FRONTIER RESOURCES LTD

ANNUAL REPORT 2011

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FRONTIER RESOURCES LTD

ABN 96 095 684 389

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CORPORATE DIRECTORY

Managing Director & Chairman Peter A. McNeil Non-Executive Director Graham J. Fish Non-Executive Director Warren J. Staude Non-Executive Director Hugh David Swain Company Secretaries Jay Stephenson Julia Beckett – appointed 15 April 2011 Paige McNeil – resigned 15 April 2011	Principal Office 120 Tranquil Place Stoneville WA 6081 Australia Telephone: (08) 9295 0388 Facsimile: (08) 9295 3480 Registered Office Level 4, 66 Kings Park Road West Perth WA 6005 Australia Telephone: (08) 6141 3500 Facsimile: (08) 6141 3599 Email: info@frontierresources.com.au Website: www.frontierresources.com.au Postal Address: PO Box 52 West Perth WA 6872 Australia	Share Registry Computershare Investor Services Pty Limited Level 2, 45 St Georges Terrace PERTH WA 6000 Auditors BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008

THE MANAGING DIRECTOR'S REVIEW OF OPERATIONS & ACTIVITIES

Dear Fellow Shareholder

Frontier Resources Limited ('Frontier' or the 'Company') is an ASX listed company focused on exploring for/developing mineral deposits on the Pacific Rim of Fire in Papua New Guinea (PNG) and in Tasmania, Australia. The Company is an active and innovative, socially responsible explorer, with a dedicated, highly experienced team of effective mineral explorers that undertake cost effective drilling on our high quality targets with our own drilling rigs. Directors have more than 150 years combined experience in PNG and Australia to serve the interests of the company, its shareholders and stakeholders.

The 2010/2011 year has been very rewarding for Frontier and its shareholders, with the share price /market capitalisation increasing from about 4 cents to a peak of 42 cents and settling to around 20 cents (500% increase). A share purchase plan and placements were undertaken in 2011 at 23 cents, raising $10 million for enhanced exploration programs in the second half of 2011 and 2012. Ok Tedi Mining Ltd contributed $2million to the Company to maintain its original equity level.

Frontier has a carefully selected portfolio of 6 highly prospective Exploration Licenses (2,087 sq km) and 5 EL Applications (~8,063 sq km) in PNG. The tenement portfolio also includes 5 highly prospective 100% or 90% owned Licenses (342 sq km) in Tasmania, plus four 100% owned EL applications (427 sq km).

The Company's current exploration focus is on completing a 10,000m reconnaissance drilling program at the 100% owned Andewa gold + porphyry copper Project in PNG (EL 1345). About 2,000m has been completed in 5 holes to date and assays are expected to be received, compiled and released forthwith.

In addition, Frontier is undertaking an enormous Three Dimensional Induced Polarisation (3D-IP) survey (about 40 km^2) at the 100% owned Moina Project in Tasmania, to generate targets for a major drilling program in early 2012.

In 2010/early 2011, Frontier undertook a major 3D-IP geophysical program over a 21 sq km grid at the Andewa gold and copper Project on the island of New Britain in Papua New Guinea and collected about 5,000 soil and rock samples.

The 3D-IP survey was a remarkable success that demonstrated a 7 square kilometre area of 3D-IP anomalies (chargeability +/-conductivity +/-resistivity), with three exceptionally voluminous and intense, chargeability/conductivity anomalies that indicate the presence of very large sulphide systems from on-surface to more than 800m deep.

Extensive gold in soil geochemistry was demonstrated that is more than 5km long E-W and 4 km wide N-S at a 20ppb cutoff, with peak soil assay grades of 18.9 g/t gold and 0.19% copper. Precious and base metals are known to be present and they are being evaluated within this huge anomaly. Outcrops discovered and sampled in 2010/2011 include 15.0m of 15.48 g/t gold + 21.9 g/t silver. The soil samples have documented a 9 sq km area with gold, arsenic and copper soil anomalies (at >20ppb gold cutoff).

Frontier has previously drilled gold mineralisation at Andewa's Komsen Prospect (on the western margin of the CCZ) from surface to a maximum depth of 320m below surface in a limited program, with drill intercepts containing significant gold and base metals such as 7.9m of 10.01g/t gold and 2m of 5.43 g/t gold + 95 g/t silver + 11.1% zinc + 2.3% lead + 0.12% copper. Trench results have included 5.0m of 18.54 g/t gold.

Five of Frontier's ELs in PNG are subject to excellent earn-in Joint Ventures with Ok Tedi Mining Ltd, for USD$12 million per project, USD$60 million total, within 5 to 6 years depending on EL, to earn between 58% and 80.1% direct equity in the tenements. Frontier is progressing the Ok Tedi Mining Ltd JV and projects as appropriate, to maximise their value to shareholders, by assessing and adding value to OTML's exploration programs. 13,000m of drilling is planned for the coming year on 3 different ELs and has finally commenced at EL1351. The Bulago drill rigs and equipment are still awaiting a mobilisation window to commence.

- The Bulago license (EL 1595) is being targeted for high grade gold + porphyry copper, with historic results such as 27m of 66.8g/t gold in trench.
- The Leonard Schultz license (EL 1597) is being targeted for gold + porphyry copper, with historic results such as 16m of 18.60 g/t gold in trench.

- The Likuruanga license (EL 1351) is being targeted for gold + porphyry copper with historic results such as 27m of 0.71% + 66m of 0.42% copper in drill to the end of hole.
- The Central New Britain license (EL 1598) has 3 separate porphyry copper +/- gold occurrences, to 9,000m long that will be targeted.
- The East New Britain license (EL 1592) is being targeted for gold + porphyry copper, with historic results such as 10.9m of 26.9g/t gold in skarn in trench.

OTML is a major producer of copper concentrate from the Ok Tedi mine (operations commenced in 1984) and has become the single largest business contributor to the economy of PNG. In 2009, OTML's export earnings were K4 billion, representing 33% of PNG's total export earnings. The contributions of the mine to PNG are wide reaching improving opportunities for employment, education and health services.

Tasmanian exploration has also been significantly ramped up and a 1,200m drilling program was completed at the SMRV Project in May. Drill results included 13.9m of 8.97% zinc + 4.47% lead + 37g/t silver + 1.11 g/t gold, showing the project has World Class potential for a Roseberry/Hellyer type VHMS deposit. Trenching at the SMRV has previously included results such as 3.0m of 21.9% zinc + 13.9% lead + 680g/t silver + 0.84g/t gold.

The Wanderer River EL contains the northern strike extent of the prospective volcanics from the SMRV and it was granted mid 2011. This area has received no substantive or systematic exploration since 1980, with only a handful of holes ever drilled (in the intervening time period on existing anomalies). An advanced helicopter borne Electro Magnetic program is being planned and will commence when mobilisation details are finalised. This survey should 'see though' surficial lithologies and generate many significant direct drilling EM targets up to about 400m depth. The Hellyer Deposit in the northern Mt Read volcanics was discovered with reconnaissance drilling targeting an anomaly generated by a primitive version of this method in the 1980's.

Tungsten, molybdenum and tin are a major new focus for the Company in Tasmania and there is also excellent potential for World Class Intrusive Related Gold and major polymetallic and precious metal deposits in the Moina Project area (Stormont Deposit / Cethana EL / Narrawa Deposit / Dolcoath Granite). There are at least 70 historic workings (shafts, adits and small open pits) within the targeted area testifying to its highly prospective and mineralised status.

A major 4 sq km soil sampling program has demonstrated extensive and cohesive multi-metal soil anomalies to 6km long and a major polymetallic mineralised district was demonstrated proximal to the Dolcoath Granite, with extensive (up to 6,000m long and often open ended) tungsten - tin - molybdenum - copper - bismuth + gold - lead - zinc, yttrium - niobium soil anomalies.

There is virtually no historic drilling in these extensive soil zones (except at Narrawa) and an application was lodged to acquire a 500m wide sliver of ground south of the Cethana EL boundary to consolidate the prospective area and enable Frontier to assess the soil anomalies' strike continuations to the SE.

A very large 3D-IP program (approx 40 sq km) has commenced with line cutting and will ultimately be completed late in Q4. Frontier then plans to drill test the geophysical/geochemical/geological targets in Q1 of 2012, including significantly deeper drilling for World Class Intrusive Related Gold (IRG) deposits.

The Stormont EL and Narrawa RL contain modest on-surface gold – bismuth and gold/base metal deposits, that can probably be developed utilising a central processing plant. Drilling is currently underway at Stormont to improve the confidence of the resource estimation to Indicated. Six holes have assays returned to date and results included 17.6m grading 10.80 g/t gold (from surface), 15m of 7.67 g/t gold (from 3m) & 6.5m grading 6.56 g/t gold (from 8.5m).

Stormont's Inferred Resource contains 14,250 ounces of gold plus 304 tonnes bismuth, within 112,500 tonnes of rock grading 3.94 g/t gold plus 0.27% bismuth (1.0g/t gold cut-off grade).

Narrawa's Indicated and Inferred Resource contains 14,125 ounces of gold plus 131,300 ounces of silver, 2,765 tonnes of lead and 2,335 tonnes of zinc (0.5g/t gold cut-off), within 209,300 tonnes of rock grading 2.10 g/t gold, 19.5 g/t silver, 1.32% lead and 1.12% zinc.

A historic Conceptual Mining Study (CMS) shows that the Stormont and Narrawa Deposits at the Moina Project can probably be economically mined and concentrated or CIP processed at site, with toll smelting of the Narrawa concentrate at the Risdon refinery. However, the project has a short mine life and would be substantially more robust with a larger resource. Increasing the total resources will be a priority with the next drilling program.

The Conceptual Mining Study will be updated after revised resources are estimated for Stormont and Narrawa and the resultant revised financial parameters will be released.

Future exploration will also involve reconnaissance, geological mapping and grid based soil geochemistry and perhaps 3D-IP surveys on Sudest Island and Mt Schrader applications (once granted) to define very high-grade gold trenching and drilling targets and an Andewa 'lookalike', respectively.

Frontier has the ingredients for sustained success in the future:

- The tenement portfolio is large, diverse and highly prospective for World Class precious and base metal mineralised systems, including gold-silver, copper-gold-molybdenum, lead-zinc-silver-gold and tungsten- tin-molybdenum.
- Andewa has excellent mineralisation potential and the enormous geophysical anomalies at the 100% owned project are currently being drilled for the first time and a 'Company Maker' mineral deposit could be defined.
- The earn-in Joint Ventures with Ok Tedi Mining Ltd are truly excellent and they are the best partner in PNG for that group of ELs. OTML have flown detailed and extensive aeromagnetic and radiometric surveys on ELs 1351, 1595 and 1597, generated targets, committed to advanced exploration and will drill ~13,000m of diamond core on Bulago, Leonard Schultz and Likuruanga in the next year, plus fly aeromagnetics/radiometrics on the Central and East New Britain ELs.

I would like to thank all Frontiers' employees, contractors and consultants for their dedication, hard work and excellent results from 2010/2011. I would also like to thank shareholders for their support of the Company through recent 'hard times'.

Directors and Management believe that Frontier has excellent projects and future mineralisation/deposit potential and are proceeding to unlock it as rapidly as possible. The future for Frontier looks very bright and 2011 /2012 should be very exciting for shareholders.

FRONTIER RESOURCES LTD

P.A.McNeil, M.Sc.
CHAIRMAN / 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 the information in the form and context in which it appears.

Extensive and highly successful exploration was conducted by Frontier during 2010/2011 at the 100% owned Andewa Project in Papua New Guinea (Figure 1). The Company was also very active in Tasmania drilling excellent results at the SMRV Project and the Stormont Deposit. In addition, a 4km^2 soil grid was completed and sampled at the Moina Project, demonstrating excellent multi-element anomalies.

PAPUA NEW GUINEA

Andewa Project Summary (EL 1345)

A 21 square kilometre 3D-Induced Polarisation geophysical and soil /rock geochemical program was completed in the early 2011 and results were compiled, evaluated and reported.

- The 3D-IP survey was a remarkable success that demonstrated a 7 square kilometre area of 3D IP anomalies (chargeability +/-conductivity +/-resistivity), with three exceptionally voluminous and intense, chargeability /conductivity anomalies that indicate the presence of very large sulphide systems from on-surface to more than 800m deep.

    - The chargeability anomaly (over 30ms) consists of two very large, spatially related and intense chargeability anomalies (plus one smaller anomaly) called the Core Chargeability, Ehgin/Ekhos and Ber Zones. The Ehgin/Ekhos chargeability anomaly is 3.3 km^2 in area, the Core Chargeability Zone is 3.0 km^2 and Ber is approximately 0.5 km^2 (at 150m below sea level). Refer to figures 2 - 4.

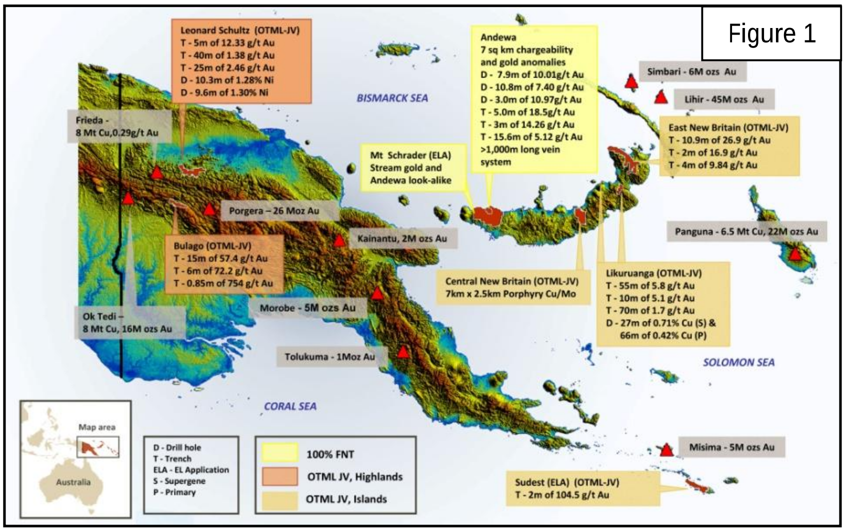


Figure 1

    - The total anomalous chargeability area (over 30ms) is approximately 5,400m long (E-W) and 3,000 wide (N-S).

    - The Ehgin/Ekhos chargeability anomaly is approximately 3,850m long x 1,750m wide. It averages about 1,000m wide and has a higher grade chargeability core zone that is approximately 2,400m long and 1,000m wide (at over 30ms and 400m below topography).The Ehgin/Ekhos is the largest and closest to surface 3D-IP chargeability anomaly at Andewa, with much of it very intense at over 45ms; it is open to the south and east but appears defined in general at depth.

    - The Core Chargeability Zone is approximately 2,900m long (NW to SE) and a maximum of 2,100m wide, averaging 1,000m wide; it is open to the south and at depth, with a large volume at > 45ms chargeability that extends to depths greater than the 800m modelled maximum.

