



FRONTIER RESOURCES LTD

A.B.N. 96 095 684 389

CONSOLIDATED INTERIM FINANCIAL REPORT

HALF-YEAR ENDED 31 DECEMBER 2016

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Frontier Resources Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Frontier Resources Ltd and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

DIRECTORS

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

Peter A. McNeil (Chairman & Managing Director)
Paige McNeil (Non-Executive Director)
Peter Swiridiuk (Non-Executive Director)

RESULTS AND DIVIDENDS

The consolidated entity loss after income tax for the half-year is \$630,742 (2015: \$356,115). There is no dividend paid or recommended. The result for this half year included exploration expenditure of \$358,329 (2015: \$43,897).

REVIEW OF OPERATIONS

Frontier Resources Ltd is focused on mineral exploration in Papua New Guinea (Figure 1) with a 100% interest in the Bulago Exploration Licence (EL) and the Muller Range EL, that are both highly prospective for the discovery and delineation of intrusive related high grade gold, copper+/- gold +/- molybdenum porphyries, associated polymetallic skarn and epithermal gold deposits.

PNG is recognised as being highly prospective and the Company is targeting copper+/- gold +/- molybdenum porphyries and intrusive related epithermal gold deposits in the Papuan Fold Belt.

The Fold Belt contains the Ok Tedi porphyry copper-gold Mine (located 120km WNW), Porgera intrusive/ epithermal related gold Mine (100km east) and Kili Teke porphyry copper-gold Deposit (50km east). The giant Grasberg porphyry copper-gold +skarns is in this same zone in West Papua.

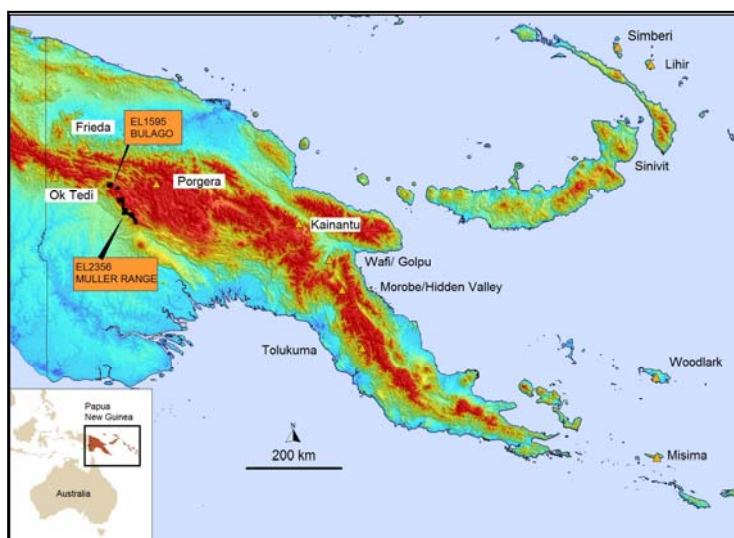
Bulago EL 1595

3D Geophysical and Geochemical Porphyry Copper - Gold Drill Targeting Evaluation

During the Period an independent review of the Bulago Valley porphyry copper – gold mineralisation potential was completed by geologist Grant MacDonald. The inverted magnetics defined 4 magnetic susceptibility highs (i.e. at >0.75 si within a broader range of 0.6 – 0.75 si) and they appear to follow a north-northwest trend.

Three major zones were defined:

1. A Northern zone is defined by the alteration plus copper and gold mineralisation in hole BUL001 plus a north-northwest magnetic trend at the junction of 2 main tributaries (a conducive structural setting).
2. A Central zone is defined by the best coherent/strongest copper in soils on hillslopes trending west down to the Bulago River, a coincident central magnetic high and the surface projection of historical drill hole BUL007's favourable alteration.



3. A Southern Zone is defined by a coherent copper anomaly on both sides of the river and a southern magnetic high, plus the adjacent favourable alteration in BUL007.

Two zones (magnetic susceptibility highs) have yet to be drilled and the northwestern anomaly has been only partly drilled tested on its southern margin by Ok Tedi Mining Ltd in historical drill holes BUL001 /BUL003.

The best alteration (and copper + gold mineralisation) occurred in holes BUL001 and BUL007, providing a strong argument for drilling in between them. Hole BUL006 appears to have split the difference, but it actually lies on the eastern side of the ridge and is not within the strong copper in soil anomaly on the western slope that trends west down to the Bulago River and then up the other side.

The possible holes are shown as traces 165m long (i.e. assuming -60 degrees for 330m). Frontier would likely drill at -50 degrees inclination to 'cross' more ground, rather than going slightly deeper (i.e. at -60 degrees).

A 'Ridgeway' mine porphyry copper-gold type target is suggested by petrology work on drill core conducted to date and these highly mineralised porphyry deposits have a narrow but longer and deeper morphology, compared to the OK Tedi Mine. Drilling will traverse across strike as much as possible to test the target ultimately chosen.

Modelling of the inverted magnetics suggest that targets lie nearer the surface, however, downhole magnetic susceptibility readings in hole BUL001 suggests the magnetic zone is at depth, questioning the depth reliability of the inverted data (note that the sharp eastern edge to this anomaly is correct with data continuing to the immediate east).

High Grade Gold Targets Drill Program

On 7 September 2016 drilling commenced at Bulago's Swit Kai Central Lower Horizon. Four diamond core holes (161.3m total of HQ TT) were completed, that targeted flat lying 1630m RL /conformable and moderate SSW dipping gold mineralised zones.

The drill rig then moved to "Pad 2" in East Creek on October 6th, obliquely targeting (down strike and across dip) a 3.0m wide zone, 50-degree south dipping zone that graded 45.2 g/t gold in previous jackhammer channel samples. Refer ASX Announcement 4 July 2014.

Five diamond core holes (153.7m total of HQ TT) were completed on the East Creek Lower Horizon, targeting a moderate/steep SSW dipping gold mineralised zone. The brief geological logs available from each hole on Pad 2 indicate significant megascopic sulphide mineralisation and quartz veining has been intersected in the core in the upper parts of the holes. Intense quartz sulphide mineralisation and veining is concentrated along the contact zone of competent black mudstone and intrusive, primarily in the mudstone.

