ABN 96 095 684 389

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2013

FRONTIER RESOURCES LTD

ABN 96 095 684 389

CONTENTS

CORPORATE DIRECTORY

Managing Director & Chairman Peter A. McNeil Non-Executive Directors Graham J. Fish Martin H. Otway Warren J. Staude Hugh David Swain Company Secretaries Jay Stephenson Julia Beckett Stock Exchange Australian Securities Exchange – FNT German Stock Exchange – TG5	Operations 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 Bankers Westpac Banking Corporation 1/100 Bundall Road Bundall, QLD 4217 Lawyers Steinepreis Paganin Level 4, 16 Milligan Street Perth, WA 6000

Your Directors present their report on the Group for the financial year ended 30 June 2013.

DIRECTORS

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

P.A. McNeil
G.J. Fish
M.H. Otway (appointed 17 October 2012)
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 in Papua New Guinea and Tasmania. In January 2013 the subsidiary Torque Mining Ltd ceased to be part of the group, taking with it the Tasmanian tenements.

RESULTS AND DIVIDENDS

The consolidated loss of the Group after tax (including discontinued operations) amounted to $2,868,955 (2012: $8,283,982). There were no dividends paid or recommended during the financial year ended 30 June 2013.

The result of the Group was significantly affected by exploration expenditure of $939,662 (2012: $5,312,109) 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. The results were also impacted by the impairment of plant and equipment by $442,327 and of available for sale investments by $502,320.

REVIEW OF OPERATIONS

Frontier Resources Ltd is an innovative and socially responsible junior mineral explorer that is focussed on a highly prospective portfolio of Exploration Licences (ELs) in Papua New Guinea that host porphyry copper and or gold, molybdenum, porphyry gold and epithermal gold prospects. The Company has a 100% interest in nine Exploration Licences, plus a 50% interest in three ELs (50%-50% contributing Joint Venture with Quintessential Resources Ltd) that are highly prospective for the discovery and delineation of porphyry copper+/- gold +/-molybdenum, porphyry gold and epithermal gold deposits.

Seven ELs were previously 100% funded by Earn-In Joint Venture partners Ok Tedi Mining Limited and Newcrest Mining Ltd, however, both withdrew during the year, after investing about USD$28 million and A$6.9 million respectively, on exploration and drilling. The Company's strategy remains to produce high quality targets for drill testing by Frontier owned /operated diamond core drill rigs and also to obtain quality Joint Venture partners to limit Frontier's risk while enhancing possible future development of any discoveries.

Frontier signed a Heads of Agreement with QRL in December 2012 to commence a 50%/50% contributing Joint Venture, over a total area of 10,250 sq km on the island of New Britain, to advance each company's recently granted Exploration Licenses [EL 2045 (QRL), EL 2047/EL 2057 (FNT)] and 1 EL application each. The EL applications were relinquished late September 2013.

Andewa Project

Newcrest spent $6.87 million on drilling and evaluating the Andewa project (EL 1345) since January 2012, with eight holes completed for 6,014.3m prior to their withdrawal. Forty holes have been completed in total at Andewa for 12,466.1m and wide intercepts of low grade gold, plus higher grade internal zones and weak copper were returned from the deep diamond core drill holes ADH014 to 018. Hole 17 had approximately 1,000m (downhole) grading 0.10 g/t gold, including 2m of 3.95 g/t gold at the end of hole (at 770m vertically).

There is a large and prospective area remaining to be drill evaluated at Andewa. The distance between the exploratory holes is still between 3,000m and 750m and Frontier has demonstrated gold mineralisation over an 834m vertical interval in the ADH017 zone (Ehgin Prospect) and over an 885m vertical interval in the ADH001/ 012/ 014 zone (Waiu Prospect). Hole ADH 014 has its main zone of mineralisation from 327.5m to 918.0m (590.5m) grading 0.11g/t gold + 0.07% copper and was terminated in 2m grading 0.54 g/t gold at 1,004m downhole (it increased markedly in gold, copper, molybdenum, arsenic and antimony at depth, with a 79.4m intercept grading 0.11g/t gold + 0.10% copper from 838.6m to 918.0m).

Evaluation of alteration and mineralisation progressively deeper in these drill holes suggests good higher-grade mineralisation potential exists to the "south" (SE, S or SW) or at depth from hole ADH014. Geochemical trends from assays downhole also makes the conclusion that this is a viable target that is proximal to the best drill gold-copper mineralisation intersection to date in ADH001 and the region will be drill targeted in the future when possible by Frontier.

Likuruanga Project

EL 1351 - Likuruanga is prospective for porphyry copper, gold - silver -zinc skarn and /or epithermal gold deposits. The area contains the Esis porphyry Deposit and the Bukuam porphyry related copper, molybdenum, gold and zinc Prospect, which are situated about 14km opposite each other on the eastern and southern flanks of the Esis-Sai granitoid complex.

The Esis Prospect has multiple zones of copper mineralisation extending over a +1,000m strike length, as demonstrated from the Frontier/OTML JV drill holes. The copper mineralisation is approximately 550m wide (>0.1%), with a 200-250m wide core (>0.2%) and is open in most directions and at depth along the deposit. Fifteen holes were completed in total at the Esis Prospect by OTML for 7,590.

Sudest Project

EL 1594 has gold in drainage anomalies over a 45 kilometre strike length and Frontier are pursuing the attractive high grade gold exploration targets demonstrated in trenches. 31 trench samples were reported and best results from east to west at the Adelaide Prospect included true widths across the strike of the vein of 2m of 21.71 g/t gold, 2m of 39.85 g/t gold, 2m of 22.34 g/t gold and 2m of 2.74 g/t gold. The peak assay grade was 62.8 g/t gold. The 8 Cornucopia trench samples returned a maximum of 1m grading 11.4 g/t gold and the associated 6m interval had a weighted assay average of 3.72 g/t gold. This zone of gold mineralisation is located about 300m NW of the historic Cornucopia mine and could represent a repetition of it.

Soil sampling showed locally strong (but generally weak/moderate) gold anomalies up to 5,250m combined length in 13 zones, covering the 3km length of the Adelaide soil grid in a repeated pattern that is interpreted to reflect E-W trending /moderate to steep north dipping continuous and en-echelon veins. Up to 3,500m of locally strong (but generally weak/moderate), linear NW and NE trending gold in soil anomalies were interpreted in 9 zones at the Feiori soil grid.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 9 January 2013 the Company made an in-specie distribution to its shareholders of 29,998,321 shares in Torque Mining Ltd. As a result Torque Mining Ltd ceased to be part of the Group, as the Company holds only 10,001,679 of its shares.

On 21 June 2013 Newcrest Mining Limited withdrew from its farm-in agreement in relation to Mt Andewa and Mt Schrader exploration licences in Papua New Guinea.

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

On 12 September 2013 Ok Tedi Mining Ltd withdrew from both its joint venture agreements in relation to five exploration licences in Papua New Guinea.

There have been no other 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:

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. 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 12 years. Age 52. B.Sc., M.Sc. He has 30 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.	Member of Planning & Operations Committee	9,131,194	10,000,000 Unlisted

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.

Peter McNeil is a graduate from the University of Houston, Texas B.Sc. (1982) and M.Sc. (Geochemistry-1985). Aged 52, he has accumulated 31 year's continuous professional post-graduate mineral exploration industry experience, with 28 of those in Papua New Guinea (including the Lihir gold Deposit).

Peter has also worked in Tasmania, WA's Kimberley and NE Goldfields, Arizona and Newfoundland. He was consultant site supervisory geologist on the 'discovery' holes of both the Nimary and Sunrise Dam gold ore bodies in WA, which became the largest and second largest gold discoveries in Australia during the 1990's totalling >15 million ounces combined.

Mr McNeil has 21 years' corporate and managerial experience as a Chairman, Managing Director, Director, and President associated with several ASX and TSX-V listed companies. He is currently Chairman/ Managing Director of Frontier Resources Limited.

Mr Peter McNeil is a member of the Australian Institute of Geoscientists, the Society of Economic Geologists, the Society for Geology Applied to Mineral Deposits and the Society of Resource Geology. He is the principal of a private mineral exploration consultancy (Exploration & Management Consultants Pty Ltd), which has provided a varied range of exploration and corporate services to the minerals exploration industry for the past 22 years.

INFORMATION ON DIRECTORS

Director and Experience	Special Responsibilities	Ordinary Shares	Options
		Particulars of Directors' interest in shares and options of Frontier Resources Ltd	
Graham J. Fish	Member of Planning & Operations Committee Member of Audit Committee	741,457	2,000,000 Unlisted
Warren J. Staude	Chairman of Audit Committee	1,548,618	2,000,000 Unlisted

Graham J. Fish

Non-Executive Director for 6 years and independent Non-Executive Director for 8½ years. Age 74. 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 38 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.

Warren J. Staude

Non Executive Director for 11 years. Age 70. 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 and Aphrodite Gold Limited, all ASX-listed companies. In the last 3 years Warren was a non-executive director of Stonehenge Metals Limited.