    - Each major chargeability anomaly is surrounded by a sub-circular high-resistivity anomaly that appears to merge near the edge and off the grid, to become 1 x approx. 6km diameter quasi-donut shaped resistivity anomaly in the centre of the Mt Andewa crater, with 'holes' present where the strong conductivity and chargeability anomalies exist.

    - Conductivity anomalies are the very low resistive zones and they regularly overlie the chargeability anomalies.

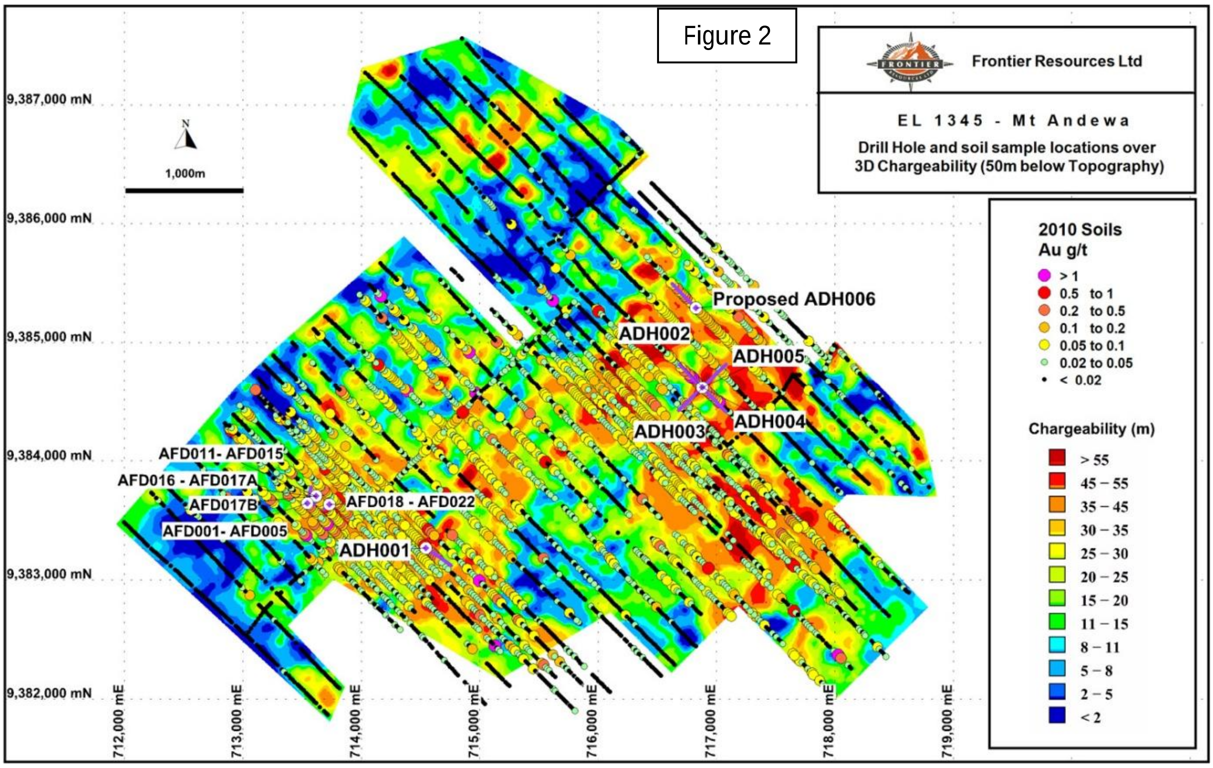


Figure 2

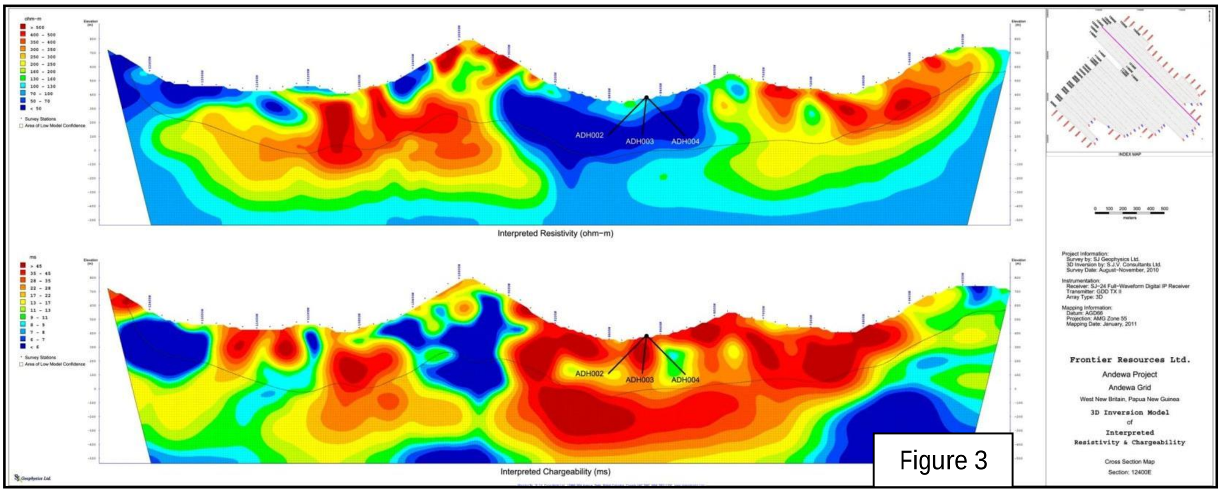


Figure 3

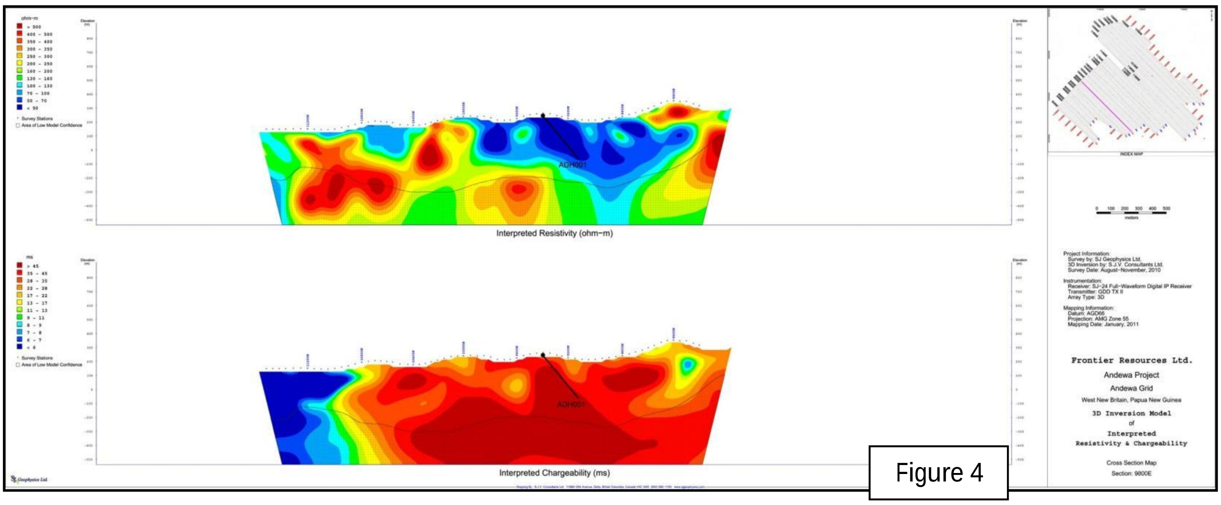


Figure 4

- High–grade gold, plus silver and copper were demonstrated in Andewa rock channel assays from numerous gold mineralised outcrops, with several different styles of mineralisation / targets noted (Figure 5).
  - Peak outcrop assay values were 23 g/t gold, 288 g/t silver, 0.919% copper (float rock), 114 ppm molybdenum, 1.61% lead and 3.59% zinc.
  - High gold and silver assays are related to structurally controlled, epithermal gold / silver mineralisation and other combinations to possible 'telescoped' porphyry copper-gold-molybdenum.
  - Two significant gold mineralised outcrops were discovered and channel chip sampled, returning: 15.0m of 15.48 g/t gold + 21.9 g/t silver (indeterminate true width, but sampled partly along strike) and 11m of 5.44 g/t gold + 85 g/t silver + 0.22% copper. Also 6m of 7.56 g/t gold + 68 g/t silver + 0.25% copper and 3m of 9.20 g/t gold + 32 g/t silver + 0.30% copper.

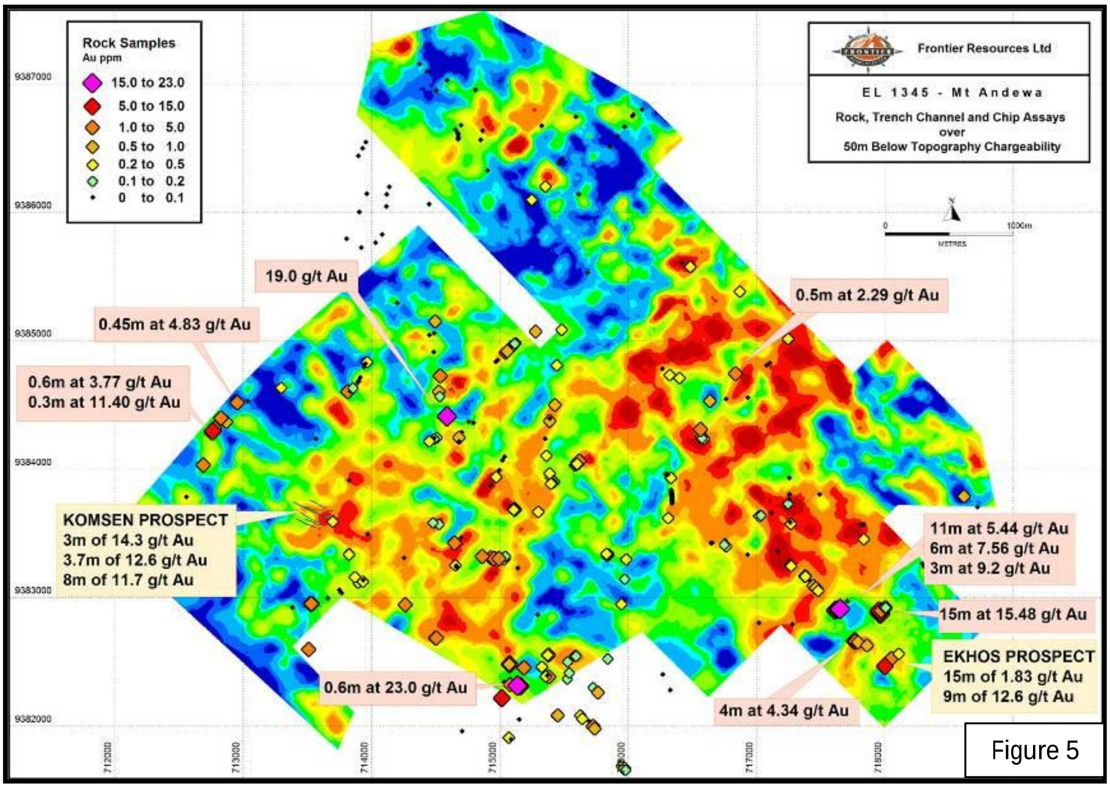


Figure 5

  - Silver mineralised outcrop channel chip samples included 4.0m of 210.5 g/t silver + 0.68 g/t gold + 0.55 % zinc and 3.0m of 137 g/t silver + 0.58 g/t gold.
  - Copper mineralised outcrop channel samples included 2.0m of 0.18% copper + 0.90 g/t gold and 0.5m of 0.30% copper + 0.63 g/t gold.
  - Additional significant gold mineralised outcrop channel chip intercepts included 0.6m of 23.0 g/t gold + strong arsenic, 2.0m of 6.48 g/t gold, 0.5m of 19.0 g/t gold, 0.6m of 10.3 g/t gold + strong arsenic, 0.3m of 11.4 g/t gold + strong arsenic, 4.0m of 3.80 g/t gold + 12.0 g/t silver + 0.95% lead + 0.87% zinc, 2.0m of 2.19 g/t gold + 21.1 g/t silver + 0.75% zinc, 1.5m of 4.49 g/t gold + low molybdenum and arsenic and 1.5m of 3.63 g/t gold + weak lead and zinc.
  - The best rock float sample assayed 23.0 g/t gold + 0.92% copper. Several others contained moderate silver.

- A 2.4 square kilometre area of gold geochemical anomalies (>0.05 g/t +/-molybdenum +/- copper +/- arsenic +/- antimony) was defined. These extensive and high grade soil sample assays confirmed that a very large scale gold mineralised system is present with coincident (variably) gold, copper, molybdenum, arsenic and antimony soil anomalism corresponding to high chargeability zones at 50m below topography and to greater depths.
  - The total extent of the relatively cohesive gold in soil anomaly at the 0.02 g/t gold (20ppb) cutoff is in excess of 5km long (east to west) and 4 km wide (north to south) (Figure 6).
  - Individual gold in soil assays at the Andewa Project are plotted on a thematic contoured image of the gold results (inverse distance algorithm), showing the location and major trends of the mineralised zones.
  - Note that 0.02 g/t gold (20 ppb) was chosen as the base mineralised threshold to define the total extent of the system and this is represented basically by light green and hotter colours (blue is NOT mineralised).
  - The economically significant areas however are greater than 0.05 g/t gold (50 ppb) and particularly greater than 0.10 g/t gold (100ppb); these zones are represented basically by yellow and hotter colours and by orange and hotter colours, respectively
  - Peak soil assay grades were 18.9 g/t gold and 0.19% copper.

