ABN 96 095 684 389

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2014

FRONTIER RESOURCES LTD

ABN 96 095 684 389

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CORPORATE DIRECTORY

Managing Director & Chairman Peter A. McNeil **Non-Executive Directors** Graham J. Fish Warren J. Staude Hugh D. Swain **Alternate Director** Paige McNeil **Company Secretary** Matthew Foy Samuel Edis (Assistant) **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** Office J, Level 2, 1139 Hay Street West Perth WA 6005 Australia Telephone: (08) 9486 4036 Facsimile: (08) 9486 4799 Email: info@frontierresources.com.au Website: www.frontierresources.com.au **Postal Address:** PO Box 7653 Cloisters Square Perth WA 6850 Australia	**Share Registry** Computershare Investor Services Pty Limited Level 2, 45 St Georges Terrace PERTH WA 6000 **Auditors** Moore Stephens Perth Level 3, 12 St Georges Tce Perth, Western Australia 6000 **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 2014.

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
W.J. Staude
H.D. Swain
M.H. Otway (resigned 13 January 2014)
P.S. McNeil – Alternate Director (appointed 16 September 2014)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were exploration and evaluation of gold and base metal projects in Papua New Guinea.

RESULTS AND DIVIDENDS

The consolidated loss of the Group after tax (including discontinued operations) amounted to $1,479,803 (2013: $2,868,955). There were no dividends paid or recommended during the financial year ended 30 June 2014.

REVIEW OF OPERATIONS

Frontier Resources Ltd is a socially responsible, innovative and technically successful junior mineral explorer. Frontier is focused on a highly prospective portfolio of six intrusive and epithermal related gold, plus porphyry copper-gold-molybdenum, hosting exploration licenses (ELs) in Papua New Guinea.

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.

Bulago Project

Swit Kia Assay Results

During the year, the Company announced that an exploration program at the Bulago EL had returned very significant weighted average and individual assay intercepts from all 10 continuous Jackhammer trenches (of excavated, cleaned outcrop /creek exposures) in the Upper Zone at the Swit Kia Prospect (formerly Suguma), Papua New Guinea.

Very high grade gold mineralisation (>100 g/t) was delineated at the Upper Zone (UZ) in silicified and altered intrusive, strongly brecciated and/or high sulphide rocks and at/near the intrusive /host siltstone contact. There were 13 different samples with >100 g/t gold, including a peak result with 1m grading 499 g/t gold.

For full exploration results, refer to the ASX announcement of 11 June 2014.

Significant jackhammer sample length assay highlights (that do not necessarily represent true lengths) in successive trenches from east to west (Figures 1 & 2) included:

- **UZ - East Creek east bank with 2.0m grading 18.9 g/t gold** (the only sample collected on the east bank)
- **UZ - East Creek west bank with 2.0m grading 195.0 g/t gold, within 8m grading 50.2 g/t gold**
- **UZ -T3 with 2.0m grading 27.8 g/t gold, plus 5.5m of 3.07 g/t gold**
- **UZ -T4 with 8.0m grading 36.1 g/t gold, plus 4m of 6.98 g/t gold**
- **UZ -T1 with 2.0m grading 252.3 g/t gold, plus 1.5m grading 145.3 g/t gold, plus 5m grading 172.3 g/t gold, plus 14.0m grading 24.3 g/t gold**

- **UZ - T2 with 1m grading 83.6 g/t gold, within 14m grading 24.3 g/t gold**
- **UZ - T5 with 1m grading 108.5 g/t gold, within 11m grading 31.2 g/t gold**
- **UZ - T5b with 2m grading 25.2 g/t gold, within 7m grading 11.5 g/t gold**
- **UZ -T6 with 1m grading 128.0 g/t gold, within 13m grading 11.9 g/t gold and**
- **UZ - West Creek with a grab rock of 7.98 g/t gold, within 9m grading 0.97 g/t gold (gold grades are expected to improve as the intrusive contact is approached, as it was entirely within siltstone.**

A composite total of 491.6m of sampling was completed in the Upper (410.3m) and Lower (81.3m) Zones and their strike extents (Refer to ASX announcement of 11 June 2014 for sample information and the plans/photos for location information).

The Upper Zone discussed herein, was tracked and sampled in eight north - south trenches or mineralised outcrops over a 100m strike length, plus in one approx. east - west trending trench trending partly along strike. Another trench an additional 115m further east produced an excellent strike extension, to **total over 215 metres**.

Chairman/ Managing Director Peter McNeil supervised the program on-site with the objective to demonstrate the tenor, location and lateral extent (if/ where possible) of the multiple occurrences and orientations of gold mineralisation noted in the table below, utilising innovative surface sampling techniques to produce unequivocal assay results.

Reconnaissance channel chip outcrop sampling in late 2009 (the previous Frontier program field supervised by the Chairman) demonstrated very high grades of gold in two discrete horizons in outcrop within the Central Creek Zone, plus at multiple other localities. The table below lists the individual assay results from the Upper Horizon.

The Upper Horizon:

- Assayed 66.8 g/t gold + 25 g/t silver over 27 metres (including 138 g/t gold + 49 g/t silver over 12 metres)
- The composite channel samples were collected approximately north-south (up the creek).
- Former JV partner Ok Tedi (OTML) sampled only the 'southern' part of the Upper Gold Horizon and hence it is a shorter intercept being 18m grading 16.5 g/t gold + 10 g/t silver + 0.32% zinc. Their sampling appears to have the same start location as Frontier's channel sampling, which when re-calculated equates to 18m of 13.5 g/t gold + 9 g/t silver, which is very similar in tenor of both gold and silver. This would mean that the next interval to be sampled <u>should</u> have been the 9m of 173 g/t gold + 60 g/t silver (as sampled by Frontier).
- The width of mineralisation is open to the north with the final 3 metre channel sample grading 161 g/t gold + 47 g/t silver.
- Strike extent appears to be >160 metres to the east.
- The continuous chip outcrop samples were collected where possible by their exposure and orientation and do not necessarily represent true widths of mineralisation.
- OTML's angled drill hole proved that significant high grade gold mineralisation does not extend to their intercept point approx. 200m vertically below the outcrop, however, lower grade and narrow gold mineralisation was intersected.

Table 1. Suguma Prospect Rock Chip Channel, Grab and Float Assay Highlights

Sample Length	Gold (g/t)	Silver (g/t)
27.0m	67.8	25
incl. 12.0m	138.0	49
18.0m	40.3	32
incl. 12.0m	79.1	31
7.5m	67.0	42
incl. 4.5m	92.7	52
9.0m	24.0	45
incl. 3.0m	69.0	97
4.0m	135.6	105
4.0m	36.4	35
6.0m	21.1	20
10.0m	14.3	25
incl. 2.0m	48.3	61

The 'Lower Horizon' is located 50m south of the Upper Horizon and Frontier's sampling /assaying returned 18 metres grading 40.3 g/t gold, along strike.

Suguma Prospect - Upper Central Creek Continuous Channel Chip Sample Assay Results						
Sample Length	Gold g/t	Silver g/t	Copper (%)	Pb %	Zn %	Sample Number
0 to 3m	9.49	<5	0.01	0.02	0.28	192822
3 to 6m	9.72	8	0.01	0.30	0.25	192823
6 to 9m	1.94	<5	<0.01	0.14	0.43	192824
9 to 12m	10.8	9	0.02	0.11	0.34	192825
12 to 15m	16.9	7	0.02	0.09	0.07	192826
15 to 18m	31.9	18	0.03	0.09	0.23	192827
18 to 21m	303.0	115	0.13	0.21	0.15	192828
21 to 24m	56.0	17	0.08	0.02	0.14	192829
24 to 27m	161.0	47	0.19	0.43	0.36	192830
27m grading	66.8	25	0.05	0.16	0.25	
incl. 12m grading	138.0	49	0.11	0.19	0.22	

Similarly, OTML's weighted average gold and silver channel outcrop assays for the Suguma Lower Gold Horizon was 15m grading 24.7 g/t gold + 47 g/t silver + 2.08% zinc. The FNT and OTML weighted averages are comparable because Frontier's sample contained a higher grade of 3m of 142 g/t gold (the 'nugget' effect) and if this high grade is cut to the 'average' grade, then the intercepts are very similar in tenor for gold, silver and zinc. OTML sampling of hornfelsed sandstones and siltstones adjacent to veins and in the footwall of Southern Horizon returned 4.68 to 13.05 g/t Au and 15.4 to 51.1 g/t Ag and this is encouraging.

OTML drilled hole SUG002 under the Lower Horizon and returned a best intercept of 1.3m of 27.3 g/t gold, which probably reflects a 1.0m true width at 10 metres sub-vertically below the outcrop. This shows the channel sampling was conducted ALONG strike by both companies. Note that a 9m vertical Channel on this outcrop by FNT returned 9m of 23.98 g/t gold including 3m grading 69.0 g/t gold + 3m grading 0.14 g/t gold + 3m grading 2.79 g/t gold, showing the gold 'nugget' effect.

It is interesting that the Upper Horizon has a strong arsenic association and the Lower Horizon has a strong zinc –lead association. This indicates a different provenance or mineralising event for each high grade gold horizon. There are multiple orientations of high grade gold mineralisation at Suguma distributed over at least a 250m E-W and 180m N-S area, with additional gold mineralisation and signs of such over the broader Suguma and entire western grid region. This is important for the possibility of forming a large deposit, because multiple events and orientations plus 'size potential' suggest a higher probability of possible economic mineralisation.