On 23 November 2016 Frontier announced core assay results from drilling in East Creek. Downhole assay intercepts are listed sequentially below:

EZL001 3.0m grading 11.76 g/t gold (including 1.0m grading 31.10 g/t gold), plus 2.0m grading 3.03, plus 1.0m grading 0.84, plus 1.0m grading 0.90 plus 0.8m grading 0.51 g/t gold.

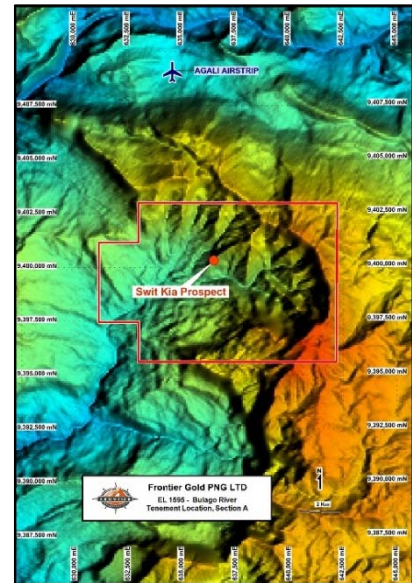
EZL002 4.0m grading 31.66 g/t gold, within 11.0m grading 13.37 g/t gold, including 1.0m grading 90.50 g/t gold.

EZL003 1m grading 11.90 g/t gold, within 5m grading 4.13 g/t gold.

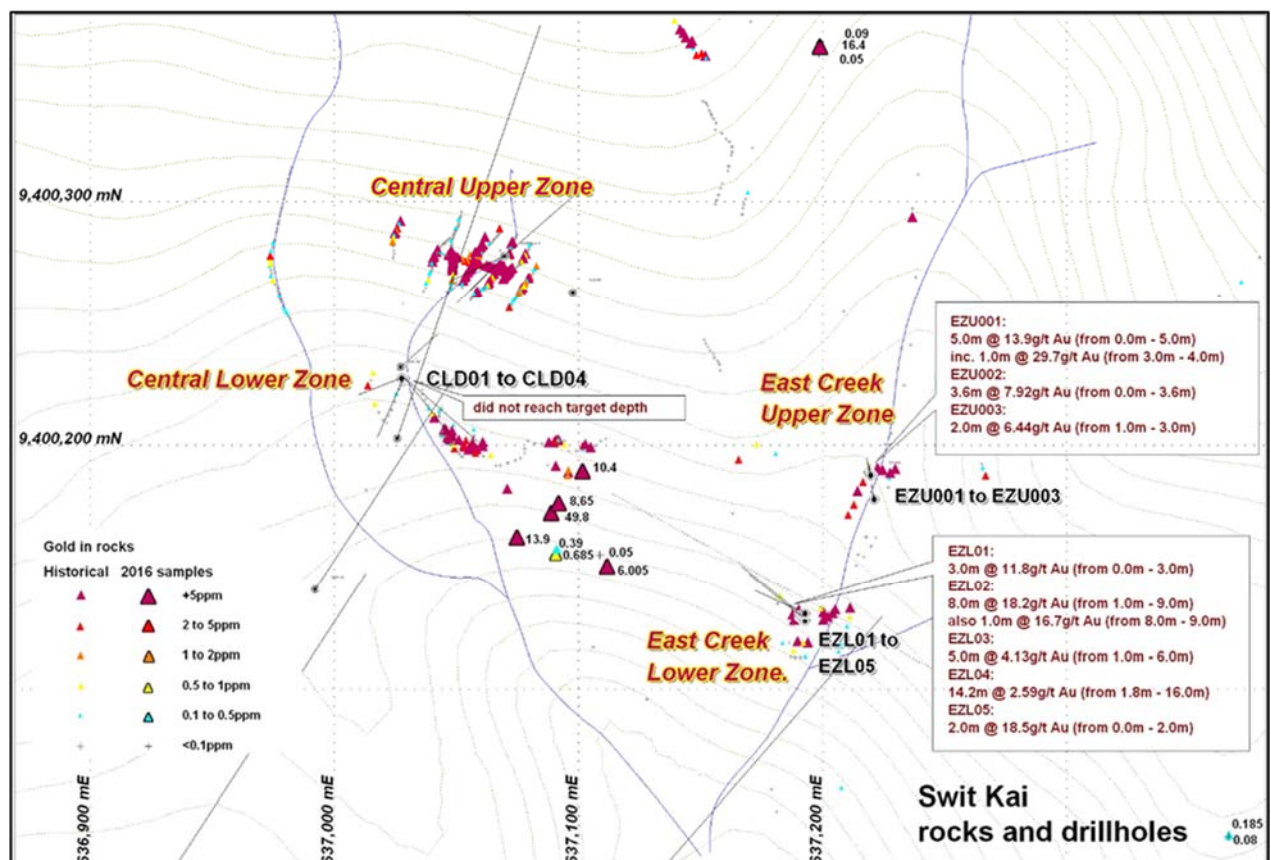
EZL004 2.2m grading 3.03 g/t gold, plus 7.0m grading 3.59 g/t gold, within 14.2m grading 2.55 g/t gold (including 1.0m grading 11.88 g/t gold).