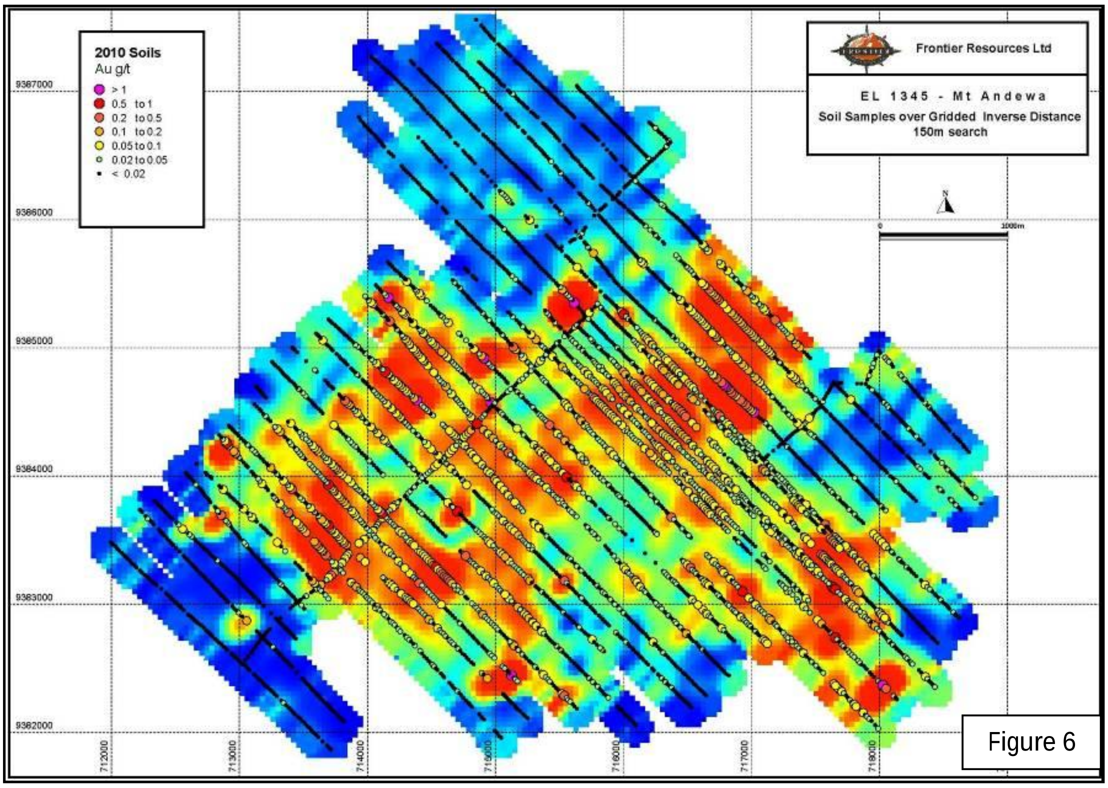


Figure 6

  - About 44% of the total samples are classified as anomalous (greater than 0.02 g/t gold) and cover an area of about 9.3 sq km or 44% of the gridded area.
  - About 11.3% of the assays and area noted above are moderately anomalous (0.05 to 0.10g/t gold) and cover an area of 2.4 sq km and an additional 5.1% of assays are strongly mineralised (greater than 0.10 g/t gold) and cover an additional area of about 1.1 sq km.
  - There is a very strong multi-element soil anomaly in the NE sector of the grid (Ehgin Prospect) corresponding to an extensive near and on surface conductivity and chargeability anomaly.

- Ehgin has the strongest and most extensive gold in soil recorded on the gridded area and it also contains extensive and moderate to very strong copper, molybdenum, arsenic and antimony mineralisation indicative of epithermal and /or porphyry copper- gold -molybdenum mineralisation.
- The main or central gold anomaly trends quasi east - west then turns to the north east. This anomaly is in excess of 5km long north east to south west at over 0.05 g/t gold (50 ppb).
- There are 2 additional major gold in soil anomalies (over 0.05 g/t gold) that are approximately 1.5km long and another that is approximately 1km long. The anomalies generally appear to trend north easterly. In addition, there are eight multi-line /multi-point soil anomalies that warrant follow-up.
- The highest tenor and longest gold intercepts demonstrated by the grid based soil sampling were 425m of 0.46 g/t gold + 400 ppm copper, 800m of 0.12 g/t gold + 226 ppm copper, 275m of 0.21 g/t gold + 586 ppm copper, 525m of 0.12 g/t gold + 279 ppm copper and 800m of 0.09 g/t gold + 184 ppm copper, in different sectors of the grid. There are many additional significant intercepts.
- The gold in soil anomalies corresponds to the conductivity /chargeability at 50m below topography quite well, but there are exceptions (divergence is to be expected - Figure 2).
- Only very limited areas of the grid were below gold detection limits (they were not gold anomalous at all), which is very encouraging.
- The copper in soil anomaly is relatively coincident with the gold anomaly (at greater than 150 ppm and 0.05 g/t, respectively) and there is a good general correlation between higher tenor copper and higher tenor gold zones (that are greater than 300ppm and 0.1 g/t, respectively. Copper generally shows a inverse relationship with resistivity.

- Epithermal and porphyry style mineralisation was noted and are prime exploration targets.

- A 10,000m diamond core drilling program commenced July 1 at the Andewa gold - copper mineralised system, targeting 'World Class' gold and copper deposits. Each drill hole has / is / will target various different combinations of soil and rock geochemical, 3D-IP conductivity and chargeability geophysical and structural /geological anomalies (Figure 2).

  - The first hole drilled into a silicified /hematitic, E-W trending hydrothermal breccia associated with a major gold + copper in soil anomaly, across a major northerly trending structure, through a conductivity anomaly and into a chargeability anomaly.
  - Holes 2 through 5 have targeted the Ehgin geochemical and 3D-IP geophysical anomalies in the NE of the grid. This area is central to the longest and strongest tenor gold in soil anomalies defined to date, is proximal to a major structural intersection and is in the centre left of the strongest and largest conductivity anomaly on the grid.
  - Approximately 2,000m of drilling has been completed in 5 drill holes to late September.
  - Megascopic examination of diamond core drill holes ADH 001 and ADH 002 confirmed they contain abundant magnetite and lesser copper and molybdenum sulphide minerals plus pyrite to the end of each hole at about 400m downhole depth.
  - The sulphides in each hole are present in sufficient abundances to explain the copper geochemical and proximal 3D-IP geophysical anomalies. No implications regarding copper or gold grades are suggested herein and assaying is in progress.
  - Excellent porphyry copper - gold - molybdenum deposit potential has been demonstrated at the Andewa Project from the 2 groups of drill holes that are collared 2,700 linear meters apart.
  - Relationships with the intense 3D-IP geophysical anomalies can be evaluated in the 50m below topography chargeability plan showing the location of hole ADH 001 - ADH 005 and proposed ADH 006 (see Figure 2). Two cross-sections show the location of the holes ADH 002 -

ADH 004 and ADH 001 respectively, relative to chargeability and resistivity (and conductivity).

- The Frontier exploration team have been undertaking infill grid-based sampling and hand trenching in geochemical and geophysical anomalies to better define possible gold/copper drilling targets and further evaluate the possibility of near surface gold resources.
- A bulldozer track has been completed to site and will substantially reduce ongoing operational costs and also allow access for our new track mounted (large) drill rigs and earth moving equipment.
- Frontier's 'acreage' surrounding the Andewa Project have been maximised, with EL Application 1951 (2,477 km^2) covering the gold and copper prospective 'Andewa lookalike' at neighbouring Mt Schrader. Both areas have good access by sea from the nearby port of Kimbe and strong relationships have been built with landowners (who live along the coast and NOT in project area).

OK TEDI MINING LTD JOINT VENTURES

Five ELs (Figures 7 and 8) are subject to 2 Joint Ventures with Ok Tedi Mining Ltd (OTML) that require a total earn-in of US$60 million over 6 years, consisting of US$12 million for each of the 5 projects. Frontier then has a deferred carry to completion of a Bankable Feasibility Study on each tenement. The Company will retain a 42% interest (dilutable) in the Bulago and Leonard Schultz ELs and a 19.9% interest (non-dilutable) in the Likuruanga, Central New Britain and East New Britain ELs, to the completion of a Bankable Feasibility Study. The JVs cover a total area of 2,690 km^2.

OTML is a major producer of copper concentrate from the Ok Tedi mine (operations commenced in 1984) and has become the single largest business contributor to the economy of PNG. In 2009, OTML's export earnings were K4 billion, representing 33% of PNG's total export earnings. The contributions of the mine to PNG are not simply economic, with employment, education and health services all facilitated by the mine.

Figure 7

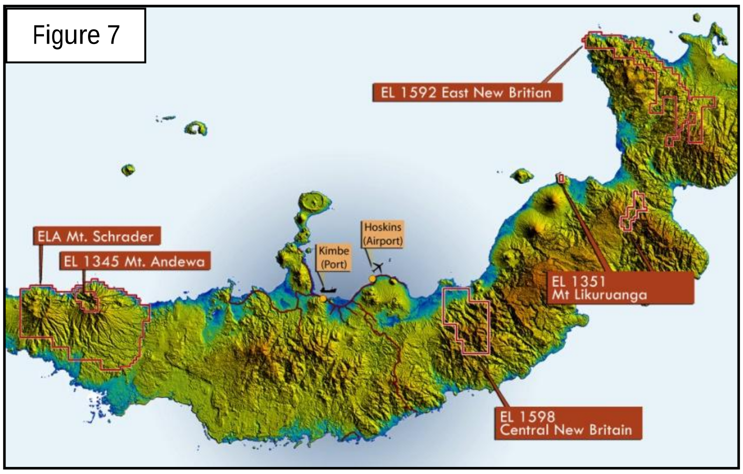
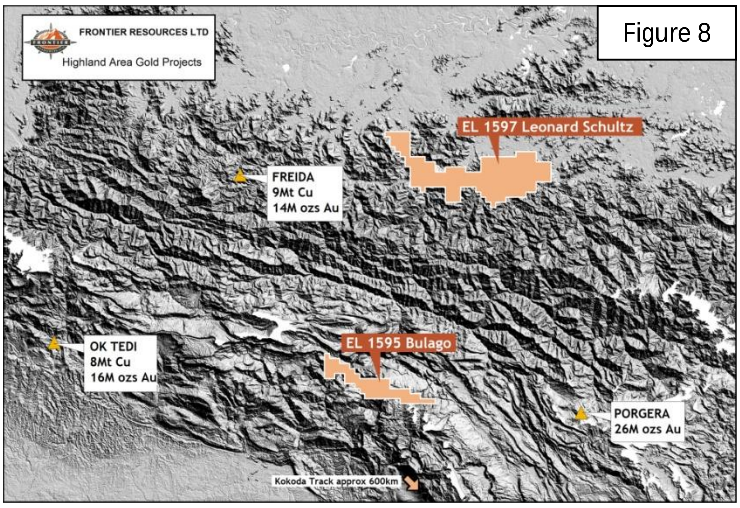


Figure 8



OTML has moved to 'Advanced Stage Exploration' on the Bulago, Leonard Schultz & Likuruanga ELs.

- 13,000m of diamond core drilling is planned by the JV for the coming year in 3 of the 5 JV Exploration Licences and has commenced at Likuruanga. The commencement at Bulago has been delayed due to weather conditions and lack of aircraft availability.
- OTML have completed large aeromagnetic and radiometric programs at Bulago, Leonard Schultz and Likuruanga to delineate and rank targets for follow up exploratory drilling.
- The Central New Britain (EL 1598) and East New Britain Exploration Licences (EL 1592) were granted. OTML will undertake aeromagnetic / radiometric geophysical programs by the end of the year.
- The Central New Britain EL contains multiple known porphyry copper-gold occurrences and/or zinc - gold skarns, plus an un-named porphyry aeromagnetic signature. It has had no exploration for more

than 26 years.

- Uasilau -Yauyau is a copper in soil anomaly [historical data] more than 9,000m long and 700m to 2,000m wide. The gold in soil anomaly is more than 2,000m long and 700m wide at the NW end, but much of the grid was not analysed for gold. It has limited drilling, with only 15 generally shallow holes in the 1970's and a miniscule density of around 1 hole/sq km. An entire deep hole returned 304m of 0.12 % copper + 82 ppm molybdenum.
- The Pelepuna Skarn Prospect had continuous outcrops to 4m of 15.8% zinc and 5m of 128 g/t silver. Seven short holes were drilled with results to 16.7m grading 6.88% zinc from near surface. The copper-gold porphyry deposit potential remains undrilled.
- Gavuvu Prospect has very limited trenching completed, but has yielded 10m of 150 g/t silver. In addition the Prospect has extensive low tenor gold in soils.

- The East New Britain EL covers 1,003 sq km and a 100km strike length of the Baining Structural Zone and poorly explored intrusives (plus volcanics).
  - The EL contains excellent potential (on the basis of historical exploration) for porphyry copper and epithermal gold deposits, with multiple aeromagnetic signatures and/or other signs of copper, gold and platinoid mineralisation.
  - Most of the area has only had wide-spaced first pass exploration 25 to 30 years ago.
  - The EL covers from the NW point of the Gazelle Peninsula to the SE, almost encompassing the Sinivit epithermal gold Mine.
  - Limited historic bulldozer trenching at Doilene Prospect has included 10.9m of 26.9 g/t gold (incl. 0.4m of 136.4 g/t gold and 1.0m of 147.8 g/t gold), 2m of 16.9 g/t gold and 4m of 9.84 g/t gold, which all remain un-drilled. These skarns are likely to have been generated by a mineralised porphyry.
  - A large toxic element anomaly was shown at the Sikut Caldera, with the LK1 Breccia Prospect outcrop sampling up to 2.5m of 9.6 g/t gold.
  - Alluvial platinoids and gold occur in two adjacent tributaries north of Sinivit at Angbitki, with pan concentrates to 29.44 g/t gold, 22.7 g/t platinum and 0.45 g/t palladium and no follow-up in the 3 sq km target area.

TASMANIA

The Tasmanian tenement portfolio is highly prospective for a diverse suite of metals, exploration is being carefully targeted and the probability of discovery is high.

Tungsten, molybdenum and tin are a major new focus for the Company, as there is excellent potential for World Class and major polymetallic and precious metal deposits in the Moina Project area (Stormont Deposit / Cethana EL / Narrawa Deposit /Dolcoath Granite).

- A major polymetallic mineralised district was demonstrated proximal to the Dolcoath Granite (the sub-circular green low in the 1st VD aeromagnetic image shown in Figure 10), with extensive (up to 6,000m long and often open ended) tungsten - tin - molybdenum - copper - bismuth + gold - lead - zinc, yttrium - niobium soil anomalies (Figure 11).

- A 40 km^2 3D-Induced Polarisation geophysical survey is being undertaken over the entire Stormont area and the general Moina Project further east to generate World Class Intrusive Related Gold and precious + base metal skarn targets for drilling in 2012. Line cutting is progressing well for the 3D-IP and the actual survey should commence in about 2 weeks. The 3D -IP has been a very successful exploration tool at our Andewa Project and other areas in PNG and the concepts are the same.
- A soil geochemical survey is also planned to test areas covered by the IP survey (not already completed or covered by basalt) and should be completed by the end of the year.
- There is virtually no historic drilling in these extensive soil zones (except at Frontier's Narrawa Deposit).
- An application was lodged to acquire a 500m wide sliver of ground south of the Cethana EL boundary to consolidate the prospective area and enable Frontier to assess the soil anomalies' strike continuations to the SE.

› Drilling commenced on July 12 at the Stormont Deposit (figure 12) for resource infill and expansion.

