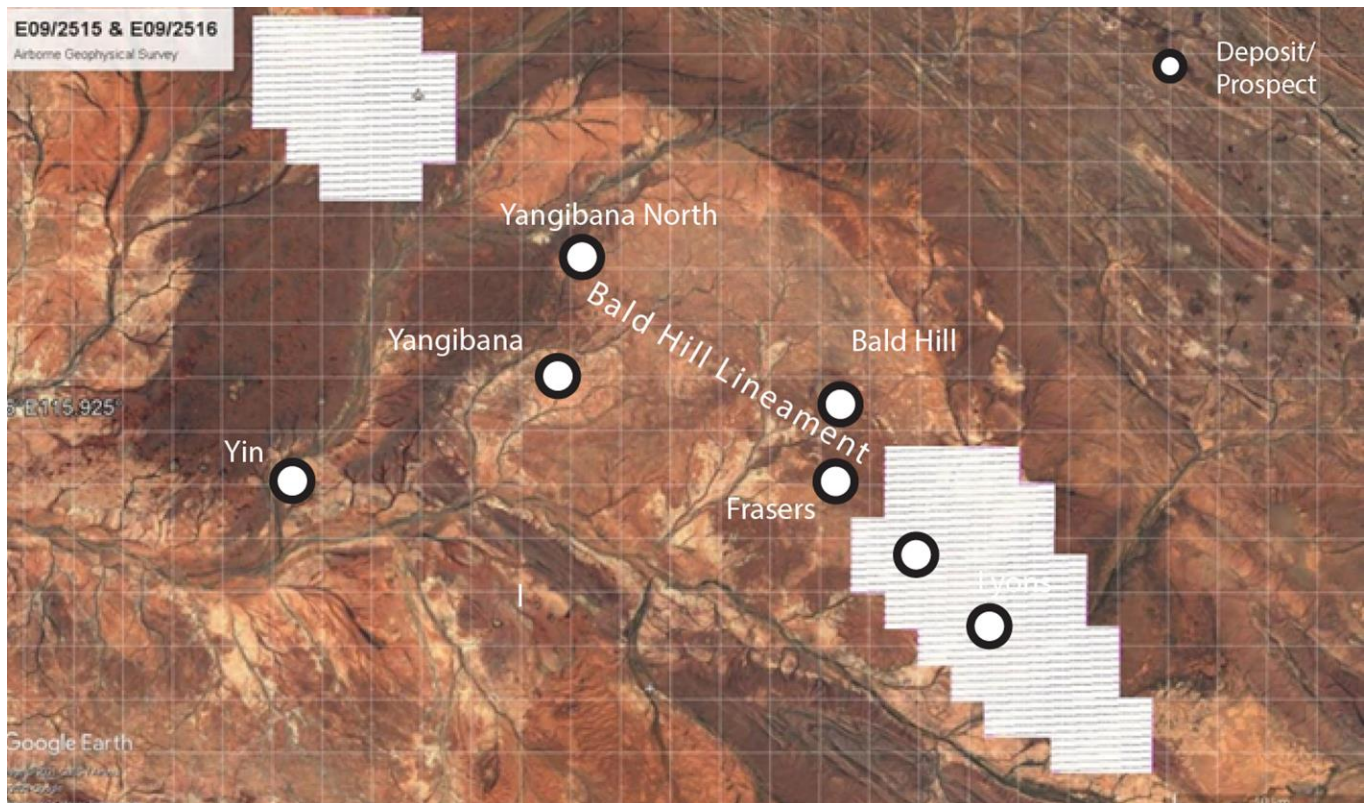


Figure 13. Magnetic-Radiometric Geophysical survey area, with planned 50m flight line spacing with a sensor height of 30m.

New Rare Earth & Lithium Pegmatite Exploration Project

During the Period the Company advised of the strategic application for the Mt Clere Project consisting of one exploration licence application E52/4012 in the Gascoyne Region of Western Australia, considered to be prospective for REE's and lithium pegmatites (**Mt Clere Project**).

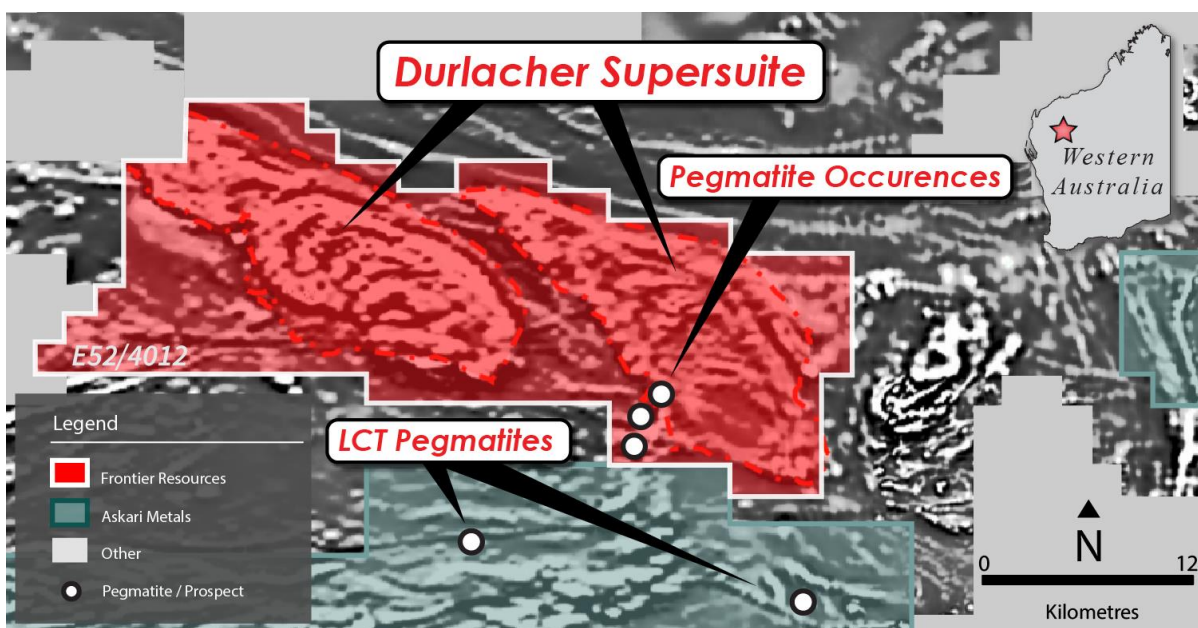


Figure 14. Mt Clere Project covering ~350km² of Durlacher Supersuite prospective for rare earths and lithium bearing pegmatites.

Frontier will commence a field reconnaissance program as soon as possible designed to identify and validate the potential of rare earth elements and lithium mineralisation within the Mt Clere project area. Follow on exploration will depend on the results of this initial work program but are expected to include

a detailed and systematic exploration program comprising of a combination of soil geochemical sampling, rock sampling and geophysical surveys across the high priority target areas, prior to drilling programs being undertaken.

Tolukuma Gold Project, Papua New Guinea (PNG)

During the Period the Company announced the results of the first of two batches of assay results from its recently completed trench and rock sampling program at the Saki Prospect at the Tolukuma Gold Project, PNG.

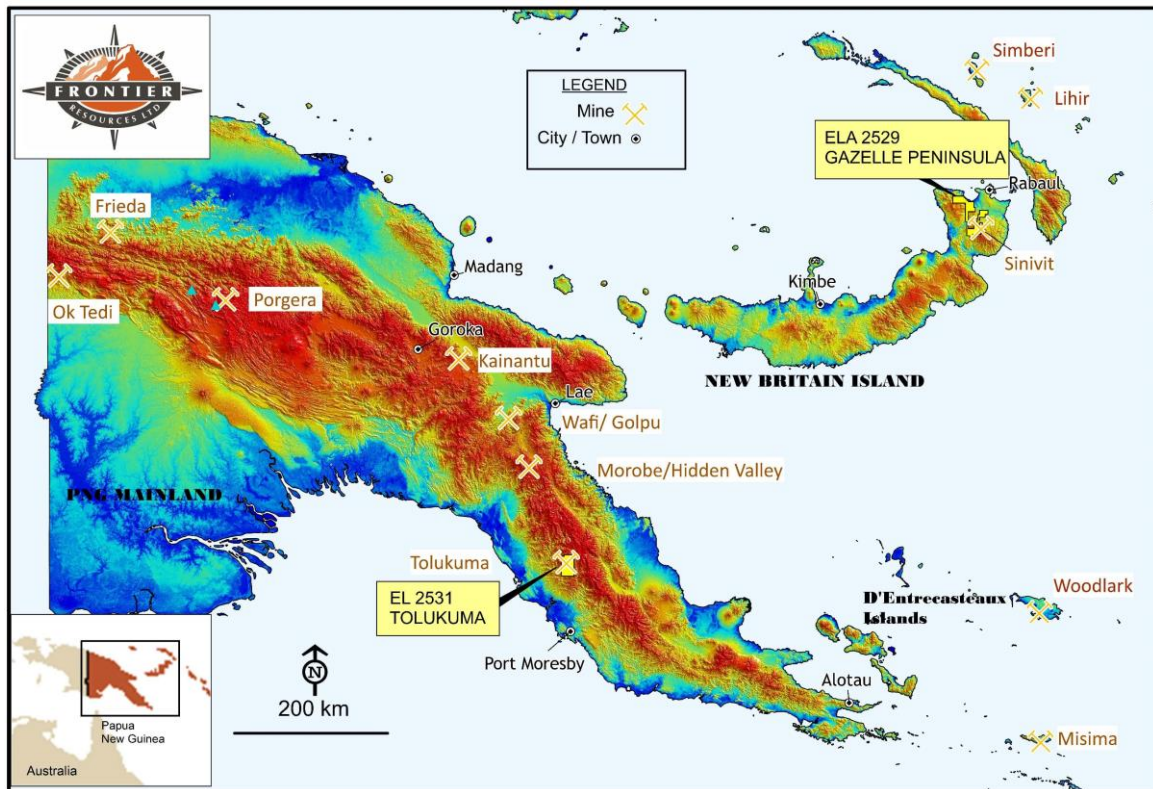


Figure 15: Tolukuma Gold Project, PNG

Results of 121 trench samples, from the first eight hand dug trenches (ST01 to ST08) have been received from a total of 374 samples taken along 33 hand dug trenches. Continuity of gold mineralisation has been established over 300m between Degom and Mandi Creeks (Figure 16). Significant gold grades (Table 1) include:

1. ST01: **10m @ 2.56g/t Au** and **1m @ 9.13g/t Au** along Saki I vein in Degom Creek
2. ST02: **8m @ 2.22g/t Au** including **2m @ 6.28g/t Au**; **1m @ 8.26g/t Au** along Saki I vein
3. ST05: **4m @ 4.53g/t Au** including **1m @ 8.02g/t Au** along Saki I-II veins in Mandi Creek
4. ST07: **1m @ 0.52g/t Au**; **2m @ 0.82g/t Au**; **2m @ 2.08g/t Au** along Saki II vein
5. ST08: **5m @ 3.50g/t Au** including **1m @ 5.01g/t Au** along Saki II vein

Results of 33 rock samples have been received from a total of 67 samples taken by Frontier along creeks and outcrop sites. A total of 17 samples results are greater than 2g/t Au with 5 greater than 5g/t Au (Table 1 and Figure 17).