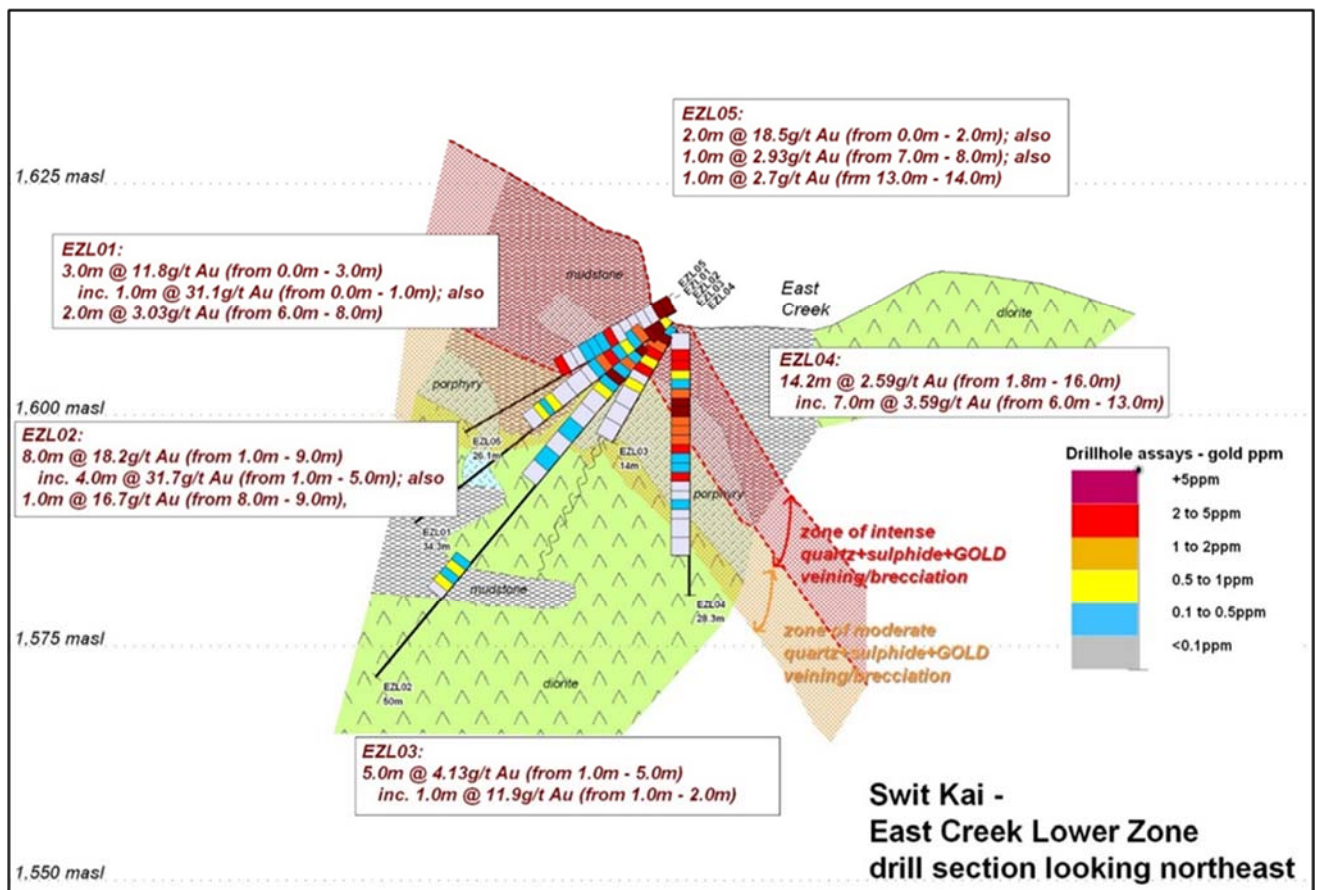
EZL005 1.0m grading 12.55 g/t gold, within 2.0m grading 9.26 g/t gold, plus 1.0m grading 2.93 g/t gold, plus 1.0m grading 2.70 g/t gold.

The mineralised zone appears to be relatively tabular with an orientation of approximately 300 degrees magnetic and a dip of about 50 degrees to the south-west. Intercepts quoted/tabulated herein are all downhole (apparent) lengths. For example, hole 4 was vertical and it intersected the mineralised target zone with an angle of incidence of approximately 40 degrees; this resulted in an apparent length of approximately 145% (of true), so its 14.2m downhole intercept is approximately 10m true width. The quoted intercepts have a minimum cut-off grade of 0.4 g/t gold, to encompass the entire gold mineralised interval (if it is not mineralised, the rock is generally below detection limit). Hole assays, depths, collar location and orientation information is tabulated below.



The assay results show that each hole returned a higher-grade intercept, that was associated with a significantly wider and lower grade gold intercept. The overall grade and length of the drill intercepts associated with the East Creek Lower Zone are relatively variable given the close proximity of each hole, suggesting coarse gold and a 'nugget effect'. Photos of some mineralised half core are included, with their respective assays and they show a wide variation in rock type, contained mineralisation and brecciation/ alteration. Unusually, there is strong to very strong arsenic, zinc and some lead mineralisation, which normally indicates high grade gold, but in this case, was not as definitive.





Five diamond core holes (153.7m total of HQ TT) were completed on the East Creek Lower Horizon, targeting a moderate/steep SSW dipping gold mineralised zone. The holes drilled an outcrop containing 1.0m grading 79.35 g/t gold, within 3m grading 45.17 g/t gold (J303-305) in jackhammer trench sampling (announced to ASX 4/7/2014). Drilling was from the hanging wall on the southern side of the outcrop, so the top section of each hole tested the higher-grade zone.

FNT noted to the ASX on 12/10/2016, the drilling conducted at the Swit Kai Central Lower Zone did not reach the target zone and no samples were analysed from those holes. Field drawn cross sections and plans of the EZL and CLD holes were released to the ASX on 11/11/2016. Three or perhaps all four CLD drill holes (from the Central Lower Zone) need to be lengthened to reach the target zone (being further evaluated) and this could be undertaken during the next round of drilling. On demobilisation, the rig was moved to the SUG002 drill pad and alternatively the targets could/will be tested from the hanging wall side instead. This approach would result in the best angles of incidence to the moderately dipping gold target zone. The rationale for drilling from the footwall side (CLD holes) was to try and intersect the 'horizontal plunge or sausage' that is thought to contain wider and higher grade mineralisation; this is physically not possible from the hanging wall side, because all such holes would drill underneath the plunge, as per hole SUG002.