INFORMATION ON DIRECTORS

Director and Experience	Special Responsibilities	Ordinary Shares	Options
Hugh David Swain	-	360,443	2,000,000 Unlisted
Martin Otway	-	14,620,000	2,000,000 Unlisted

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

Hugh David Swain

Non-Executive Director for 6 years. Age 76. Mr H David Swain, B.Eng (Mining) 1962, M.Eng. (Civil) 1972 – University of Sheffield, is a Mining/Civil Engineer with 48 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 30 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.

Martin Otway

Non-Executive Director appointed 17 October 2012. Age 45. Mr Martin Otway B.A. Hons (Business Studies), M.Sc. (Mathematical Trading and Finance) has over twenty years experience in the financial industry.

Martin has worked in a number of roles covering all aspects of the financial markets with a focus on debt capital markets and more recently corporate advisory. This included the role as Treasurer and Head of Credit Trading Asia, at Unicredit Bank A.G., Singapore Branch. Martin has been a long-term shareholder in the Company.

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.

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	-	-	-	-
G.J. Fish	4	4	-	-	-	-
M.H. Otway	3	3	-	-	-	-
W.J. Staude	4	4	-	-	-	-
H.D. Swain	4	4	-	-	-	-

REMUNERATION REPORT (Audited)

The information in this remuneration report has been audited as required by s.308(3C) of the *Corporations Act 2001.*

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

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. As there is no remuneration committee the role is assumed by the full Board of Directors. 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 Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

REMUNERATION REPORT (continued)

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.

Relationship between remuneration and Group 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, Group performance and shareholder wealth generation is tenuous, particularly in the exploration stage of a minerals company. Since listing the Group 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 42 cents during the last five years, and at 30 June 2013 the price was 0.9 cent.

Bonuses are paid to employees upon agreement by the Board. During the year, Non-Executive Director Graham Fish was paid a bonus of $7,500, and the Joint Company Secretary Julia Beckett was paid a bonus of $3,000, based on individual performance.

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 Company's 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 four components:

- base pay and benefits;
- short-term incentives;
- long-term incentives through Directors options (refer Note 21); and
- other remuneration such as superannuation.

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

REMUNERATION REPORT (continued)

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 executive's 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 by the Board 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.

Short-term incentives
Key management personnel are entitled to short term incentives (STI's) based on performance that is agreed by the board from time to time.

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

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

(b) Other key management personnel

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
Jay Stephenson	Joint Company Secretary and Chief Financial Officer	Frontier Resources Ltd

REMUNERATION REPORT (continued)

(c) Details of remuneration

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 2013 are set out in the following tables:

	Short-term employee benefits			Post-employment benefits		Share-based payment	
	Cash salary and fees	Cash bonus	Non-Monetary benefits	Super-annuation	Retirement benefits	Options*	Total
2013	$	$	$	$	$	$	$
Executive Director							
P.A. McNeil	261,580	-	-	-	-	410,498	672,078
Non-Executive Directors							
G.J. Fish	35,000	7,500	-	3,825	-	92,833	139,158
M.H. Otway**	25,420	-	-	-	-	66,000	91,420
W.J. Staude	36,042	-	-	1,575	-	92,833	130,450
H.D. Swain	38,150	-	-	-	-	92,833	130,983
Other key management personnel							
J. Stephenson	90,000	-	-	-	-	-	90,000
Total 2013	486,230	7,500	-	5,400	-	756,007	1,258,099
2012							
Executive Director							
P.A. McNeil	305,301	110,000	-	-	-	146,574	561,875
Non-Executive Directors							
G.J. Fish	41,666	7,500	-	4,425	-	52,604	106,195
W.J. Staude	30,833	-	-	2,775	-	52,604	86,212
H.D. Swain	37,241	-	-	-	-	52,604	89,845
Other key management personnel							
J. Stephenson	99,000	11,000	-	-	-	5,353	115,353
Total 2012	514,041	128,500	-	7,200	-	309,750	959,480

* Option value calculation using Black-Scholes Model.
** Appointed 17 October 2012.

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

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

	Fixed Remuneration		At risk - STI		At risk – LTI *	
	2013	2012	2013	2012	2013	2012
P.A. McNeil	39%	54%	-	20%	61%	26%
G.J. Fish	28%	43%	5%	7%	67%	50%
M. Otway	-	-	-	-	100%	-
W.J. Staude	17%	39%	-	-	83%	61%
J. Beckett	-	-	75%	-	25%	100%
J. Stephenson	99%	85%	-	10%	1%	5%

* Long-term incentives reflect the value of remuneration consisting of options expensed during the year.

REMUNERATION REPORT (continued)

(d) Service agreements

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

(e) Share-based Compensation

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 22 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	-	-	2010	-
Employee	19 Jan 2010	21 Jan 2014	$0.03	$0.0230	Between 21 Jan 2010 and 21 Jan 2014	-	-	2010	-
Employee	30 Dec 2010	30 Dec 2014	$0.11	$0.0621	Between 30 Dec 2010 and 30 Dec 2014	-	-	2011	-
Director	21 Nov 2011	31 Oct 2014	$0.19	$0.0682	Between 21 Nov 2012 and 31 Oct 2014	39%	-	2013	-
Employee	7 Mar 2012	30 Dec 2014	$0.11	$0.0625	Between 7 Mar 2013 and 30 Dec 2014	68%	-	2013	-
Employee	7 Mar 2012	30 Dec 2014	$0.165	$0.0535	Between 7 Mar 2013 and 30 Dec 2014	68%	-	2013	-
Director	21 Dec 2012	1 Nov 2017	$0.061	$0.0330	Between 21 Dec 2012 and 1 Nov 2017	100%	-	2013	-

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 22 to the Financial Statements.

REMUNERATION REPORT (continued)

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	24 Nov 2010	1,000,000	$28,900	-	1,000,000 x	Nil
	24 Nov 2010	1,000,000	$26,900	-	1,000,000 x	Nil
	21 Nov 2011	3,000,000	$204,600	-	3,000,000 c	Nil
	21 Dec 2012	10,000,000	$330,000	10,000,000	-	-
G.J. Fish	10 Dec 2009	500,000	$14,700	-	500,000 x	Nil
	24 Nov 2010	500,000	$14,450	-	500,000 x	Nil
	24 Nov 2010	500,000	$13,450	-	500,000 x	Nil
	21 Nov 2011	1,000,000	$68,200	-	1,000,000 c	Nil
	21 Dec 2012	2,000,000	$66,000	2,000,000	-	-
W.J. Staude	10 Dec 2009	500,000	$14,450	-	500,000 e	Nil
	10 Dec 2009	500,000	$14,700	-	500,000 x	Nil
	24 Nov 2010	500,000	$14,450	-	500,000 x	Nil
	24 Nov 2010	500,000	$13,450	-	500,000 x	Nil
	21 Nov 2011	1,000,000	$68,200	-	1,000,000 c	Nil
	21 Dec 2012	2,000,000	$66,000	2,000,000	-	-
H.D. Swain	24 Nov 2010	500,000	$14,450	-	500,000 x	Nil
	24 Nov 2010	500,000	$13,450	-	500,000 x	Nil
	21 Nov 2011	1,000,000	$68,200	-	1,000,000 c	Nil
	21 Dec 2012	2,000,000	$66,000	2,000,000	-	-
M. Otway	21 Dec 2012	2,000,000	$66,000	2,000,000	-	-
Other key management personnel -						
J. Beckett	7 Mar 2012	60,000	$3,210	60,000	-	-
J. Stephenson	30 Dec 2010	100,000	$6,409	-	-	-
J. Stephenson	7 Mar 2012	60,000	$3,210	60,000	-	-

x These 6,000,000 options expired during the year.
c These 6,000,000 options were cancelled during the year.
e These 500,000 options were exercised during the year.

Refer to Note 21 for option balances held by key management personnel as at 30 June 2013 and 30 June 2012.

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.

REMUNERATION REPORT (continued)

(f) Additional information

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	Value at exercise date
Directors -					
Warren Staude	31 Dec 2012	500,000	4c	4c	$20,000

Shares issued on the exercise of options include:

Date options granted	Number of shares issued on exercise	Issue price per share
10 December 2009	500,000	4c

Relationship between remuneration and the Group's performance

The following table shows key performance indicators for the Group over the last five years:

	2013	2012	2011	2010	2009
Loss for the year	$2,900,373	$8,283,982	$4,349,224	$1,437,708	$1,327,376
Closing Share Price	0.9 cents	6.9 cents	2.0 cents	4.9 cents	1.9 cents
KMP Incentives	$764,518	$439,250	$222,001	$164,926	-
Total KMP Remuneration	$1,259,110	$960,491	$768,486	$687,894	$669,790

Voting and comments made at the company's 2012 Annual General Meeting

The Company received more than 90% of "yes" votes on its remuneration report for the 2012 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Remuneration Consultants

The Group did not engage the services of any remuneration consultants during the year.