Note that that the soil sampling DID NOT detect a gold anomaly of significance at the Lower – Upper Horizon area, regardless of all the high grade gold mineralisation in outcrop. There was however significant visible gold in many panned concentrate samples. These facts mean all gold, zinc, lead and arsenic anomalies should be carefully evaluated to search for high grade gold mineralisation; there are several of these zones to investigate.

Peak assay grades from the Suguma rock sampling included: 3 metres grading 303 g/t gold, 323.0 g/t silver (float), 3m of 8.89% zinc, 2m of 3.18 % lead and 2m of 1.01% copper. Other samples returned values from those highs down to the analytical detection limits.

Ok Tedi Mining Ltd drilled 2 'deep' holes at Suguma (as part of the Joint Venture terminated in 2013 and stipulated by Frontier as a JV requirement) to attempt to determine the geometry of the gold mineralised zones, but neither hole was effective at testing the high grade gold mineralisation in the Upper Horizon. OTML hole SUG002 targeted a massive 200m vertically below the mineralisation, whereas 30m to 50m would have been more appropriate initially to track the orientation of the mineralisation.

Comprehensive details regarding all exploration completed at Bulago are contained in the ASX announcement of 1 April 2014.

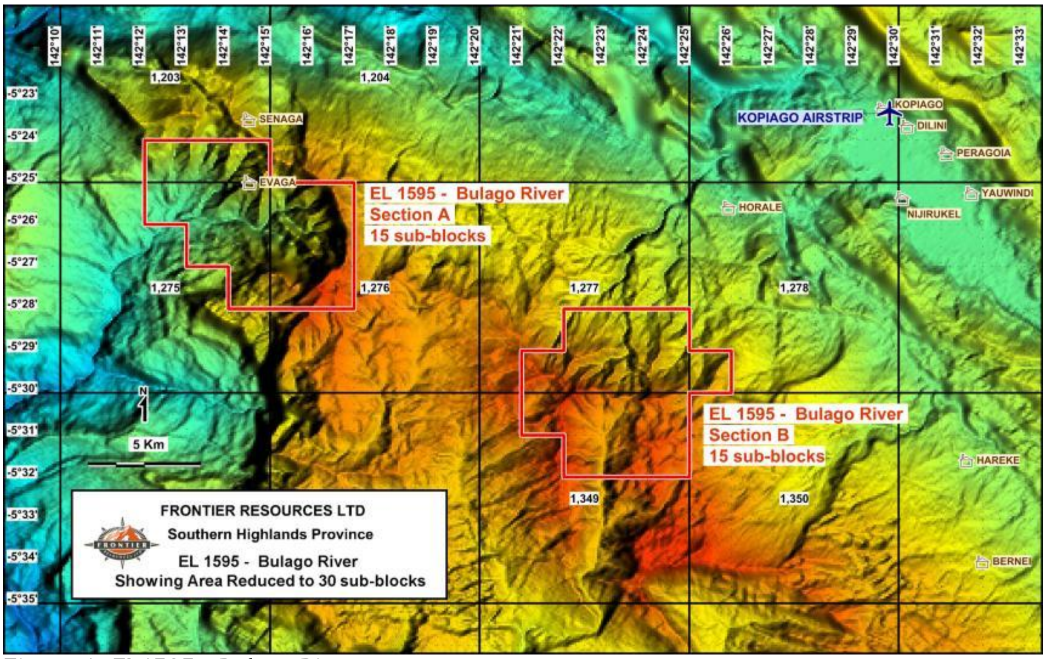

Figure 1: EL1595 – Bulago River

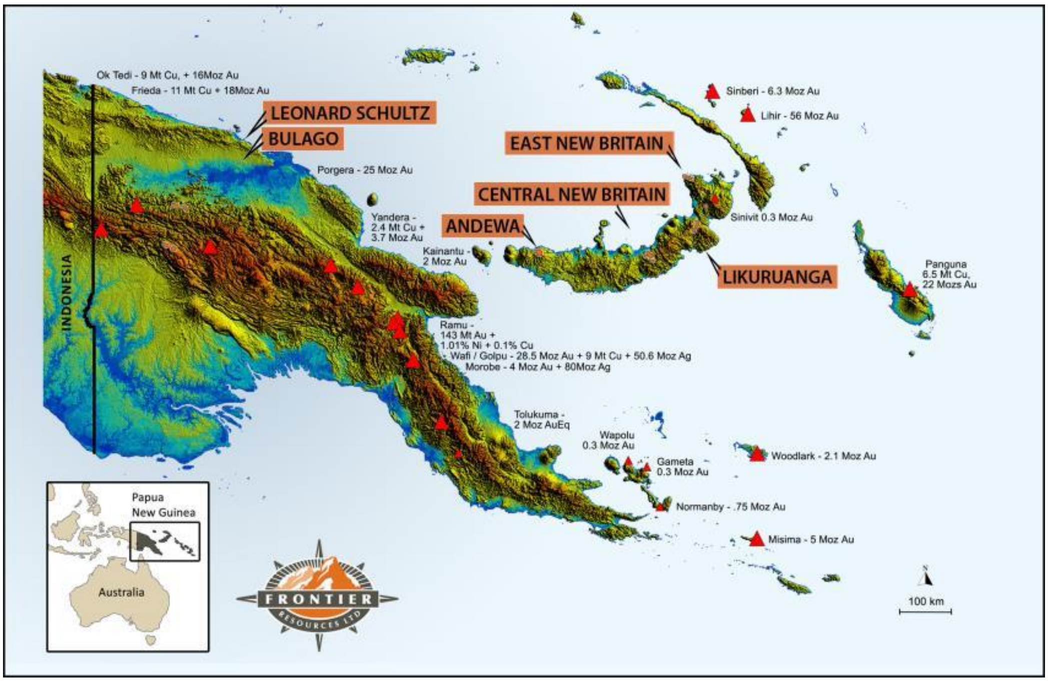

Figure 2: Project Location Map

Lower Zone Jackhammer Trenching Results

Subsequent to the end of the year, the Company announced that the Lower Zone of the Swit Kia Prospect had returned further significant high grade weighted average and individual gold assay intercepts in 9 continuous Jackhammer trenches plus from 4 outcrop exposures (totalling 81.3m of excavated, cleaned outcrop and creek exposures).

The Lower Zone assay results included peaks of 0.4m grading 293.5 g/t gold and 0.3m grading 197.0 g/t gold (~30m apart on the same structure and neither location was sampled above or below them at those locations), plus 11 samples with >25 g/t gold and 13 additional assays > 1.0 g/t gold (refer to ASX announcement of 4 July 2014)).

Very high grade gold results from the Upper Zone - Swit Kia were reported to the ASX on 11/6/14, with 13 samples >100 g/t gold. The Upper Zone is located about 70m north of the Lower Zone and about 50m vertically higher in RL. The Lower Zone was not sampled as systematically as the Upper Zone due to the original exploration program planning and subsequent time constraints in the field.

Significant jackhammer sample length weighted assay highlights (most approximate true widths) in successive trenches over a 180m strike length of the Lower Zone from east to west) included:

East Creek Extension **- 1.0m grading 79.35 g/t gold, within 3m grading 45.17 g/t gold** (J303-305)

East O/C - East **- 0.3m grading 37.05 g/t gold, within 2.8m grading 4.98 g/t gold** (OG-005)

East O/C -Middle **- 0.3m grading 50.0 g/t gold** (* No other samples at this location to evaluate thickness) (OG-006).

East O/C West **- 0.4m grading 293.5 g/t gold*** (J416) **Main O/C East - 1.3m grading 43.44 g/t gold*** (J401-402)

Main O/C East **- 0.3m grading 197.0 g/t gold*** (J400) **Main O/C East - 2.0m grading 35.70 g/t gold)** (J423-424)

Main O/C Central **- 2.0m grading 41.45 g/t gold*** (J404) **Main O/C Across- 2.0m grading 10.45 g/t gold** (J391-392)

Main O/C Central **- 3m grading 13.75 g/t gold** (J382-384)

Main O/C West **- 0.3m grading 63.9 g/t gold, within 1.3m grading 18.65 g/t gold** (J375-376)

West of Main O/C **- 1.3m grading 27.0 g/t gold** (hole SUG002, 12-13.3m, at base of colluvium and base of LZ)

West Creek Extension **- 2.0m grading 4.92 g/t gold** (J407 proximal to 1.0m sub-vertical at 0.91 g/t gold (J408), but with 26 g/t silver and + 2.0% zinc /lead + arsenic. The western extension of the LZ requires additional cleaning downstream to get to a lower RL to sample where the higher grade mineralisation is projected/ expected to be located.

The total inferred strike length of the Lower Zone is approximately 470m between gold in soil assays in both directions (consisting of a cluster of 3 soils to the west averaging 0.16 g/t gold and 1 at the eastern end of 0.24 g/t gold) and along the projected E-W structure that can be traced using geomorphology /debris slumps.

The intrusives often form sills and also tend to form flatter spots at the base of steeper sections of sediments.

The maximum strike length of both the Upper and Lower Gold Zones will be better defined with additional trenching. Drill testing is strongly warranted and will be undertaken when possible.

For full results of the exploration programs at Bulago, refer to the detailed ASX announcements of 11 June 2014 and 4 July 2014.