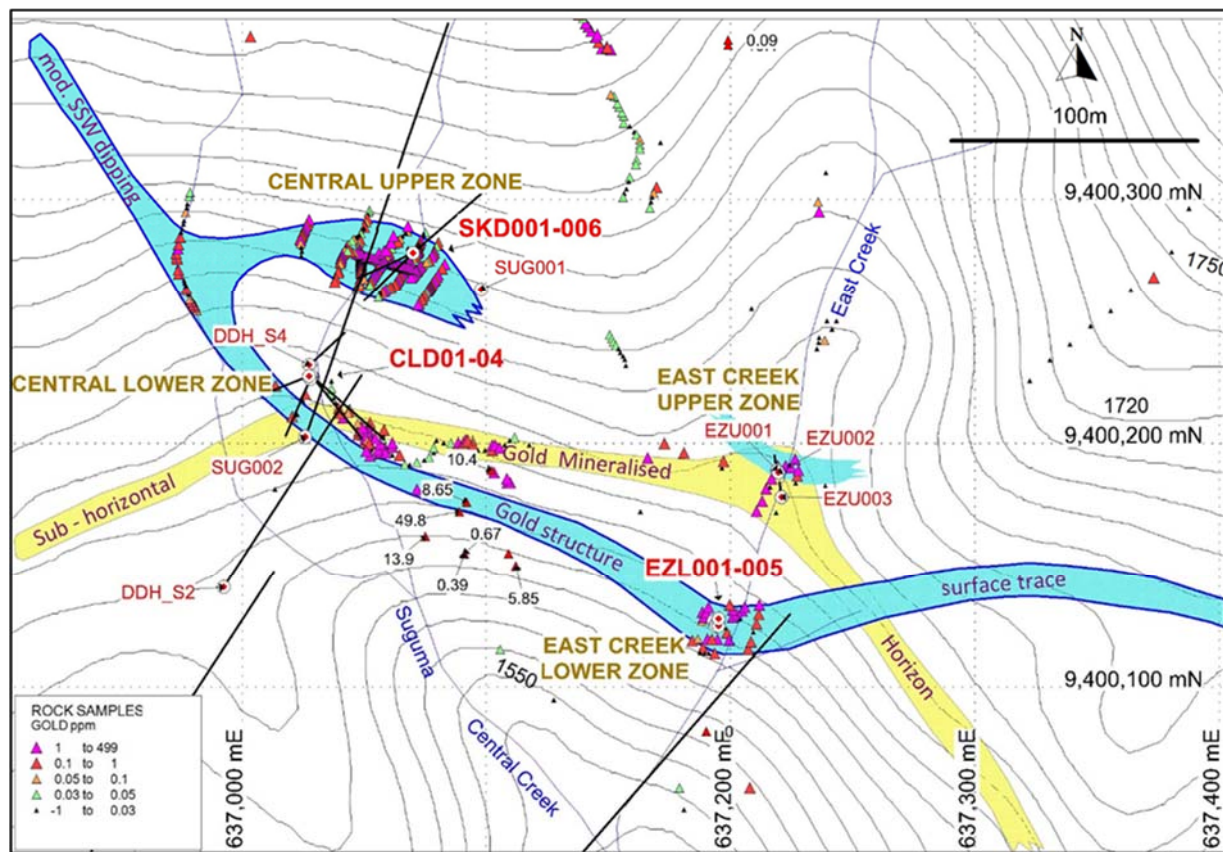
Rock Chip Assay Results

On 23 November 2016 Frontier announced assay results from 14 rock samples collected on the Swit Kai Prospect's Lower Zone strike western and eastern strike extensions and infill at Bulago.

Limited exploration undertaken during the recent drilling program specifically targeted three topographic "flat spots" along and across strike from the known high-grade gold mineralisation, with hand trenching, mapping and sampling. Trench 3 with rock to 16.40 g/t gold + 54.7 g/t silver is outside the soil grid and represents a successful 'Wildcat' evaluation; this site is about 830m WNW of the East Creek drilling (EZL holes whose results were announced today). Trench 1 is located to the east of the EZL holes and is approximately 1,050m from the Trench 3 results. The second trench was dug on a lead/zinc soil anomaly south of Swit Kai and close to the main Bulago River and also represents a new discovery.

These geomorphological anomalies consist of small 'flat spots' (possible conformable mineralisation) with steep northern sides (possible moderate south dipping mineralisation) and were targeted because the mineralisation model for Swit Kai consists of both a moderate south dipping zone and a conformable sub-horizontal zone. These characteristics are reasonably expected to be repeated in other locations within the area, resulting in multiple gold mineralised zones as we have apparently observed.

These flat spots are also associated with strongly anomalous lead and zinc (with local gold) in soil geochemistry, further reinforcing the parameters of the mineralisation model and demonstrating that all such zones require concerted evaluation. There are many such geomorphological anomalies in the general Swit Kai and Bulago area and they are relatively simple to follow up and evaluate, in preparation for future drilling. Exploration possibilities will be demonstrated on a plan when the data can be meaningfully represented and released. Please note that the plan only shows the samples collected between the CLD and EZL holes.



Sample 649006 returned 49.80 g/t gold + 135.0 g/t silver and interestingly 0.70% copper. Trench float samples 649004 and 649005 were located along strike to the east of the EZL drilling and contained weak gold mineralisation, but relatively more silver mineralisation (to 14.2 g/t silver), with very low arsenic, zinc and lead. Unfortunately, the trenching was generally not deep enough to be totally effective and samples were not flown out of the camp upon demobilisation to save money by avoiding an additional helicopter trip.

Bulago Exploration Schedule

Subsequent to the Period on 12 January 2017 the Company updated shareholders in relation to the Bulago exploration schedule for Q1 2017. Frontier advised it mobilised to Bulago in late February for a 2 ½ month, multiple hole drilling program that will include a high priority porphyry copper -gold hole, in addition to further substantial drilling of the high-grade gold at the Swit Kai Prospect.

The wet season at Bulago commences in about early May and drill pads/access are often in/by creeks/rivers and therefore the exploration program is anticipated to finish late April.