END OF AUDITED 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
19 October 2009	19 Oct 2013	$0.040	200,000
30 December 2010	30 Dec 2014	$0.110	4,500,000
7 March 2012	30 Dec 2014	$0.110	2,320,000
7 March 2012	30 Dec 2014	$0.165	2,220,000
21 December 2012	1 Nov 2017	$0.061	18,000,000
			27,240,000

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

During the financial year ended 30 June 2013, there were 500,000 ordinary shares of Frontier Resources Ltd issued at 4 cents upon the exercise of options. No amounts are unpaid on any of these 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 Audit (WA) Pty Ltd) 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 17.

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.

	2013 $	2012 $
Assurance services		
Audit Services		
BDO Audit (WA) Pty Ltd	37,930	38,659
Sinton Spence Chartered Accountants (PNG)	-	-
Total remuneration for audit and assurance services	37,930	38,659
Taxation and Accounting Services		
BDO Tax (WA) Pty Ltd	14,350	3,636
Sinton Spence Chartered Accountants (PNG)	20,190	18,089
Total remuneration for taxation services	34,540	21,725

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

27 September 2013

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Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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 2013, 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; and
- 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.

C Burton

CHRIS BURTON

Director

BDO Audit (WA) Pty Ltd

Perth, 27 September 2013

The Board of Directors of Frontier Resources Limited ("the 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.

An independent director is a non-executive director who is not a member of management and who is free of any business of other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.

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.

PRINCIPAL 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 basis 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.

During the year there were seven women employees and consultants in the whole organization, none of whom was Key Management Personnel. At year end there were three woman employed, being 18% of total employees, consultants and Key Management Personnel.

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 authorities 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 principal place of business is:

Frontier Resources Ltd
120 Tranquil Place
STONEVILLE WA 6081

Its registered office 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 27 September 2013. 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.

	Note	2013 $	Restated 2012 $
Revenue from Continuing Operations			
Revenue	4	4,385,063	3,015,330
Other income	4	259,394	36,825
		4,644,457	3,052,155
Cost of sales		(3,159,823)	(2,425,927)
Exploration expenditure	5	(939,662)	(5,075,680)
Administration and insurance expenses		(230,209)	(219,774)
Corporate compliance and shareholder relations		(142,717)	(109,757)
Gross employee benefit expense		(299,872)	(366,766)
Share based payments expense	5	(935,584)	(1,752,839)
Depreciation	5	(643,895)	(860,466)
Impairment of plant & equipment	9	(442,327)	-
Loss on disposal of plant & equipment		(89,528)	-
Consultancy		(43,337)	(135,922)
Rent, consumables and communication		(51,185)	(101,106)
Impairment of financial asset	11	(502,320)	-
Other expenses		(64,371)	(42,915)
Loss before income tax		(2,900,373)	(8,038,997)
Income tax expense/(benefit)	6	-	-
Loss after tax from continuing operations		(2,900,373)	(8,038,997)
Profit after income tax from discontinued operations	30	31,418	(244,988)
Loss for the year attributable to ordinary equity holders of Frontier Resources Ltd		(2,868,955)	(8,283,985)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Movement in foreign currency translation reserve		(233,602)	368,976
Other comprehensive income for the year		(233,602)	368,976
Total comprehensive loss for the year attributable to ordinary equity holders of Frontier Resources Ltd		(3,102,557)	(7,915,009)
Loss per share for the year attributable to members of Frontier Resources Ltd		Cents	Cents
Continuing operations		(0.95)	(2.78)
Discontinued operations		0.01	-
Total basic and diluted (loss) per share	18	(0.94)	(2.78)

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

	Notes	2013 $	Restated 2012 $	1 July 2011 $
ASSETS				
Current Assets				
Cash and cash equivalents	7	733,449	2,862,050	8,287,285
Trade and other receivables	8	843,806	124,826	711,323
Total Current Assets		1,577,255	2,986,876	8,998,608
Non-Current Assets				
Trade and other receivables	8	104,478	222,632	104,537
Plant and equipment	9	1,433,822	2,977,882	1,164,880
Exploration and evaluation expenditure	10	-	2,176,872	2,176,872
Available for sale investments	11	616,565	-	-
Total Non-Current Assets		2,154,865	5,377,386	3,446,289
Total Assets		3,732,120	8,364,262	12,444,897
LIABILITIES				
Current Liabilities				
Trade and other payables	12	466,400	475,338	209,838
Other liabilities	13	-	976,315	-
Total Current Liabilities		466,400	1,451,653	209,838
Total Liabilities		466,400	1,451,653	209,838
Net Assets		3,265,720	6,912,609	12,235,059
EQUITY				
Contributed equity	16	29,858,541	31,338,457	30,498,737
Reserves	17	3,614,429	2,912,447	790,632
Accumulated losses	17	(30,207,250)	(27,338,295)	(19,054,310)
Total Equity		3,265,720	6,912,609	12,235,059

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

	Notes	Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Foreign Currency Translation Reserve	Total
		$	$	$	$	$
Balance at 1 July 2011		30,498,737	(19,054,310)	1,251,462	(460,830)	12,235,059
Restated loss attributable to ordinary equity holders of Frontier Resources Ltd	31	-	(8,283,985)	-	-	(8,283,985)
Other comprehensive income -						
Foreign currency translation		-	-	-	368,976	368,976
Total comprehensive loss for the year		-	(8,283,985)	-	368,976	(7,915,009)
Transaction with owners, directly in equity -						
Share based payments expense		-	-	1,752,839	-	1,752,839
Shares issued during the year, net of costs		839,720	-	-	-	839,720
Balance at 30 June 2012		31,338,457	(27,338,295)	3,004,301	(91,854)	6,912,609
Balance at 1 July 2012		31,338,457	(27,338,295)	3,004,301	(91,854)	6,912,609
Loss attributable to ordinary equity holders of Frontier Resources Ltd		-	(2,868,955)	-	-	(2,868,955)
Other comprehensive income -						
Foreign currency translation		-	-	-	(233,602)	(233,602)
Total comprehensive loss for the year		-	(2,868,955)	-	(233,602)	(3,102,557)
Transaction with owners, in their capacity as owners -						
Share based payments expense	22	-	-	935,584	-	935,584
In-specie distribution to shareholders	19	(1,499,916)	-	-	-	(1,499,916)
Shares issued during the year, net of costs	16	20,000	-	-	-	20,000
Balance at 30 June 2013		29,858,541	(30,207,250)	3,939,885	(325,456)	3,265,720

The above Consolidated Statement of Changes in Equity
should be read in conjunction with the accompanying notes.

	Note	2013	Restated 2012
		$	$
Cash Flows From Operating Activities			
Cash receipts from customers		17,113	52,228
Payments to suppliers and employees		(1,399,861)	(985,114)
Interest received		24,562	185,300
Joint Venture contributions for tenements		4,323,056	2,836,400
Payments to exploration expenditure		(4,222,528)	(7,524,653)
Net cash outflow from operating activities	24	(1,227,657)	(5,435,839)
Cash Flows From Investing Activities			
Payments for security deposits		-	(116,325)
Purchases of plant and equipment		(8,499)	(1,826,002)
Proceeds from sale of plant and equipment		34,572	141,959
Payments for financial assets		(618,801)	-
Cash forgone on disposal of subsidiary		(328,168)	-
Net cash inflow/(outflow) from investing activities		(920,896)	(1,800,368)
Cash Flows From Financing Activities			
Proceeds from the issue of shares		20,000	839,720
Application funds received for shares to be issued in subsidiary		-	976,315
Net cash inflow from financing activities		20,000	1,816,035
Net increase/(decrease) in cash and cash equivalents		(2,128,553	(5,420,172)
Cash at 1 July		2,862,050	8,287,285
Effect of exchange rates on cash holdings in foreign currencies		(48)	(5,063)
Cash at 30 June	7	733,449	2,862,050

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.* Frontier Resources Limited is a for profit entity for the purposes of preparing the financial statements.

Compliance with IFRS
These consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Going concern basis of preparation

The financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realization of assets and extinguishment of liabilities in the ordinary course of business. For the year ended 30 June 2013 the Group recorded a loss after tax of $2,868,955 (2012: $8,283,982) and had a net working capital surplus of $1,110,855 (2012: surplus of $2,511,538).
Frontier has an agreement with Torque Mining Ltd whereby FNT will receive 5% of profit from gold sales from Torque's proposed Stormont Mine in north-central Tasmania. Mining is scheduled to commence in about November 2013 (post receipt of all government approvals). Approximately $300,000 should be realised as profit to FNT from Stormont gold sales (dependent on gold price) in March 2014.

Following the rights issue in October 2013 which is expected to raise $256,000, the Board is confident of the Group's ability to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Based on these facts, the Directors consider the going concern basis of preparation to be appropriate for this financial report. However, in the unlikely event the conditions above are not met, the Group may not be able to realize it's assets and extinguish it's liabilities at amounts stated in the amount stated in the financial statement.