Mt Schrader

During the year, the Company announced assay results from its brief geological / geochemical reconnaissance exploration program conducted in late 2012 at Mt Schrader-EL 1951 in Papua New Guinea (Figure 3) and initial interpretation of the system.

The Mt. Schrader stratovolcano is located 28 km west of Andewa and it has a number of topographic 'amphitheatre' anomalies that have previously been very lightly explored. A digital terrain model (DTM) identifies the Schrader crater area, and the major NNE trending and deeply incised river valley that runs along a major NNE trending 'cross-island' structure. The small and rapid exploration program consisted of geochemical stream sediment and limited outcrop /float sampling in this main (Ugurisi) Creek.

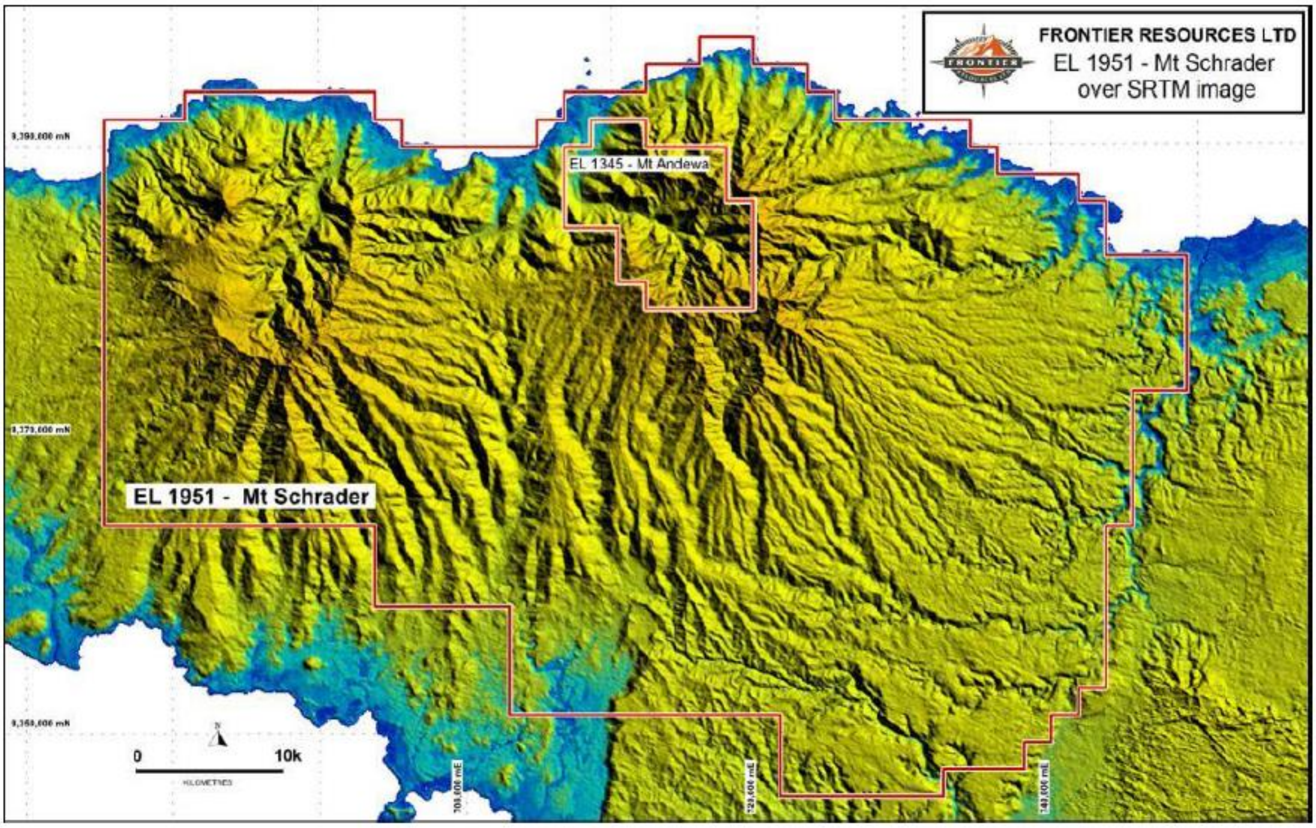

Figure 3: EL1951 Mt Schrader

Six of the eight float rocks collected were above detection limit, with gold to a peak of 0.35 g/t. Rock float sample 8 was of a metavolcanic with abundant malachite (secondary copper mineral) and it returned >5% copper (the sample was not further analysed) + 0.35 g/t gold + 14.3 g/t silver.

The 5 sq km drainage upstream of rock 8 was targeted as a high priority area due to structural intersections similar to the Andewa -Ehgin mineralised site and it will be further explored when possible. Interestingly, there is no associated anomalous drainage geochemistry.

The general Schrader area historic drainage geochemistry exhibits a larger region of copper anomalism and a larger region of weak gold anomalism than identified at Andewa. Andewa's gold anomaly is higher tenor, perhaps because it has been more extensively sampled in known anomalous areas, whereas Schrader has been lightly sampled everywhere.

Silver is slightly more extensive at Schrader and an 11 g/t result close to the coast is of similar tenor to the 14 g/t silver result that defined the Komsen gold system in drainage. Most other silver anomalies are low tenor but another interesting one occurs to the NE of Andewa. None of these silver anomalies have been followed up except Komsen.

The zinc drainage anomalism at Schrader is also generally higher tenor and more widely distributed with a significant area of anomalism in the NW sector of the EL. Arsenic and mercury anomalies are comparable in size and barium is elevated over a much larger region at Schrader. Arsenic anomalism at Andewa is >100ppm in the gold anomalous zones and it defines them well.

Two significant gold stream sediment anomalies occur at Borei Creek and Ugurisi River within the Schrader Crater along with a separate area of panned concentrate anomalism. Copper in rock samples (530 ppm Cu and 1,020 ppm As) occurs at the Yepmaling Creek Prospect. Alteration zones were identified at Yep and Aour (outside the Schrader Crater). Strong mercury anomalies associated with hydrothermal breccias occur in the Yep amphitheatre, but have no associated gold.

Mineralisation that may have migrated up and precipitated within previously structurally prepared and/or permeable zones of weakness including:

- the strong mercury anomalies associated with the hydrothermal breccias; and
- the arsenic-rich, alteration haloes of dacite domes in the Yep Amphitheatre.

Gasmata Joint Venture

During the reporting period, the Company announced assay results and interpretation of the Frontier/Quintessential 50% - 50% contributing Joint Venture exploration program conducted in early 2013 at Gasmata (EL 2057 - 280 sq km), near the south coast of the island of New Britain in Papua New Guinea. Later in the year, the Joint Venture was terminated and the tenements were returned to their original holders.

Competent Person

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by, or compiled under the supervision of Peter A. McNeil - Member of the Aust. Inst. of Geoscientists. Peter McNeil is the Managing Director of Frontier Resources, who consults to the Company. Peter McNeil has sufficient experience which is relevant to the type of mineralisation and type of deposit under consideration to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting Exploration Results, Mineral Resources and Ore Resources. Peter McNeil consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

CORPORATE

Rights Issue

In September 2013, the Company announced an entitlements issue of 1 new share in the Company for every 8 shares held by eligible shareholders on the record date of 26 September 2013 at an issue price of $0.007 to raise up to $266,000 (**Rights Issue**).

The Rights Issue closed on 18 October 2013 and part of the shortfall was placed on 20 December 2013. The total amount raised to the Rights Issue was approximately $95,193.

Share Purchase Plan (SPP)

Subsequent to the reporting period, the Company completed a share purchase plan of 50,000,000 shares issued at 1.3c each to raise $650,000 (**SPP**). The SPP closed on 30 July 2014 and the shortfall was placed on 4 September 2014. Funds raised from the SPP will be used to fund ongoing exploration at the Bulago exploration licence.

Board Changes

During the year, Mr Martin Otway resigned as a Director of the Company.

Subsequent to the year end, Mrs Paige McNeil was appointed as an Alternate Director for Mr Peter McNeil for an initial period of 12 months. Mr Matthew Foy was also appointed as Company Secretary and Mr Sam Edis as Assistant Company Secretary following the resignations of Mr Jay Stephenson and Ms Julia Beckett.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no 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 4 July 2014 the Company announced Lower Zone Jackhammer Trenching Results from the Swit Kia Prospect.

On 9 July 2014 the Company announced a share purchase plan of 50,000,000 shares to be issued at 1.3c each to raise $650,000 (**SPP**).

On 4 August 2014 the Company announced the appointment of Mr Matthew Foy as Company Secretary and the results of the SPP.

On 4 September 2014 the Company announced the placement of the shortfall from the SPP.

On 15 September 2014 the Company advised of the appointment of Mrs Paige McNeil as Alternate Director for Mr Peter McNeil for an initial period of 12 months.

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. Further discussion on the Company's Going Concern assumption is set out in Note 1 on page 34 below.

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	Ordinary Shares	Options
		Particulars of Directors' interest in shares and options of Frontier Resources Ltd	
Peter A. McNeil			
Chairman appointed 20th January 2010 Managing Director for 12 years. Age 53. B.Sc., M.Sc. He has 31 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	24,217,215	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 McNeil is a graduate from the University of Houston, Texas B.Sc. (1982) and M.Sc. (Geochemistry-1985). He has accumulated 32 year's continuous professional post-graduate mineral exploration industry experience, with 29 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 22 years' corporate and managerial experience as a Chairman, Managing Director, Director, and President associated with several ASX and TSX-V listed companies.