Along the Saki I and II veins, rock sample results include:

- **29.1, 9.93, 8.39 and 4.09g/t Au.**

Along the Saki III vein, rock samples include:

- **11.75, 9.55, 6.96, 5.38 and 4.08g/t Au.**

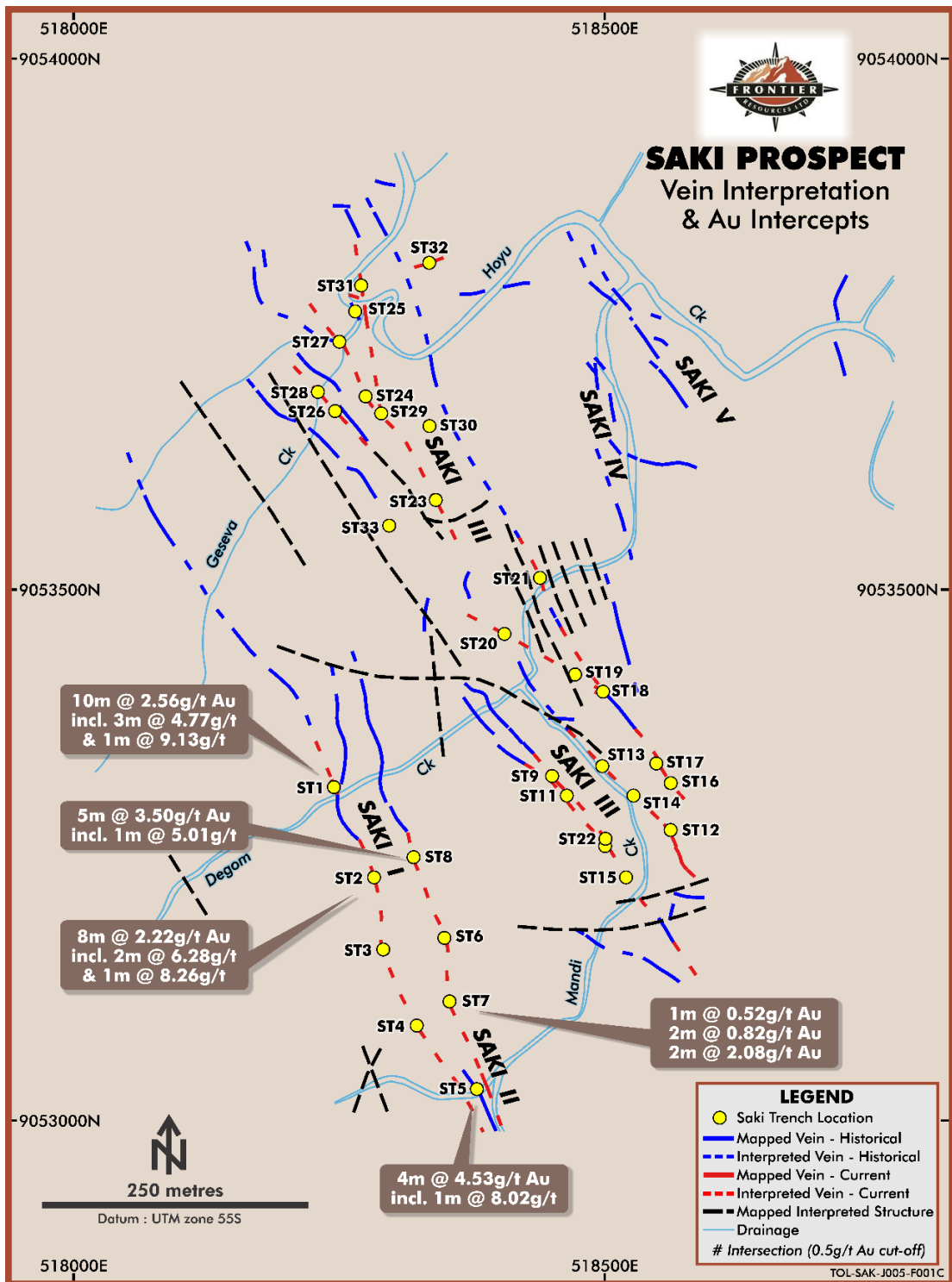


Figure 16: Saki Vein System and Frontier Trench (ST01 to ST08) Results.

Table 1: Saki ST01 to ST08 Trench Highlights

Trench ID	Intersection (0.5g/t Au cut-off)	Location Description
ST01	10m @ 2.56g/t Au + 2.15g/t Ag incl. 3m @ 4.77g/t Au + 1.38g/t Ag and 1m @ 9.13g/t Au + 3.28g/t Ag	Saki I Vein outcrop. Degom Creek
ST02	8m @ 2.22g/t Au + 2.42g/t Ag incl. 2m @ 6.28g/t Au + 6/10g/t Ag and 1m @ 8.26g/t Au + 5.84g/t Ag	Saki I Vein SE
ST05	4m @ 4.53g/t Au + 1.90 g/t Ag incl. 1m @ 8.02g/t Au + 2.81g/t Ag; 2m @ 1.12g/t Au + 5.50g/t Ag; 5m @ 1.11g/t Au + 1.54g/t Ag; 5m @ 0.90g/t Au + 2.35g/t Ag	Saki I-II Veins. Mandi Creek
ST07	1m @ 0.52g/t Au; 2m @ 0.82g/t Au; 2m @ 2.08g/t Au.	Saki II Vein SE
ST08	5m @ 3.50g/t Au + 1.23g/t Ag incl. 1m @ 5.01g/t Au.	Saki II Vein SE

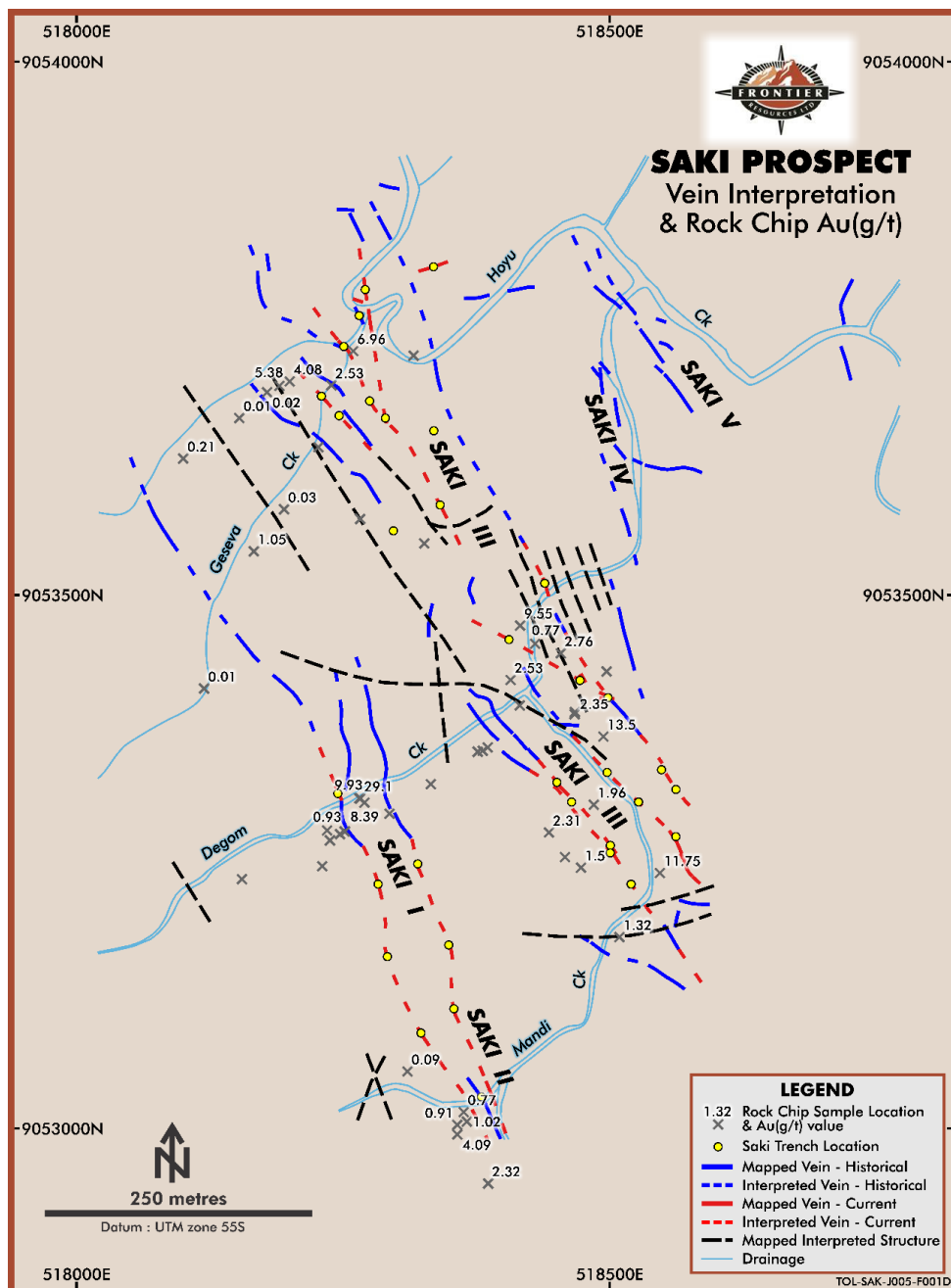


Figure 17: Frontier Initial 33 Rock Sample Results.