Frontier hopes to be able to undertake additional general exploration to:

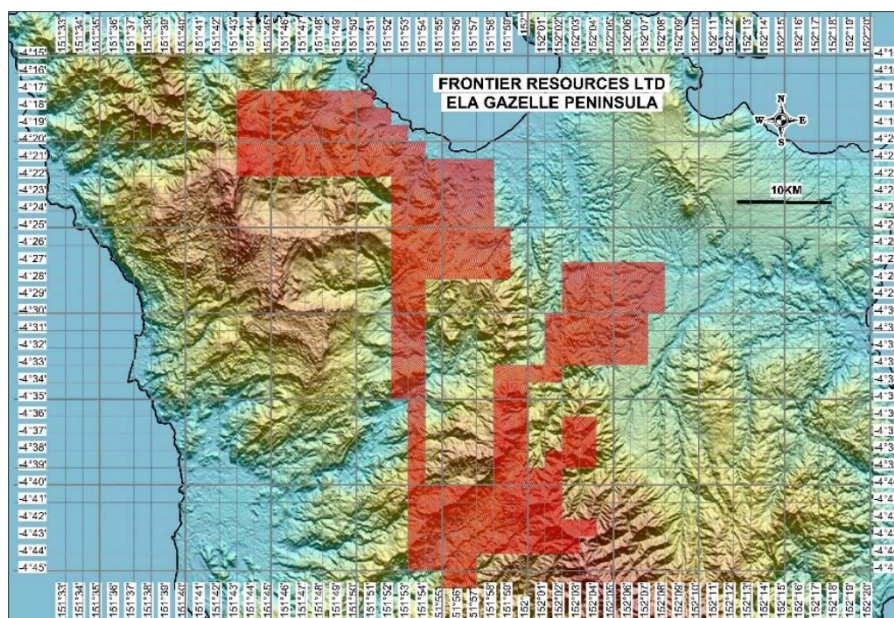
1. Further hand trench topographic +/- lead/ zinc/gold soil anomalies that appear to represent repetitions of the known high grade mineralisation and thus hope to define future and possibly more extensive drilling targets.
2. Pan concentrate /stream sediment sample the watercourses to the northwest and north of Swit Kai Prospects, as they have never been systematically evaluated, but where reconnaissance sampled they have demonstrated significant gold anomalies. This region drains an intrusive that also has significant aeromagnetic and potassium radiometric anomalies requiring follow-up.
3. Reconnoitre and also hand trench the major gold/zinc/lead soil anomaly in the central north of the Bulago Valley.

On 23 February 2017 Frontier advised that the drilling/exploration team had commenced the general fixed wing aircraft mobilisation into the Bulago region.

Successful Ballot for former Sinivit Gold Mine

On 16 December 2016 the Company advised it had won the application ballot for the former Sinivit gold Mine (**ML**) and associated former Exploration Licence (**EL**), plus much of our former East New Britain EL (formerly Joint Ventured with Ok Tedi Mining Ltd), located on the Gazelle Peninsula, East New Britain Province, Papua New Guinea.

The ELA 2515 application area has excellent access with an all-weather road from Sinivit to Rabaul (located 50km to the NE) and has landowners that are supportive of exploration and mining. New Guinea Gold Corp (NGG-TSX: V) operated the modest vat leach gold Mine from late 2007 until 2011 and finished processing ore in early 2013.



The quartz vein system is present for about 10 km within the EL application, so exploration potential is excellent. In addition, the area covering Frontier's former EL 1592 contains two large aeromagnetic porphyry copper -gold signatures and various other copper and gold prospects that have never been really explored.

Subsequent to the Period on 2 March 2017 Frontier advised that a very positive and productive Exploration Licence Application Wardens Court Hearing was completed for ELA 2515. The EL Application covers the former Sinivit gold Mine and parts of Frontier's former EL 1592, that contains two large aeromagnetic porphyry copper-gold signatures and other copper and gold prospects. The landowners are supportive of exploration and mining and wish to see continued development in their region after the lull that has occurred over the last 4 to 5 years.

The regulatory procedure for Exploration Licence Applications is based on the PNG Mining Act of 1992.

- The process is to lodge the application and then conduct a Warden's Court Hearing to assess landowners' views (held at site on or near the ELA).
- The Warden has 2 weeks to lodge his report with the Mining Advisory Council (**MAC**), which deliberates on the issue and makes a recommendation to the Minister. The timing for the recommendation is relative to the MAC's schedule and whether additional information is required or requested.
- The Minister then decides to grant the EL Application (or not).

- This process normally takes several months, but Frontier will attempt to expedite it.
- The EL will have a 2-year renewable term, that is subject to normal expenditure and exploration commitments, with mandatory 50% reductions by the end of the second year (until the area is 100sq km or less (<30 latitudinal sub blocks)).
- The expenditure minimum is K90 (\$40) /sub block initially, but increases in the second and third terms.
- The expenditure commitment offered by Frontier is K100,000 in Year 1 and K150,000 in year 2 (about A\$42,000 in Year 1 and A\$53,000 in Year 2), but substantial exploration is planned, including drilling and a new feasibility study to be undertaken subsequent to grant and a capital raising.

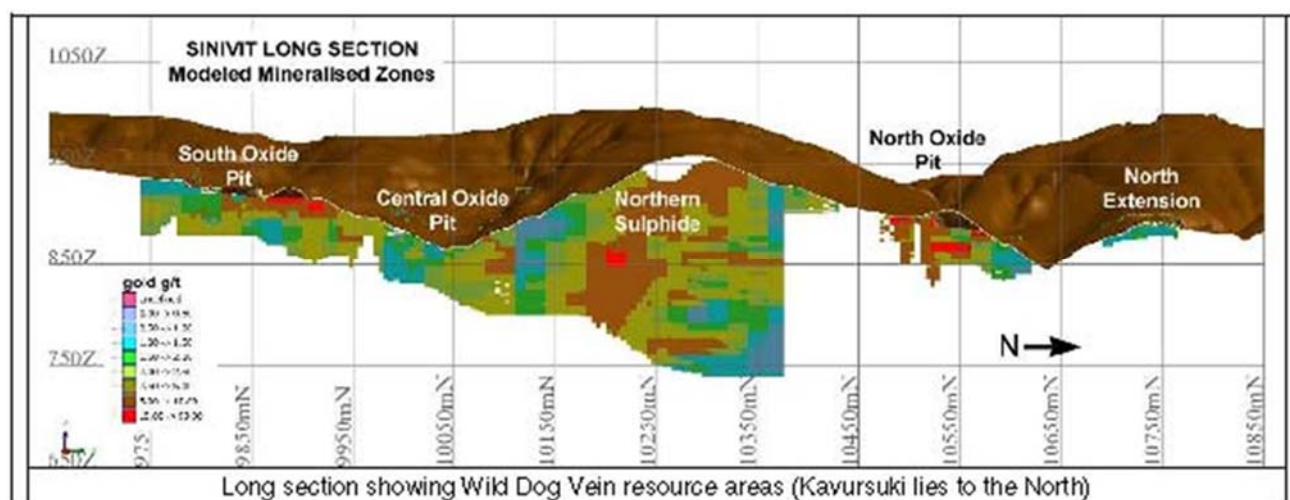
The information below regards the former Sinivit Mine and was released to the ASX on 31 January 2017 and there has not been any material changes since then. The modest Sinivit vat leach gold mine was operated from late 2007 until early 2012 and finished processing ore in early 2013.