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 23 years.

Peter has not held any other former directorships of listed companies within the last 3 years.

Director and Experience	Special Responsibilities	Ordinary Shares	Options
Graham J. Fish Director for 15 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.	Member of Planning & Operations Committee	741,457	2,000,000 Unlisted

Graham has 39 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 of listed companies within the last 3 years.

Warren J. Staude

	1,548,618	2,000,000 Unlisted

B.Sc., M.Sc., MAusIMM, MAICD, SF Fin: Non-executive Director for 12 years. Age 72. Has over 42 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 was previously 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.

In the last 3 years Warren has been a non-executive director of Birimian Gold Limited, Aphrodite Gold Limited, Holista Coltech Limited, First Growth Funds Limited and Stonehenge Metals Limited, all ASX-listed companies.

Hugh David Swain

-	360,443	2,000,000 Unlisted

Non-executive Director for 7 years. Age 77. Mr H David Swain, B.Eng (Mining) 1962, M.Eng. (Civil) 1972 – University of Sheffield, is a Mining/Civil Engineer with 49 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 31 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 and resigned on 13 January 2014. Age 46. 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

Matthew Foy *– Appointed on 4 August 2014*

Matthew is a contract company secretary and active member of the WA State Governance Council of the Governance Institute Australia (GIA). He spent four years at the ASX facilitating the listing and compliance of companies and possess core competencies in publicly listed company secretarial, operational and governance disciplines. Matthew is currently Company Secretary for a number of ASX listed resources and industrial companies.

Jay Stephenson *– Resigned 4 August 2014*

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 – Resigned 4 August 2014

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	
	Number eligible to attend	**Number attended**
P.A. McNeil	8	8
G.J. Fish	8	8
M.H. Otway[1]	4	4
W.J. Staude	8	8
H.D. Swain	8	8

[1] Resigned 13 January 2014

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.

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 2014 the price was 0.9 cent.

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.

REMUNERATION REPORT (continued)

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 22); and
- other remuneration such as superannuation.

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

Base pay
Structured as a total employment cost package which may be delivered as a mix of cash and prescribed non-financial benefits at the 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 2014 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*	Shares	Total
2014	$	$	$	$	$	$	$	$
Executive Director								
P.A. McNeil	225,113	-	-	-	-	-	-	225,113
Non-Executive Directors								
G.J. Fish	27,083	-	-	2,505	-	-	-	29,588
M.H. Otway**	12,500	-	-	-	-	-	-	12,500
W.J. Staude	26,042	-	-	1,831	-	-	-	27,873
H.D. Swain	29,589	-	-	-	-	-	-	29,589
Other key management personnel								
J. Stephenson	58,636	-	-	-	-	-	22,500	81,136
Total 2014	378,463	-	-	4,336	-	-	22,500	405,799
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	486,192	7,500	-	5,400	-	754,997	-	1,254,089

* Option value calculation using Black-Scholes Model.
** Appointed 17 October 2012. Resigned 13 January 2014.

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 *	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
P.A. McNeil	100%	39%	-	-	-	61%
G.J. Fish	100%	28%	-	5%	-	67%
M. Otway	100%	-	-	-	-	100%
W.J. Staude	100%	17%	-	-	-	83%
H.D.Swain	100%	29%	-	-	-	71%
J. Stephenson	100%	99%	-	-	-	1%

* 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
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.

(f) 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:

2014 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	10,000,000	-	-	-	10,000,000	10,000,000
Graham Fish	2,000,000	-	-	-	2,000,000	2,000,000
Martin Otway*	2,000,000	-	-	(2,000,000)	-	-
Warren Staude	2,000,000	-	-	-	2,000,000	2,000,000
David Swain	2,000,000	-	-	-	2,000,000	2,000,000
Other key management personnel -						
Jay Stephenson	160,000	-	-	(160,000)	-	-
Total	18,160,000	-	-	(2,160,000)	16,000,000	16,000,000

REMUNERATION REPORT (continued)

(f) Equity Instrument disclosures relating to KMP (continued)

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	12,660,000	18,000,000	(500,000)	(12,000,000)	18,160,000	18,160,000

* As Martin Otway was appointed a director on 17 October 2012, the opening balance is his shareholding at this date.
Martin Otway resigned as director on 13 January 2014.
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.

2014	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	-	10,470,637	19,601,831
Graham Fish	741,457	-	-	741,457
Martin Otway*	14,620,000	-	(14,620,000)	-
Warren Staude	1,548,618	-	-	1,548,618
David Swain	360,443	-	-	360,443
Other key management personnel -				
Jay Stephenson	350,000	-	6,110,715	6,460,715
Total	26,751,712	-	1,961,352	28,713,064

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.
Martin Otway resigned as director on 13 January 2014.

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.

REMUNERATION REPORT (continued)

(g) ***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 (2013: Nil).

(h) ***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.

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 entitled 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 was terminated on 1 July 2014.

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 amounts owed to Directors, key management personnel and their related parties as at 30 June 2014 was $58,386 owed to Exploration & Management Consultants Pty Ltd and accrued Non-Executive Director Fees.

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

	2014 $	2013 $
Amounts recognised as expense		
Consulting fees:		
Administration*	113,636	123,300
Exploration	225,113	261,580
Outstanding balances at year end	58,386	57,777

*includes the provision of office space.

(i) ***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.

No Options provided as remuneration were exercised during the year.

REMUNERATION REPORT (continued)

Relationship between remuneration and the Group's performance

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

	2014	2013	2012	2011	2010
Loss for the year	$1,479,803	$2,900,373	$8,283,982	$4,349,224	$1,437,708
Closing Share Price	1.4 cents	0.9 cents	6.9 cents	2.0 cents	4.9 cents
KMP Incentives	$nil	$764,518	$439,250	$222,001	$164,926
Total KMP Remuneration	$405,799	$1,259,110	$960,491	$768,486	$687,894

Voting and comments made at the company's 2013 Annual General Meeting

At the Company's most recent Annual General Meeting Held on 28 November 2013, at least 25% of the eligible votes cast were against adoption of the 30 June 2013 remuneration report (Strike 1). As no comments were received from shareholders who had voted against the resolution at the meeting, the Board does not propose any action with respect to this resolution at this time. The Board considers its remuneration policy to be appropriate and properly aligned with the current size and performance of the Group.

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

END OF AUDITED REMUNERATION REPORT

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
21 December 2012	1 Nov 2017	$0.061	18,000,000
			18,000,000

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 2014, there were nil shares of Frontier Resources Ltd issued upon the exercise of options. 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 (Moore Stephens Perth) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and 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 Board in its capacity as the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and

- None of the services undermine the general principles relating to the auditor independence as set out in 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 22.

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.

	2014 $	2013 $
Assurance services		
Audit Services		
BDO Audit (WA) Pty Ltd	2,520	37,930
Moore Stephens Perth	23,050	-
Sinton Spence Chartered Accountants (PNG)	-	-
Total remuneration for audit and assurance services	25,570	37,930
Taxation and Accounting Services		
BDO Tax (WA) Pty Ltd	-	14,350
Sinton Spence Chartered Accountants (PNG)	9,701	20,190
Total remuneration for taxation services	9,701	34,540

PROCEEDINGS ON BEHALF OF COMPANY

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

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

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

P.A. McNeil
Managing Director

30 September 2014

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

Level 3, 12 St Georges Terrace
Perth WA 6000

PO Box 5785, St Georges Terrace
WA 6831

T +61 (0)8 9225 5355
F +61 (0)8 9225 6181

www.moorestephens.com.au

AUDITOR'S INDEPENDENCE DECLARATION UNDER S307C OF THE *CORPORATIONS ACT 2001* TO THE DIRECTORS OF FRONTIER RESOURCES LIMITED & CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

Suan-Lee Tan | Moore Stephens

Suan-Lee Tan
Partner

Moore Stephens
Chartered Accountants

Signed at Perth this 30th day of September 2014

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.*

At year end there were three part time women employees and consultants in the whole organisation, none of who were Key Management Personnel. At year end there were two women employed, being 50% 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.*

Given the size and scale of the Company's operations the full Board undertakes the role of the Audit Committee. The Audit Committee does not comply with ASX Recommendation 4.2 and the Audit Committee does not comprise only Non-Executive Directors. The role and responsibilities of the Audit Committee are summarised below.

The Board is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The Board sets aside time to deal with issues and responsibilities usually delegated to the Audit Committee to ensure the integrity of the financial statements of the Company and the independence of the auditor.

The Board reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Board also reviews annually the appointment of the external auditor, their independence and their fees..

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.*

Notwithstanding the Company does not currently have a separate Audit Committee, the Company does have 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.

FINANCIAL REPORT – 30 JUNE 2014

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
Office J, Level 2, 1139 Hay Street
WEST PERTH WA 6005

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

The financial report was authorised for issue by the Directors on 30 September 2014. 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 9486 4036 or email info@frontierresources.com.au.