Geological and vein mapping (Figure 18) has been an integral part of the fieldwork program to assist in defining vein continuity at surface between historical drillholes. Geological 1:500 scale maps across Saki I, II and III veins have been completed and will be reviewed by an independent Resource consulting group as part of the process to define a Mineral Resource.

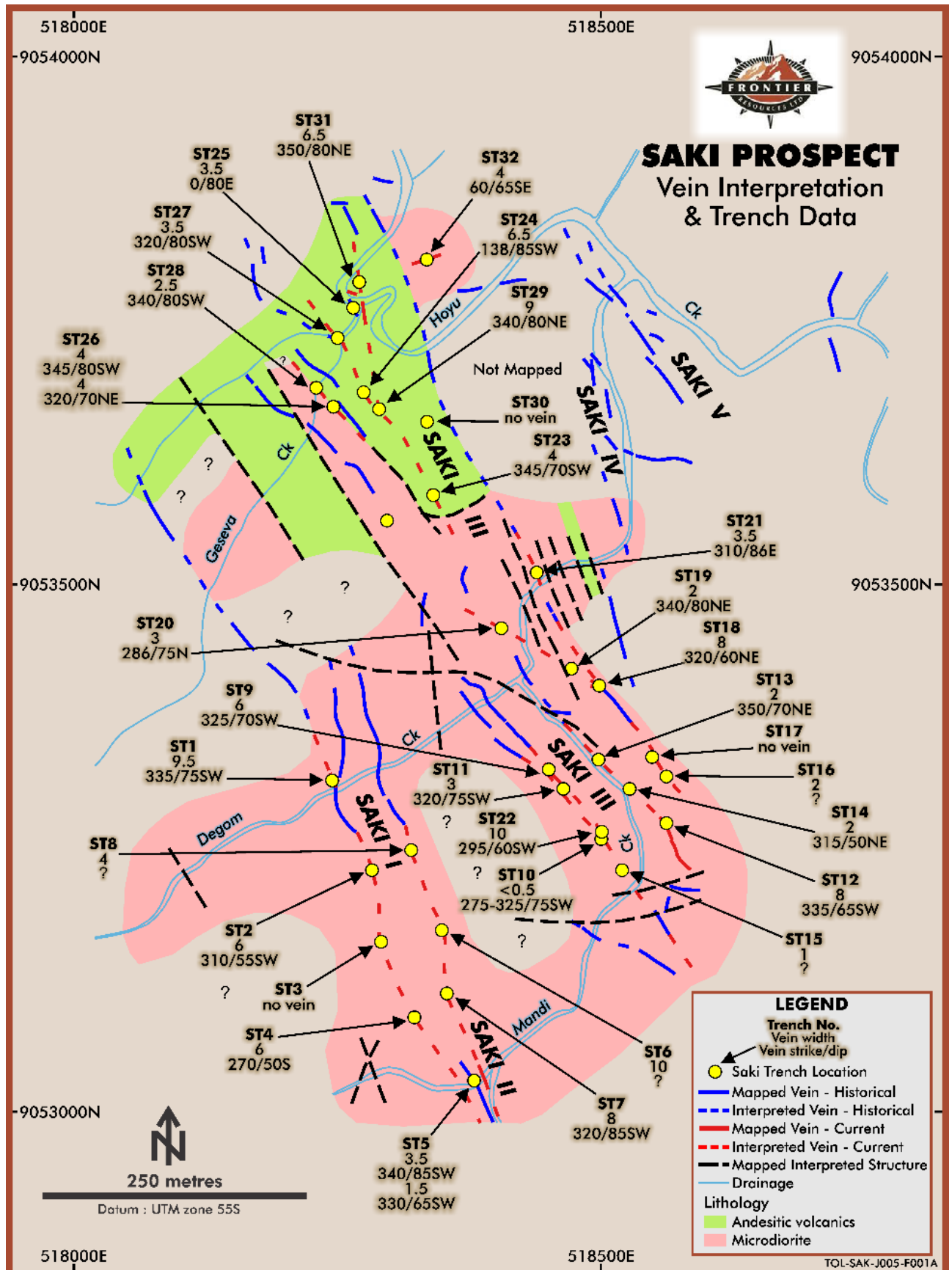


Figure 18: Saki Geology and Vein Orientation Map.

Taula Prospect Exploration Program Completed

During the Period the Company announced the completion of an exploration program at the Taula prospect adjacent to the Tolukuma gold mine in Papua New Guinea. The Taula prospect was discovered in 1987 by Newmont (Figure 19).

Frontier geologists have mapped the Taula Vein (Figure 11) as sub-parallel to both the Gulbadi and Tolukuma structures within the adjacent mining lease ML104 which form part of the Tolukuma minesite. The interpreted extensions of these structures into Frontier's EL 2531 now have enhanced the exploration potential. The Tolukuma extension is underlain by a chargeability anomaly which remains a separate sub-surface target zone. The proximity to the Tolukuma mine makes the Taula prospect area a **high priority**.

Historical results along the Taula Vein (refer to ASX Announcement dated 5 September 2019) include:

- Rock chip assays of **118 g/t, 66.6 g/t & 42.9 g/t Au**
- Trench assays of **1.2m @ 1,041.2 g/t Au** and **1.0m @ 80.5 g/t Au**
- Drillhole assays of **3.0m @ 16.19 g/t Au from 23m depth** and **5.3m @ 7.19 g/t Au from 37.6m depth**

A total of **17** hand dug trenches were completed (Figure 20) during the Taula exploration program (TT001 to TT016) for a total of **630.70** meters with **249** channel samples taken. In addition, **56** rock samples (51 outcrop, 5 float) were collected during the mapping/trenching program. Three ridge and spur soil lines were cut over the historical IP anomaly totaling **1,000 line metres** with a total of **50** soil samples collected at a sampling interval of 20 meters (Figure 21).

The mineralisation at Taula is associated with a high level multi-phase intrusive stock, composed of microdiorite, diorite, quartz diorite and feldspar porphyry, which intrudes a sequence of andesitic volcanics, predominantly tuffs. The Taula Vein has been traced for over 750 metres, hosted almost entirely within the intrusive body (Figure 21).

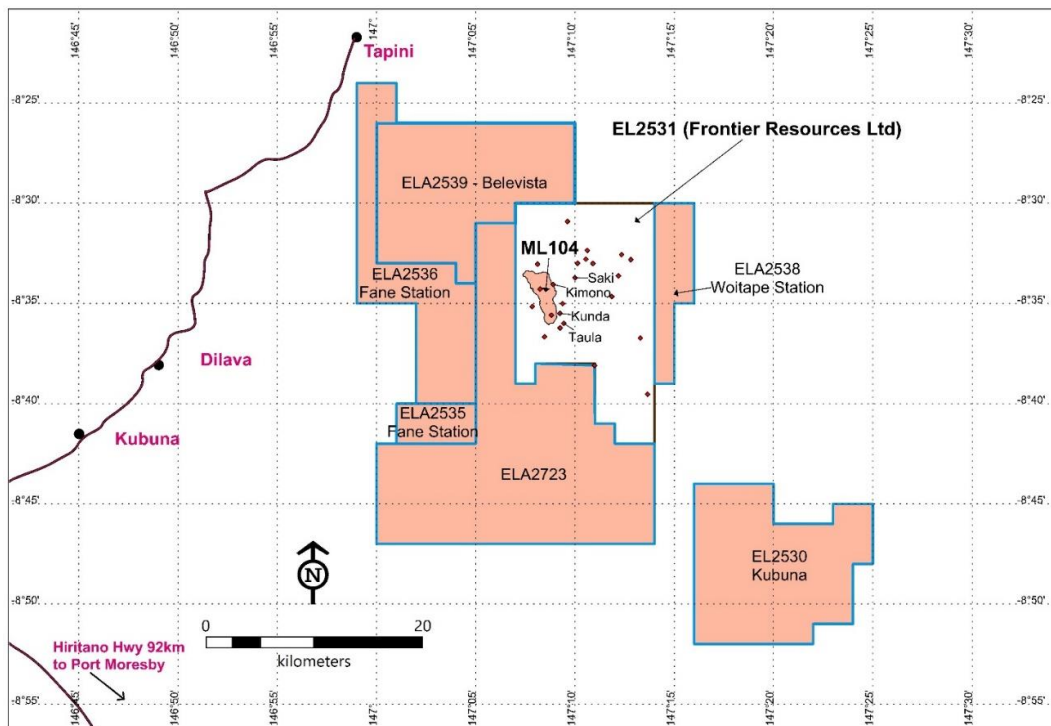


Figure 19: Frontier Gold Prospects Nearby Tolukuma Mine (ML104) and Associated EL's.