- Very high grade gold was demonstrated in the initial diamond drill core assay results and include 4.5m grading 37.4 g/t gold, 4m of 19.4 g/t gold and 2m of 13.4 g/t gold, each in different holes within significant and wider lower grade mineralised envelopes. These are excellent results and the first we have drilled in the region in 3 years.
- There is a high correlation of gold mineralisation to high magnetic susceptibility at Stormont which is a useful exploration tool. Hole SFD 022 was successfully drilled to test for near surface gold resource extensions to the southeast of the Inferred Resource and it, together with the ground magnetics, suggests a significant extension to the

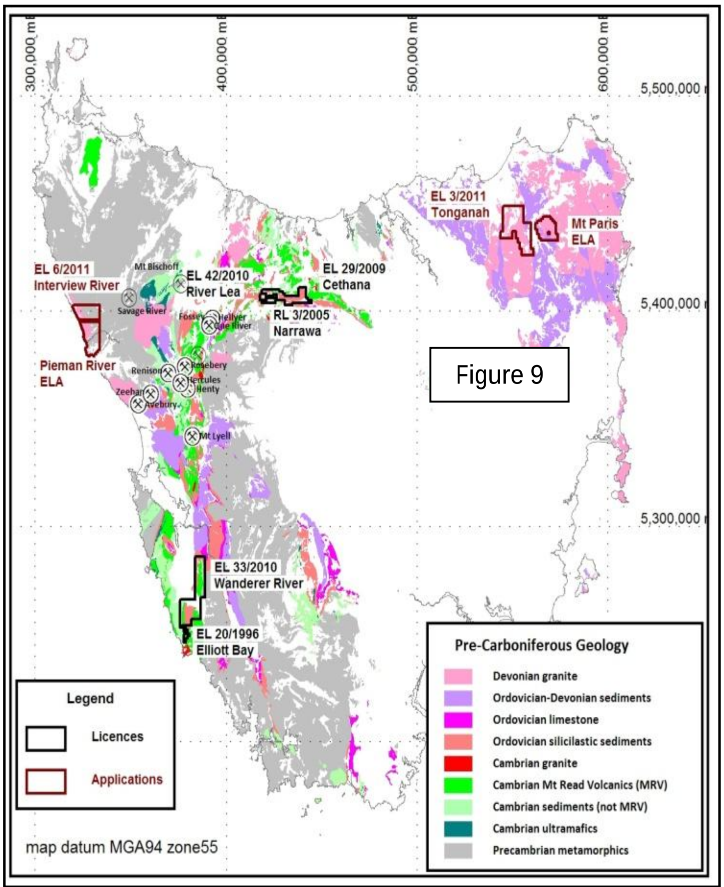


Figure 9

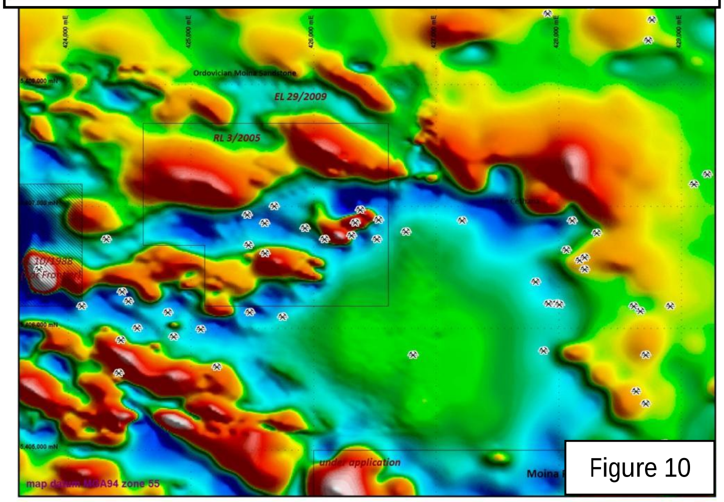


Figure 10

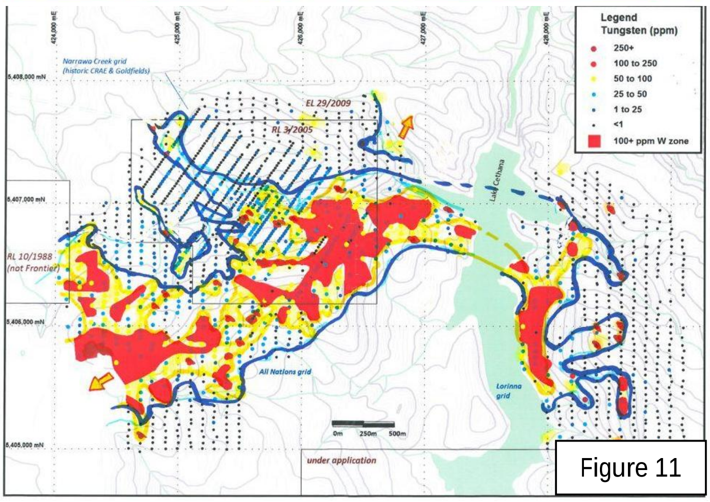


Figure 11

gold mineralisation to the east /southeast.

- The assay results show that moderate to very high grade gold exists from surface between section 2100E and section 2075E and also occurs outside the existing Inferred Resource area. These areas will be further targeted.
- The excellent correlation between gold mineralisation and high magnetic susceptibility lends confidence that with continued exploration and drilling by Frontier, that some of the numerous other magnetic anomalies near the Company's Stormont Gold –Bismuth Deposit and in the Moina Exploration License, will yield further significant gold mineralisation and ultimately mineral resources.

- A 1,454m diamond drilling program was completed at the Southern Mount Read Volcanic Project (SMRV) in SW Tasmania (Figure 13).
  - The best intercept drilled to date was returned at the Wart Hill Deposit with 13.9m grading 1.11 g/t gold + 37g/t silver + 9.0% zinc + 4.5% lead + 0.3% copper.
  - This intercept demonstrates the 45km long SMRV project area's ultimate prospectivity.

- Frontier's expansion and commodity diversification strategy was completed, consolidating and significantly enhancing the Company's tenement portfolio in this richly endowed state. More than 125 tungsten, tin, base-precious metal and rare earth element occurrences have been added to the total portfolio.
  - The Stormont Gold – Bismuth Deposit, Wanderer and Tonganah ELs were granted, the SMRV (Elliott Bay) was renewed and the remaining Applications were recommended to the Minister for granting.
  - Wanderer River covers the 'very lightly' explored belt of volcanic rocks adjoining and to the north of Frontier's Elliott Bay Project (EL 20/96), enhancing and consolidating the tenement portfolio in the southwest. The EL will be surveyed by deeper penetrating new generation helicopter borne electromagnetic methods in Q4.

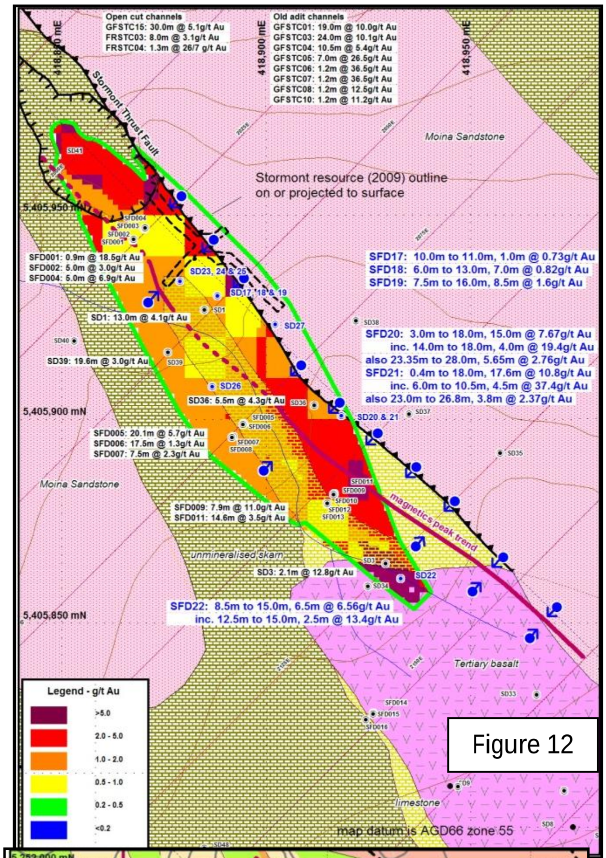


Figure 12

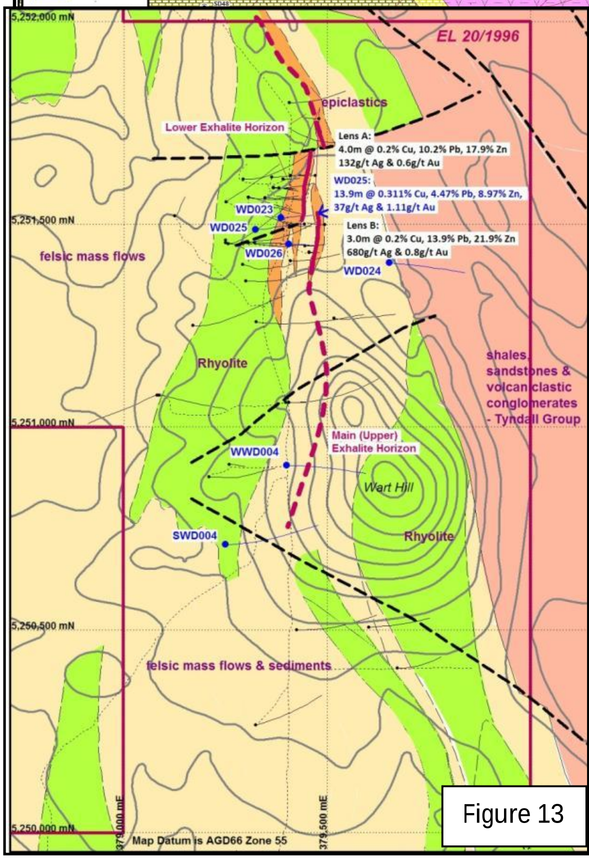


Figure 13

Your Directors present their report on the Group for the financial year ended 30 June 2011.

DIRECTORS

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

P.A. McNeil
G.J. Fish
W.J. Staude
H.D. Swain

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The consolidated loss of the Group after tax amounted to $4,349,224 (2010: $1,437,708). There were no dividends paid or recommended during the financial year ended 30 June 2011.

The result of the Group was significantly affected by exploration expenditure of $3,208,349 (2010: $1,206,052) expensed in accordance with the Group's accounting policy regarding the capitalising or expensing of exploration expenditure as outlined in Note 1 to the Financial Statements.

REVIEW OF OPERATIONS

During the financial year, the Group funded ongoing exploration and evaluation work on its exploration areas in Tasmania and Papua New Guinea. Further information on the operations of the Company can be found in the section titled "Managing Director's Review of Operations and Activities" in this annual report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Throughout the year, 45,831,224 Options were exercised at various prices to raise $2,033,155.

On 15 April 2011, Ms Paige McNeil resigned as Company Secretary and Ms Julia Beckett was appointed Company Secretary.

On 4 May 2011, the Company issued 34,839,362 Shares under a Share Purchase plan to raise $8,013,055.

On 21 June 2011, the Company issued 8,695,653 Shares through a Share Placement to raise $2,000,000.

In the opinion of the Directors there were no other significant changes in the state of affairs of the Group that occurred during the financial year not otherwise disclosed in this report.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There are no significant matters arising subsequent to the end of the financial year.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

- Continued assessment and evaluation of the Papua New Guinea and Tasmanian exploration licences.

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

ENVIRONMENTAL REGULATIONS

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

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

The directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the company for the current, nor subsequent, financial years. The directors will reassess this position as and when the need arises.

INFORMATION ON DIRECTORS

Director and Experience	Special Responsibilities	Particulars of Directors' interest in shares and options of Frontier Resources Ltd: Ordinary Shares	Options
Peter A. McNeil			
Chairman appointed 20th January 2010 Managing Director for 10 years. Age 50. B.Sc., M.Sc. He has 29 years exploration experience in Papua New Guinea, U.S.A., Canada and Australia, including programs at the Lihir gold deposit and in the Goldfields and Kimberley regions of Western Australia and Tasmania. Peter has been associated with the discovery of a number of orebodies including Nimary and Sunrise Dam in Western Australia. Peter also held former Directorships (within the last 3 years) in Coppermoly Ltd, Macmin Silver Ltd and New Guinea Gold Corp. .	Member of Planning & Operations Committee	9,284,794	2,000,000 Unlisted
Graham J. Fish			
Non-Executive Director for 4 years and independent Non-Executive Director for 6½ years. Age 72. He graduated B.Sc. (Geology, Chemistry) in 1958, Dip. Ed. in 1961 and M.Ed. in 1980 from the University of Tasmania. He worked as a teacher of Geology and Chemistry in Tasmanian Education Department Colleges before promotion into administrative roles from 1973. Graham has 36 years of management skills and extensive experience in administration and education development in Tasmania. He has a background in geology and has chaired committees on both national and state school curriculum and assessment boards. He has delivered papers and written science and education reports for UNESCO in Bangkok in 1983, and in Korea in 1988, for the South Pacific in Fiji in 1995, for International Conferences in Sydney in 1993 and New Zealand in 1994. Graham has not held any other former Directorships within the last 3 years.	Member of Planning & Operations Committee Member of Audit Committee	741,457	1,500,000 Unlisted

INFORMATION ON DIRECTORS

Director and Experience	Special Responsibilities	Particulars of Directors' interest in shares and options of Frontier Resources Ltd: Ordinary Shares	Options
Warren J. Staude			
Non Executive Director for 9 years. Age 68. Has over 40 years professional experience in the mining, exploration and resource finance industries. He is a graduate of University of Sydney (BSc), Macquarie University (MSc) and holds a Graduate Diploma from the Securities Institute of Australia and is a member of the Joint Ore Reserves Committee. Warren has worked in Government, in industry, as a private consultant and on the academic staff at Macquarie University. He worked for the AMP Society's resource investment team, in the stockbroking industry and GIO Australia Asset Management. He brings your Company a wealth of experience in the Australian financial markets. Warren is currently a non-executive director of Central West Gold NL, Malachite Resources Limited, Eagle Eye Metals Limited, Excelsior Gold Limited, Aphrodite Gold Limited and Stonehenge Metals Limited, all ASX-listed companies. He has not held any other former Directorships within the last 3 years.	Chairman of Audit Committee	1,048,618	2,000,000 Unlisted
Hugh David Swain			
Non-Executive Director for 4 years. Age 74. Mr H David Swain, B.Eng (Mining) 1962, M.Eng. (Civil) 1972 – University of Sheffield, is a Mining/Civil Engineer with 47 years professional experience, who has held senior management positions both operating and technical including Mine Superintendent and Chief Mining Engineer at Bougainville Copper, General Manager of Rossarden Tin Mines and Executive Manager with Goldsworthy Iron. David has worked as a consultant for 28 years and has completed projects in Australasia, West Africa, SE Asia and China. David is a Fellow of the AIMM and has presented and published several papers on ore reserve estimation and other aspects of mining engineering. He has not held any other former Directorships within the last 3 years.	Member of Audit Committee	650,000	1,000,000 Unlisted

COMPANY SECRETARY – QUALIFICATIONS & EXPERIENCE

Jay Stephenson – Appointed Company Secretary on 2 February 2008

Jay Stephenson holds a Master of Business Administration, is a Fellow of the Certified Practising Accountants, Certified Management Accountant (Canada), Member of the Australian Institute of Company Directors and Fellow of the Chartered Institute of Secretaries. Jay is currently Company Secretary for a number of ASX listed resources and industrial companies.