	Note	2014	2013
			$
Revenue from Continuing Operations			
Revenue	4	(2,379)	4,385,063
Other income	4	-	259,394
		(2,379)	4,644,457
Cost of sales		-	(3,159,823)
Exploration expenditure	5	(421,296)	(939,662)
Administration and insurance expenses		(190,583)	(230,209)
Corporate compliance and shareholder relations		(50,557)	(142,717)
Gross employee benefit expense		(94,760)	(299,872)
Share based payments expense	5	-	(935,584)
Depreciation	5	(417,587)	(643,895)
Impairment of plant & equipment	9	-	(442,327)
Loss on disposal of plant & equipment		-	(89,528)
Consultancy		(20,796)	(43,337)
Rent, consumables and communication		(66,939)	(51,185)
Impairment of financial asset	11	(207,314)	(502,320)
Other expenses		(7,592)	(64,371)
Loss before income tax		(1,479,803)	(2,900,373)
Income tax expense/(benefit)	6	-	-
Loss after tax from continuing operations		(1,479,803)	(2,900,373)
Profit after income tax from discontinued operations	29	-	31,418
Loss for the year attributable to ordinary equity holders of Frontier Resources Ltd		(1,479,803)	(2,868,955)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Movement in foreign currency translation reserve		(192,740)	(233,602)
Other comprehensive income for the year		(192,740)	(233,602)
Total comprehensive loss for the year attributable to ordinary equity holders of Frontier Resources Ltd		(1,672,543)	(3,102,557)
Loss per share for the year attributable to members of Frontier Resources Ltd		**Cents**	**Cents**
Continuing operations		(0.47)	(0.95)
Discontinued operations		-	0.01
Total basic and diluted (loss) per share	18	(0.47)	(0.94)

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

	Notes	2014	2013
			$
ASSETS			
Current Assets			
Cash and cash equivalents	7	41,068	733,449
Trade and other receivables	8	509,029	843,806
Total Current Assets		550,097	1,577,255
Non-Current Assets			
Trade and other receivables	8	62,741	104,478
Plant and equipment	9	838,042	1,433,822
Exploration and evaluation expenditure	10	-	-
Available for sale investments	11	409,250	616,565
Total Non-Current Assets		1,310,033	2,154,865
Total Assets		1,860,130	3,732,120
LIABILITIES			
Current Liabilities			
Trade and other payables	13	108,758	466,400
Total Current Liabilities		108,758	466,400
Total Liabilities		108,758	466,400
Net Assets		1,751,372	3,265,720
EQUITY			
Contributed equity	16	30,016,736	29,858,541
Reserves	17	3,421,689	3,614,429
Accumulated losses	17	(31,687,053)	(30,207,250)
Total Equity		1,751,372	3,265,720

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 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
Balance at 1 July 2013		29,858,541	(30,207,250)	3,939,885	(325,456)	3,265,720
Loss attributable to ordinary equity holders of Frontier Resources Ltd		-	(1,479,803)	-	-	(1,479,803)
Other comprehensive income -						
Foreign currency translation		-	-	-	(192,740)	(192,740)
Total comprehensive loss for the year		-	(1,479,803)	-	(192,740)	(1,672,543)
Transaction with owners, in their capacity as owners -						
Shares issued during the year, net of costs	16	158,195	-	-	-	158,195
Balance at 30 June 2014		30,016,736	(31,687,053)	3,939,885	(518,196)	1,751,372

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

	Note	2014	2013
		$	$
Cash Flows From Operating Activities			
Cash receipts from customers		1,389	17,113
Payments to suppliers and employees		(445,976)	(1,399,861)
Interest received		3,732	24,562
Joint Venture contributions for tenements		247,130	4,323,056
Payments to exploration expenditure		(587,861)	(4,222,528)
Net cash outflow from operating activities	**24**	**(781,586)**	**(1,227,657)**
Cash Flows From Investing Activities			
Proceeds from security deposits		215	-
Purchases of plant and equipment		-	(8,499)
Proceeds from sale of plant and equipment		-	53,446
Payments for financial assets		-	(637,675)
Cash forgone on disposal of subsidiary		-	(328,168)
Net cash inflow/(outflow) from investing activities		**215**	**(920,896)**
Cash Flows From Financing Activities			
Proceeds from the issue of shares		135,695	20,000
Net cash inflow from financing activities		**135,695**	**20,000**
Net increase/(decrease) in cash and cash equivalents		**(645,676)**	**(2,128,553)**
Cash at 1 July		733,449	2,862,050
Effect of exchange rates on cash holdings in foreign currencies		(46,705)	(48)
Cash at 30 June		**41,068**	**733,449**

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 2014 the Group recorded a loss after tax of $1,479,803 (2013: $2,868,955) and had a net working capital surplus of $441,339 (2013: surplus of $1,110,855).

The ability of the Company to continue as a going concern is dependent on it being able to successfully raise further debt or capital funding. Following the Share Purchase Plan completed in August 2014, the Company raised $588,624 and subsequently placed a further $61,576 through a placement at on 4 September 2014. Provided the Company can successfully raise additional funding within the current year and recognising that the Australian equity market may not be well supported currently, 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 its assets and extinguish its 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 26.

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
Consolidated financial statements

The Group adopted the following Australian Accounting Standards, together with the relevant consequential amendments arising from related Amending Standards, from the mandatory application date of 1 January 2013:

- AASB 10: Consolidated Financial Statements;
- AASB 12: Disclosure of Interests in Other Entities; and
- AASB 127: Separate Financial Statements.

AASB 10 provides a revised definition of "control" and may result in an entity having to consolidate an investee that was not previously consolidated and/or deconsolidate an investee that was consolidated under the previous accounting pronouncements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group has applied these Accounting Standards with retrospective effect in accordance with their transitional requirements. The Group has:

- presented quantitative information of the comparative period reflecting the adoption of AASB 10; and
- with respect to any previously unconsolidated investee that is a business, measured the assets, liabilities and non-controlling interests as if the investee had been consolidated in accordance with the applicable version of AASB 3: Business Combinations from the date when the Group gained control of the investee. When the date that control was obtained was earlier than the beginning of the immediately preceding period, the Group recognises, as an adjustment to equity at the beginning of the comparative period, any difference between:
    - the amount of assets, liabilities and non-controlling interests recognised; and
    - the previous carrying amount of the Group's involvement with the investee.

The first-time application of AASB 10 did not result in any changes to the Group's financial statements.

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Frontier Resources Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 25.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred;

(ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and

(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value remeasurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value *(full goodwill method)* or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets *(proportionate interest method)*. In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Plant and equipment (cont.)

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

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(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

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (cont)

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

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.

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

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Employee benefits (continued)

Retirement benefit obligations
Defined benefit obligations
The Group provides defined benefit superannuation entitlements to select employees of the Group.

The difference, if any, between the Group's obligation for employees' defined benefit entitlements at the end of the reporting period and the fair value of plan assets attributable to the employees at the same date is presented as a net defined benefit liability (asset) in the statement of financial position. The Group's obligation for defined benefit entitlements, as well as the related current service cost and, where applicable, past service cost, is calculated at the end of each reporting period by an independent and suitably qualified actuary using the projected unit credit method. In determining the Group's obligation for defined benefits, the actuary discounts the present value of the estimated future cash flows attributable to providing the defined benefit entitlements at rates determined by reference to market yields at the end of the reporting period on Australian government bonds that have maturity dates that approximate the terms of the obligation.

Any net defined benefit asset recognised by the Group is limited to the present value of economic benefits available in the form of any future refunds from the employees' defined benefit plan or reductions in future contributions in respect of employees with defined benefit entitlements. In calculating the present value of any such potential economic benefits, consideration is given to any minimum funding requirements that apply in respect to the employees' defined benefit entitlements. An economic benefit is considered available to the Group if it is realisable during the period of the employees' membership of the plan or on settlement of all of the employees' entitlements from plan assets.

The periodic cost of providing defined benefit entitlements is disaggregated and accounted for as follows:

- service cost (including current and past service costs and any gains or losses on settlements or curtailments) is recognised in profit or loss in the period in which it arises as a part of employee benefits expense;
- interest on the net defined benefit liability (asset) is calculated by multiplying the average balance of the liability (asset) during the reporting period by the discount rate applied to the defined benefit obligation and is recognised in profit or loss in the period in which it arises as a part of finance costs; and
- remeasurements of the net defined benefit liability (asset) (including actuarial gains and losses, the return on plan assets less amounts included in the net interest on the net defined benefit liability (asset), and any changes in the limit on a net defined benefit asset (excluding interest)) are recognised in other comprehensive income (retained earnings) in the periods in which they occur.

Defined contribution superannuation benefits

All employees of the Group other than those that receive defined benefit entitlements receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution (currently 9.25% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Employee benefits (continued)

Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(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.

(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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(s) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).
  The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The key changes made to the Standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.
  Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 2012–3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Group's financial statements.

- Interpretation 21: Levies (applicable for annual reporting periods commencing on or after 1 January 2014).

  Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Group's financial statements.

- AASB 2013–3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Group's financial statements.

- AASB 2013–4: Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual reporting periods commencing on or after 1 January 2014).

  AASB 2013–4 makes amendments to AASB 139: Financial Instruments: Recognition and Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the Group's financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) New Accounting Standards for Application in Future Periods (continued)

- AASB 2013–5: Amendments to Australian Accounting Standards – Investment Entities (applicable for annual reporting periods commencing on or after 1 January 2014).

  AASB 2013–5 amends AASB 10: Consolidated Financial Statements to define an “investment entity” and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As neither the parent nor its subsidiaries meet the definition of an investment entity, this Standard is not expected to significantly impact the Group’s financial statements.