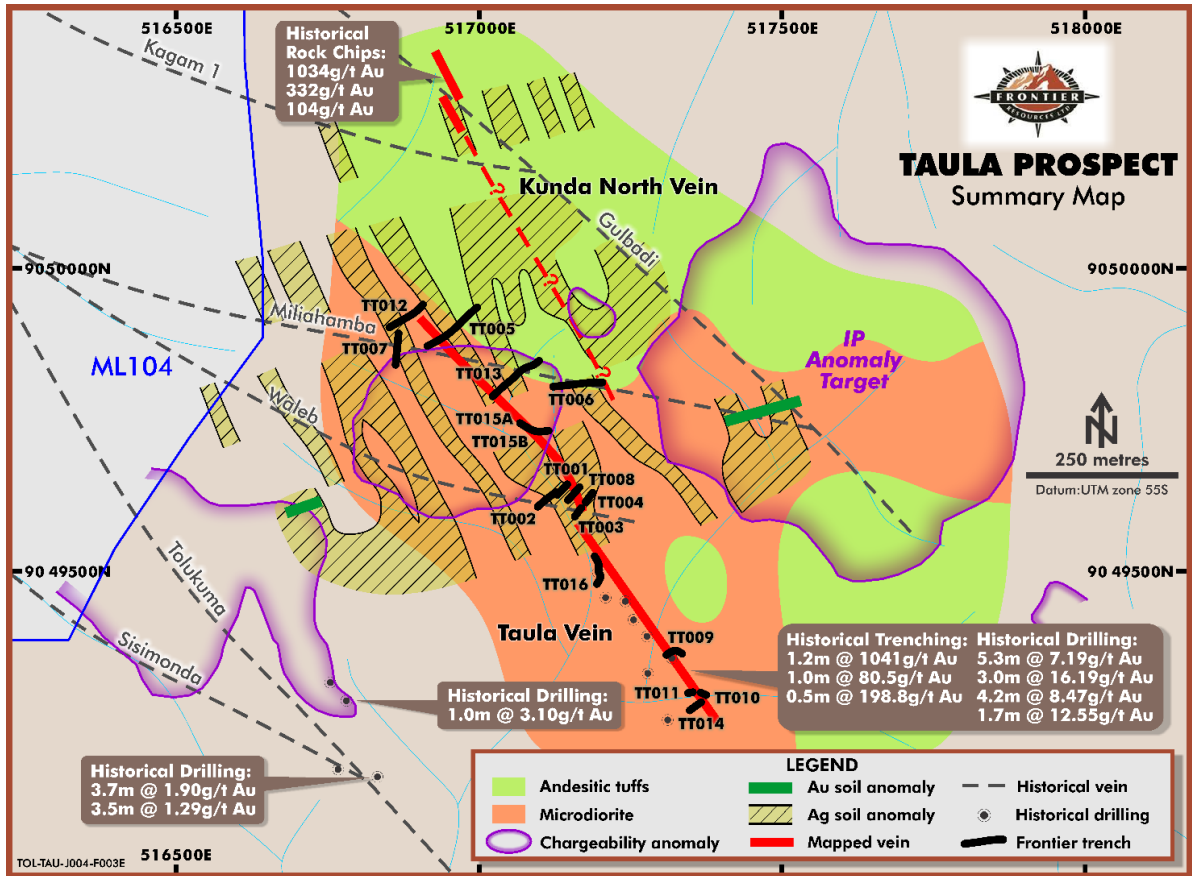


Figure 20: Taula Prospect Geology and Trench Sampling Locations.

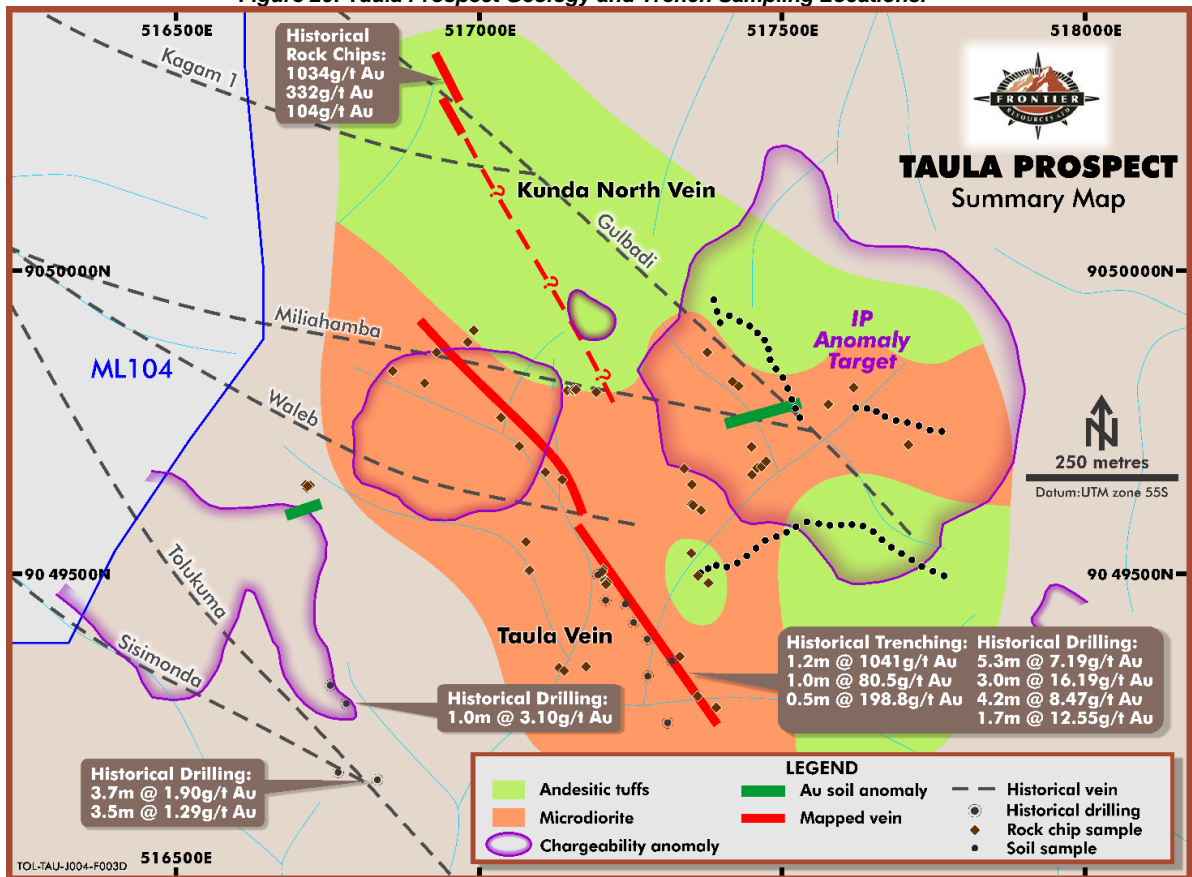


Figure 21: Taula Prospect Geology, Rock Chip and Soil Sampling Locations.

The presence of intrusive rocks at Taula has not been previously reported and continues the trend of Frontier finding intrusive rocks associated with the mineralised veins at Saki and Kimono.

The Taula vein occurs as a 1m to 8m wide structure comprising sheeted 20cm to 1.0m wide pinch and swell, massive and sheared-brecciated quartz-sulphide-manganese-limonite veins, which trends NNW to NW and dips steeply to the SW. Brecciated quartz fragments occur in between the sheeted parallel veins such as in Trench TT009.

The Taula vein (Figure 22) is offset in places by cross cutting WNW structures including the Waleb Vein, and minor discontinuous parallel veins exist in the vicinity away from the structure. Porphyry style quartz stockwork with specular hematite has been observed to the northwest of the Taula Vein, and porphyry-style quartz-limonite-MnO stockwork in intrusive is reported from Trenches 7 and 12.

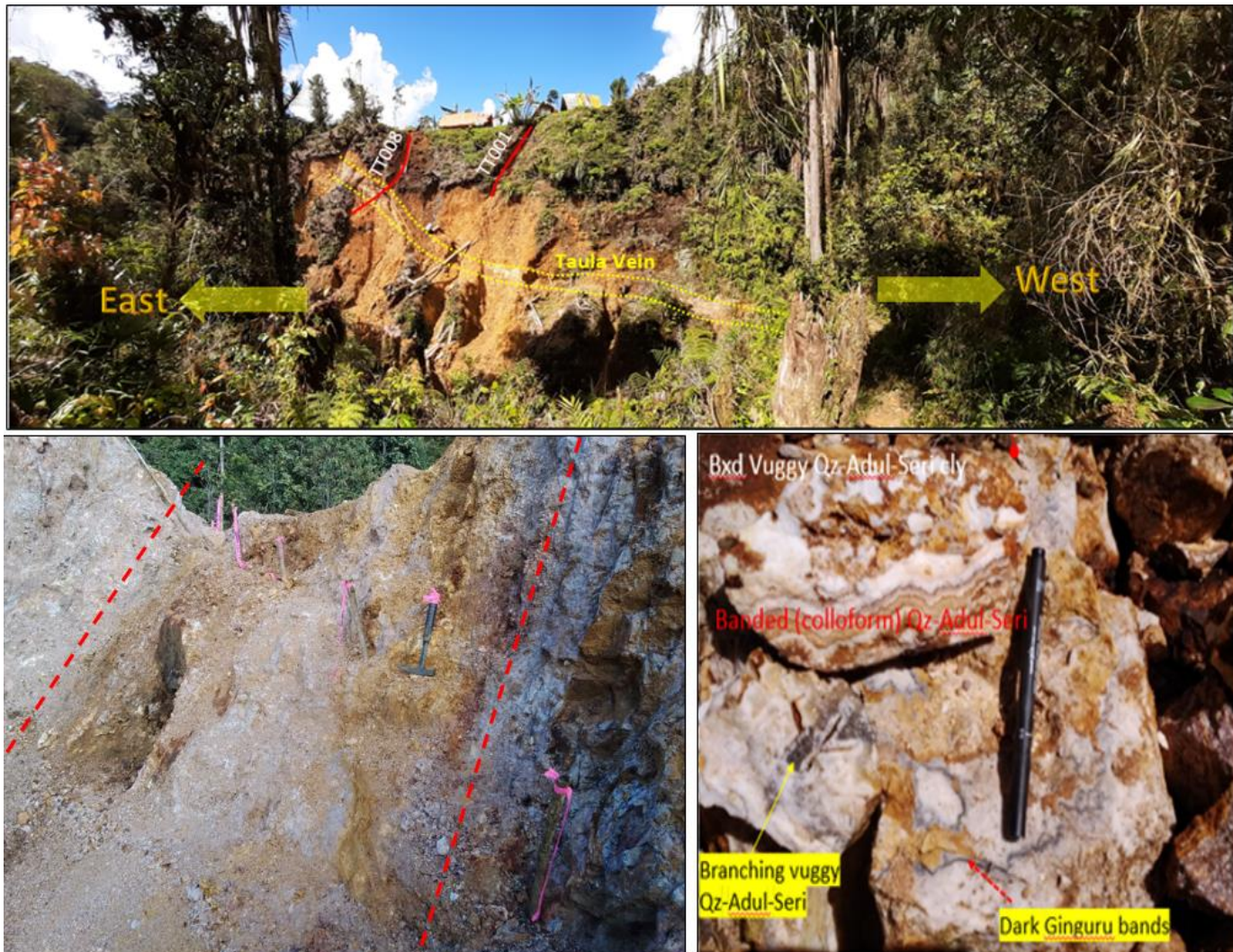


Figure 22: Top - Taula Vein Exposure at Trenches TT001 and TT008. Bottom Left – 4m Wide Taula Structure in Trench TT09. Bottom Right – Taula Vein Textures