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 27.

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.

New and Amended Accounting Standards Adopted by the Group
The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements.

The Company has applied the amendments to AASB 101 arising from AASB 2011-9 "Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income" which is effective for annual periods beginning on or after 1 July 2012. The amendments to AASB 101 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss.

The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Principles of consolidation

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 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.

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 profit or loss and other 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.

Joint ventures

The Group has entered into a new joint venture agreement during the year, and terminated another before the year end. The exploration expenditure on the tenements which are paid by the joint venture partner are netted off against the contribution received. There are no joint venture assets recognised by the Group, while any funding by the joint venture partner which is received in advance or in arrears of the exploration expenditure incurred is shown as a payable or a receivable on the consolidated statement of financial position.

(b) 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.

(c) 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.

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.

(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 profit or loss and other comprehensive income during the financial period in which they are incurred.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Plant and equipment (cont.)

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 profit or loss and other comprehensive income.

(e) 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.

(f) Available for sale investments

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. Available for sale investments are carried at fair value. An impairment loss is recognised for any write-down of the asset to fair value. A gain is recognised for any subsequent increases in fair value, but not in excess of any cumulative impairment loss previously recognised.

(g) 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.

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 initially recognised at fair value and 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 initially recognised at fair value and 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 profit or loss and other comprehensive income.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (cont)

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.

(h) Employee benefits

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.

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.

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 21.

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

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

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each 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.

(i) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the drilling contract is recognised based on the terms of the contract that provide for revenue recognition on the basis of actual meters drilled at contract rates. Revenue from ancillary charges, primarily relating to extra services to the customer, is recorded when the services are rendered. Revenue in relation to the reimbursable expenditure is recognised in the period in which the expenditure was incurred,

All revenue is stated net of the amount of goods and services tax (GST).

(j) 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Income tax

The income tax expense (benefit) 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.

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.

(l) 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.

(m) 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.

(n) 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)

(o) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit after tax 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.

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.

(p) 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 profit or loss and other 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 profit or loss and other 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:

a. Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
b. Income and expenses are translated at average exchange rates for the period; and
c. Share capital 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 profit or loss and other comprehensive income in the period in which the operation is disposed.

(q) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(r) Comparative Figures

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) 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 (issued December 2009 and amended December 2010)

  Applicable for annual reporting periods commencing on or after 1 January 2015.

  Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated.

  AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.

  Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The Group has not yet made an assessment of the impact of these amendments.

- AASB 10: Consolidated Financial Statements (issued August 2011)

  Applicable for annual reporting periods commencing on or after 1 January 2013.

  Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present:

  - Power over investee (whether or not power used in practice).
  - Exposure, or rights, to variable returns from investee.
  - Ability to use power over investee to affect the entity's returns from investee.
  - Introduces the concept of 'defacto' control for entities with less than 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated.

  When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the Group does not have any special purpose entities. The Group does not have 'defacto' control of any entities with less than 50% ownership in an entity.

- AASB 11: Joint Arrangements (issued August 2011)

  Applicable for annual reporting periods commencing on or after 1 January 2013.

  Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement).

  When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the Group has not entered into any joint arrangements.

- AASB 12: Disclosure of Interests in Other Entities (issued August 2011)

  Applicable for annual reporting periods commencing on or after 1 January 2013.

  Combines existing disclosures from AASB 127 *Consolidated and Separate Financial Statements*, AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures*. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.

  As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- AASB 13: Fair Value Measurement (issued September 2011)

  Applicable for annual reporting periods commencing on or after 1 January 2013.

  AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes to the financial statements.

  Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements

  Extensive additional disclosures are required for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments.

  When this standard is first adopted for the year ended 30 June 2014, additional disclosures will be required about fair values.

- AASB 119: Employee Benefits (issued September 2011)

  Applicable for annual reporting periods commencing on or after 1 January 2013.

  Employee benefits expected to be settled (as opposed to due to be settled under current standards) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future by discounted when calculating leave liability.

  When this standard is first adopted for the year ended 30 June 2014, annual leave liabilities will be recalculated on 1 July 2012 as long-term benefits where they are not expected to be settled wholly within 12 months after the end of the reporting period. This will result in a reduction of the annual leave liabilities recognised on 1 July 2012, and a corresponding increase in retained earnings at that date.

- AASB 2011-4: Amendments to AASB 124 to Remove Individual Key Management Personnel Disclosure Requirements (issued July 2011)

  Applicable for annual reporting periods commencing on or after 1 July 2013.

  These amendments remove individual key management personnel (KMP) disclosure requirements from AASB 124 to eliminate duplicated information required under the Corporation Act 2001.

  When this standard is first adopted for the year ended 30 June 2014, the Group will show reduced disclosures under the Key Management Personnel note to the financial statements.

- Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine (issued November 2011)

  Applicable for annual reporting periods commencing on or after 1 January 2013.

  Clarifies that costs of removing minewaste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 102 *Inventories* if the benefits from stripping activity are realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalized as a non-current, stripping activity asset if certain recognition criteria are met.

  As the Group does not operate a surface mine, there will be no impact on the financial statements when this interpretation is first adopted.

- AASB 2012-5: Annual Improvements to Australian Accounting Standards 2009-2011 Cycle (issued June 2012)

  Applicable for annual reporting periods commencing on or after 1 January 2013.

  These include non-urgent but necessary changes to IFRSs (IAS 1, IAS 16 and IAS 32).

  When this standard is first adopted for the year ended 30 June 2013, there will be no material impact.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- IFRS: Mandatory Effective Date of IFRS 9 and Transition Disclosures (issued December 2011)

  Applicable for annual reporting periods commencing on or after 1 January 2015.

  Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.

  As comparatives are no longer required to be restated, there will be no impact on amounts recognised in financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.

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.

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.

The Group limits its foreign currency risk by limiting funds held in overseas bank accounts and paying its creditors promptly. The Group’s exposure to foreign currency risk on PNG Kina, translated into Australian Dollars at 30 June, was as follows:

	2013 AUD	2013 Kina	2012 AUD	2012 Kina
Foreign currency assets and liabilities				
Cash and cash equivalents	-	-	6,412	12,677
Trade and other receivables	48,648	96,716	77,429	153,076
Intercompany loans payable	(14,137,665)	(28,107,091)	(14,318,108)	(28,306,900)
Trade and other payables	(106,471)	(211,675)	(69,918)	(138,228)

(ii) Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the balance sheet as available for sale investments. To manage this price risk, the management maintains close involvement with the management of the companies in which they have invested.

The Group’s exposure to equity securities price risk, shown at fair value at 30 June, was as follows:

	2013	2012
Shares in listed entity – Level 1	116,481	-
Shares in unlisted entity – Level 2	500,084	-

The Group’s fair values of financial instruments shown above are categorised by the following levels:
Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

(iii) 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:

2013	Floating Interest Rate $	Non-interest bearing $	Total $
Financial assets			
Cash and cash equivalents	733,449	-	733,449
Trade and other receivables	-	843,806	843,806
	733,449	843,806	1,577,255
Weighted average interest rate	3.2%		
Financial liabilities			
Trade and other payables	-	466,400	466,400
	-	466,400	466,400
Net financial assets	733,449	377,406	1,110,855

2012	Floating Interest Rate $	Non-interest bearing $	Total $
Financial assets			
Cash and cash equivalents	2,862,050	-	2,862,050
Trade and other receivables	-	124,826	124,826
	2,862,050	124,826	2,986,876
Weighted average interest rate	5.2%		
Financial liabilities			
Trade and other payables	-	475,338	475,338
	-	475,338	475,338
Net financial assets	2,862,050	(350,512)	2,511,538

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

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 reported at balance date would have been affected by changes in the interest rate risk variable that management considers to be reasonably possible.

	2013 $	2012 $
Net financial assets subject to variable interest rates	733,449	2,862,050
Increase in profits resulting from a 1% pa increase in variable interest rates	7,334	28,620
Decrease in profits resulting from a 1% pa decrease in variable interest rates	(7,334)	(28,620)

Net Fair Value

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, other than holding all its cash with Westpac Bank. 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, which has not changed materially from the prior year.

Receivables include $743,080 loaned to Torque Mining Limited and $50,976 loaned to Quintessential Resources Limited, which are related companies under AASB 124 para 9(b(vi). Neither loans are past due nor impaired.

Receivables also include $104,478 in bonds, primarily mines department deposits.

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-. Cash is held with Westpac Banking Corporation, which is AA Rated.

The maximum exposure to credit risk is as follows:

	2013 $	2012 $
Current Assets:		
Cash and cash equivalents	733,449	2,862,050
Trade and other receivables	843,806	124,826
Non-Current Assets:		
Trade and other receivables	104,478	222,632
	1,681,733	3,209,508

(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.

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

The Group's current financial assets and liabilities are summarised as follows:

	2013 $	2012 $
Cash and cash equivalents	733,449	2,862,050
Trade and other receivables	843,806	124,826
Trade and other payables	(440,407)	(422,894)
	1,110,855	2,563,982

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.