- AASB 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation* amends AASB 116 *Property, Plant and Equipment and AASB 138 Intangible Assets* to limit the use of revenue based depreciation and amortisation methods. The changes are effective for annual periods beginning on or after 1 January 2016, with earlier application permitted. This Standard is not expected to significant impact the Group’s financial statements.

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:

	2014 AUD	2014 Kina	2013 AUD	2013 Kina
Foreign currency assets and liabilities				
Cash and cash equivalents	6,954	15,873	-	-
Trade and other receivables	20,453	46,886	48,648	96,716
Intercompany loans payable	(15,478,041)	(35,329,926)	(14,137,665)	(28,107,091)
Trade and other payables	(852)	(1,945)	(106,471)	(211,675)

(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:

	2014	2013
Shares in listed entity – Level 1	109,200	116,481
Shares in unlisted entity – Level 2	300,050	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:

2014	Floating Interest Rate	Non-interest bearing	Total
	$	$	$
Financial assets			
Cash and cash equivalents	41,068	-	41,068
Trade and other receivables	-	509,029	509,029
	41,068	509,029	550,097
Weighted average interest rate	2.5%		
Financial liabilities			
Trade and other payables	-	108,758	108,758
	-	108,758	108,758
Net financial assets	41,068	400,271	441,339

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

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.

	2014	2013
	$	$
Net financial assets subject to variable interest rates	41,068	733,449
Increase in profits resulting from a 1% pa increase in variable interest rates	411	7,334
Decrease in profits resulting from a 1% pa decrease in variable interest rates	(411)	(7,334)

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

The following table illustrates sensitivities of the Group's exposure to changes in foreign exchange rates. The table indicates the impact on how other comprehensive income reported at balance date would have been affected by changes in the foreign exchange rate variable that management considers to be reasonably possible.

	2014 $	2013 $
Decrease in other comprehensive income resulting from a 10% increase in Australian Dollar against the Kina	(19,274)	(23,306)
Increase in other comprehensive income resulting from a 10% decrease in Australian Dollar against the Kina	19,274	23,306

The entity is not exposed to material price risk.

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 intercompany 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 $495,949 (2013: $743,080) loaned to Torque Mining Limited and $nil (2013: $50,976) loaned to Quintessential Resources Limited, which are related companies under AASB 124 para 9(b(vi). The Receivable from Torque Mining Limited (TML) is contingent on TML receiving proceeds from mining activities. There have been some delays to the mining process but the directors expect to fully recover this amount in due course.

Receivables also include $62,741 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:

	2014 $	2013 $
Current Assets:		
Cash and cash equivalents	41,068	733,449
Trade and other receivables	509,029	843,806
Non-Current Assets:		
Trade and other receivables	62,741	104,478
	612,838	1,681,733

(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:

	2014 $	2013 $
Cash and cash equivalents	41,068	733,449
Trade and other receivables	509,029	843,806
Trade and other payables	(108,758)	(466,400)
	441,339	1,110,855

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 2014 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 nil at the end of this financial year (2013: 30%). The impairment loss of nil (2013: $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.

(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(c).

(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

	2014 $	2013 $
From continuing operations		
Administration fee income	-	-
Drilling and exploration contract income	(7,500)	4,323,067
Other sundry income	1,389	37,576
Other revenue		
Interest – unrelated parties	3,732	24,419
Total Revenue	(2,379)	4,385,063

Other Income

	2014 $	2013 $
Gain on disposal of plant and equipment	-	259,394
Total Other Income	-	259,394

NOTE 5 EXPENSES AND SIGNIFICANT ITEMS

	2014 $	2013 $
Depreciation of plant & equipment	417,587	643,895
Impairment of plant & equipment (Refer to Note 9)	-	442,327
Office rental	66,939	51,185
Superannuation expense	6,070	58,550
Significant Items		
Exploration and evaluation expenditure	421,295	939,662
Impairment of financial asset	207,314	502,320
Share-based payments expense	-	935,584

NOTE 6: INCOME TAX EXPENSE

	CONSOLIDATED 2014 $	CONSOLIDATED 2013 $
a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense / (benefit) reported in Statement of Profit and Loss and Other Comprehensive Income	-	-
b. The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Loss from continuing operations before income tax	(1,479,803)	(2,900,373)
Prima facie tax benefit on loss from continuing operations at 30% (2013: 30%)	(443,941)	(870,112)
Add / (less) tax effect of:		
- Other non-allowable items	234,724	135,869
- Share based payment expense	-	280,675
- Losses and other deferred tax assets not recognised	209,217	453,568
Income tax expense / (benefit) recorded in Statement of Profit and Loss and Other Comprehensive Income	-	-

NOTE 6: INCOME TAX EXPENSE (continued)

c. Unrecognised deferred tax assets at 30% (2013: 30%)

Revenue losses	3,495,239	4,745,746
Exploration and evaluation costs	-	1,805,851
Sundry	541,317	536,847
	4,036,556	7,088,444

The tax benefits of the above deferred tax assets will only be obtained if:

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
(b) the company continues to comply with the conditions for deductibility imposed by law; and
(c) no changes in income tax legislation adversely affect the company in utilising the benefits.

The 2013 comparative has been adjusted to be consistent with the 2014 format. There has been no change to the 2013 current and deferred taxes.

NOTE 7 CASH AND CASH EQUIVALENTS

Cash at bank and on hand	41,068	733,449

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	41,068	733,449
Bank deposits at call	-	-
Cash on hand	-	-
Cash and cash equivalents	41,068	733,449

Cash at bank earns an interest rate of 2.0% (2013:3.2%). 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

CURRENT		
Other receivables (a)	509,029	843,806
NON-CURRENT		
Deposits – tenements and premises (b)	62,741	104,478

(a) Other current receivables are all non-interest bearing, and include $495,949 (2013: $743,080) due from Torque Mining Ltd, and $nil (2013: $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.

NOTE 9 PLANT AND EQUIPMENT

	2014 $	2013 $
Plant and equipment		
Plant and equipment at cost	2,933,245	3,311,176
Less accumulated depreciation	(1,705,096)	(1,435,027)
Less impairment of drilling equipment	(390,107)	(442,327)
Carrying amount at the end of the financial year	838,042	1,433,822

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

	2014 $	2013 $
Carrying amount at the beginning of the financial year	1,433,822	2,977,882
Additions	-	8,499
Disposals	-	(430,955)
Depreciation expense	(417,587)	(643,895)
Impairment of drilling equipment	-	(442,327)
Foreign currency exchange differences	(178,193)	(35,382)
Carrying amount at the end of the financial year	838,042	1,433,822

The carrying value of the drill rigs in Papua New Guinea was impaired in 2013 due to reduced use during the year.

NOTE 10 EXPLORATION AND EVALUATION

	2014 $	2013 $
NON-CURRENT		
Carrying amount at the beginning of the financial year	-	2,176,872
Exploration expenditure written off	-	(176,872)
Exploration expenditure disposed (a)	-	(2,000,000)
Exploration expenditure capitalised	-	-

(a) During the year ended 30 June 2013 the Group disposed of its Tasmanian exploration assets to Torque Mining Ltd for $2,000,000.

NOTE 11 AVAILABLE FOR SALE INVESTMENTS

	2014 $	2013 $
NON-CURRENT		
Quintessential Resources Ltd	109,200	116,481
Torque Mining Ltd	300,050	500,084
Closing fair value	409,250	616,565
Quintessential Resources Ltd -		
Carrying amount at the beginning of the financial year		-
7,280,012 shares acquired at 8.5 cents each	116,481	618,801
Impairment to fair value	(7,281)	(502,320)
Closing fair value	109,200	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	500,084	2,000,000
29,998,321 shares distributed as in-specie distribution	-	(1,499,916)
Impairment to fair value	(200,034)	-
Closing fair value	300,050	500,084

NOTE 12 FAIR VALUE MEASUREMENTS

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

– available-for-sale financial assets

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

a. **Fair Value Hierarchy**

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

– *Market approach:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

– *Income approach:* valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

– *Cost approach:* valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

NOTE 12 FAIR VALUE MEASUREMENTS (continued)

2014	**Note**	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Recurring fair value measurements					
Financial assets					
Available-for-sale financial assets					
– shares in listed companies	11	109,200	-	-	109,200
– shares in unlisted companies – related parties	11	-	300,050	-	300,050
Total financial assets recognised at fair value on a recurring basis		109,200	300,050	-	409,250

2013

	Note	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Recurring fair value measurements					
Financial assets					
Available-for-sale financial assets:					
– shares in listed companies	11	116,481	-	-	116,481
– shares in unlisted companies – related parties	11	-	500,084	-	500,084
Total financial assets recognised at fair value		116,481	500,084	-	616,565

There were nil transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the reporting period (2013: nil transfers).

b. **Valuation Techniques and Inputs Used to Measure Level 2 Fair Values**

Description	**Fair Value at 30 June 2014 $**	**Valuation Technique(s)**	**Inputs Used**
Financial assets			
Shares in unlisted companies – related parties	300,050	Market approach using recent placement price for the entity	Placement Price

There were no changes during the period in the valuation techniques used by the Group to determine Level 2 fair values.