Subsequent to the Period on 5 January 2022 the Company announced the results from the first of two batches of assay results from samples taken at Taula.

A total of 17 hand trenches were dug (Figure 23) with at total 248 channel samples taken along with 56 rock samples and 50 soil samples. Results from the first 129 samples taken from 9 trenches include:

- 1m @ 11.15g/t Au + 15.45g/t Ag within a broader mineralised zone of 8m @ 2.83g/t Au + 3.12g/t Ag within trench TT09 consisting of shearing, brecciation and quartz veins.
- 1m @ 2.08g/t Au and 167g/t Ag from trench TT11 where two zone of silicified crackle breccia and quartz sulphide veins were mapped.

Results from the first 18 rock samples received include:

- 7.05g/t Au, 2.28g/t Au, 2.06g/t Au, 1.85g/t Au + 184g/t Ag, 0.59g/t Au.

These initial results confirm the gold and silver mineralisation at surface along at least a 750 metres strike length. The Taula vein was initially discovered by Newmont prior to the commencement of the adjacent Tolukuma mine. Historical drilling at Taula totals 1,315.75 metres in 18 diamond holes (refer to ASX Announcement dated 5 September 2019). The drilling intersected 5 depth levels of mineralised veining with grades including:

- 3.0m @ 16.19g/t Au from 23m downhole depth in hole SSD003.
- 5.3m @ 7.19g/t Au from 37.6m downhole depth in hole SSD008.
- 1.7m @ 12.55g/t Au from 31.1m downhole depth in hole SSD010.
- 5.3m @ 8.47g/t Au from 66m downhole depth in hole SSD011.

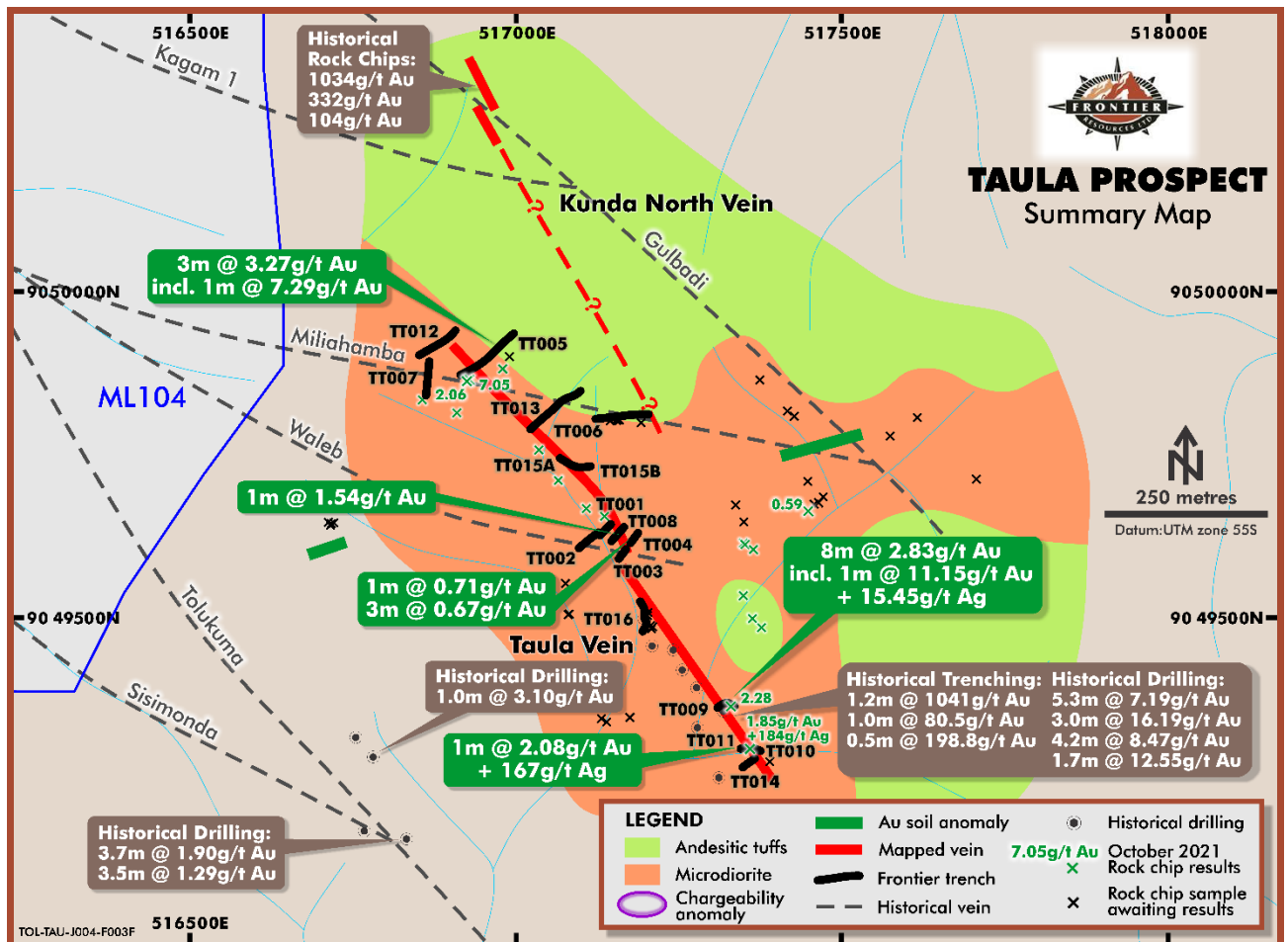


Figure 23: Taula Prospect Trench and Rock Sample Highlights.

The Taula vein occurs as a 1m to 8m wide structure, comprising sheeted 20cm to 1.0m wide pinch and swell, massive and sheared-brecciated quartz-sulphide-manganese-limonite veins, which trends NNW to NW and dips steeply to the SW. Brecciated quartz fragments occur in between the sheeted parallel veins such as noted in Trench TT009 (Figure 24).



Figure 24: Taula Structure at Trench TT009 with 8m @ 2.83g/t Au including 1m @ 11.15g/t Au.

The final batch of 119 trench and 38 rock samples are currently being processed by ALS laboratories. Results will be used to help confirm the continuity of mineralisation along the Taula vein to assist in determining drill hole locations with an aim to extend known mineralisation at depth.

Drill hole sites are also being planned at the Kimono and Saki prospects. Assays from the final 23 hand dug trenches and final 18 rock samples taken along the Saki III vein system have been received. Results confirm the high-grade nature of the Saki III swarm of veins which can be traced over 800 metres in length and over a 100m wide zone.

Results include **1m @ 128.5g/t Au + 94g/t Ag** in Trench 18 and **1m @ 115g/t Au + 54.1g/t Ag** in Trench 27, a further 400m to the northwest along the Saki III set of veins (Figure 25). Rock sample results include **23.5 and 19.35g/t Au** taken from Degom Creek and **23.2g/t Au** taken a further 320m to the northwest along Geseva Creek. The sampling program by Frontier has verified the high-grade nature of gold along the Saki I, II and III system of veins and better define vein continuity to assist in determining a maiden JORC Resource from historical drill holes.