Julia Beckett - Appointed Joint Company Secretary on 15 April 2011

Julia Beckett holds a Certificate in Governance Practice and Administration and is a Certificated Member of Chartered Secretaries Australia. Julia has extensive project management experience in both public institution and company administration, the past 4 years more specifically focusing on corporate governance and compliance. She has been involved in business acquisitions, mergers, initial public offerings, capital raisings as well as statutory and financial reporting.

Paige McNeil – Appointed Joint Company Secretary on 5 March 2009 – Resigned 15 April 2011

Paige McNeil holds a Graduate Diploma in Corporate Governance, is an Associate of the Institute of Chartered Secretaries and Administrators and a Graduate of the Australian Institute of Company Directors. Ms McNeil has been involved in the mineral exploration industry for 12 years including the past 9 years as Administration Manager for various Australian and Canadian listed and unlisted companies including Frontier Resources Limited from its inception. She has 10 years corporate administration and human resource experience in Papua New Guinea. Paige is currently an Executive Director of Exploration & Management Consultants Pty Ltd, an Executive Director of Quintessential Resources Ltd and a non-executive Director of Mundaring Financial Services Ltd.

DIRECTORS' MEETINGS

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

	Directors' Meetings		Audit Committee Meetings		Planning & Operations Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
P.A. McNeil	4	4	-	-	2	2
G.J. Fish	4	4	1	1	2	2
W.J. Staude	4	4	1	1	-	-
H.D. Swain	4	4	-	-	-	-

REMUNERATION REPORT (Audited)

The information in this remunerations report has been audited as required by s308(3C) of the *Corporations Act 2001.*

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

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

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

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

Alignment to shareholders' interests:

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

REMUNERATION REPORT (continued)

Relationship between remuneration and Company performance
During the past year and since listing on 9 April 2003 the Group has generated losses because it is still involved in mineral exploration, not in production.

Given that the remuneration is commercially reasonable / appropriate / benchmarked, the link between remuneration, company performance and shareholder wealth generation is tenuous, particularly in the exploration stage of a minerals company. Since listing the company has recorded significant losses as it carries out exploration activities on its tenements, and no dividend has been paid. Share prices are subject to the influence of international metal prices and market sentiment toward the sector, and increases or decreases may occur quite independent of executive performance or remuneration. Share prices, largely unrelated to profit and loss, have fluctuated between 1 cent and 52 cents during the last five years, and at 30 June 2011 the price was 20 cents.

Bonuses are paid to employees upon agreement by the Board. During the year, the Managing Director Peter McNeil was paid a bonus of $50,000, and the Joint Company Secretary Paige McNeil was paid a bonus of $6,364.

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

Directors' fees
The current base remuneration was last reviewed with effect from January 2010. Directors' fees are inclusive of committee fees.

Non-Executive Directors' fees are determined within the Non-Executive Directors' fee pool limit, which is periodically recommended for approval by shareholders. The pool currently stands at $150,000 per annum for Non-Executive Directors as approved at the Companies Annual General Meeting on 25 November 2009.

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

Executive pay
The executive pay and reward framework has three components:

- base pay and benefits;
- long-term incentives through Directors options (refer Note 17); and
- other remuneration such as superannuation.

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

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

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

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

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

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

Frontier Resources Ltd Employee Option Plan
Information on the Frontier Resources Ltd Employee Option Plan is set out in Note 17. Directors may not participate in the Employee Option Plan. The Frontier Option Plan does not remove the at risk aspect of options granted under the plan. The plan does not include any limitation of risk for option holders.

Performance Conditions
There are no performance conditions on remuneration other than options granted to Directors and those issued under the Employee Option Plan are not vested until the employee or Director have been with the Company for 12 months. In addition, the Board may from time to time pay a cash bonus to employees on the achievement of agreed performance indicators.

(*b*) *Other key management personnel (audited)*

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

Name	Position	Employer
P.S. McNeil	Joint Company Secretary until 15 April 2011, and Administration Manager	Frontier Resources Ltd
J. Stephenson	Joint Company Secretary and Chief Financial Officer	Frontier Resources Ltd
J. Beckett	Joint Company Secretary since 15 April 2011	Frontier Resources Ltd

(c) Details of remuneration (audited)

Details of the nature and amount of each element of the emoluments of each of the key management personnel of the Group for the year ended 30 June 2011 are set out in the following tables:

2011	Short-term employee benefits			Post-employment benefits		Share-based payment		Remuneration that is Performance Based
Name	Cash salary and fees $	Cash bonus $	Non-Monetary benefits $	Super-annuation $	Retirement benefits $	Options* $	Total $	%
Directors								
P.A. McNeil	277,219	50,000	-	-	-	57,619	384,838	15%
G.J. Fish	31,750	-	-	2,858	-	28,809	63,417	45%
W.J. Staude	30,000	-	-	2,700	-	28,809	61,509	47%
H.D. Swain	32,700	-	-	-	-	28,809	61,509	47%
Other key management personnel								
J. Beckett	-	-	-	-	-	-	-	-
P.S. McNeil	106,200	6,364	-	-	-	17,273	129,837	13%
J. Stephenson	63,058	-	-	-	-	4,318	67,376	6%
Total	540,927	56,364	-	5,558	-	165,637	768,486	22%

REMUNERATION REPORT (continued)

2010	Short-term employee benefits			Post-employment benefits		Share-based payment		
Name	Cash salary and fees $	Cash Bonus $	Non-Monetary benefits $	Super-annuation $	Retirement benefits $	Options* $	Total $	Remuneration that is Performance Based %
Directors								
R.D. McNeil – *resigned 18/01/2010*	37,500	-	-	3,375	-	25,506	66,381	38%
P.A. McNeil	216,242	25,000	-	-	-	34,008	275,250	12%
G.J. Fish	36,167	-	-	3,255	-	17,004	56,426	30%
W.J. Staude	36,666	-	-	3,300	-	17,004	56,970	30%
H.D. Swain	45,250	-	-	-	-	17,004	62,254	27%
Other key management personnel								
P.S. McNeil	100,675	-	-	-	-	19,600	120,275	16%
J. Stephenson	40,538	-	-	-	-	9,800	50,338	19%
Total	513,038	25,000	-	9,930	-	139,926	687,894	20%

* Option value calculation using Black-Scholes Model.
# Remuneration that is performance based % is that percentage of remuneration that consisted of options.

(d) Service agreements (audited)

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

The employment contract stipulates a one month resignation period. The Company may terminate the employment contract without cause by providing one month's written notice, or making payment in lieu of notice based on the individual's annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

REMUNERATION REPORT (continued)

(e) Share-based Compensation (audited)

Options
Options are granted to key management personnel under the Frontier Resources Ltd Employee Option Plan and are subject to the terms of the Frontier Resources Ltd Employee Option Plan as outlined in Note 17 to the Financial Statements.

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

Type of Options	Grant date	Expiry date	Exercise price	Value per option at grant date	Date exercisable	% vested during the year	% forfeited during the year	Financial year options vest	Range of possible values relating to future payments
Employee	19 Oct 2009	19 Oct 2013	$0.04	$0.0225	Between 19 Oct 2009 and 19 Oct 2013	100	-	2010	-
Director	10 Dec 2009	31 Dec 2012	$0.04	$0.0289	Between 10 Dec 2010 and 31 Dec 2012	42	-	2011	-
Director	10 Dec 2009	31 Dec 2012	$0.05	$0.0294	Between 10 Dec 2010 and 31 Dec 2012	42	-	2011	-
Employee	19 Jan 2010	21 Jan 2014	$0.03	$0.0230	Between 21 Jan 2010 and 21 Jan 2014	100	-	2010	-
Director	24 Nov 2010	31 Dec 2012	$0.09	$0.0130	Between 24 Nov 2011 and 31 Dec 2012	58	-	2012	-
Director	24 Nov 2010	31 Dec 2012	$0.10	$0.0111	Between 24 Nov 2011 and 31 Dec 2012	58	-	2012	-
Employee	30 Dec 2010	30 Dec 2014	$0.11	$0.0621	Between 30 Dec 2010 and 30 Dec 2014	100	-	2011	-

Options granted under the Plan carry no dividend or voting rights. All options were provided at no cost to the recipients. When exercisable, each option is convertible into one ordinary share of Frontier Resources Ltd. Further information on the options is set out in Note 17 to the Financial Statements.

Details of options over ordinary shares in the Company provided as remuneration to each Director of Frontier Resources Limited and each of the key management personnel of the consolidated group are set out below:

Name	Grant date	Total number of options granted	Value of options at grant date	Number of options vested during the year	Number of options lapsed during the year	Value at lapse date
Directors -						
P.A. McNeil	10 Dec 2009	1,000,000	$28,900	416,667	-	-
	10 Dec 2009	1,000,000	$29,400	416,667	-	-
	24 Nov 2010	1,000,000	$28,900	583,333	-	-
	24 Nov 2010	1,000,000	$26,900	583,333	-	-
G.J. Fish	10 Dec 2009	500,000	$14,450	208,333	-	-
	10 Dec 2009	500,000	$14,700	208,333	-	-
	24 Nov 2010	500,000	$14,450	291,667	-	-
	24 Nov 2010	500,000	$13,450	291,667	-	-
W.J. Staude	10 Dec 2009	500,000	$14,450	208,333	-	-
	10 Dec 2009	500,000	$14,700	208,333	-	-
	24 Nov 2010	500,000	$14,450	291,667	-	-
	24 Nov 2010	500,000	$13,450	291,667	-	-
H.D. Swain	10 Dec 2009	500,000	$14,450	208,333	-	-
	10 Dec 2009	500,000	$14,700	208,333	-	-
	24 Nov 2010	500,000	$14,450	291,667	-	-
	24 Nov 2010	500,000	$13,450	291,667	-	-
R.D. McNeil	10 Dec 2009	750,000	$21,675	312,500	-	-
	10 Dec 2009	750,000	$22,050	312,500	-	-
Other key management personnel -						
P.S. McNeil	19 Oct 2009	600,000	$13,500	600,000	-	-
	19 Jan 2010	200,000	$4,600	200,000	-	-
	30 Dec 2010	400,000	$34,640	400,000	-	-
J. Stephenson	19 Oct 2009	300,000	$6,750	300,000	-	-
	19 Jan 2010	100,000	$2,300	100,000	-	-
	30 Dec 2010	100,000	$8,660	100,000	-	-

Refer to Note 17 for option balances by key management personnel as at 30 June 2011 and 30 June 2010.

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

(f) Additional information – (audited)

Share-based compensation: Options

The Company has a share trading policy which imposes basic trading restrictions on all employees of the Company with 'insider information', and additional trading restrictions on the Directors of the Company.

Directors must not trade in the Company's securities except later than an hour after and within the period of 1 month after the release of the quarterly, half-yearly and yearly reports and any announcement to the ASX which may or are likely to effect the value of the company's assets in a material way or 1 month after the holding of the AGM.

Full details of the Share Trading Policy can be found on the Company's website.

Options exercised during the year provided as remuneration include:

Name	Date exercised	Number of shares issued on exercise	Exercise price per share	Value at exercise date per share
Directors -				
Peter McNeil		-		
Graham Fish	4 March 2011	500,000	4c	29c
Warren Staude		-		
David Swain	23 May 2011	250,000	4c	22c
David Swain	6 June 2011	250,000	4c	22c
David Swain	6 June 2011	500,000	5c	22c
Other key management personnel -				
Paige McNeil	7 January 2011	200,000	3c	15c
Paige McNeil	10 January 2011	600,000	4c	14c
Jay Stephenson	10 January 2011	100,000	3c	14c

Shares issued on the exercise of options include:

Date options granted	Number of shares issued on exercise	Issue price per share
10 December 2009	1,000,000	4c
10 December 2009	500,000	5c
19 January 2010	300,000	3c
19 October 2009	600,000	4c

END OF REMUNERATION REPORT

LOANS TO DIRECTORS AND EXECUTIVES

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

SHARES UNDER OPTION

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

Date options granted	Expiry date	Issue price of shares	Number under option
10 December 2009	31 Dec 2012	$0.04	1,500,000
10 December 2009	31 Dec 2012	$0.05	2,000,000
19 October 2009	19 Oct 2013	$0.04	200,000
24 November 2010	31 Dec 2012	$0.09	2,500,000
24 November 2010	31 Dec 2012	$0.10	2,500,000
30 December 2010	30 Dec 2014	$0.11	4,500,000
			13,200,000

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

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were 45,831,224 ordinary shares of Frontier Resources Ltd issued during the financial year ended 30 June 2011 on the exercise of options. No amounts are unpaid on any of the shares. None have been issued since the end of the financial year.

INSURANCE OF OFFICERS

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

NON-AUDIT SERVICES

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

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

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

- All non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and

NON-AUDIT SERVICES (continued)

- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 28.

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

	2011 $	2010 $
Taxation and Accounting Services		
BDO Tax (WA) Pty Ltd	10,100	14,039
Total remuneration for taxation services	10,100	14,039

PROCEEDINGS ON BEHALF OF COMPANY

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

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under Section 237 of the *Corporations Act 2001*.

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

P.A. McNeil
Managing Director

30 September 2011

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Fax: +8 6382 4601
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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

30 September 2011

The Directors
Frontier Resources Limited
Level 4, 66 Kings Park Road
West Perth, WA 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF FRONTIER RESOURCES LIMITED

As lead auditor of Frontier Resources Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit;
- any applicable code of professional conduct in relation to the audit.

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

Chris Burton
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

CORPORATE GOVERNANCE STATEMENT

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

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1: *Companies should establish the functions reserved to the board and management.*

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

Its functions and responsibilities include:

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

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

Recommendation 1.2 *Companies should disclose the process for evaluating the performance of senior executives.*

- There are no formal processes for monitoring senior executive performance as the size of the Company permits ongoing monitoring by the board of senior executive performance.

Recommendation 1.3 *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 1.*

The evaluation of performance of senior executives has taken place throughout the year.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

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

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

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

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

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

The positions of Chairman and Managing Director are held by the same person. The board believes this conserves cash resources by utilising the skills of Mr Peter McNeil.

Recommendation 2.4: *The Board should establish a nomination committee.*
The Company will establish a nomination committee charter; however it has not established a nomination committee at this time due to the company's background, nature and size of its business and the current

stage of its development. The Board undertakes the process of determining the need for, screening and appointing new directors.

Recommendation 2.5: *Disclose the process for performance evaluation of the Board, its committees and individual Directors, and key executives.*

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

Recommendation 2.6: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 2.*

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

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

3. Promote ethical and responsible decision-making.

Recommendation 3.1: Establish a code of conduct to guide the Directors, the Chief Executive Officer (or equivalent) and any other key executives as to:

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

3.1.2 The practices necessary to take into account legal obligations and the reasonable expectations of shareholders;

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

The Company is committed to its Directors and employees maintaining high standards of integrity, and ensuring that activities are in compliance with the letter and spirit of both the law and Company policies. Each staff member is issued with the Company's Policies and Procedures manual at the beginning of their employment with the Company.

Recommendation 3.2: Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

The Company has a diversity policy included in its Corporate Governance Policy.