NOTE 13 TRADE AND OTHER PAYABLES

	2014 $	2013 $
CURRENT		
Trade and sundry creditors (a)	28,301	177,910
Accrued expenses	75,969	247,690
Provision for annual leave (c)	-	25,993
Other employee benefit and related on-cost liabilities (c)	4,488	14,807
	108,758	466,400

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

(b) 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 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:

	2014	2013
Not later than 1 year	1,922,054	3,106,473
Later than 1 year but not later than 5 years	2,555,201	1,530,719
Any greater than 5 years	-	-
	4,477,255	4,637,192

NOTE 15 CONTINGENT LIABILITIES

The Group had no contingent liabilities at 30 June 2014 (2013: nil).

NOTE 16 CONTRIBUTED EQUITY

	2014 Shares	2013 Shares	2014 $	2013 $
(a) Paid Up Capital				
Ordinary shares – fully paid of no par value	325,306,489	304,046,682	30,016,736	29,858,541

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 2012	Closing Balance		303,546,682		31,338,457
	Options Exercised		500,000	0.04	20,000
	In-specie distribution to shareholder		-	0.05	(1,499,916)
30 Jun 2013	Closing Balance		304,046,682	0.1067	29,858,541
	Shares issued		19,384,807	0.007	135,695
	Shares issued		1,875,000	0.012	22,500
30 Jun 2014	Closing Balance		325,306,489		30,016,736

(c) Options

	No. of Options 2014	No. of Options 2013
The number of unissued ordinary shares relating to options not exercised at year end:		
- Non-transferable options exercisable on or before 19 October 2013 at 4 cents	-	200,000
- Non-transferable options exercisable on or before 21 January 2014 at 3 cents	-	4,500,000
- Non-transferable options exercisable on or before 30 December 2014 at 11 cents	-	2,320,000
- Non-transferable options exercisable on or before 30 December 2014 at 16.5 cents	-	2,220,000
- Non-transferable options exercisable on or before 1 November 2017 at 6.1 cents	18,000,000	18,000,000
	18,000,000	27,240,000

(d) Option Issues

During the financial year nil options were issued.

NOTE 16 CONTRIBUTED EQUITY (continued)

(e) Option Exercise

During the financial year nil options were exercised.

(f) Option Expiry

During the financial year the following options expired unexercised:

- 200,000 options exercisable at 4.0 cents on or before 19 October 2013.

(g) Option Cancellation and Lapse

During the financial year the following classes of options were cancelled.

- 2,220,000 options exercisable at 16.5 cents on or before 30 December 2014 were cancelled.
- 4,500,000 options exercisable at 3.0 cents on or before 21 January 2014 were cancelled.
- 2,320,000 options exercisable at 11.0 cents on or before 30 December 2014 were cancelled

(h) Capital Management

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

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

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

The working capital position of the Group at 30 June 2014 and 30 June 2013 was as follows:

	2014 $	2013 $
Cash and cash equivalents	41,068	733,449
Trade and other receivables	509,029	843,806
Trade and other payables	(108,758)	(466,400)
Working capital position	441,339	1,110,855

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

	2014 $	2013 $
Share based payment reserve	3,939,885	3,939,885
Foreign currency translation reserve	(518,196)	(325,456)
	3,421,689	3,614,429
Movements		
Share based payment reserve		
Balance 1 July	3,939,885	3,004,301
Option expense	-	935,584
Balance 30 June	3,939,885	3,939,885
Foreign currency translation reserve		
Balance 1 July	(325,456)	(91,854)
Currency translation differences arising during the year	(192,740)	(233,602)
Balance 30 June	(518,196)	(325,456)

(b) Accumulated losses

Movements in accumulated losses were as follows:

	2014 $	2013 $
Balance 1 July	(30,207,250)	(27,338,295)
Net loss for the year	(1,479,803)	(2,868,955)
Balance 30 June	(31,687,053)	(30,207,250)

(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.

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

	2014 $	2013 $
Earnings per share from continuing operations Loss after income tax	(1,479,803)	(2,900,373)
Weighted average number of shares used in the calculation of the basic EPS.	314,094,995	303,794,627
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.	18,000,000	27,240,000
Basic and diluted (loss) per share	(0.47) cents	(0.95) cents
Earnings per share from discontinued operations Profit after income tax	-	31,148
Weighted average number of shares used in the calculation of the basic EPS.	314,094,995	303,794,627
The number of potential ordinary shares relating to options not exercised at the end of the year.	18,000,000	27,240,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	332,094,995	331,034,627
Basic earnings per share	-	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 2014 (2013: nil).

However, during the previous 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 Directors' Remuneration Report.

Wholly-owned group
The consolidated group consists of Frontier Resources Ltd and its wholly-owned subsidiaries, Frontier Gold (PNG) Ltd, and Frontier Copper (PNG) Ltd. Ownership interests in these subsidiaries are set out in Note 25.

NOTE 20 RELATED PARTY TRANSACTIONS (continued)

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 Papua New Guinea.
- The joint venture agreement was terminated during the year.
- At 30 June 2014, $nil (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 2014, $495,949 (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

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 2014.

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

	2014 $	2013 $
Short term employee benefits	378,963	493,692
Post-employment benefits	4,336	5,400
Share based payments	22,500	756,008
	405,799	1,255,100

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.

- 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 affected 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.

NOTE 22 SHARE-BASED PAYMENTS (continued)

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

- Options are not transferable. Application will not be made to 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.

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

Grant Date	Expiry Date	Exercise Price	Balance at start of the year	Issued during the year	Exercised during the year	Cancelled or Expired during the year	Balance at end of the year
			Number	Number	Number	Number	Number
2014							
19 Oct 2009	19 Oct 2013	$0.04	200,000	-	-	(200,000)	-
30 Dec 2010	30 Dec 2014	$0.11	4,500,000	-	-	(4,500,000)	-
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
			27,240,000	-	-	9,240,000	18,000,000

Weighted average remaining contracted life of options (Years)	3.25 Years
Weighted average exercise price	$0.061

NOTE 22 SHARE-BASED PAYMENTS (continued)

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	3.37 Years
Weighted average exercise price	$0.0816

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.

(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 affected 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 <u>not</u> 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.

NOTE 22 SHARE-BASED PAYMENTS (continued)

(b) Frontier Resources Ltd Directors' Options (continued)

In the event of any reconstruction, including a consolidation, sub-division, reduction or return of the issued capital of the Company prior to the expiry date, the number of options to which each holder is entitled or the exercise price of the options or both will be reconstructed as appropriate in a manner which is in accordance with the Listing Rules then applying. 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:

	2014 $	2013 $
Options issued under employee option plan	-	935,584

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

(d) Frontier Resources Ltd Key Management Personnel Shares

2014	Number of shares Issued	Issue Price	$
Other key management personnel			
Jay Stephenson (i)	1,250,000	$0.018	22,500
Total	1,250,000		22,500

(i) 1,250,000 shares issued to Wolfstar Group (a related party of Jay Stephenson) during the year in lieu of cash fees for services including company secretarial and accounting services. These shares were valued at $0.018 per share, being the share price on the date of issue.

No shares were issued to Key Management Personnel in 2013.

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.

NOTE 23 OPERATING SEGMENTS (continued)

For the Year to 30 June 2014	Australian Exploration* $	Papua New Guinea Exploration $	Treasury $	Total $
Segment Revenue	-	-	(2,379)	(2,379)
Segment Results	-	(844,993)	3,732	(841,261)
Amounts not included in segment results but reviewed by Board:				
- Corporate charges				(453,068)
- Share-based payment expenses				-
- Impairment of financial assets				(185,474)
- Discontinued operations				-
Loss before Income Tax				(1,479,803)
As at 30 June 2014				
Segment Assets	-	794,339	1,065,791	1,860,130
Segment Liabilities	-	852	107,906	108,758

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 29, 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.

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:

	2014 $	2013 $
Operating loss after income tax	(1,479,803)	(2,868,955)
Adjustment for non cash items:		
- (Gain)/Loss on disposal of fixed assets	-	(169,865)
- Depreciation expense	417,587	643,895
- Share-based payments	-	935,584
- Impairment of plant and equipment	-	442,327
- Impairment of available for sale investments	185,474	502,320
- Gain on discontinued operations	-	(31,418)
Change in operating assets and liabilities:		
- Trade and other payables and provisions	(281,358)	(8,938)
- Trade and other receivables	376,514	(672,607)
Net cash outflow from operating activities	(781,586)	(1,227,657)

There were no non-cash financing and investing activities during the year (2013: nil).

NOTE 25 SUBSIDIARIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2014 %	Equity Holding 2013 %
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

NOTE 26 PARENT ENTITY DISCLOSURES

(a) Financial Position of Frontier Resources Limited

	2014 $	2013 $
CURRENT ASSETS		
Cash and cash equivalents	34,114	735,706
Trade and other receivables	506,976	818,296
TOTAL CURRENT ASSETS	541,090	1,554,002
NON-CURRENT ASSETS		
Trade and other receivables	44,340	1,198,136
Other financial assets	419,873	627,187
Plant and equipment	60,488	108,600
TOTAL NON-CURRENT ASSETS	524,701	1,933,923
TOTAL ASSETS	1,065,791	3,487,925
CURRENT LIABILITIES		
Trade and other payables	107,906	149,382
TOTAL CURRENT LIABILITIES	107,906	149,382
TOTAL LIABILITIES	107,906	149,382
NET ASSETS	957,885	3,338,543
EQUITY		
Contributed equity	30,016,736	29,858,541
Options reserve	3,939,885	3,939,885
Accumulated losses	(32,998,736)	(30,459,883)
TOTAL EQUITY	957,885	3,338,543

(b) Financial Performance of Frontier Resources Limited

	2014 $	2013 $
Loss for the year	(2,538,853)	(2,965,937)
Total comprehensive loss	(2,538,853)	(2,965,937)

(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 2014 (2013: none).