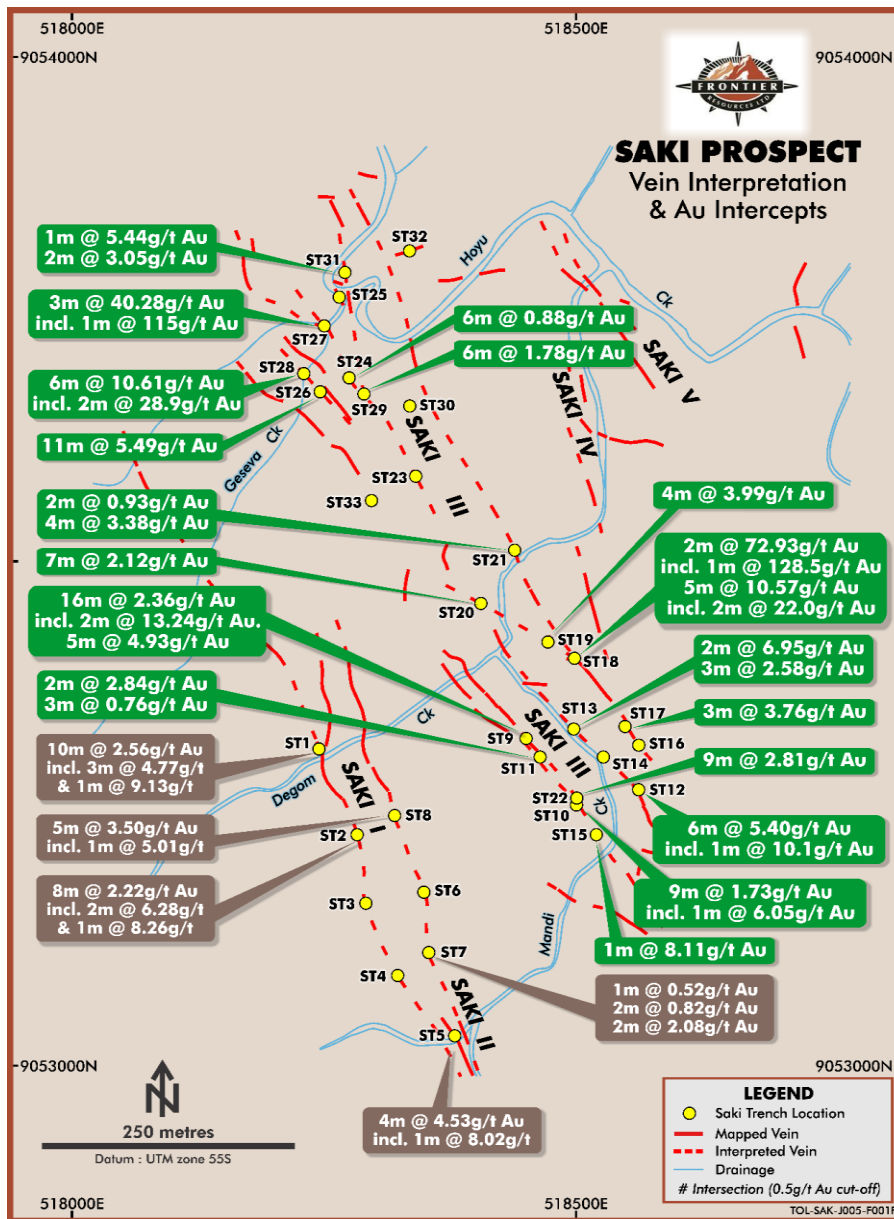


Figure 25: Frontier Saki Vein Trench Intersections (Green Highlights=Latest Results).

Subsequent to the Period the Company advised of the renewal of the Tolukuma tenement (EL2531) for a further two year term to 24 February 2023. EL2531 surrounds the Tolukuma gold mine within Mining Lease ML104.

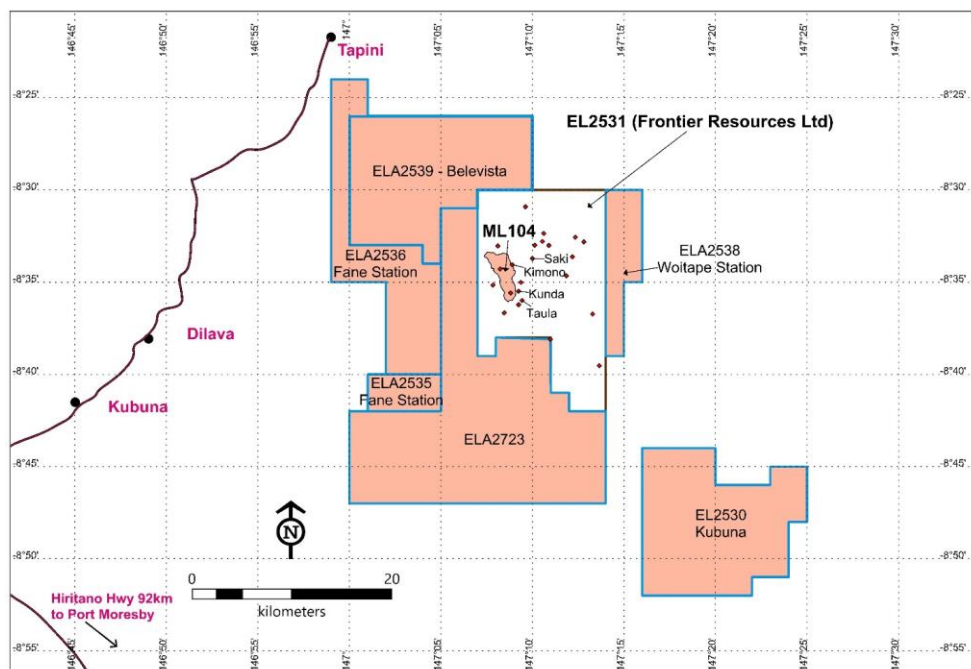


Figure 26: Frontier Gold Prospects within EL2531 and Nearby Tolukuma Mine Tenements

CORPORATE

Dalkeith Capital Acquisition Terms

During the Period the Company completed the acquisition of Dalkeith Capital Pty Ltd (**Dalkeith**). The consideration (**Consideration**) payable by the Company for Dalkeith comprised:

- the issue of 75,000,000 fully paid ordinary shares at a deemed issue price of \$0.016 each to the shareholders of Dalkeith (**Vendors**);
- an aggregate of 37,500,000 Performance Shares in two (2) tranches to the Vendors, the conversion of which into ordinary shares is subject to and conditional upon the following events occurring (in broad terms), within the time limits set out below (each a **Milestone**):
 - Class C Performance Shares – 18,750,000

Upon the Company announcing to ASX completion of a drilling program on a Tenement and at least one drill intercept grading a minimum of 800ppm TREO over at least 5 metres, as verified by an independent competent person under the JORC Code, within 5 years of the date of issue of the Class C Performance Shares.

- Class D Performance Shares – 18,750,000

Upon the Company announcing to ASX delineation of a JORC compliant resource on the Tenements of a minimum of 15 million tonnes grading a minimum of 800ppm TREO, as verified by an independent competent person under the JORC Code, within 5 years of the date of issue of the Class D Performance Shares; and

- Reimbursement of \$100,000 of expenditure incurred on the Projects to date.

Following shareholder approval sought and obtained in December 2021 the Company completed the acquisition of Dalkeith and issued the Consideration on 4 January 2022.

As part of the acquisition of Dalkeith, the Company sought shareholder approval raise approximately \$400,000 by way of placement to professional and sophisticated investors at \$0.016 per share and will be fully supported by the Vendors (**Capital Raising**). Funds raised will be used to fund exploration with respect to the underlying Tenement Applications, once granted and existing cash reserves of the Company will continue to be directed to the Tolukuma and Murraydium Projects.

Murraydium Rare Earth Project Acquisition Terms

During the Period the Company completed the acquisition of 100% of the issued capital of Southern Rare Earths from the shareholders of the entity, none of whom were related parties to the Company (**Acquisition**). The consideration (**Consideration**) payable for the Acquisition was approved by shareholders at a meeting held on 16 September 2021 and comprised of:

- 57,692,307 fully paid ordinary shares at a deemed issue price of \$0.013;
- Class A Performance Shares vest if within 24 months of the date of issue the Company achieves at least one drill intercept grading a minimum of 400ppm TREO over at least 10 metres.
- The Class B Performance Shares vest if within 36 months of the date of issue the Company delineates a JORC compliant resource of a minimum of 15 million tonnes grading a minimum of 500ppm TREO.

In addition to the Consideration, Frontier has reimbursed Project Risk Pty Ltd, a shareholder of Southern Rare Earths, \$35,000 (plus GST) being expenses incurred in applying for and maintaining the tenement applications.

Capital Raising & Underwritten Rights Issue

In conjunction with the Acquisition the Company received firm commitments for a capital raising of \$1,300,000 (before costs) at a price of \$0.013 per share by way of a placement to professional and sophisticated investors (**Capital Raising**). CPS Capital and Inyati Capital acted as Joint Lead Managers (**JLMs**) to the Capital Raising. The JLM's were issued 10,000,000 options over Frontier Shares at an issue price of \$0.00001 (each exercisable at \$0.02 and expiring 3 years from the date of issue).

The Capital Raising and issue of new shares and options was completed on 6 August 2021. The funds raised from the Capital Raising will be applied to exploration and development work on the Company's Tolukuma Gold Tenement, the Murraydium Project, general working capital purposes and business development purposes.

In conjunction with the Placement the Company undertook a fully underwritten non-renounceable entitlement offer of 73,791,705 new Shares at an issue price of \$0.013 per new Share on the basis of one (1) new Share for every eight (8) existing shareholders held to raise \$957,291 (**Rights Issue**).

The Rights Issue closed on 15 September 2021 heavily oversubscribed. A total of 52,339,544 new Shares were issued and allotted on 22 September 2021 to eligible shareholders who subscribed under the offer. On 1 October 2021 allotment of the shortfall Shares was completed. In accordance with the terms of the Underwriting agreement, the Underwriter, CPS Capital was issued 10,000,000 options over Frontier Shares at an issue price of \$0.00001 (each exercisable at \$0.02 and expiring 3 years from the date of issue).

Board Changes

On 22 October 2021 the Company announced that Mr Brian Thomas accepted an invitation to join the Board of Frontier and was appointed as a Non-Executive Director.

Mr Thomas is a very experienced Director and Corporate Executive with significant domestic and international resources management experience. He is the principal of a boutique corporate advisory practice working with small to mid-market capitalisation companies and investor groups predominantly in the resources industry overseeing market oriented technical reviews plus advising on corporate finance, mergers & acquisitions and investor relations. He has held both Executive and Non-Executive Director roles with numerous ASX listed and unlisted companies after an extensive career in the financial services sector in corporate stockbroking, investment banking, funds management and corporate banking. He has more than 35 years of mining and exploration industry experience in a broad range of commodities from precious and base metals, bulk and industrial minerals, diamonds plus oil and gas.

Mr Thomas graduated from the University of Adelaide with a BSc in Geology and Mineral Economics, the University of Western Australia Business School with an MBA and the Securities Institute of Australia (now FinSIA) with a certificate in Applied Finance and Investment.

Mr Thomas is currently the Non Executive Chairman of ASX listed Azure Minerals, a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and the Australian Institute of Company Directors (MAICD).