Recommendation 3.3: Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

The Company believes that the promotion of diversity on boards, in senior management and within the organisation generally broadens the pool for recruitment of high quality directors and employees; is likely to support employee retention; through the inclusion of different perspectives, is likely to encourage greater innovation; and is socially and economically responsible governance practice.

The Company is in compliance with the ASX Corporate Governance Council's Principles & Recommendations on Diversity. The Board of Directors is responsible for adopting and monitoring the Company's diversity policy. The policy sets out the beliefs and goals and strategies of the Company with respect to diversity within the Company. Diversity within the Company means all the things that make individuals different to one another including gender, ethnicity, religion, culture, language, sexual orientation, disability and age. It involves a commitment to equality and to treating of one another with respect.

The Company is dedicated to promoting a corporate culture that embraces diversity. The Company believes that diversity begins with the recruitment and selection practices of its board and its staff. Hiring of new employees and promotion of current employees are made on the bases of performance, ability and attitude.

Recommendation 3.4: Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

Currently there are four women employees in the whole organization including Ms McNeil as Managing Director.

Recommendation 3.5: Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 3.

A summary of both the Company's Code of Conduct and its Share Trading Policy will be included on the Company's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1: *The Board should establish an audit committee.*

The Company's Audit Committee comprises Mr Fish and Mr Staude, who currently acts as an independent chairperson. The Audit Committee currently consists of non-executive directors. The board considers this to be acceptable due to the size of both the Company and the Board. Information on the qualifications of the Directors on the Audit Committee and attendance at Audit Committee meetings are contained in the Directors' report.

Recommendation 4.2: *Structure the Audit Committee so that it consists of:*

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

Refer to Recommendation 4.1

Recommendation 4.3: *The Audit Committee should have a formal charter.*

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

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

Recommendation 4.4: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 4.*

Refer to Recommendation 4.1

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

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

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

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

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

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

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

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

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

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

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

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

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

Recommendation 6.2: *Provide the information indicated in the ASX Corporate Governance Councils' Guide to Reporting on Principle 6.*

The Company effectively communicates with shareholders via ASX announcements and newsletters.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1: *The Board or appropriate committee should establish policies on risk oversight and management of material business risks and disclose a summary of those policies.*

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

Recommendation 7.2: *The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.*

The Company is not of size to allow this recommendation to be followed. The Board is responsible for the design and implementation of risk management and internal control systems.

Recommendation 7.3: *The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks.*

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

Recommendation 7.4: *Provide the information indicated in the ASX Corporate Governance Council's Guide to reporting on Principle 7.*

A description of the Company's risk oversight and management policy and internal compliance and control system is included on the Company's website.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: *The Board should establish a remuneration committee.*

The Company has a charter for a remuneration committee however; a committee has not been established at this time. Given the small size of the board, the entire board performs the functions of the remuneration committee.

Recommendation 8.2: *Clearly distinguish the structure of non-executive Directors' remuneration from that of executives.*

The Company outlines the structure of remuneration of non-executive Directors and executives of the Company in the Remuneration report in the annual report.

Recommendation 8.3: *Provide the information indicated in the ASX Corporate Governance Council's Guide to Reporting on Principle 8*

Refer to Recommendation 8.1 in relation to the remuneration committee.

Refer to the Remuneration report in this Annual Report in relation to the superannuation payments to directors. The Company does not have a superannuation scheme for its employees.

This financial report includes the consolidated financial statements and notes of Frontier Resources Limited and its controlled entities ('Consolidated Group' or 'Group'). The financial report is presented in the Australian currency.

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

Frontier Resources Ltd
Level 4
66 Kings Park Road
WEST PERTH WA 6005

A description of the nature of the Group's operations and principal activities is included in the Letter from the Managing Director and The Managing Director's Review of Operations & Activities and in the Directors' report.

The financial report was authorised for issue by the Directors on 30 September 2011. The Company has the power to amend and reissue the financial report.

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

For queries in relation to our reporting please call +61 8 9295 0388 or email info@frontierresources.com.au.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011	2010
		$	$
Continuing Operations			
Revenue	4	73,319	24,188
Other income	4	7,704	561,540
		81,023	585,728
Exploration expenditure	5	(3,208,349)	(1,206,052)
Administration and insurance expenses		(140,613)	(77,212)
Corporate compliance and shareholder relations		(161,348)	(139,670)
Gross employee benefit expense		(196,226)	(136,513)
Share based payments expense	5	(356,582)	(182,527)
Depreciation	5	(165,249)	(132,372)
Loss on disposal of plant and equipment	5	(69,454)	(100,350)
Consultancy		(74,018)	(19,105)
Rent		(37,185)	(20,422)
Other expenses		(21,223)	(9,213)
Loss before income tax		(4,349,224)	(1,437,708)
Income tax expense	6	-	-
Loss for the year		(4,349,224)	(1,437,708)
Other comprehensive income			
Movement in foreign currency translation reserve		(22,597)	(39,922)
Other comprehensive income for the year		(22,597)	(39,922)
Total comprehensive income for the year		(4,371,821)	(1,477,630)
Total comprehensive income attributable to members of the parent entity		(4,371,821)	(1,477,630)
		Cents	Cents
Basic and diluted (loss) per share	19	(1.8)	(0.8)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Notes	2011	2010
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents	7	8,287,285	1,197,008
Trade and other receivables	8	711,323	293,972
Total Current Assets		8,998,608	1,490,980
Non-Current Assets			
Trade and other receivables	8	104,537	84,410
Plant and equipment	9	1,164,880	493,651
Exploration and evaluation expenditure	10	2,176,872	2,176,872
Total Non-Current Assets		3,446,289	2,754,933
Total Assets		12,444,897	4,245,913
LIABILITIES			
Current Liabilities			
Trade and other payables	11	209,838	41,825
Total Current Liabilities		209,838	41,825
Total Liabilities		209,838	41,825
Net Assets		12,235,059	4,204,088
EQUITY			
Contributed equity	12	30,498,737	18,452,527
Reserves	13	790,632	456,647
Accumulated losses	13	(19,054,310)	(14,705,086)
Total Equity		12,235,059	4,204,088

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
	$	$	$	$	$
Balance at 1 July 2009	15,861,872	(13,267,378)	712,353	(398,311)	2,908,536
Loss attributable to members of parent entity	-	(1,437,708)	-	-	(1,437,708)
Other comprehensive income	-	-	-	(39,922)	(39,922)
Total comprehensive income for the year	-	(1,437,708)	-	(39,922)	(1,477,630)
Transaction with owners, directly in equity					
Share based payments expense	-	-	182,527	-	182,527
Shares issued during the year, net of costs	2,513,345	-	-	-	2,513,345
Options issued during the year	77,310	-	-	-	77,310
Balance at 30 June 2010	18,452,527	(14,705,086)	894,880	(438,233)	4,204,088
Balance at 1 July 2010	18,452,527	(14,705,086)	894,880	(438,233)	4,204,088
Loss attributable to members of parent entity	-	(4,349,224)	-	-	(4,349,224)
Other comprehensive income	-	-	-	(22,597)	(22,597)
Total comprehensive income for the year	-	(4,349,224)	-	(22,597)	(4,371,821)
Transaction with owners, directly in equity					
Share based payments expense	-	-	356,582	-	356,582
Shares issued during the year, net of costs	12,046,210	-	-	-	12,046,210
Balance at 30 June 2011	30,498,737	(19,054,310)	1,251,462	(460,830)	12,235,059

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

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
Cash Flows from Operating Activities			
Cash receipts in the course of operations		44,777	18,444
Interest received		30,174	7,454
Purchase of exploration assets		(2,934,311)	(1,206,052)
Payments to suppliers and employees		(625,363)	(732,506)
Net cash used in operating activities	22	(3,484,723)	(1,912,660)
Cash Flows From Investing Activities			
Proceeds from sale of tenements		-	286,905
JV contributions for tenements		-	274,038
Increase in security deposits		(19,899)	-
Purchase of plant and equipment, including deposits		(1,428,713)	(189,381)
Proceeds from sale of plant and equipment		-	1,789
Net cash (used in)/provided by investing activities		(1,448,612)	373,351
Cash Flows From Financing Activities			
Net cash proceeds from the issue of shares		12,046,210	2,590,655
Net cash provided by financing activities		12,046,210	2,590,655
Net increase in cash and cash equivalents		7,112,875	1,051,346
Cash at 1 July		1,197,008	185,585
Effect of exchange rates on cash holdings in foreign currencies		(22,598)	(39,923)
Cash and cash equivalents at 30 June	7	8,287,285	1,197,008

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the consolidated financial statements and notes of Frontier Resources and controlled entities ('Consolidated Group' or 'Group).

Basis of preparation

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

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

Removal of Parent
Separate financial statements for Frontier Resources Limited as an individual entity are no longer presented as a consequence of a change to the Corporation Act 2001. Financial information for Frontier Resources Limited as an individual entity is included in note 23.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain classes of plant and equipment.

Critical accounting estimates
The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

(a) Principles of consolidation

(i) Subsidiaries

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

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

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

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

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

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

(c) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Plant and equipment

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

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

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

Expected useful lives are: Plant and Equipment between 4 years and 7 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

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

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

(iii) Share-based payments
Share-based compensation benefits are provided to employees via the Frontier Resources Ltd Employee Option Plan. Information relating to this Plan is set out in note 17.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

(f) Cash and cash equivalents

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

(g) Revenue recognition

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

(i) Interest income

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

(h) Goods and Services Tax (GST)

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

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

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

(i) Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

Financial liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment
At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition
Financial assets are derecognised where the contractual rights to cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(j) Earnings per share

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

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

(k) Impairment of assets

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

(l) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measured.

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Foreign currency transactions and balances

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group companies
The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- ncome and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(o) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(p) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

– AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

  This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

  The key changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) New Accounting Standards for Application in Future Periods (cont.)

- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

– AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

  AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

  - Tier 1: Australian Accounting Standards; and
  - Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

  Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

  The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

  - for-profit private sector entities that have public accountability; and
  - the Australian Government and state, territory and local governments.

  Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

  AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

– AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.

– AASB 2009–14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) New Accounting Standards for Application in Future Periods (cont.)

This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

This Standard is not expected to impact the Group.

– AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

– AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

– AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

This Standard is not expected to impact the Group.

– AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

– AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) New Accounting Standards for Application in Future Periods (cont.)

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Group.

- AASB 2010–9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011).

  This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

  The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

  Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

  This Standard is not expected to impact the Group.

- AASB 2010–10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 & AASB 2010–7] (applies to periods beginning on or after 1 January 2013).

  This Standard makes amendments to AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

  The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

  [The amendments to AASB 2009–11 will only affect early adopters of AASB 2009–11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010–7.]

  This Standard is not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

NOTE 2 FINANCIAL RISK MANAGEMENT

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

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

(a) Market risk

(i) Foreign exchange risk

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

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the PNG kina. Since the Group has not yet commenced mining operations or to sell products the exposure is limited to the movement in loan accounts between the Parent and the Subsidiaries located in Papua New Guinea.

(ii) Interest rate risk

From time to time the Group has significant interest bearing assets, but they are as a result of the timing of equity raising and capital expenditure rather than a reliance on interest income. Exposure to interest rates is limited to the cash and cash equivalents balances.

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

2011	Floating Interest Rate	Non-interest bearing	Total
	$	$	$
Financial assets			
Cash and cash equivalents	8,287,285	-	8,287,285
Trade and other receivables	-	711,323	711,323
	8,287,285	711,323	8,998,608
Weighted average interest rate	3.00%		
Financial liabilities			
Trade and other payables	-	209,838	209,838
	-	209,838	209,838
Net financial assets	8,287,285	501,485	8,788,770

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

2010	Floating Interest Rate	Non-interest bearing	Total
	$	$	$
Financial assets			
Cash and cash equivalents	1,197,008	-	1,197,008
Trade and other receivables	-	293,972	293,972
	1,197,008	293,972	1,490,980
Weighted average interest rate	0.86%		
Financial liabilities			
Trade and other payables	-	41,825	41,825
	-	41,825	41,825
Net financial assets	1,197,008	252,147	1,449,155

Sensitivity analysis
The following table illustrates sensitivities of the Group's exposure to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the interest rate risk variable that management considers to be reasonably possible.

	Profit	Equity
	$	$
Year ended 30 June 2011		
+/- 1 in interest rates	+/- 82,873	+/- 82,873
Year ended 30 June 2010		
+/- 1 in interest rates	+/- 8,628	+/- 8,628

Net Fair Value

Fair value estimation

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term investments in nature whose carrying value is equivalent to fair value.

(b) Credit risk

Credit risk exposure represents the extent of credit related losses that the Group may be subject to on amounts to be received from financial assets. Credit risk arises principally from trade and other receivables including inter company loans and cash. The objective of the Group is to minimise the risk of loss from credit risk. Although revenue from operations is minimal, the Group trades only with creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is insignificant. Credit terms are generally 30 days from the invoice date. The Group has no concentrations of credit risk. The Group's maximum credit risk exposure is limited to the carrying value of its financial assets as indicated on the statement of financial position.

The receivables at 30 June 2011 include $550,266 in deposits on major equipment purchases. The equipment has subsequent to year end been paid for and received.

Receivables include $83,122 loaned to Quintessential Resources Limited, a related Company under AASB 14 para. 9(b)(vi).

Receivables also include $104,537 in bonds, primarily mines department deposits.

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

Credit risk exposures

Credit risks related to balances with bank and other financial institutions is managed by the Board in accordance with Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash based on Standard and Poor's counterparty credit ratings.

	2011 $	2010 $
Cash and cash equivalents		
- AA Rated	8,287,285	1,197,008

Cash is held with Westpac Banking Corporation.

(c) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days from the reporting date.

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Impairment of assets

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The Board has reviewed its statement of financial position at 30 June 2011 and determined that no impairment is required for this financial year.

(b) Exploration and evaluation expenditure

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

(c) Share based payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes option pricing model, using the assumptions detailed in Note 17.