Evaluation of the resource estimations of the former Sinivit Mine area was undertaken to comply with Canadian Regulators 43-101 format (roughly equivalent to JORC), which shows that the mine area contains a total of approximately 217,000 ounces of Indicated and Inferred resources of gold, grading 3.93 g/t, that is hosted in 1.7 million tonnes of ore.

Sinivit Gold Resources			
Zone	Tonnes	Gold Grade (g/t)	Contained Gold (ounces)
*Southern Oxide (3/10/2011 estimate)	103,000	4.40	14,600
*Central Oxide (3/10/2011 estimate)	184,000	3.80	22,700
*Northern Oxide (3/10/2011 estimate)	67,000	3.10	6,500
** Kavursuki (11/4/2013 estimate)	283,000	3.70	33,000
Total Indicated Resources (1.5g/t cut off)	637,000	3.78	77,402
Total Inferred Resources - All Areas (1.5g/t cut off)	1,084,000	4.02	140,190
Total Indicated + Inferred Resources	1,721,000	3.93	217,592

- The estimates are foreign estimates and are not reported in accordance with the JORC code.
- A competent person has not done sufficient work to classify the foreign estimates as mineral resources in accordance with the JORC code
- It is uncertain that following evaluation and/or further exploration work that the foreign estimates will be able to be reported as mineral resources in accordance with the JORC code.
- No physical exploration is required to be able to report these resources in accordance with the JORC code. Mining Associates could readily modify their 43-101 report to become JORC compliant for a fee. Otherwise the digital data utilised must be obtained and remodelled in Surpac and reported to the ASX.
- The timeframe to accomplish this task requires that first the EL must be granted. As no physical exploration is required, there are no major issues with funding such an exercise and it would be done from existing funds or a capital raising would be undertaken to accomplish such.
- Additional information relating to the resource estimations is provided in Section 3 of Frontier's quarterly activities report released to ASX on 31 January 2017.

The information provided in this market announcement provided under rules 5.12.2 to 5.12.7 is an accurate representation of the available data and studies for the Sinivit Mine Project and is based on information compiled by Peter A. McNeil - Managing Director of Frontier Resources, who consults to the Company via Exploration & Management Consultants Pty Ltd and is a Member of the Aust. Inst. of Geoscientists.



The Sinivit area and much of the EL application has excellent access with an all-weather road from Rabaul (located ~50km to the NE). The quartz vein system is present for about 10 km within the EL application and exploration potential is excellent.

CORPORATE

Share Purchase Plan

The Share Purchase Plan (SPP) announced on 17 June 2016 closed on Thursday, 14 July 2016 with applications for 6,830,015 shares totalling \$204,900. On 3 August 2016 the Company advised it had placed a further 3,366,667 shares at \$0.03 per share to raise an additional \$101,000 for drill testing the porphyry copper-gold targets in addition to the Swit Kai high grade gold at the Bulago EL in Papua New Guinea. Chairman and Managing Director Peter McNeil also agreed, subject to shareholder approval, to subscribe for a further 2,075,827 shares at \$0.03 per share to raise a further \$62,275.

In addition to the placement, the Company issued 2,521,667 shares to consultants in lieu of outstanding fees, also pursuant to the Company's listing rule 7.1 capacity.

Rights Issue

On 29 November 2016 the Company launched a non-renounceable entitlements issue to raise up to \$469,851 (Rights Issue). The Rights Issue offered eligible shareholders the ability to subscribe for one (1) fully paid New Share in the Company for every three (3) existing Shares held by Australian and New Zealand resident shareholders at 5:00pm on 5th December 2016 (Record Date) at an issue price of \$0.03 per Share.

The Rights Issue closed on 16 January 2017 with 230 applications for 11,005,001 shares totalling \$330,150. On 17 February 2017 the Company placed a total of 5,794,947 new fully paid shares in the Company to raise \$173,848 (before costs), representing the shortfall from the Rights Issue together with an additional placement of shares. The new shares were issued at \$0.03 per share, being the same issue price as under the Entitlement Offer. This placement increased the total funds raised from the Rights Issue to over \$500,000.

EVENTS OCCURRING AFTER THE REPORTING DATE

Frontier Option Incentive Plan

On 10 February 2017 the Company issued 2,000,000 options exercisable at \$0.034 on or before 10 February 2020 to Directors following shareholder approval obtained at the 2016 annual general meeting. In addition, the Company issued 2,800,000 options exercisable at \$0.03 on or before 30 December 2019 to employees, pursuant to the Frontier Option Incentive Plan approved by shareholders on 23 November 2016.

Issue of Shares to Consultants

On 10 February 2017 the Company advised it had settled a total of \$200,000 of consultant and contractor fees by way of issuing 6,666,667 shares at a conversion price of \$0.03 per share (Conversion Issue). The Conversion Issue represented between six and twelve months of professional fees including \$120,000 (or 35 hours) of helicopter service in Papua New Guinea to be utilised in the mobilisation for the Bulago high-grade gold and porphyry copper-gold drilling program.

Other than as set out above there were no other events occurring after the reporting date.