The Board further advised that Ms Jessica O'Neil had resigned as a Director of the Company.

Subsequent to the Period on 4 February 2022 the Company advised of the appointment of Mr David Frances as Non-Executive Chairman.

Mr Frances is an international executive of nearly 30 years with a track record of transacting, discovering, funding, developing and operating assets in Australia and Africa. He has been a key figure in the transformation of several companies including Province Resources and their proposed 8GW green hydrogen project in Western Australia.

Mr Frances has served as Chairman both Executive and Non-Executive, President, Managing Director and Non-Executive Director for a variety of ASX and TSX listed and private Companies across a diverse range of business. He has dealt with multiple governments at all levels and specialises in the delivery of tough projects in complex jurisdictions. He is committed to seeing companies move towards adopting the global standard for Environmental, Social and Governance (ESG) metrics and disclosures as released by the World Economic Forum.

The Company further advised that Mr Alec Pismiris had resigned as Non-Executive Chairman of the Company.

Appointment of Technical Consultant

Mr Thomas Langley through his geological consulting company Gascoyne Geological Services was appointed as a Technical Consultant of the Company, providing geological input assisting in the planning of exploration programs and logistics to enable the greatest potential for discovery of economic resources.

Mr Langley holds a BSc Geology from the University of Western Australia and a MSc Economic Geology from the University of Tasmania (CODES). He has worked for several resource companies including BHP Nickel West, Northern Star Resources and Creasy Group, with extensive experience in both exploration and mining geology, across multiple commodities and deposit types in the Proterozoic Albany - Fraser Range, Proterozoic Paterson Province and the Archean Yilgarn Craton.

Mr Langley is currently the COO of ASX listed Province Resources and a Member of following organisations; The Australasian Institute of Mining and Metallurgy (MAusIMM), the Australian Institute of Company Directors (MAICD) and the Australian Institute of Geoscientists (MAIG).

Frontier Resources Limited Tenement Information (Australia)

Tenement Number and Name	Ownership	Sub-blocks	Area (sq.km)	Application /Grant Date	Expiry Date
E 09/2515 - Gascoyne (WA)	100% Dalkeith Capital Pty Ltd	47	147.02	17-Dec-21	16-Dec-26
E 09/2516 - Gascoyne (WA)	100% Dalkeith Capital Pty Ltd	25	78.35	17-Dec-21	16-Dec-26
E 77/2796 - Koolya (WA)	100% Dalkeith Capital Pty Ltd	47	138.78	05-Nov-21	04-Nov-26
E 77/2797 - Koolya (WA)	100% Dalkeith Capital Pty Ltd	28	82.68	05-Nov-21	04-Nov-26
E 27/648 - Kalgoorlie (WA)	100% Dalkeith Capital Pty Ltd	5	14.76	10-Jun-21	
E 52/4012 - Mt Clere (WA)	100% Dalkeith Capital Pty Ltd	191	591.63	09-Nov-21	
ELA2021/00058 - Murraydium (SA)	100% Southern Rare Earths Pty Ltd	78	876.00	14-May-21	
Total of Granted Tenements		421	1929.22		

Tolukuma Project - Frontier's only tenement in Papua New Guinea (EL2531) surrounds the Tolukuma gold Mining Lease ML104 in the Central Province, 70km North of the national Capital of Port Moresby. A new owner is currently being sought for ML104 to refurbish the mine. Given the proximity of high grade gold prospects within EL2531, Frontier is focusing on developing potential resources within EL2531 that will be required for future mill-feed once the mine has re-opened.

Frontier Resources Limited Exploration Licence Information (Papua New Guinea)

Exploration Licence Number and Name	Ownership	Sub-blocks	Area (sq.km)*	Grant Date	Expiry Date
EL2531 - Tolukuma	100% Frontier Copper PNG Ltd	65	223.00	25-Feb-19	24-Feb-23
ELA2529 - Gazelle	100% Frontier Copper PNG Ltd	211	719.51	N/A	N/A
Total of Granted EL's		65	223.00		

*1 sub-block approximately 3.41 sq.km

Notes: The PNG Mining Act-1992 stipulates that EL's are granted for a renewable 2 year term (subject to satisfying work and expenditure commitments) and the PNG Government maintains the right to purchase up to 30% project equity at "Sunk Cost" if/when a Mining Lease is granted.

SIGNIFICANT EVENTS OCCURRING AFTER REPORTING DATE

There were no significant events after reporting date.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* immediately follows this report.

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



Brian Thomas
Non-Executive Director

14th March 2022

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF FRONTIER RESOURCES LIMITED**

I declare that, to the best of my knowledge and belief, during the period ended 31 December 2021, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



SHAUN WILLIAMS
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 14th day of March 2022.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF FRONTIER RESOURCES LIMITED AND
ITS CONTROLLED ENTITIES****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the accompanying half-year financial report of Frontier Resources Limited (the company) and its controlled entities (the consolidated entity or group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the company is not in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with Auditing Standards on Review Engagements *ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF FRONTIER RESOURCES LIMITED AND
ITS CONTROLLED ENTITIES (CONTINUED)**

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including:

- i. giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and
- ii. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



SHAUN WILLIAMS
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 14th day of March 2022.

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 33 to 42 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with AASB 134 Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Frontier Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

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

Brian Thomas
Non-Executive Director

14th of March 2022

FRONTIER RESOURCES LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Half-year	
	2021	2020
	\$	\$
Continuing Operations		
Revenue	-	-
Other income	-	-
Interest income	2,844	15,963
	<u>2,844</u>	<u>15,963</u>
Exploration expenditure	(335,425)	(273,770)
Administration and insurance	(116,162)	(62,766)
Consultancy	(300,113)	(56,165)
Corporate compliance and shareholder relations	(209,115)	(23,756)
Depreciation	-	-
Office rental, communications and consumables	-	(3,178)
Loss from continuing operations	<u>(957,971)</u>	<u>(403,672)</u>
Income tax expense	-	-
Loss after income tax	<u>(957,971)</u>	<u>(403,672)</u>
Loss for the half-year is attributable to:		
Equity holders of Frontier Resources Limited	(957,971)	(403,672)
Non-controlling interest	-	-
Total loss for the half-year	<u>(957,971)</u>	<u>(403,672)</u>
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss:		
Movement in foreign currency reserve	5 24,743	(2,559)
Total comprehensive loss for the half-year attributable to owners of Frontier Resources Limited	<u>24,743</u>	<u>(2,559)</u>
Total comprehensive loss for the half-year is attributable to:		
Equity holders of Frontier Resources Limited	(932,228)	(406,231)
Non-controlling interest	-	-
Total comprehensive loss for the half-year	<u>(933,228)</u>	<u>(406,231)</u>
Loss per share for loss attributable to the ordinary equity holders of Frontier Resources Limited		
Basic and diluted loss per share	Cents (0.07)	Cents (0.08)

This Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

FRONTIER RESOURCES LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	31-Dec-21 \$	30-Jun-21 \$
ASSETS			
Current Assets			
Cash and cash equivalents		4,968,041	3,087,727
Trade and other receivables		32,069	34,881
Total Current Assets		<u>5,000,110</u>	<u>3,122,608</u>
Non-Current Assets			
Trade and other receivables		145	140
Plant and equipment		-	-
Exploration & Evaluation Expenditure	6	2,902,292	-
Total Non-Current Assets		<u>2,902,437</u>	<u>140</u>
Total Assets		<u>7,902,547</u>	<u>3,122,748</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		198,572	87,028
Total Current Liabilities		<u>198,572</u>	<u>87,028</u>
Total Liabilities		<u>198,572</u>	<u>87,028</u>
Net Assets		<u>7,703,975</u>	<u>3,035,720</u>
EQUITY			
Contributed equity	4	43,896,849	39,219,988
Reserves	5	4,423,444	3,474,079
Accumulated losses		(40,616,318)	(39,658,347)
Total Equity		<u>7,703,975</u>	<u>3,035,720</u>

This Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

FRONTIER RESOURCES LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2021

Consolidated Entity	Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Options Premium Reserve	Foreign Exchange Reserve	Total
Balance at 30 June 2020	39,219,988	(38,856,958)	3,939,885	179,640	(597,953)	3,884,602
Loss for the half-year	-	(403,672)	-	-	-	(403,672)
Other comprehensive income -						
Foreign currency translation	-	-	-	-	(2,559)	(2,559)
Total Comprehensive Income/(Loss) for the period	-	(403,672)	-	-	(2,559)	(406,231)
Transactions with equity holders -						
Share issued during the period	-	-	-	-	-	-
Cost of Share issued	-	-	-	-	-	-
Balance at 31 December 2020	39,219,988	(39,260,630)	3,939,885	179,640	(600,512)	3,478,371
Balance at 30 June 2021	39,219,988	(39,658,347)	3,939,885	179,640	(645,446)	3,035,720
Loss for the half-year	-	(957,971)	-	-	-	(957,971)
Other comprehensive income -						
Foreign currency translation	-	-	-	-	24,743	24,743
Total Comprehensive Income/(Loss) for the period	-	(957,971)	-	-	24,743	(933,228)
Transactions with equity holders -						
Share issued during the period	5,066,779	-	337,477	-	-	5,404,256
Cost of Share issued	(389,918)	-	-	-	-	(389,918)
Option Issued during the period	-	-	-	587,145	-	587,145
Balance at 31 December 2021	43,896,849	(40,616,318)	4,277,362	766,785	(620,703)	7,703,975

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

FRONTIER RESOURCES LIMITED & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Half-year	
	2021	2020
	\$	\$
Cash Flows from Operating Activities		
Receipt of interest	2,844	15,963
Payments to suppliers and employees	(203,770)	(150,930)
Payments for exploration and evaluation activities	(316,681)	(272,839)
Net cash outflow from operating activities	<u>(517,607)</u>	<u>(407,806)</u>
Cash Flows from Investing Activities		
Payments for exploration and evaluation expenditure	(153,709)	-
Net cash flow from investing activities	<u>(153,709)</u>	<u>-</u>
Cash Flows from Financing Activities		
Payment for issues of shares	(167,996)	
Proceeds from issue of shares (net of share issue costs)	2,718,702	-
Net cash flow from financing activities	<u>2,550,706</u>	<u>-</u>
Net decrease in cash and cash equivalents	1,879,390	(407,806)
Cash and cash equivalents at the beginning of the half-year	3,087,727	3,956,910
Effect of exchange rates on cash holdings in foreign currencies	924	(628)
Cash and cash equivalents at end of the half-year	<u><u>4,968,041</u></u>	<u><u>3,548,476</u></u>

This Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

FRONTIER RESOURCES LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year consolidated financial report is a general-purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Frontier Resources Limited and its controlled entities. As such, Frontier Resources Limited and its controlled entities (the Group) does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that these financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2021 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The same accounting policies and methods of computation have been followed in these interim financial statements as were applied in the most recent annual financial statements except as described below.