NOTE 4 REVENUE	2011 $	2010 $
From continuing operations		
Drilling contract income	13,910	13,816
Other sundry income	29,235	2,918
Other revenue		
Interest – unrelated parties	30,174	7,454
Total Revenue	73,319	24,188
Other Income		
Sale of exploration tenement	-	286,905
Exploration reimbursements	-	274,038
Gain on disposal of plant and equipment	7,704	597
Total Other Income	7,704	561,540

NOTE 5 EXPENSES AND SIGNIFICANT ITEMS	2011 $	2010 $
Depreciation		
Plant & equipment	165,249	132,372
Defined Contribution		
Superannuation expense	33,733	4,455
Significant Items		
Exploration and evaluation expenditure	3,208,349	1,206,052
Loss on disposal of plant and equipment	69,454	100,350
Share-based payments expense	356,582	182,527

NOTE 6 INCOME TAX

	2011 $	2010 $
(a) Numerical reconciliation of income tax expense to prima facie tax payable / (tax loss)		
Profit (loss) from continuing operations before income tax expense	(4,349,224)	(1,437,708)
Tax at Australian tax rate of 30% (2010: 30%) and Papua New Guinea tax rate of 30% (2010: 30%)	(1,304,767)	(431,312)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other non - deductible	4,676	54,758
Share based payments expense	106,974	-
Deferred tax asset not brought to account	1,193,117	376,554
Income tax expense	-	-
(b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	23,017,807	19,040,750
Potential tax benefit @ 30%	6,905,342	5,712,225

This benefit for tax losses will only be obtained if:

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

Deferred tax liabilities/(assets) not recognised	2011 $	2010 $
Amounts recognised in profit or loss:		
Exploration and evaluation costs	2,176,872	2,176,872
Provisions	-	(9,091)
Sundry	(65,280)	(126,965)
	2,111,592	2,040,816
Potential tax benefit @ 30%	633,478	612,245
Set-off deferred tax assets associated with carried forward losses not recognised	(633,478)	(612,245)
Net deferred tax liability	-	-

NOTE 7 CASH AND CASH EQUIVALENTS

	2011 $	2010 $
Cash at bank and on hand	8,287,285	1,197,008
Reconciliation of Cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	8,287,285	1,197,008

Cash at bank earns an effective rate of 3.00% (2010: 0.86%).
Cash in maxi account does not have a fixed term and funds are available on call.

Refer note 2 for Financial Risk Management.

NOTE 8 TRADE AND OTHER RECEIVABLES

	2011 $	2010 $
CURRENT		
Other receivables	711,323	293,972
NON-CURRENT		
Deposits – tenements and premises (a)	104,537	84,410

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

Refer note 2 for Financial Risk Management.

NOTE 9 PLANT AND EQUIPMENT

	2011 $	2010 $
Plant and equipment		
Plant and equipment at cost	1,431,320	1,011,515
Drill Rigs	262,178	182,165
Less accumulated depreciation	(528,618)	(700,029)
Carrying amount at the end of the financial year	1,164,880	493,651
Reconciliation		
Reconciliation of the carrying amount of plant and equipment at the beginning and end of the financial year are set out below:		
Carrying amount at the beginning of the financial year	493,651	452,430
Additions	878,446	189,380
Disposals	(71,853)	(1,190)
Depreciation expense	(165,249)	(132,372)
Foreign currency exchange differences	29,885	(14,597)
Carrying amount at the end of the financial year	1,164,880	493,651

NOTE 10 EXPLORATION AND EVALUATION

	2011 $	2010 $
NON-CURRENT		
Exploration expenditure capitalised	2,176,872	2,176,872

NOTE 11 TRADE AND OTHER PAYABLES

	2011 $	2010 $
CURRENT		
Trade and sundry creditors (a)	168,281	11,996
Accrued expenses	20,000	28,300
Aggregate employee benefit and related on-cost liabilities (b)	21,557	1,529
	209,838	41,825

(a) All creditors are non-interest bearing and are normally settled on 30 day terms.
(b) Employee benefit and related on-costs liabilities include holiday provision and superannuation payable and are non-interest bearing.

Refer note 2 for Financial Risk Management.

NOTE 12 CONTRIBUTED EQUITY

	2011 Shares	2010 Shares	2011 $	2010 $
(a) Paid Up Capital				
Ordinary shares – fully paid of no par value	294,520,253	205,154,014	30,498,737	18,452,527

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

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

NOTE 12 CONTRIBUTED EQUITY (continued)

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

Date	Details	Notes	Number of Shares	Issue Price $	$
30 Jun 2009	Opening Balance		148,866,279		15,861,872
15 Sept 2009	Rights Issue		19,463,096	0.035	681,208
14 Oct 2009	Shortfall Placement		19,704,875	0.035	689,671
31 May 2010	Share Placement		15,232,872	0.075	1,142,465
	Options Exercised		340,000	0.030	10,200
	Options Exercised		500,000	0.040	20,000
	Options Exercised		1,046,892	0.045	47,111
30 Jun 2010	Closing Balance		205,154,014		18,452,527
	Options Exercised		39,381,224	0.045	1,772,155
	Options Exercised		950,000	0.03	28,500
	Options Exercised		4,250,000	0.04	170,000
	Options Exercised		1,250,000	0.05	62,500
6 May 2011	Share Purchase Plan		34,839,362	0.23	8,013,055
21 Jun 2011	Share Placement		8,695,653	0.23	2,000,000
30 Jun 2011	Closing Balance		294,520,253		30,498,737

(c) Options

	No. of Options 2011	No. of Options 2010
The number of unissued ordinary shares relating to options not exercised at year end:		
- Non-transferable options exercisable on or before 20 October 2011 at 14 cents	-	180,000
- Non-transferable options exercisable on or before 19 October 2010 at 16 cents	-	270,000
- Non-transferable options exercisable on or before 30 November 2010 at 20 cents	-	3,200,000
- Non-transferable options exercisable on or before 11 December 2010 at 15 cents	-	100,000
- Non-transferable options exercisable on or before 31 December 2012 at 4 cents	1,500,000	3,250,000
- Non-transferable options exercisable on or before 31 December 2012 at 5 cents	2,000,000	3,250,000
- Non-transferable options exercisable on or before 19 October 2013 at 4 cents	200,000	2,700,000
- Non-transferable options exercisable on or before 21 January 2014 at 3 cents	-	950,000
- Listed options exercisable on or before 3 December 2010 at 4.5 cents	-	41,169,575
- Non-transferable options exercisable on or before 31 December 2012 at 9 cents	2,500,000	-
- Non-transferable options exercisable on or before 31 December 2012 at 10 cents	2,500,000	-
- Non-transferable options exercisable on or before 21 January 2014 at 3 cents	4,500,000	-
	13,200,000	55,069,575

NOTE 12 CONTRIBUTED EQUITY (continued)

(d) Option Issues

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

Date	Details	Number of Options	Exercise Price	Expiry Date
24 Nov 2010	Non-transferable Options exercisable on or before 31 December 2012 at 9 cents	2,500,000	$0.09	31 Dec 2012
24 Nov 2010	Non-transferable Options exercisable on or before 31 December 2012 at 10 cents	2,500,000	$0.10	31 Dec 2012
30 Dec 2010	Non-transferable Options exercisable on or before 31 December 2014 at 11 cents	4,500,000	$0.11	31 Dec 2014

(e) Option Exercise

During the financial year 45,831,224 options were exercised. Refer to Note 17.

(f) Option Expiry

During the financial year 3,570,000 options expired.

(g) Option Cancellation and Lapse

During the financial year 180,000 options were cancelled.

(h) Capital Management

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

The capital structure of the Group consists of equity attributable to equity holders of the parent comprising issued capital, reserves and accumulative losses.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2011 and 30 June 2010 are as follows:

	2011 $	2010 $
Cash and cash equivalents	8,287,285	1,197,008
Trade and other receivables	711,323	293,972
Trade and other payables	(209,838)	(41,825)
Working capital position	8,788,770	1,449,155

The Group is not subject to any externally imposed capital requirements.

Refer note 2 for Financial Risk Management.

NOTE 13 RESERVES AND ACCUMULATED LOSSES

	2011 $	2010 $
(a) Reserves		
Share based payment reserve	1,251,462	894,880
Foreign currency translation reserve	(460,830)	(438,233)
	790,632	456,647
Movements		
Share based payment reserve		
Balance 1 July	894,880	712,353
Option expense	356,582	182,527
Balance 30 June	1,251,462	894,880
Movements		
Foreign currency translation reserve		
Balance 1 July	(438,233)	(398,311)
Currency translation differences arising during the year	(22,597)	(39,922)
Balance 30 June	(460,830)	(438,233)

(b) Accumulated losses

Movements in accumulated losses were as follows:

	2011 $	2010 $
Balance 1 July	(14,705,086)	(13,267,378)
Net loss for the year	(4,349,224)	(1,437,708)
Balance 30 June	(19,054,310)	(14,705,086)

(c) Nature and purpose of reserves

(i) Share based payment reserve

The options reserve is used to recognise the fair value of options issued.

(ii) Foreign currency translation reserve

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

NOTE 14 COMMITMENTS

Exploration Expenditure Commitments

In order to maintain rights of tenure to exploration tenements the Group is required to perform exploration work to meet the minimum expenditure requirements as specified by various governments.

Outstanding obligations are not provided for in the accounts and are payable:	2011 $	2010 $
Not later than 1 year	1,125,908	529,050
Later than 1 year but not later than 2 years	904,238	29,050
Any greater than 5 years	-	-
	2,030,146	558,100

NOTE 15 RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Directors and specified executives

Disclosures relating to Directors and specified executives are set out in Note 16.

Wholly-owned group

The consolidated group consists of Frontier Resources Ltd and its wholly-owned subsidiaries, Frontier Gold (PNG) Ltd and Frontier Copper (PNG) Ltd. Ownership interests in these subsidiaries are set out in Note 24.

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

Other related parties

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

Quintessential Resources Limited ("Quintessential") is related to the Company under AASB 124 para9(b)(vi). The Company and Quintessential have entered into an exploration services agreement whereby Quintessential and the Company provide services to each other due to the logistical issues operating in Papua New Guinea. If either Company provides services to or pays for goods for the other Company, the service provider may charge a 10% management fee. At 30 June 2011, $83,122 was payable by Quintessential to Frontier.

NOTE 16 KEY MANAGEMENT PERSONNEL DISCLOSURES

a) Key Management Personnel (KMP) Compensation

Refer to the Remuneration Report contained in the Director's Report for details of the remuneration paid to each member of the Group's KMP for the year ended 30 June 2011.

The totals of remuneration paid to KMP during the year are as follows:

	2011 $	2010 $
Short term employee benefits	597,291	543,575
Post employment benefits	5,558	9,930
Share based payments	165,637	139,431
	768,486	693,431

(b) Equity Instrument disclosures relating to KMP

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

NOTE 16 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Details of options over ordinary shares in the Company provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the Remuneration Report.

(ii) Option holdings

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

2011 Name	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors -						
Peter McNeil	3,404,764	2,000,000	(1,404,764)	-	4,000,000	-
Graham Fish	2,142,856	1,000,000	(1,642,856)	-	1,500,000	500,000
Warren Staude	1,811,112	1,000,000	(811,112)	-	2,000,000	1,000,000
David Swain	1,000,000	1,000,000	(1,000,000)	-	1,000,000	-
Other key management personnel -						
Julia Becket	-	-	-	-	-	-
Paige McNeil	981,112	400,000	(981,112)	-	400,000	400,000
Jay Stephenson	-	100,000	-	-	100,000	100,000
Total	9,339,844	5,500,000	(5,839,844)	-	9,000,000	2,000,000

2010 Name	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Other changes during the year**	Balance at the end of the year	Vested and exercisable at the end of the year
Directors -						
Robert McNeil – *resigned 18/01/2010*	2,325,514	1,500,000	-	(3,825,514)	-	-
Peter McNeil	1,426,988	2,000,000	(22,224)	-	3,404,764	1,404,764
Graham Fish	1,142,856	1,000,000	-	-	2,142,856	1,142,856
Warren Staude	811,112	1,000,000	-	-	1,811,112	811,112
David Swain	-	1,000,000	-		1,000,000	-
Other key management personnel -						
Paige McNeil	381,112	800,000	(200,000)	-	981,112	981,112
Jay Stephenson	-	400,000	(400,000)	-	-	-
Total	6,087,582	7,700,000	(622,224)	(3,825,514)	9,339,844	4,339,844

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

NOTE 16 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

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

2011	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year**	Balance at the end of the year
Directors -				
Peter McNeil	10,512,251	1,404,764	(2,632,221)	9,284,794
Graham Fish	391,457	1,642,856	(1,292,856)	741,457
Warren Staude	124,000	811,112	113,506	1,048,618
David Swain	-	1,000,000	(250,000)	750,000
Other key management personnel -				
Julia Beckett	-	-	-	-
Paige McNeil	2,104,201	981,112	322,493	3,407,806
Jay Stephenson	400,000	-	50,000	450,000
Total	13,531,909	5,839,844	(3,689,078)	15,682,675

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

2010	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year**	Balance at the end of the year
Directors -				
R.D. McNeil – *resigned 18/01/2010*	5,084,306	-	(5,084,306)	-
Peter McNeil	9,718,599	22,224	771,428	10,512,251
Graham Fish	105,743	-	285,714	391,457
Warren Staude	124,000	-	-	124,000
David Swain	-	-	-	-
Other key management personnel -				
R. Reid	100,000	-	(100,000)	-
Trevor Grigson	30,000	-	(30,000)	-
J. Jeal	20,000	-	(20,000)	-
Paige McNeil	1,904,201	200,000	-	2,104,201
Jay Stephenson	-	400,000	-	400,000
Total	17,086,849	622,224	(4,177,164)	13,531,909

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

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

(c) Loans to Directors and executives
No loans were made to Directors of Frontier Resources Ltd or other key management personnel of the consolidated group, including their personally-related entities (2010: Nil).

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

Directors of Frontier Resources Ltd
A Director related entity, Paige McNeil, has a consulting arrangement in place for the provision of geological and management services to the consolidated group.

NOTE 16 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

Directors Robert McNeil and Peter McNeil are parties to a joint venture agreement for the Group to solely fund exploration on the related parties' interest of 10% in two exploration tenements controlled by the Group.

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

No amount was owed to Directors, key management personnel and their related parties as at 30 June 2011.

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

	2011 $	2010 $
Amounts recognised as expense		
Consulting fees:		
Administration*	175,622	100,675
Exploration*	328,969	216,242
Outstanding balances at year end	3,156	-

*includes the provision of office and motor vehicle.

NOTE 17 SHARE-BASED PAYMENTS

(a) Frontier Resources Ltd Employee Option Plan

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

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

- The options are exercisable at any time prior to 5.00 p.m. eastern standard time, on the first business day five (5) years after the date of issue of the options ("expiry date" or at an earlier date specified at the time the options are granted). Options may only be exercised in multiples of 5,000. Any options not exercised by the expiry date shall lapse.

- The exercise price of each option will be 110% of the average of the market closing price for Company ordinary shares over the 5 business days prior to the day on which options are issued (rounded up to the nearest full cent) or a greater price determined by the Directors. The amount calculated by that average is to be advised to the recipient at the time of issue of the options.

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

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

- Options are not transferable. Application will not be made to ASX for their Official Quotation.

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

NOTE 17 SHARE-BASED PAYMENTS

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

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

- If an optionholder under this Plan ceases to be substantially involved with the Company, the Directors, at their discretion may cancel all or part of the holder's options obtained under this plan after giving the holder 60 days notice of their intention to do so.