The contractual amounts payable are equal to the carrying amounts in the accounts.

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 Consolidated Statement of Financial Position at 30 June 2013 and the Group carried out a review of the recoverable amount of the plant and equipment. These assets are used in the Group's exploration programs. The Board determined that due to a reduced use of the equipment, the written down value of drill rigs and barges has been impaired by 30% at the end of this financial year. The impairment loss of $442,327 has been recognised in Statement of Profit or Loss and Other Comprehensive Income. The recoverable amount of the relevant assets has been determined on the basis of their value in use. No impairment assessment was performed in 2012 as there was no indication of impairment.

(b) Exploration and evaluation expenditure

Exploration and Evaluation costs are carried forward where a JORC inferred resource has been established 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 22.

NOTE 4 REVENUE

	2013 $	2012 $
From continuing operations		
Administration fee income	-	37,847
Drilling and exploration contract income	4,323,067	2,788,001
Other sundry income	37,576	4,182
Other revenue		
Interest – unrelated parties	24,419	185,300
Total Revenue	4,385,063	3,015,330

	2013 $	2012 $
Other Income		
Gain on disposal of plant and equipment	259,394	36,825
Total Other Income	259,394	36,825

NOTE 5 EXPENSES AND SIGNIFICANT ITEMS

	2013 $	2012 $
Depreciation of plant & equipment	643,895	860,466
Impairment of plant & equipment (Refer to Note 9)	442,327	-
Office rental	27,500	30,000
Superannuation expense	58,550	89,482
Significant Items		
Exploration and evaluation expenditure	939,662	5,312,109
Impairment of financial asset	502,320	-
Share-based payments expense	935,584	1,752,839

NOTE 6 INCOME TAX

(a) Numerical reconciliation of income tax expense to prima facie tax payable / (tax loss)

	2013 $	2012 $
Profit (loss) from continuing operations before income tax expense	(2,900,373)	(8,283,982)
Tax at Australian tax rate of 30% (2012: 30%) and Papua New Guinea tax rate of 30% (2012: 30%)	(870,112)	(2,485,195)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other non - deductible	135,869	187,157
Share based payments expense	280,675	525,852
Previously unrecognised tax losses now recognised to reduce CTE	-	(62,843)
Deferred tax asset not brought to account	453,568	1,835,029
Income tax expense	-	-

(b) Tax losses

	2013 $	2012 $
Unused tax losses for which no deferred tax asset has been recognised	15,819,153	15,541,186
Potential tax benefit @ 30%	4,745,746	4,622,356

NOTE 6 INCOME TAX (continued)

This benefit for tax losses will only be obtained if:

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

	2013 $	2012 $
Deferred tax liabilities/(assets) not recognised		
Amounts recognised in profit or loss:		
Exploration and evaluation costs	(6,019,503)	371,021
Sundry	(1,789,490)	(125,756)
	(7,808,994)	245,265
Potential tax benefit @ 30%	(2,342,698)	73,580
Set-off deferred tax assets associated with carried forward losses not recognised	-	(73,580)
Deferred tax asset (excluding tax loss) not recognised	2,342,698	-
Net deferred tax liability	-	-

NOTE 7 CASH AND CASH EQUIVALENTS

	2013 $	2012 $
Cash at bank and on hand	733,449	2,862,050
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 at bank	733,449	1,888,070
Bank deposits at call	-	965,924
Cash on hand	-	8,056
Cash and cash equivalents	733,449	2,862,050

Cash at bank earns an effective rate of 3.2% (2012:5.2%). Refer to note 2 for the Group's exposure to interest rate risk.
Cash in maxi account does not have a fixed term and funds are available on call.

NOTE 8 TRADE AND OTHER RECEIVABLES

	2013 $	2012 $
CURRENT		
Other receivables (a)	843,806	124,826
NON-CURRENT		
Deposits – tenements and premises (b)	104,478	222,632

(a) Other current receivables are all non-interest bearing, and include $743,080 due from Torque Mining Ltd, and $50,976 from Quintessential Resources Limited.

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

No receivables were past due but not impaired. Refer to note 2 for the Group's exposure to credit risk.

NOTE 9 PLANT AND EQUIPMENT

	2013 $	2012 $
Plant and equipment		
Plant and equipment at cost	934,432	1,870,680
Drill Rigs and Barges at Cost	2,376,744	2,516,728
Less accumulated depreciation	(1,435,027)	(1,409,526)
Less impairment of drilling equipment	(442,327)	-
Carrying amount at the end of the financial year	1,433,822	2,977,882

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

	2013 $	2012 $
Carrying amount at the beginning of the financial year	2,977,882	1,164,880
Additions	8,499	2,503,331
Disposals	(430,955)	(105,134)
Depreciation expense	(643,895)	(860,466)
Impairment of drilling equipment	(442,327)	-
Foreign currency exchange differences	(35,382)	275,271
Carrying amount at the end of the financial year	1,433,822	2,977,882

NOTE 10 EXPLORATION AND EVALUATION

	2013 $	2012 $
NON-CURRENT		
Carrying amount at the beginning of the financial year	2,176,872	2,176,872
Exploration expenditure written off	(176,872)	-
Exploration expenditure disposed (a)	(2,000,000)	-
Exploration expenditure capitalised	-	2,176,872

(a) During the year the Group disposed of its Tasmanian exploration assets to Torque Mining Ltd for $2,000,000.

NOTE 11 AVAILABLE FOR SALE INVESTMENTS

	2013 $	2012 $
NON-CURRENT		
Quintessential Resources Ltd	116,481	-
Torque Mining Ltd	500,084	-
Exploration expenditure capitalised	616,565	-
Quintessential Resources Ltd -		
Carrying amount at the beginning of the financial year	-	-
7,280,012 shares acquired at 8.5 cents each	618,801	-
Impairment to fair value	(502,320)	-
Closing fair value	116,481	-
Torque Mining Ltd -		
Carrying amount for 2 shares at the beginning of the financial year	-	-
40,000,000 shares acquired at 5 cents each	2,000,000	-
29,998,321 shares distributed as in-specie distribution	(1,499,916)	-
Closing fair value	500,084	-

NOTE 12 TRADE AND OTHER PAYABLES

	2013 $	2012 $
CURRENT		
Trade and sundry creditors (a)	177,910	91,438
Accrued expenses	247,690	38,813
Joint Venture funding in advance (b)	-	261,785
Provision for annual leave (c)	25,993	52,444
Other employee benefit and related on-cost liabilities (c)	14,807	30,858
	466,400	475,338

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

(b) Joint Venture funding was received in advance for each quarter, based on budgeted expenditure proposed.

(c) Employee benefit and related on-costs liabilities include payroll deductions and superannuation payable, and are non-interest bearing.

Refer to note 2 for the Group's exposure to liquidity risk.

NOTE 13 OTHER LIABILITIES

	2013 $	2012 $
CURRENT		
Application funds received for shares to be issued in subsidiary	-	976,315

$976,315 was received from investors prior to 30 June 2012 for share application funds in relation to seed capital in Torque Mining Ltd. At 30 June 2012, Torque Mining Ltd was a 100% owned subsidiary – refer note 20.

On 5 July 2012, Torque Mining Limited issued 20,940,000 shares at $0.05 each. As the shares were not issued until after the 2012 year end, this amount was classified as an Other Liability at 30 June 2012.

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:

	2013 $	2012 $
Not later than 1 year	3,106,473	1,255,877
Later than 1 year but not later than 5 years	1,530,719	470,166
Any greater than 5 years	-	-
	4,637,192	1,726,043

NOTE 15 CONTINGENT LIABILITIES

The Group had no contingent liabilities at 30 June 2013 (2012: nil).

NOTE 16 CONTRIBUTED EQUITY

	2013 Shares	2012 Shares	2013 $	2012 $
(a) Paid Up Capital				
Ordinary shares – fully paid of no par value	304,046,682	303,546,682	29,858,541	31,338,457

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

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

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

Date	Details	Notes	Number of Shares	Issue Price $	$
30 Jun 2011	Opening Balance		294,520,253		30,498,737
	Options Exercised		1,000,000	0.04	40,000
	Options Exercised		1,000,000	0.05	50,000
	Share Placement		7,026,429	0.1067	749,720
30 Jun 2012	Closing Balance		303,546,682		31,338,457
	Options Exercised		500,000	0.04	20,000
	In-specie distribution to shareholder	11	-		(1,499,916)
30 Jun 2013	Closing Balance		304,046,682		29,858,541

(c) Options

The number of unissued ordinary shares relating to options not exercised at year end:

	No. of Options 2013	No. of Options 2012
- Non-transferable options exercisable on or before 31 December 2012 at 4 cents	-	500,000
- Non-transferable options exercisable on or before 31 December 2012 at 5 cents	-	1,000,000
- Non-transferable options exercisable on or before 19 October 2013 at 4 cents	200,000	200,000
- 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	4,500,000
- Non-transferable options exercisable on or before 31 October 2014 at 19 cents	-	6,000,000
- Non-transferable options exercisable on or before 30 December 2014 at 11 cents	2,320,000	2,320,000
- Non-transferable options exercisable on or before 30 December 2014 at 16.5 cents	2,220,000	2,220,000
- Non-transferable options exercisable on or before 1 November 2017 at 6.1 cents	18,000,000	-
	27,240,000	21,740,000

(d) Option Issues

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

Issue Date	Details	Number of Options	Exercise Price	Expiry Date
21 Dec 2012	Non-transferable Directors' Options	18,000,000	$0.061	1 Nov 2017

NOTE 16 CONTRIBUTED EQUITY (continued)

(e) Option Exercise

During the financial year 500,000 options were exercised. Refer to Note 21.