AUDITORS' INDEPENDENCE DECLARATION

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

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



Peter A. McNeil
Chairman and Managing Director M.Sc., MAIG
15th March 2017

Level 15, Exchange Tower,
2 The Esplanade, 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

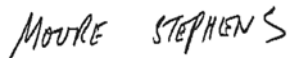
AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307c OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF FRONTIER RESOURCES LIMITED

As lead auditor for the review of Frontier Resources Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



Suan-Lee Tan
Partner



Moore Stephens
Chartered Accountants

Signed at Perth this 15th day of March 2017

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

REPORT ON THE HALF-YEAR FINANCIAL REPORT

We have reviewed the accompanying half-year financial report of Frontier Resources Limited and controlled entities (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2016, 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Frontier Resources Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the Corporations Act, 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 review report.

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

BASIS FOR QUALIFIED CONCLUSION

The Company's consolidated statement of financial position as at 31 December 2016 includes plant and equipment with a carrying value as at 31 December 2016 of \$192,768. 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 CONCLUSION

Except for the effects of the matter described above, based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Frontier Resources Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

INHERENT UNCERTAINTY REGARDING GOING CONCERN

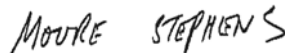
In addition to the conclusion expressed above, we draw attention to note 1 of the financial statements which states that the financial statements have been prepared on a going concern basis. The Company's ability to continue as a going concern for at least the next 12 months will require it to undertake 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 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.



Suan-Lee

Moore Stephens

Partner



Tan

Chartered Accountants

Signed at Perth this 15th day of March 2017

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 15 to 22 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with AASB 134 Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Frontier Resources Ltd will be able to pay its debts as and when they become due and payable.

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



Peter A. McNeil
Managing Director

15th March 2017

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Notes	Half-year	
		2016	2015
		\$	\$
Continuing Operations			
Revenue		71,839	25,045
Interest income		80	465
		<u>71,919</u>	<u>25,510</u>
Exploration expenditure		(358,329)	(43,897)
Directors benefits expense		(57,400)	-
Administration and insurance		(112,430)	(75,946)
Consultancy		(3,450)	(50,775)
Corporate compliance and shareholder relations		(68,538)	(44,022)
Depreciation		(74,998)	(125,457)
Office rental, communications and consumables		(15,110)	(30,538)
Other expenses		<u>(12,406)</u>	<u>(10,990)</u>
Loss from continuing operations		<u>(630,742)</u>	<u>(356,115)</u>
Income tax expense		-	-
Loss after income tax		<u>(630,742)</u>	<u>(356,115)</u>
Loss for the half year is attributable to:			
Equity holders of Frontier Resources Limited		(630,742)	(356,115)
Non-controlling interest		-	-
Total loss for the half year		<u>(630,742)</u>	<u>(356,115)</u>
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Movement in foreign currency reserve		<u>13,545</u>	<u>(15,106)</u>
Total comprehensive loss for the half year attributable to owners of Frontier Resources Limited		<u>13,545</u>	<u>(15,106)</u>
Total comprehensive loss for the half year is attributable to:			
Equity holders of Frontier Resources Limited		(617,197)	(371,221)
Non-controlling interest		-	-
Total comprehensive loss for the half year		<u>(617,197)</u>	<u>(371,221)</u>
Loss per share for loss attributable to the ordinary equity holders of Frontier Resources Limited		Cents	Cents
Basic and diluted loss per share		(1.4)	(0.08)

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

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	31-Dec-16 \$	30-Jun-16 \$
ASSETS			
Current Assets			
Cash and cash equivalents		25,688	28,846
Trade and other receivables		44,672	35,379
Total Current Assets		70,360	64,225
Non-Current Assets			
Trade and other receivables		5,891	5,841
Plant and equipment		192,768	265,028
Total Non-Current Assets		198,659	270,869
Total Assets		269,019	335,094
LIABILITIES			
Current Liabilities			
Trade and other payables		433,290	379,408
Total Current Liabilities		433,290	379,408
Total Liabilities		433,290	379,408
Net Liabilities		(164,271)	(44,314)
EQUITY			
Contributed equity		31,637,079	31,197,239
Reserves		3,571,933	3,500,988
Accumulated losses		(35,373,283)	(34,742,541)
Total Equity		(164,271)	(44,314)

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

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2016

Consolidated Entity	Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Options Premium Reserve	Foreign Exchange Reserve	Total	Non-Controlling Interest	Total Equity
Balance at 30 June 2015	31,132,949	(34,101,021)	3,939,885	78,000	472,856	576,957		576,957
Loss for the half year	-	(356,115)	-	-	-	(356,115)		(356,115)
Other comprehensive income -								
Foreign currency translation	-	-	-	-	(15,106)	(15,106)		(15,106)
Total Comprehensive Income/(Loss) for the period	-	(356,115)	-	-	(15,106)	(371,221)	-	(371,221)
Transactions with equity holders -								
Share issued during the period	64,291	-	-	-	-	64,291	-	64,291
Balance at 31 December 2015	31,197,240	(34,457,136)	3,939,885	78,000	(487,962)	270,027		270,027
Balance at 30 June 2016	31,197,239	(34,742,541)	3,939,885	78,000	(516,897)	(44,314)	-	(44,314)
Loss for the half year	-	(630,742)	-	-	-	(630,742)	-	(630,742)
Other comprehensive income -								
Foreign currency translation	-	-	-	-	13,545	13,545	-	13,545
Total Comprehensive Income/(Loss) for the period	-	(630,742)	-	-	13,545	(617,197)	-	(617,197)
Transactions with equity holders -								
Option issued during the period				57,400		57,400		57,400
Share issued during the period	439,840	-	-	-	-	439,840	-	439,840
Balance at 31 December 2016	31,637,079	(35,373,283)	3,939,885	135,400	(503,352)	(164,271)	-	(164,271)