NOTE 17 SHARE-BASED PAYMENTS (continued)

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

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Issued during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at end of the year Number
2011							
20 Oct 2006	20 Oct 2011	$0.14	180,000	-	-	(180,000)	-
19 Oct 2007	19 Oct 2010	$0.16	270,000	-	-	(270,000)	-
23 Nov 2007	30 Nov 2010	$0.20	3,200,000	-	-	(3,200,000)	-
11 Dec 2007	11 Dec 2010	$0.15	100,000	-	-	(100,000)	-
19 Oct 2009	19 Oct 2013	$0.04	1,825,000	-	(1,625,000)	-	200,000
25 Nov 2009	31 Dec 2012	$0.04	3,250,000	-	(2,500,000)	-	750,000
25 Nov 2009	31 Dec 2012	$0.05	3,250,000	-	(500,000)	-	2,750,000
19 Jan 2010	21 Jan 2014	$0.03	950,000	-	-	-	
24 Nov 2010	31 Dec 2012	$0.09	-	2,500,000	-	-	2,500,000
24 Nov 2010	31 Dec 2012	$0.10	-	2,500,000	-	-	2,500,000
30 Dec 2010	30 Dec 2014	$0.11	-	4,500,000	-	-	4,500,000
			13,025,000	9,500,000	(4,625,000)	(3,750,000)	13,200,000
Weighted average remaining contracted life of options (Years)			0.87				
Weighted average exercise price			$0.050				
2010							
20 Oct 2006	20 Oct 2011	$0.14	180,000	-	-	-	180,000
19 Oct 2007	19 Oct 2010	$0.16	270,000	-	-	-	270,000
23 Nov 2007	30 Nov 2010	$0.20	3,200,000	-	-	-	3,200,000
11 Dec 2007	11 Dec 2010	$0.15	100,000	-	-	-	100,000
19 Oct 2009	19 Oct 2013	$0.04	-	3,200,000	(500,000)	(875,000)	1,825,000
25 Nov 2009	31 Dec 2012	$0.04	-	3,250,000	-	-	3,250,000
25 Nov 2009	31 Dec 2012	$0.05	-	3,250,000	-	-	3,250,000
19 Jan 2010	21 Jan 2014	$0.03	-	1,290,000	(340,000)	-	950,000
			3,750,000	10,990,000	(840,000)	(875,000)	13,025,000
Weighted average remaining contracted life of options (Years)			1.44	2.86	3.41	-	0.87
Weighted average exercise price			$0.080	$0.042	$0.036	$0.040	$0.050

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

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

NOTE 17 SHARE-BASED PAYMENTS (continued)

(b) Frontier Resources Ltd Directors' Options

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

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

The options are exercisable at any time within the dates specified in the table below, prior to 5.00pm eastern standard time. Options may only be exercised in multiples of 50,000. Any options not exercised by the expiry date shall lapse.

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

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

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

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

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

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

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

(c) Expenses arising from share-based payment transactions

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

	2011 $	2010 $
Options issued under employee option plan	356,582	182,527

NOTE 18 OPERATING SEGMENTS

Identification of reportable segments

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

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors on a monthly basis. Management has identified the operating segments based on the two principal locations of its projects – Australia and Papua New Guinea.

Corporate expenses include administration and regulatory expenses arising from operating an ASX listed entity.

Segment assets include the costs to acquire tenements and the capitalised exploration costs of those tenements. Cash and cash equivalents are reported in the Treasury segment.

For the Year to 30 June 2011	Australian Exploration $	Papua New Guinea Exploration $	Treasury $	Total $
Segment Revenue	22,930	27,919	30,174	81,023
Segment Results	(1,200,294)	(2,191,907)	30,174	(3,362,028)
Amounts not included in segment results but reviewed by Board:				
- Corporate charges				(630,614)
- Share-based payment expenses				(356,582)
Loss before Income Tax				(4,349,224)
As at 30 June 2011				
Segment Assets	3,632,532	525,080	8,287,285	12,444,897
Segment asset increases for the period:				
- capital expenditure	434,543	443,903	-	878,446
Segment Liabilities	125,708	84,130	-	209,838

For the Year to 30 June 2010	Australian Exploration $	Papua New Guinea Exploration $	Treasury $	Total $
Segment Revenue	19,274	566,454	-	585,728
Segment Results	(399,659)	(453,387)	-	(853,046)
Amounts not included in segment results but reviewed by Board:				
- Corporate charges				(402,135)
- Share-based payment expenses				(182,527)
Loss before Income Tax				(1,437,708)
As at 30 June 2010				
Segment Assets	2,662,043	386,862	1,197,008	4,245,913
Segment asset increases for the period:				
- capital expenditure	189,381	-	-	189,381
Segment Liabilities	20,867	20,958	-	41,825

NOTE 19 EARNINGS/(LOSS) PER SHARE ("EPS")

	2011 $	2010 $
The (loss) used in calculating basic earnings/(loss) per share is the loss attributable to members of Frontier Resources Ltd.	(4,349,224)	(1,437,708)
Weighted average number of shares used in the calculation of the basic EPS.	235,887,401	179,214,316
The number of potential ordinary shares relating to options not exercised at the end of the year. These potential ordinary shares are anti-dilutive in both years and so have not been included in the EPS calculations.	13,200,000	55,069,575
Basic and diluted (loss) per share	(1.8c)	(0.8c)

NOTE 20 EVENTS OCCURRING AFTER THE BALANCE DATE

There are no matters of arising subsequent to the end of the financial year.

NOTE 21 REMUNERATION OF AUDITORS

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

	2011 $	2010 $
Assurance services		
1. Audit Services		
BDO Audit (WA) Pty Ltd	39,950	37,170
Sinton Spence (PNG firm)	14,813	10,051
Total remuneration for audit services	54,763	47,221
2. Other Assurance Services		
Taxation and Accounting Services		
BDO Tax (WA) Pty Ltd	10,100	14,039
Total remuneration for taxation services	10,100	14,039

NOTE 22 RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 $	2010 $
(a) Reconciliation of operating loss after income tax to the net cash flow from operations:		
Operating loss after income tax	(4,349,224)	(1,437,708)
Adjustment for non cash items:		
- (Gain)/Loss on disposal of fixed assets	61,750	(461,190)
- Depreciation expense	165,249	132,372
- Non-cash employee benefits expense – share-based payments	356,582	182,527
- Net exchange differences	(30,113)	15,460
Change in operating assets and liabilities:		
- Accounts payable and provisions	168,013	(68,684)
- Accounts receivable and prepayments	143,020	(275,437)
Net cash used in operating activities	(3,484,723)	(1,912,660)

NOTE 23 PARENT ENTITY DISCLOSURES

	2011	2010
	$	$
(a) Financial Position of Frontier Resources Limited		
CURRENT ASSETS		
Cash and cash equivalents	8,309,562	1,176,924
Trade and other receivables	682,414	6,061
TOTAL CURRENT ASSETS	8,991,976	1,182,985
NON-CURRENT ASSETS		
Trade and other receivables	96,840	76,940
Other financial assets	10,622	10,622
Plant and equipment	676,407	402,171
Exploration and evaluation expenditure	2,176,872	2,176,872
TOTAL NON-CURRENT ASSETS	2,960,741	2,666,605
TOTAL ASSETS	11,952,717	3,849,590
CURRENT LIABILITIES		
Trade and other payables	125,708	20,867
TOTAL CURRENT LIABILITIES	125,708	20,867
TOTAL LIABILITIES	125,708	20,867
NET ASSETS	11,827,009	3,828,723
EQUITY		
Contributed equity	30,498,737	18,452,527
Options reserve	1,251,462	894,880
Accumulated losses	(19,923,190)	(15,518,684)
TOTAL EQUITY	11,827,009	3,828,723
(b) Financial Performance of Frontier Resources Limited		
Loss for the year	(4,404,506)	(1,701,584)
Other comprehensive income	-	-
Total comprehensive income	(4,404,506)	(1,701,584)

NOTE 23 PARENT ENTITY DISCLOSURES (continued)

(c) Guarantees entered into by Frontier Resources Limited to the debts of its subsidiaries

There are no guarantees entered into by Frontier Resources Limited for the debts of its subsidiaries as at 30 June 2011 (2010: none).

(d) Contingent liabilities of Frontier Resources Limited

(There are no contingent liabilities as at 30 June 2010 (2010: none).

(e) Commitments Frontier Resources Limited

Exploration Expenditure Commitments	2011 $	2010 $
In order to maintain rights of tenure to exploration tenements the group is required to perform exploration work to meet the minimum expenditure requirements as specified by various governments.		
Outstanding obligations are not provided for in the accounts and are payable:		
Not longer than 1 year	776,667	500,000
Longer than 1 year and not longer than 5 years	690,417	-
Longer than 5 years	-	-
Total	1,467,084	500,000

NOTE 24 SUBDSIDIARIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2011 %	Equity Holding 2010 %
Frontier Gold (PNG) Ltd	Papua New Guinea	Ordinary	100	100
Frontier Copper (PNG) Ltd	Papua New Guinea	Ordinary	100	100

NOTE 25 NON-CASH FINANCING AND INVESTING ACTIVITIES

There were no such activities during the year (2010: nil).

NOTE 26 CONTINGENT LIABILITIES

As at 30 June 2011, the Company had placed orders for two drill rigs totalling approximately $1,500,000. The Rigs have subsequently been received and paid for in full.

The Group has no other contingent liabilities at 30 June 2011.

NOTE 27 DIVIDENDS

There were no dividends paid or recommended during the financial year ended 30 June 2011.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and:

    a. comply with Accounting Standards and the Corporations Regulations 2001;

    b. give a true and fair view of the financial position as at 30 June 2011 and of the performance of the year ended on that date of the consolidated group.

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

3. In the directors' opinion, the financial statements and notes are prepared in compliance with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

4. The remuneration disclosures included in pages 19 to 25 of the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2011, comply with section 300A of the *Corporations Act 2001*.

5. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

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

P.A. McNeil
Managing Director

30 September 2011

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FRONTIER RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Frontier Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

Independence

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

Basis for Qualified Auditor's Opinion

As at 30 June 2011 property, plant and equipment to the value of $262,178 as disclosed in Note 9 in relation to the company's drill rigs were held in a remote location in Papua New Guinea. Access to the location of these assets is limited. As a result of this we have been unable to obtain sufficient assurance over the physical existence and condition of these assets. Accordingly, we are unable to and do not express any assurance in respect of the existence and the recoverability of these items of property, plant and equipment for the year ended 30 June 2011. Consequently we were unable to determine whether any adjustments to property, plant and equipment in the statement of financial position or expenses in the statement of comprehensive income were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph:

(a) the financial report of Frontier Resources Limited is in accordance with the *Corporations Act 2001*, including:
    (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
    (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
(b) the financial report also complies *with International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditors Opinion

In our opinion, the Remuneration report of Frontier Resources Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act* 2011.

BDO Audit (WA) Pty Ltd

BDO Audit

C Burton

Chris Burton
Director

Perth, Western Australia
Dated this 30th day of September 2011.

SCHEDULE OF TENEMENTS (updated as at 20 Sept 2011 by Julia)

TENEMENT SCHEDULE			
Tenement Name & Number		Status	Ownership
PAPUA NEW GUINEA			
Andewa	EL 1345	Granted Exploration Licence	100% Frontier
Likuruanga	EL 1351	Granted Exploration Licence	Frontier 100% OTML earning right to 80.1% participating interest by spending US$12M within 6 years
Bulago	EL 1595	Granted Exploration Licence	Frontier 100% OTML earning 58% participating interest by spending US$12M within 6 years
Leonard Schultz	EL 1597	Granted Exploration Licence	Frontier 100% OTML earning 58% participating interest by spending US$12M within 6 years
East New Britain	EL1592	Granted Exploration Licence	Frontier 100% OTML earning right to 80.1% participating intererst by spending US$12M within 6 years
Central New Britain	EL 1598	Granted Exploration Licence	Frontier 100% OTML earning right to 80.1% participating intererst by spending US$12M within 6 years
Sudest	ELA 1594	Exploration Licence Application	100% Frontier
Mt Schrader	ELA 1951	Exploration Licence Application	100% Frontier
Whiteman Range	ELA 2047	Exploration Licence Application	100% Frontier
Kaka River	ELA 2057	Exploration Licence Application	100% Frontier
Mt Nakanai	ELA 2058	Exploration Licence Application	100% Frontier
TASMANIA			
Cethana	EL 29/2009	Granted Exploration Licence	100% Frontier
River Lea	EL 42/2010	Granted Exploration Licence	100% Frontier
Elliott Bay	EL 20/1996	Granted Exploration Licence	90% Frontier 10% Exploration & Management Consultants Pty Ltd
Wanderer River	EL 33/2010	Granted Exploration Licence	90% Frontier 10% Exploration & Management Consultants Pty Ltd
Interview River	EL 6/2011	Exploration Licence Application	100% Frontier
Narrawa Creek	RL 3/2005	Rentention Licence	100% Frontier
Mt Paris	ELA 27/2011	Exploration Licence Application	100% Frontier
Rocky River	EAL 22/2011	Exploration Licence Application	100% Frontier
Pieman River	ELA 21/2011	Exploration Licence Application	100% Frontier
Tonganah	ELA 3/2011	Exploration Licence Application	100% Frontier

SHAREHOLDER INFORMATION

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

STATEMENT OF QUOTED SECURITIES AS AT 28 SEPTEMBER 2011

a) Distribution of Shareholders

Size of Holding	Number of Shareholders
1 – 1,000	1,060
1,001 – 5,000	584
5,001 – 10,000	437
10,001 – 100,000	1,322
100,001 and over	462
	3,865

b) Number of holders of less than marketable parcels 1,367

c) Percentage holding of 20 largest holders 32.78%

d) There are no substantial shareholders listed in the Company's register as at 28 September 2011.

e) Twenty largest shareholders as at 28 September 2011.

Shareholder Name		Quantity	% of Total Holding
1.	OK Tedi Mining Limited	23,928,525	8.07
2.	JP Morgan Nominees Australia	14,550,886	4.91
3.	A J Payne Holdings Pty Ltd	5,400,000	1.82
4.	National Nominees Limited	5,321,658	1.79
5.	Exploration & Management Consultants Pty Ltd	4,912,738	1.66
6.	HSBC Custody Nominees (Australia) Limited -	4,315,000	1.46
7.	CIMB Securities (Singapore) Pte Ltd	4,278,000	1.44
8.	Mr R W Halfpenny & Mrs P H Halfpenny	4,000,000	1.35
9.	Steve MacDonald Pty Ltd	3,900,000	1.32
10.	Mr Simon Patrick Bowman	3,087,188	1.04
11.	Mr Paige McNeil	3,037,806	1.02
12.	Dr Rosemary Elizabeth Anne Green	3,000,000	1.01
13.	Mr Peter Andrew McNeil	2,559,260	0.86
14.	Mr Robert Cameron Galbraith	2,388,606	0.81
15.	Mr Timothy James Neale	2,350,000	0.79
16.	Citicorp Nominees Pty Limited	2,205,445	0.74
17.	Mr Aleksei Robert McNeil	2,153,600	0.73
18.	Mr Philip James Whitmont	2,000,000	0.67
19.	HSBC Custody Nominees (Australia) Limited	1,953,015	0.66
20.	Mr Graeme Douglas	1,850,000	0.62
	TOTAL	97,191,727	32.78

f) <u>Voting Rights</u>

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