(f) Option Expiry

During the financial year the following options expired:

Issue Date	Details	Number of Options	Exercise Price	Expiry Date
10 Dec 2009	Non-transferable Directors' Options	1,000,000	\$0.05	31 Dec 2012
24 Nov 2010	Non-transferable Directors' Options	2,500,000	\$0.09	31 Dec 2012
24 Nov 2010	Non-transferable Directors' Options	2,500,000	\$0.10	31 Dec 2012

(g) Option Cancellation and Lapse

During the financial year the 6,000,000 options issued on 21 November 2011 were cancelled and replaced with the 18,000,000 options issued on 21 December 2012.

(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 2013 and 30 June 2012 was as follows:

	2013 \$	2012 \$
Cash and cash equivalents	733,449	2,862,050
Trade and other receivables	843,806	124,826
Trade and other payables	(466,400)	(475,338)
Working capital position	1,110,855	2,511,538

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

Refer to note 2 for Financial Risk Management.

NOTE 17 RESERVES AND ACCUMULATED LOSSES

(a) Reserves

	2013 $	2012 $
Share based payment reserve	3,939,885	3,004,301
Foreign currency translation reserve	(325,456)	(91,854)
	3,614,429	2,912,447
Movements		
Share based payment reserve		
Balance 1 July	3,004,301	1,251,462
Option expense	935,584	1,752,839
Balance 30 June	3,939,885	3,004,301
Foreign currency translation reserve		
Balance 1 July	(91,854)	(460,830)
Currency translation differences arising during the year	(233,602)	368,976
Balance 30 June	(325,456)	(91,854)

(b) Accumulated losses

Movements in accumulated losses were as follows:

	2013 $	2012 $
Balance 1 July	(27,338,295)	(19,054,310)
Net loss for the year	(2,868,955)	(8,283,985)
Balance 30 June	(30,207,250)	(27,338,295)

(c) Nature and purpose of reserves

Share based payment reserve

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

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(p). The reserve is recognised in profit or loss when the net investment is disposed of.

Available for sale reserve

The available for sale reserve records revaluation of financial assets.

NOTE 18 EARNINGS/(LOSS) PER SHARE ("EPS")

	2013 $	2012 $
Earnings per share from continuing operations Loss after income tax	(2,900,373)	(8,283,982)
Weighted average number of shares used in the calculation of the basic EPS.	303,794,627	298,285,243
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.	27,240,000	21,740,000
Basic and diluted (loss) per share	(0.95)	(2.78c)
Earnings per share from discontinued operations Profit after income tax	31,148	(244,988)
Weighted average number of shares used in the calculation of the basic EPS.	303,794,627	298,285,243
The number of potential ordinary shares relating to options not exercised at the end of the year.	27,240,000	21,740,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	331,034,627	320,025,243
Basic earnings per share	0.01	(0.01)
Diluted earnings per share	0.01	-

NOTE 19 DIVIDENDS

There were no dividends paid or recommended during the financial year ended 30 June 2013 (2012: nil).

However, during the year there was an in-specie distribution to the Company's shareholders of 29,998,321 shares in Torque Mining Limited.

NOTE 20 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 21.

Wholly-owned group
The consolidated group consists of Frontier Resources Ltd and its wholly-owned subsidiaries, Frontier Gold (PNG) Ltd, Frontier Copper (PNG) Ltd and Torque Mining Ltd. Ownership interests in these subsidiaries are set out in Note 26.

Torque Mining Pty Ltd is incorporated in, and operates in, Australia.
Frontier Gold (PNG) Ltd and Frontier Copper (PNG) Ltd are incorporated in, and operate in, Papua New Guinea.

Other related parties
Quintessential Resources Limited ("Quintessential") is related to the Company under AASB 124 para 9(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.
- In December 2012 the Group entered in a 50/50 joint venture with Quintessential for the exploration of five tenements in Papuia New Guinea.
- At 30 June 2013, $50,976 was payable by Quintessential to Frontier.

Torque Mining Ltd ("Torque") is related to the Company under AASB 124 para 9(b)(vi).

- The Company and Torque have entered into an exploration services agreement whereby Torque and the Company provide services following the sale of the Company's Tasmanian tenements to Torque. If either Company provides services to or pays for goods for the other Company, the service provider may charge a 10% management fee.
- In January 2013 Torque ceased to be part of the Group, as a result of the in-specie distribution of Torque shares to the Company's shareholders.
- At 30 June 2013, $743,080 was payable by Torque to Frontier.

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

NOTE 21 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 2013.

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

	2013 $	2012 $
Short term employee benefits	493,692	642,541
Post employment benefits	5,400	7,200
Share based payments	756,008	310,750
	1,255,100	960,491

(b) Equity Instrument disclosures relating to KMP

(i) Options provided as remuneration and shares issued on exercise of such options
Details of options over ordinary shares in the Company provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in 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:

2013 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	5,000,000	10,000,000	-	(5,000,000)	10,000,000	10,000,000
Graham Fish	2,500,000	2,000,000	-	(2,500,000)	2,000,000	2,000,000
Martin Otway*	-	2,000,000	-	-	2,000,000	2,000,000
Warren Staude	3,000,000	2,000,000	(500,000)	(2,500,000)	2,000,000	2,000,000
David Swain	2,000,000	2,000,000	-	(2,000,000)	2,000,000	2,000,000
Other key management personnel -						
Jay Stephenson	160,000	-	-	-	160,000	160,000
Total	12,560,000	18,000,000	(500,000)	(12,000,000)	18,060,000	18,060,000

* As Martin Otway was appointed a director on 17 October 2012, the opening balance is his shareholding at this date.

2012 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	4,000,000	3,000,000	(2,000,000)	-	5,000,000	2,000,000
Graham Fish	1,500,000	1,000,000	-	-	2,500,000	1,500,000
Warren Staude	2,000,000	1,000,000	-	-	3,000,000	2,000,000
David Swain	1,000,000	1,000,000	-	-	2,000,000	1,000,000
Other key management personnel -						
Julia Becket	-	60,000	-	-	60,000	-
Jay Stephenson	100,000	60,000	-	-	160,000	100,000
Total	8,600,000	6,120,000	(2,000,000)	-	12,720,000	6,600,000

Other changes during the year include options which were cancelled or expired.

(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.

2013	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	9,131,194	-	-	9,131,194
Graham Fish	741,457	-	-	741,457
Martin Otway*	14,620,000	-	-	14,620,000
Warren Staude	1,048,618	500,000	-	1,548,618
David Swain	650,000	-	(289,557)	360,443
Other key management personnel -				
Jay Stephenson	350,000	-	-	350,000
Total	26,541,269	500,000	(289,557)	26,751,712

* As Martin Otway was appointed a director on 17 October 2012, the opening balance is his shareholding at this date.

2012	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	9,284,794	2,000,000	(2,153,600)	9,131,194
Graham Fish	741,457	-	-	741,457
Warren Staude	1,048,618	-	-	1,048,618
David Swain	750,000	-	(100,000)	650,000
Other key management personnel -				
Julia Beckett	-	-	-	-
Jay Stephenson	450,000	-	(100,000)	350,000
Total	12,274,869	2,000,000	(2,353,600)	11,921,269

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 (2012: Nil).

NOTE 21 KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

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

A Director, Peter McNeil has a consulting arrangement in place for the provision of geological and management services to the consolidated group through Exploration and Management Consultants Pty Ltd. The services are provided at market rates, and no specified period has been agreed.

A Director, Peter McNeil, is a party 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.

The Group has engaged Wolfstar Corporate Management Pty Ltd ("Wolfstar") to appoint Jay Stephenson as Chief Financial Officer and Company Secretary. Wolfstar is a related party of the Company by virtue of it being controlled by Jay Stephenson. In consideration for the accounting services provided, Wolfstar is entitles to a monthly fee of $7,500 (plus GST), and reimbursement for all reasonable out-of-pocket expenses incurred including, but not limited to, photocopying, facsimile, longer distance telephone, delivery services and travelling expenditure as required. This service agreement may be terminated at any time by either party giving one month's written notice to the other party.

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.