(d) Contingent liabilities of Frontier Resources Limited

There are no contingent liabilities as at 30 June 2014 (2013: none).

(e) Commitments Frontier Resources Limited

There are no commitments as at 30 June 2014 (2013: none).

NOTE 27 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.

	2014 $	2013 $
Assurance services		
Audit Services		
BDO Audit (WA) Pty Ltd	2,750	37,930
Moore Stephens	23,050	-
Sinton Spence (PNG)	-	-
Total remuneration for audit services	25,800	37,930
Non-Assurance services		
Taxation and Accounting Services		
BDO Tax (WA) Pty Ltd	-	14,350
Sinton Spence Chartered Accountants (PNG)	9,701	20,190
Total remuneration for taxation services	9,701	34,540

NOTE 28 EVENTS OCCURRING AFTER THE BALANCE DATE

On 4 July 2014 the Company announced Lower Zone Jackhammer Trenching Results from the Swit Kia Prospect.

On 9 July 2014 the Company announced a share purchase plan of 50,000,000 shares to be issued at 1.3c each to raise $650,000 (**SPP**).

On 4 August 2014 the Company announced the appointment of Mr Matthew Foy as Company Secretary and the results of the SPP.

On 4 September 2014 the Company announced the placement of the shortfall from the SPP.

On 16 September 2014 the Company announced the appointment of Mrs Paige McNeil as an Alternate Director.

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

NOTE 29 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 year ended 30 June 2014.

Financial Performance	**2014 $**	**2013 $**
Interest received	-	12,188
Debt forgiven by parent entity	-	176,874
Total revenue	-	189,062
Exploration Expenditure**	-	(422,998)
Employee benefits expense	-	(265,024)
Depreciation and amortisation expense	-	(52,040)
Other expenses	-	(175,478)
Total expenses	-	(915,540)
Loss before income tax expense	-	(726,478)
Income tax expense	-	-
Loss after income tax expense	-	(726,478)
Loss for the period attributable to:		
Equity holders of Frontier Resources Limited	-	(476,848)
Non-Controlling Interest	-	(249,630)
	-	(726,478)
Operating Cash Flows		
Net cash out flow from operating activities	-	(494,452)

**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.

NOTE 29 DISCONTINUED OPERATIONS (continued)

(c) Details of the disposal

	2014 $	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

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 2014 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 14 to 20 within the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2014, comply with section 300A of the *Corporations Act 2001*.

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

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

P.A. McNeil
Managing Director

30 September 2014

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

Level 3, 12 St Georges Terrace
Perth WA 6000

PO Box 5785, St Georges Terrace
WA 6831

T +61 (0)8 9225 5355
F +61 (0)8 9225 6181

www.moorestephens.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FRONTIER RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying financial report of Frontier Resources Limited and controlled entities (the consolidated entity) which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, the consolidated statement of cash flows for the year ended on that date, 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 period's end or from time to time during the financial period.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our modified 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*, provided to the directors of Frontier Resources Limited and controlled entities, would be in the same terms if provided to the directors as at the time of this auditor's report.

Basis for Qualified Opinion

The Company's consolidated statement of financial position as at 30 June 2014 includes plant and equipment with a carrying value as at 30 June 2014 of $777,554. We were unable to obtain sufficient evidence to substantiate the recoverable value and existence of the plant and equipment. Consequently we were unable to determine whether any adjustments were required to the carrying value of these assets.

Qualified Opinion

In our opinion, except for the effects of the matter described above:

a) the financial report of Frontier Resources Limited and controlled entities 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 2014 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.

Inherent Uncertainty Regarding Going Concern

In addition to the qualification expressed above, we draw attention to note 1 of the financial statements which states that the financial statements have been prepared on a going concern basis. Whilst the Company currently has adequate financial resources for the short to medium term its ability to continue as a going concern for at least the next 12 months will require it to undertake further capital raisings during this period. Based on prior experience the directors of the Company are confident of obtaining the necessary shareholder support if and when required. Notwithstanding this there is some uncertainty of the Company achieving these outcomes and consequently we have significant uncertainty as to whether the Company will continue as a going concern for a minimum period of the next 12 months. Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts other than as stated in the financial report.

Inherent Uncertainty Regarding the Recoverability of a Receivable

The Company's consolidated statement of financial position as at 30 June 2014 includes a loan receivable from Torque Mining Limited ("Torque") with a carrying value of $495,950. The recoverability of this receivable is contingent on Torque receiving proceeds from its mining activities exceeding a minimum specified level. In the event that the minimum level of proceeds is not met, a partial repayment will be negotiated. The Directors are confident that the minimum required level will be met, and the loan will be recovered in full. However given the extended delays, there is significant uncertainty whether this outcome will be achieved and whether this loan will be fully recovered.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Frontier Resources Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

Moore Stephens

Suan Lee Tan
Partner

Moore Stephens
Chartered Accountants

Signed at Perth this 30th day of September 2014

ADDITIONAL INFORMATION

TENEMENT SCHEDULE

Tenement Name	Tenement Name	Status	Ownership
Mt Andewa	EL 1345	Granted Exploration Licence	100%
Bulago	EL 1595	Granted Exploration Licence	100%
Leonard Schultz	EL 1597	Granted Exploration Licence	100%
Likuruanga	EL 1351	Granted Exploration Licence	100%
East New Britain	EL 1592	Granted Exploration Licence	100%
Central New Britain	EL 1598	Granted Exploration Licence	100%

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

STATEMENT OF QUOTED SECURITIES AS AT 19 SEPTEMBER 2014

a) Distribution of Shareholders

Size of Holding	**Number of Shareholders**
1 - 1,000	1,034
1,001 - 5,000	511
5,001 - 10,000	338
10,001 - 100,000	1,168
100,001 and over	532
	3,583

b) Number of holders of less than marketable parcels: 2,534

c) Percentage holding of 20 largest holders: 33.65%

d) There is 1 substantial shareholder listed in the Company's register as at 19 September 2014.

e) Twenty largest shareholders as at 19 September 2014:

Rank	Name	Units	% of Units
1.	OK TEDI MINING LIMITED <BENEFIT OF PNGSDP LTD A/C>	23,928,525	6.38
2.	J P MORGAN NOMINEES AUSTRALIA LIMITED	16,152,581	4.30
3.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,497,244	2.00
4.	EXPLORATION & MANAGEMENT CONSULTANTS PTY LTD <MALALO A/C>	7,439,646	1.98
5.	GOLD WARNING PTY LTD <GOLD WARNING SUPERFUND A/C>	7,247,712	1.93
6.	NEWCREST INTERNATIONAL PTY LIMITED	7,026,429	1.87
7.	EXPLORATION & MANAGEMENT CONSULTANTS PTY LTD <MALALO SUPER FUND A/C>	6,680,677	1.78
8.	DOG TRAP INVESTMENTS PTY LTD	6,500,000	1.73
9.	A J PAYNE HOLDINGS PTY LTD <A J PAYNE S/F A/C>	6,000,000	1.60
10.	ZORIC & CO PTY LTD	4,942,769	1.32
11.	MS PAIGE MCNEIL	4,571,378	1.22
12.	STEVE MACDONALD PTY LTD <STEVE MACDONALD SUPER F A/C>	4,159,008	1.11
13.	PETER ANDREW MCNEIL	4,033,014	1.07
14.	WSG CAPITAL PTY LTD <WOLFSTAR INVESTMENT A/C>	3,610,715	0.96
15.	MR LARRY JAMES GIBSON	3,247,524	0.87
16.	DR RICHARD ARTHUR GREEN + DR ROSEMARY ELIZABETH ANNE GREEN <R & R GREEN SUPER FUND A/C>	3,128,846	0.83
17.	MR JONATHAN JAMES SURBECK	2,775,070	0.74
18.	CITICORP NOMINEES PTY LIMITED	2,532,238	0.67
19.	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	2,429,886	0.65
20.	MR ROBERT CAMERON GALBRAITH	2,388,606	0.64
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		**126,291,868**	**33.65**
Total Remaining Holders Balance		**249,029,992**	**66.35**
Total Shares On issue		**375,321,860**	**100.00**

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.

g) The name of the Company Secretary is Matthew Foy

h) The address of the registered office is: Office J, Level 2, 1139 Hay Street, West Perth WA 6005.

i) Registers of securities are held at Computershare Investor Services Pty Ltd, Level 2, 45 St Georges Tce, Perth WA 6000.

j) Quotation has been granted for all the ordinary shares of the Company on the Australian Securities Exchange Ltd.

k) There are nil securities currently subject to escrow.

l) **Unquoted Options over Un-issued Shares**

- 18,000,000 Director Options exercisable at 6.1c on or before 11 November 2017

m) **Unquoted Equity Securities Holders with Greater than 20% of an Individual Class**

As at 19 September 2014 the following classes of unquoted securities had holders with greater than 20% of the class on issue.

Options exercisable at 6.1c on or before 11 November 2017

Percentage Held	Name	Number of Securities held
55.56%	Exploration & Management Consultant Pty Ltd <Malalo Superannuation Fund>	10,000,000