Application of new and revised accounting standards

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or interpretations that are not yet mandatory have not been early adopted.

2. LOSS FOR THE PERIOD

	Half-year	
	2021	2020
	\$	\$
The following expense items are relevant in explaining the financial performance for the interim period:		
Exploration expenditure	335,425	273,770

FRONTIER RESOURCES LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

3. OPERATING SEGMENTS

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

Segment assets include the cost to acquire the tenement and the capitalised exploration costs of those tenements.

	Australia \$	Papua New Guinea Exploration \$	Treasury \$	Consolidated \$
For the Half-Year to 31 December 2021				
Segment revenue	-	-	(2,844)	(2,844)
Segment results	-	(368,186)	(2,844)	(371,030)
Amounts not included in segment results but reviewed by the Board:				
Corporate expenses				(621,875)
Share-based payment expenses				(249,016)
Impairment - Loan				(327,375)
Loss before income tax				(1,569,296)
As at 31 December 2021				
Segment assets	2,902,292	5,052	4,995,203	7,902,547
Segment liabilities	100,964	10,385	87,223	198,572

FRONTIER RESOURCES LIMITED & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

3. OPERATING SEGMENTS (continued)

	Australia \$	Papua New Guinea Exploration \$	Treasury \$	Consolidated \$
For the Half-Year to 31 December 2020				
Segment revenue	-	-	15,963	15,963
Segment results	-	(277,359)	15,963	(261,396)
Amounts not included in segment results but reviewed by the Board:				
Corporate expenses				(142,276)
Loss before income tax				(403,673)
As at 31 December 2020				
Segment assets	-	4,090	3,560,001	3,564,091
Segment liabilities	-	6,749	78,972	85,721

4. EQUITY SECURITIES

	Dec 2021 Shares	Jun 2021 Shares	Dec 2021 \$	Jun 2021 \$
Balance at beginning of the period	489,101,938	489,101,938	39,219,988	39,219,988
Share issue (net of costs)	335,900,050	-	4,676,861	-
Balance at end of the period	825,001,988	489,101,938	43,896,849	39,219,988

	Dec 2021 Options	Jun 2021 Options
Balance at 1 July	-	-
Issue of directors' options	33,000,000	-
Issue of brokers options	20,000,000	-
Less expired options	-	-
Balance at end of the period	53,000,000	-

	Dec 2021 Rights	Jun 2021 Rights
Balance at 1 July	-	-
Issue of vendor performance rights – Southern Rare Earths Pty Ltd acquisition	26,923,076	-
Issue of vendor performance rights – Dalkeith Capital Pty Ltd acquisition	37,500,000	-
Balance at end of the period	64,423,076	-

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5. RESERVES

	Dec 2021	Jun 2021
	\$	\$
Share based payment reserve	4,277,362	3,939,885
Options premium reserve	766,785	179,640
Foreign currency translation reserve	(620,703)	(645,446)
	<u>4,423,444</u>	<u>3,474,079</u>

Movements – Share based payment reserve

Balance at beginning of the period	3,939,885	3,939,885
Performance shares expense	337,477	-
Balance at end of the period	<u>4,277,362</u>	<u>3,939,885</u>

Movements – Options premium reserve

Balance at beginning of the period	179,640	179,640
Options issued to directors and consultants	365,223	-
Options issued to brokers	221,922	-
Balance at end of the period	<u>766,785</u>	<u>179,640</u>

Movements – Foreign currency translation reserve

Balance at beginning of the period	(645,446)	(597,953)
Currency translation differences arising during the period	24,743	(47,493)
Balance at end of the period	<u>(620,703)</u>	<u>(645,446)</u>

6. CAPITALISED EXPLORATION AND EVALUATION

	Dec 2021	Jun 2021
	\$	\$
Exploration and evaluation assets	2,902,292	-
Reconciliation:		
Balance at beginning of the period	-	-
Issue of ordinary shares – project acquisitions	2,348,077	-
Issue of performance rights – project acquisitions	337,477	-
Exploration expenditure	216,738	-
Application Costs incurred	<u>2,902,292</u>	<u>-</u>

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7. SHARE BASED PAYMENTS

The total expense arising from share based payment transactions recognised during the period in relation to the performance rights was \$337,477, options issued to directors and consultants was \$365,223, and options issued to brokers was \$221,922, totalling \$924,622 in share based payment expenses for the period.

Performance Rights – Southern Rare Earths Pty Ltd acquisition

On 28 October 2021, the Company issued 26,923,076 performance rights to vendors in respect to the acquisition of Southern Rare Earths Pty Ltd. These performance rights were issued in two tranches, each with different performance milestones. Each performance right will convert into 1 ordinary share of Frontier Resources Limited upon achievement of the performance milestone.

The company has assessed the probability of achievement of each class being achieved and have recognised an expense accordingly. The details of each class are tabled below:

Tranche	Number of Performance Shares	Grant Date	Exercise Price	Probability of achievement of milestone	Expiry Date of Performance Right	Expected Date of Milestone Achievements	Underlying Share Price	Total Fair Value
A	13,461,538	29/07/21	Nil	50%	29/07/23	29/07/23	\$0.016	\$92,735
B	13,461,538	29/07/21	Nil	20%	29/07/24	29/07/24	\$0.016	\$34,422

These performance rights were valued at their issue dates at \$127,157 which has been recognised immediately. This expense has been capitalised as part of the acquisition cost of Southern Rare Earths Pty Ltd, refer to Note 6.

Performance Rights – Dalkeith Capital Pty Ltd acquisition

On 28 October 2021, the Company issued 37,500,000 performance rights to vendors in respect to the acquisition of Dalkeith Capital Pty Ltd. These performance rights were issued in two tranches, each with different performance milestones. Each performance right will convert into 1 ordinary share of Frontier Resources Limited upon achievement of the performance milestone.

The company has assessed the probability of achievement of each class being achieved and have recognised an expense accordingly. The details of each class are tabled below:

Tranche	Number of Performance Shares	Grant Date	Exercise Price	Probability of achievement of milestone	Expiry Date of Performance Right	Expected Date of Milestone Achievements	Underlying Share Price	Total Fair Value
C	18,750,000	28/10/21	Nil	50%	28/10/23	28/10/23	\$0.019	\$153,385
D	18,750,000	28/10/21	Nil	20%	28/10/24	28/10/24	\$0.019	\$56,934

These performance rights were valued at their issue dates at \$210,319 which has been recognised immediately. This expense has been capitalised as part of the acquisition cost of Dalkeith Capital Pty Ltd, refer to Note 6.

Broker Options– 13 August 2021

On 13 August 2021, the Company issued 10,000,000 options to brokers, each exercisable at \$0.02 with a three-year expiry period. These options were valued using a Black-Scholes valuation model and the capital-raising cost recognised in full at their issue date is \$120,912. For the options issued during the period, a Black-Scholes valuation model was used with the valuation model inputs used to determine the fair value at the grant date as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Risk free rate	Dividend yield	Number of options	Value per Option	Total Value \$	Vesting terms
13/08/2021	13/08/24	\$0.024	\$0.02	69%	0.25%	0%	10,000,000	\$0.012091	120,912	Immediately

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7. SHARE BASED PAYMENTS (continued)

Broker Options– 4 October 2021

On 4 October 2021, the Company issued 10,000,000 options to brokers, each exercisable at \$0.02 with a 2.86 year expiry period. These options were valued using a Black-Scholes valuation model and the capital-raising cost recognised in full at their issue date is \$101,010. For the options issued during the period, a Black-Scholes valuation model was used with the valuation model inputs used to determine the fair value at the grant date as follows:

Grant date	Expiry date	Share price at grant date	Exercise Price	Expected volatility	Risk free rate	Dividend yield	Number of options	Value per Option	Total Value \$	Vesting terms
04/10/2021	13/08/24	\$0.017	\$0.02	105%	0.25%	0%	10,000,000	\$0.010101	101,010	Immediately

Director and Consultant Options– 23 December 2021

On 23 December 2021, the Company issued 33,000,000 options to directors and consultants, each exercisable at \$0.03 with a 3.02 year expiry period. These options were valued using a Black-Scholes valuation model and the expense recognised in full at their issue date is \$365,223. For the options issued during the period, a Black-Scholes valuation model was used with the valuation model inputs used to determine the fair value at the grant date as follows:

Grant date	Expiry date	Share price at grant date	Exercise Price	Expected volatility	Risk free rate	Dividend yield	Number of options	Value per Option	Total Value \$	Vesting terms
23/12/2021	31/12/24	\$0.019	\$0.03	110%	0.25%	0%	33,000,000	\$0.011067	365,223	Immediately

8. COMMITMENTS AND CONTINGENT LIABILITIES

The Group's commitments remain consistent with those noted at 30 June 2021. The Group has no contingent liabilities at 31 December 2021.

9. DIVIDENDS

There were no dividends paid or recommended during the financial period ended 31 December 2021.

10. SIGNIFICANT EVENTS OCCURRING AFTER REPORTING DATE

There were no significant events after reporting date.