The only amount owed to Directors, key management personnel and their related parties as at 30 June 2013 was $49,527 owed to Exploration & Management Consultants Pty Ltd, and $8,250 owed to Wolfstar Corporate Management Pty Ltd.

Aggregate amounts of each of the above types of other transactions with Directors and key management personnel of Frontier Resources Ltd:

	2013 $	2012 $
Amounts recognised as expense		
Consulting fees:		
Administration*	123,300	204,855
Exploration	261,580	415,301
Outstanding balances at year end	57,777	8,250

*includes the provision of office space.

NOTE 22 SHARE-BASED PAYMENTS

(a) Frontier Resources Ltd Employee Option Plan

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

- Each option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company.
- The options are exercisable at any time prior to 5.00 p.m. eastern standard time, on the first business day five (5) years after the date of issue of the options ("expiry date" or at an earlier date specified at the time the options are granted). Options may only be exercised in multiples of 5,000. Any options not exercised by the expiry date shall lapse.
- The exercise price of each option will be 110% of the average of the market closing price for Company ordinary shares over the 5 business days prior to the day on which options are issued (rounded up to the nearest full cent) or a greater price determined by the Directors. The amount calculated by that average is to be advised to the recipient at the time of issue of the options.
- Exercise of the options is effected by delivery of a Notice of Exercise to the registered office of the Company together with payment of the exercise price of the options. Shares will be issued pursuant to the exercise of the options not more than 14 days after receipt by the Company from the option holder of the Notice and the exercise price in respect of the options.
- Options may not be exercised if the effect of such exercise and subsequent allotment of shares would be to create a holding of less than a marketable parcel of ordinary shares unless the allottee is already a shareholder of the Company at the time of exercise.
- Options are not transferable. Application will not be made to ASX for their Official Quotation.
- All shares issued upon exercise of the options and payment of the exercise price will rank pari passu in all respects with the Company's then existing ordinary fully paid shares. The Company will apply for Official Quotation by ASX of all shares issued upon exercise of the options.
- There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the books closing date will be at least 7 business days after the issue is announced. This will give 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.
- If an option holder 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 22 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	Cancelled or Expired during the year Number	Balance at end of the year Number
2013							
19 Oct 2009	19 Oct 2013	$0.04	200,000	-	-	-	200,000
25 Nov 2009	31 Dec 2012	$0.04	500,000	-	(500,000)	-	-
25 Nov 2009	31 Dec 2012	$0.05	1,000,000	-	-	(1,000,000)	-
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
21 Nov 2011	31 Oct 2014	$0.19	6,000,000	-	-	(6,000,000)	-
7 Mar 2012	30 Dec 2014	$0.11	2,320,000	-	-	-	2,320,000
7 Mar 2012	30 Dec 2014	$0.165	2,220,000	-	-	-	2,220,000
21 Dec 2012	1 Nov 2017	$0.061	-	18,000,000	-	-	18,000,000
			21,740,000	18,000,000	(500,000)	(12,000,000)	27,240,000

Weighted average remaining contracted life of options (Years)	3.37 Years
Weighted average exercise price	$0.0816

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Issued during the year Number	Exercised during the year Number	Cancelled or Expired during the year Number	Balance at end of the year Number
2012							
19 Oct 2009	19 Oct 2013	$0.04	200,000	-	-	-	200,000
25 Nov 2009	31 Dec 2012	$0.04	1,500,000	-	(1,000,000)	-	500,000
25 Nov 2009	31 Dec 2012	$0.05	2,000,000	-	(1,000,000)	-	1,000,000
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
5 Jul 2011	30 Jun 2015	$0.22	-	6,900,000	-	(6,900,000)	-
5 Jul 2011	30 Jun 2015	$0.25	-	3,300,000	-	(3,300,000)	-
21 Nov 2011	31 Oct 2014	$0.19	-	6,000,000	-	-	6,000,000
7 Mar 2012	30 Dec 2014	$0.11	-	2,320,000	-	-	2,320,000
7 Mar 2012	30 Dec 2014	$0.165	-	2,220,000	-	-	2,220,000
			13,200,000	20,740,000	(2,000,000)	(10,200,000)	21,740,000

Weighted average remaining contracted life of options	1.85 Years
Weighted average exercise price	$0.129

All options at the end of the year were vested and exercisable.

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 22 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:

	2013 $	2012 $
Options issued under employee option plan	935,584	1,752,839

The fair value of the options issued during the year was based on the Black Scholes options pricing model and the following:

Type of Options:	Directors
Number of options issued	18,000,000
Exercise price	6.1c
Share price at date granted	4.22c
Risk free rate	2.87%
Volatility factor	120%
Valuation	2.1c

NOTE 23 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 2013	Australian Exploration* $	Papua New Guinea Exploration $	Treasury $	Total $
Segment Revenue	-	4,325,308	319,149	4,644,457
Segment Results	-	(212,870)	24,419	(188,451)
Amounts not included in segment results but reviewed by Board:				
- Corporate charges				(1,274,018)
- Share-based payment expenses				(935,584)
- Impairment of financial assets				(502,320)
- Discontinued operations				31,418
Loss before Income Tax				(2,868,955)
As at 30 June 2013				
Segment Assets	-	1,422,348	2,309,772	3,732,120
Segment Liabilities	-	317,018	149,382	466,400

* Australian exploration relates to activities carried out in Torque Mining Limited. Per Note 30, Torque Mining Limited was disposed of during the year. The loss for the year in relation to these activities has been included in the calculation of the gain on discontinued operations.

For the Year to 30 June 2012	Australian Exploration $	Papua New Guinea Exploration $	Treasury $	Total $
Segment Revenue	60,134	2,806,721	185,300	3,052,155
Segment Results	(2,380,716)	(3,350,930)	185,300	(5,546,346)
Amounts not included in segment results but reviewed by Board:				
- Corporate charges				(984,797)
- Share-based payment expenses				(1,752,839)
Loss before Income Tax				(8,283,982)
As at 30 June 2012				
Segment Assets	2,989,964	2,512,248	2,862,050	8,364,262
Segment asset increases for the period:				
- capital expenditure	206,810	2,296,521	-	2,503,331
Segment Liabilities	405,420	69,918	976,315	1,451,653

NOTE 24 RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

(a) Reconciliation of operating loss after income tax to the net cash flow from operations:

	2013 $	2012 $
Operating loss after income tax	(2,868,955)	(8,646,056)
Adjustment for non cash items:		
- Net Gain on disposal of fixed assets	(169,865)	(36,825)
- Depreciation expense	643,895	860,466
- Share-based payments	935,584	1,752,839
- Impairment of plant and equipment	442,327	-
- Impairment of available for sale investments	502,320	-
- Gain on discontinued operations	(31,418)	-
Change in operating assets and liabilities:		
- Trade and other payables and provisions	(8,938)	627,571
- Trade and other receivables	(672,607)	6,166
Net cash outflow from operating activities	(1,227,657)	(5,435,839)

NOTE 25 NON-CASH FINANCING AND INVESTING ACTIVITIES

There were no such activities during the year (2012: nil).

NOTE 26 SUBSIDIARIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2013 %	Equity Holding 2012 %
Frontier Gold (PNG) Ltd	Papua New Guinea	Ordinary	100	100
Frontier Copper (PNG) Ltd	Papua New Guinea	Ordinary	100	100
Frontrunner Exploration PNG Ltd	Papua New Guinea	Ordinary	100	100
Torque Mining Ltd	Australia	Ordinary	-	100

NOTE 27 PARENT ENTITY DISCLOSURES

(a) Financial Position of Frontier Resources Limited

	2013 $	2012 $
CURRENT ASSETS		
Cash and cash equivalents	735,706	1,879,323
Trade and other receivables	818,296	2,449,759
TOTAL CURRENT ASSETS	1,554,002	4,329,082
NON-CURRENT ASSETS		
Trade and other receivables	1,198,136	2,654,177
Other financial assets	627,187	10,622
Plant and equipment	108,600	543,063
TOTAL NON-CURRENT ASSETS	1,933,923	3,207,862
TOTAL ASSETS	3,487,925	7,536,944
CURRENT LIABILITIES		
Trade and other payables	149,382	688,132
TOTAL CURRENT LIABILITIES	149,382	688,132
TOTAL LIABILITIES	149,382	688,132
NET ASSETS	3,338,543	6,848,812
EQUITY		
Contributed equity	29,858,541	31,338,457
Options reserve	3,939,885	3,004,301
Accumulated losses	(30,459,883)	(27,493,946)
TOTAL EQUITY	3,338,543	6,848,812

(b) Financial Performance of Frontier Resources Limited

	2013 $	2012 $
Loss for the year	(2,965,937)	(7,570,775)
Total comprehensive loss	(2,965,937)	(7,570,775)

(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 2013 (2012: none).

(d) Contingent liabilities of Frontier Resources Limited

There are no contingent liabilities as at 30 June 2013 (2012: none).

(e) Commitments Frontier Resources Limited

There are no commitments as at 30 June 2013 (2012: none).