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

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Notes	Half-year	
		2016	2015
		\$	\$
Cash Flows from Operating Activities			
Cash receipts from customers		-	13,006
Interest received		80	465
Payments to suppliers and employees		(86,511)	(155,754)
Payments for exploration and evaluation activities		(334,735)	(39,979)
Net cash outflow from operating activities		(421,166)	(182,262)
Cash Flows From Investing Activities			
Proceeds from sale of fixed assets		74,073	-
Net cash inflow from investing activities		74,073	-
Cash Flows from Financing Activities			
Proceeds from application funds held in trust		17,540	-
Proceeds from borrowings		40,000	-
Proceeds from issue of shares (net of share issue costs)		288,188	(3,290)
Net cash inflow/(outflow) from financing activities		345,728	(3,290)
Net increase/(decrease) in cash and cash equivalents		(1,365)	(185,552)
Cash and cash equivalents at the beginning of the half-year		28,846	216,367
Effect of exchange rates on cash holdings in foreign currencies		(1,793)	(2,576)
Cash and cash equivalents at end of the half-year		25,688	28,239

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

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

These interim financial report is intended to provide users with an update on the latest annual financial statements of Frontier Resources Limited and its controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that these financial statements be read in conjunction with the annual financial statements for the year ended 30 June 2016 and any public announcements made by Frontier Resources Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

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

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

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 half-year ended 31 December 2016 the Group recorded a loss after tax of \$630,742 (2015: \$356,115) and had a net working capital deficit of \$362,930 (30 June 2016: \$315,183).

The Directors recognise that the ability of the company to continue as a going concern is dependent on the ability of the company being able to secure additional funding through either the issue of further shares and/or options or convertible notes or a combination thereof as required to fund ongoing exploration and evaluation activities, and for additional working capital.

Based on the above, the company is confident that it will successfully raise additional funds, if required, to meet its financial obligations in future periods. As a result the financial report has been prepared on a going concern basis. However should the consolidated entity be unsuccessful in securing further working capital, the consolidated entity may not be able to continue as a going concern.

The financial statements do not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the company not be able to continue as a going concern.

New and revised accounting requirements applicable to the current interim period

The Group has considered the implications of the new or amended Accounting Standards applicable to the Group for the first time in the current half-year reporting period 1 July 2016 to 31 December 2016 but determined that their application to the financial statements is either not relevant or not material.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

2. LOSS FOR THE PERIOD

	Half-year	
	2016	2015
The following expense items are relevant in explaining the financial performance for the interim period:		
Exploration expenditure	358,329	43,897
Directors benefit expense (options)	57,400	-

3. OPERATING SEGMENTS

The consolidated entity 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 entity.

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

	Papua New Guinea Exploration \$	Treasury \$	Consolidated \$
For the Half Year to 31 December 2016			
Segment Revenue	71,839	80	71,919
Segment Results	(373,693)	80	(373,613)
Amounts not included in segment results but reviewed by Board:			
Corporate Expenses			(199,729)
Share-based Payments Expense			(57,400)
Loss before Income Tax			(630,742)
As at 31 December 2016			
Segment Assets	225,850	43,169	269,019
Segment Liabilities	1,049	432,241	433,290

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

3. OPERATING SEGMENTS (Cont.)

	Papua New Guinea Exploration \$	Treasury \$	Consolidated \$
For the Half Year to 31 December 2015			
Segment Revenue	25,045	465	25,510
Segment Results	(167,275)	(7,106)	(174,381)
Amounts not included in segment results but reviewed by Board:			
Corporate Expenses			(181,734)
Share-based Payments Expense			-
Loss before Income Tax			(356,115)
As at 30 June 2016			
Segment Assets	265,825	69,269	335,094
Segment Liabilities	-	379,408	379,408

4. EQUITY SECURITIES

	Dec 2016 Shares	Jun 2016 Shares	Dec 2016 \$	Jun 2016 \$
Balance at 1 July	32,569,646	581,971,496	31,197,239	31,132,949
Consolidation of Capital 20:1	-	(552,871,850)	-	-
Share Issue (net of costs)	14,415,476	3,470,000	439,840	64,290
Balance at end of the period	46,985,122	32,569,646	31,637,079	31,197,239

Options to purchase ordinary shares	Dec 2016 Options	Jun 2016 Options
Balance at 1 July	1,400,000	900,000
Issue of directors' options	2,000,000	500,000
Balance at end of the period	3,400,000	1,400,000

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

5. RESERVES

	Dec 2016	Jun 2016
	\$	\$
Share based payment reserve	3,939,885	3,939,885
Options premium reserve	135,400	78,000
Foreign currency translation reserve	(503,352)	(516,897)
	3,571,933	3,500,988
Movements – Share based payment reserve		
Balance at 1 July	3,939,885	3,939,885
Option expense	-	-
Balance at end of the period	3,939,885	3,939,885
Movements – Options premium reserve		
Balance at 1 July	78,000	78,000
Options issued to directors	57,400	-
Balance at end of the period	135,400	78,000
Movements – Foreign currency translation reserve		
Balance at 1 July	(516,897)	(472,856)
Currency translation differences arising during the period	13,545	(44,041)
Balance at end of the period	(503,352)	(516,897)

6. COMMITMENTS AND CONTINGENT LIABILITIES

The Group's commitments remain consistent with those noted at 30 June 2016. The Group has no contingent liabilities at 31 December 2016.

7. DIVIDENDS

There were no dividends paid or recommended during the financial period ended 31 December 2016.

8. EVENTS OCCURRING AFTER THE REPORTING DATE

Frontier Option Incentive Plan

On 10 February 2017 the Company issued 2,000,000 options exercisable at \$0.034 on or before 10 February 2020 to Directors following shareholder approval obtained at the 2016 annual general meeting. In addition, the Company issued 2,800,000 options exercisable at \$0.03 on or before 30 December 2019 to employees, pursuant to the Frontier Option Incentive Plan approved by on 23 November 2016.

Issue of Shares to Consultants

On 10 February 2017 the Company advised it had settled a total of \$200,000 of consultant and contractor fees by way of issuing 6,666,667 shares at a conversion price of \$0.03 per share (Conversion Issue). The Conversion Issue represented between six and twelve months of professional fees including \$120,000 (or 35 hours) of helicopter service in Papua New Guinea to be utilised in the mobilisation for the Bulago high-grade gold and porphyry copper-gold drilling program.

Other than as set out above there were no other events occurring after the reporting date.