NOTE 28 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.

	2013 $	2012 $
Assurance services		
Audit Services		
BDO Audit (WA) Pty Ltd	37,930	38,659
Sinton Spence (PNG)	-	-
Total remuneration for audit services	37,930	38,659
Non-Assurance services		
Taxation and Accounting Services		
BDO Tax (WA) Pty Ltd	14,350	3,636
Sinton Spence Chartered Accountants (PNG)	20,190	18,089
Total remuneration for taxation services	34,540	21,725

NOTE 29 EVENTS OCCURRING AFTER THE BALANCE DATE

On 12 September 2013 Ok Tedi Mining Ltd withdrew from both its joint venture agreements in relation to five exploration licences in Papua New Guinea.

There have been no other significant matters arising subsequent to the end of the financial year.

NOTE 30 DISCONTINUED OPERATIONS

(a) Description

On 9 January 2013 the Company completed an in-specie distribution of 29,998,321 shares in Torque Mining Limited, a subsidiary of Frontier Resources Limited, to existing shareholders. Torque Mining Limited was incorporated to enable the consolidated entity to spin off its Tasmanian tenements to focus on the long term strategy of the consolidated entity being mineral exploration in Papua New Guinea. For the purpose of the financial statements the in-specie distribution has resulted in the loss of control of Torque Mining and accordingly has been treated as a disposal of a subsidiary.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the period ended 9 January 2013 (2013 Column) and for the period ended 30 June 2012.

Financial Performance	2013 $	2012 $
Interest received	12,188	652
Debt forgiven by parent entity	176,874	-
Total revenue	189,062	652
Exploration Expenditure**	(422,998)	(213,879)
Employee benefits expense	(265,024)	(13,499)
Depreciation and amortisation expense	(52,040)	-
Other expenses	(175,478)	(18,262)
Total expenses	(915,540)	(245,640)
Loss before income tax expense	(726,478)	(244,988)
Income tax expense	-	-
Loss after income tax expense	(726,478)	(244,988)
Loss for the period attributable to:		
Equity holders of Frontier Resources Limited	(476,848)	(244,988)
Non-Controlling Interest	(249,630)	-
	(726,478)	(244,988)
Operating Cash Flows		
Net cash out flow from operating activities	(494,452)	(202,967)

**Since leaving the consolidated group, Torque Mining Limited has since elected to change its accounting policy to carry forward exploration expenditure on the Statement of Financial Position.

(c) Details of the disposal

	2013 $
Fair Value of Interest Retained – note 11	500,084
Distribution to Owners – note 16	1,499,916
Non controlling interest at disposal date	797,371
Total Consideration	2,797,371
Carrying Amount of Asset & Liabilities	
Current Assets	
Cash and cash equivalents	328,168
Trade and other receivables	22,681
Non-Current Assets	
Exploration Asset	2,176,874
Property, plant and equipment	499,610
Total assets	3,027,333

Trade and other payables	821,234
Provisions	93,868
Total liabilities	915,102
Net assets	2,112,231
Gain on disposal	685,140
Frontier's share of loss on discontinued operations (b)	(476,878)
Debt forgiven on disposal date	(176,848)
Net gain on disposal of subsidiary	31,418

NOTE 31 PRIOR PERIOD RESTATEMENT

The Group has restated its 30 June 2012 financial statements in relation to the accounting for revenue. The Group has corrected the accounting for revenue by reclassifying the Joint Venture funding in advance to revenue and the corresponding expenditure to cost of sales.

These corrections have been recorded by restating each of the affected financial statement line items for the prior period as follows:

Consolidated Statement of Financial Position (extract)	As reported at 30 June 2012 $	Increase/ (Decrease) $	Restated 30 June 2012 $
Trade and other payables	837,409	(362,071)	475,338
Net assets	6,550,538	362,071	6,912,609
Accumulated losses	(27,700,366)	362,071	(27,338,295)
Equity	6,550,538	362,071	6,912,609

Consolidated Statement of Comprehensive Income (extract)	As reported at 30 June 2012 $	Increase/ (Decrease) $	Restated 30 June 2012 $
Revenue from continuing operations	227,329	2,788,001	3,015,330
Cost of sales	-	2,425,927	2,425,927
Loss for the year before tax	(8,646,056)	(362,071)	(8,283,985)

As the above adjustment only affects the result for the year ended 30 June 2012 and not any other period, there is no impact on the opening balances as at 1 July 2011.

The directors of the company declare that:

1. The financial statements, comprising the statement of profit or loss and other 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, and other mandatory professional reporting requirements; and

   b. give a true and fair view of the financial position as at 30 June 2013 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 8 to 14 within the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2013, 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

27 September 2013

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Australia

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 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 gives a true and fair view and 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 company'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 company'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 Opinion

Attention is drawn to the property, plant and equipment carried at $1,433,822 on the consolidated statement of financial position as at 30 June 2013 and the impairment of $442,327 recorded in the consolidated statement of profit or loss and other comprehensive income for the year then ended. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the appropriateness of the recoverable value of the property, plant and equipment. Consequently we were unable to determine whether any adjustments to these amounts 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 2013 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.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the successful completion of the Group's rights issue and receipt of 5% of profit from gold sales from Torque's Stormont Mine. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business at amounts stated in the financial statements.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. 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.

Opinion

In our opinion, the Remuneration Report of Frontier Resources Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

C Burton

Chris Burton

Director

Perth, 27 September 2013

ADDITIONAL INFORMATION

TENEMENT SCHEDULE

Tenement Name	Tenement Name	Status	Ownership
Andewa	EL 1345	Granted Exploration Licence	100%
Mt Schrader	EL 1951	Granted Exploration Licence	100%
Bulago	EL 1595	Granted Exploration Licence	100%
Leonard Schultz	EL 1597	Granted Exploration Licence	100%
Likuruanga	EL 1531	Granted Exploration Licence	100%
East New Britain	EL 1592	Granted Exploration Licence	100%
Central New Britain	EL 1598	Granted Exploration Licence	100%
Sudest	EL 1594	Granted Exploration Licence	100%
Whiteman Range	ELA 2047	Granted Exploration Application	50% FNT – 50% QRL
Gasmata	ELA 2057	Granted Exploration Application	50% FNT – 50% QRL
Nakanai Mountains	ELA 2058	Granted Exploration Application	50% FNT – 50% QRL
Aria River	ELA 2045	Granted Exploration Application	50% QRL – 50% FNT
Open Bay	ELA 2046	Granted Exploration Application	50% QRL – 50% FNT

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

STATEMENT OF QUOTED SECURITIES AS AT 26 SEPTEMBER 2013

a) Distribution of Shareholders

Size of Holding	Number of Shareholders
1 – 1,000	1,040
1,001 – 5,000	532
5,001 – 10,000	387
10,001 – 100,000	1,223
100,001 and over	459
	3,641

b) Number of holders of less than marketable parcels 2,715

c) Percentage holding of 20 largest holders 35.13%

d) There is 1 substantial shareholder listed in the Company's register as at 26 September 2013.

e) Twenty largest shareholders as at 26 September 2013:

Rank	Name	Units	% of Units
1.	OK TEDI MINING LIMITED <BENEFIT OF PNGSDP LTD A/C>	23,928,525	7.87
2.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	13,214,348	4.35
3.	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	10,259,883	3.37
4.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,335,194	2.41
5.	NEWCREST INTERNATIONAL PTY LIMITED	7,026,429	2.31
6.	A J PAYNE HOLDINGS PTY LTD <A J PAYNE S/F A/C>	6,000,000	1.97
7.	EXPLORATION & MANAGEMENT CONSULTANTS PTY LTD <MALALO SUPER FUND A/C>	4,912,738	1.62
8.	DR RICHARD A GREEN + DR ROSEMARY E A GREEN <R & R GREEN SUPER FUND A/C>	4,500,000	1.48
9.	STEVE MACDONALD PTY LTD <STEVE MACDONALD SUPER F A/C>	4,040,000	1.33
10.	DOG TRAP INVESTMENTS PTY LTD	4,000,000	1.32
11.	MS PAIGE MCNEIL	3,037,806	1.00
12.	PETER ANDREW MCNEIL	2,559,260	0.84
13.	KENNETH CHARLES MARDEN <KENCEM SUPER FUND A/C>	2,500,000	0.82
14.	CITICORP NOMINEES PTY LIMITED	2,480,244	0.82
15.	MR ROBERT CAMERON GALBRAITH	2,388,606	0.79
16.	MR ALEKSEI ROBERT MCNEIL	2,153,600	0.71
17.	KELANCO PTY LTD <THE KELANCO SUPER FUND A/C>	1,776,000	0.58
18.	MR JONATHAN JAMES SURBECK	1,621,224	0.53
19.	MS SHARON ALIMONTI	1,600,000	0.53
20.	ROBERT C GALBRAITH	1,481,658	0.49
TOTAL		106,815,515	35.13

f) Voting Rights

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