



## **FRONTIER RESOURCES LTD**

A.B.N. 96 095 684 389

### **CONSOLIDATED INTERIM FINANCIAL REPORT**

**HALF-YEAR ENDED 31 DECEMBER 2018**

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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 2018 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 2018.

## **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:

Tony Hickey (Non-Executive Chairman)  
Fenix Dong (Executive Director)  
Fei Peng (Non-Executive Director)  
Peter Swiridiuk (Non-Executive Director)  
John Kirakar (Non-Executive Director) (resigned 29 August 2018)  
Paige McNeil (Non-Executive Director) (resigned 29 August 2018)

## **RESULTS AND DIVIDENDS**

The consolidated entity loss after income tax for the half-year is \$265,577 (2017: \$466,001). There is no dividend paid or recommended. The result for this half year included exploration expenditure of \$48,167 (2017: \$282,956).

## **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), Pongera 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.

### **Muller EL 2356**

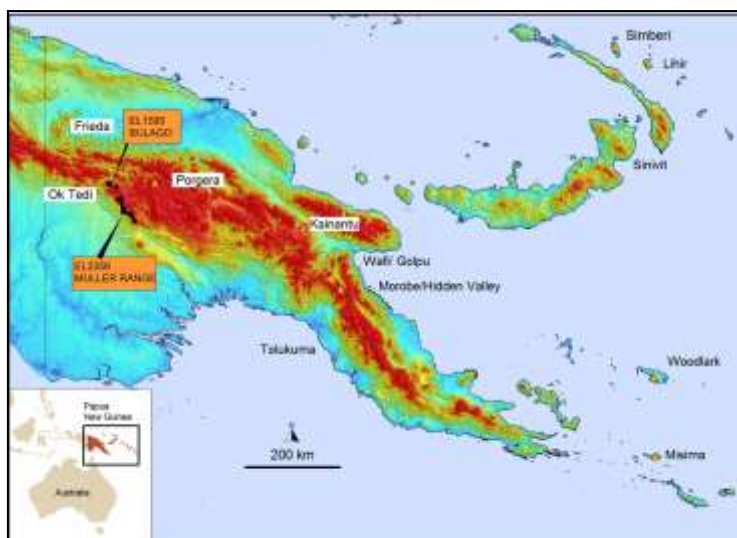
During the Period the renewal processes for the tenement were completed, as required by the Mining Advisory Council in PNG. The Company currently awaits the receipt of renewal notices from the MRA confirming tenement renewals.

In anticipation of the renewal, a fieldwork program has been planned for the Tingi prospect within EL2356 Muller Range.

In addition, analysis of geophysical modelling has outlined a large porphyry intrusive system at the Baia prospect and also generated priority target areas for potential mineralisation at the Cecelia prospect, both within EL2356.

### **Bulago EL 1595**

During the Period the renewal processes for the tenement were completed, as required by the Mining Advisory Council in PNG. The Company currently awaits the receipt of renewal notices from the MRA confirming tenement renewals. In anticipation of the renewal, high resolution Worldview satellite data has been analysed and new mineralised targets defined for planned exploration.



Frontier is targeting three main styles of mineralisation in the Bulago project:

1. Very high grade gold epithermal related targets including the Swit Kai prospect which is associated with intrusive/host rock contact breccia and shear zones
2. Large volume porphyry copper-gold-molybdenum associated with the Idawe porphyry complex
3. Polymetallic skarn mineralisation associated with the contact of intrusives and overlying limestones

Magnetic skarn targets interpreted from airborne magnetic data and anomalous lead-zinc within the "Orolupe" volcanic target are subject to a surface geochemical program currently being planned.

### **EL 2356 – Tingi Prospect**

During the Period Frontier planned its next phase of fieldwork exploration program in the Northern Tingi Block of EL2356 (**Figure 2**). The upcoming fieldwork program is designed to collect further geochemical data in certain areas of the Lower Tingi Valley Prospect where historical reconnaissance ridge-and-spur soil sampling has detected areas of anomalous gold and base metals at surface (Figure 3). The fieldwork is based on a grid soil sampling program over previously mapped and sampled zones of alteration and mineralisation related to intrusive stocks. Prior work has established three stocks coinciding with anomalous geochemical data.

The exploration program aims to increase knowledge on the geochemically anomalous zones of the prospect area by increasing sample density over an area identified by historical mapping and ridge line soil sampling. This will be achieved by running a grid based soil sampling program similar to that completed over the eastern end of Tingi prospect by Kennecott in 1992 to 1993 (Figure 3). Provided the sampling program produces positive anomalies of interest, it can be the basis of advanced follow-up work such as trench mapping and channel sampling to generate potential drill targets.

The targeted zone of this work program is outlined in the map below with an area to be covered of approximately 1 km<sup>2</sup> (100 Ha). Grid sampling lines will be cut 100m apart and orientated near perpendicular to NE trending structures. A total of 237 samples are planned to be collected spaced at 50m intervals along each line grid line.

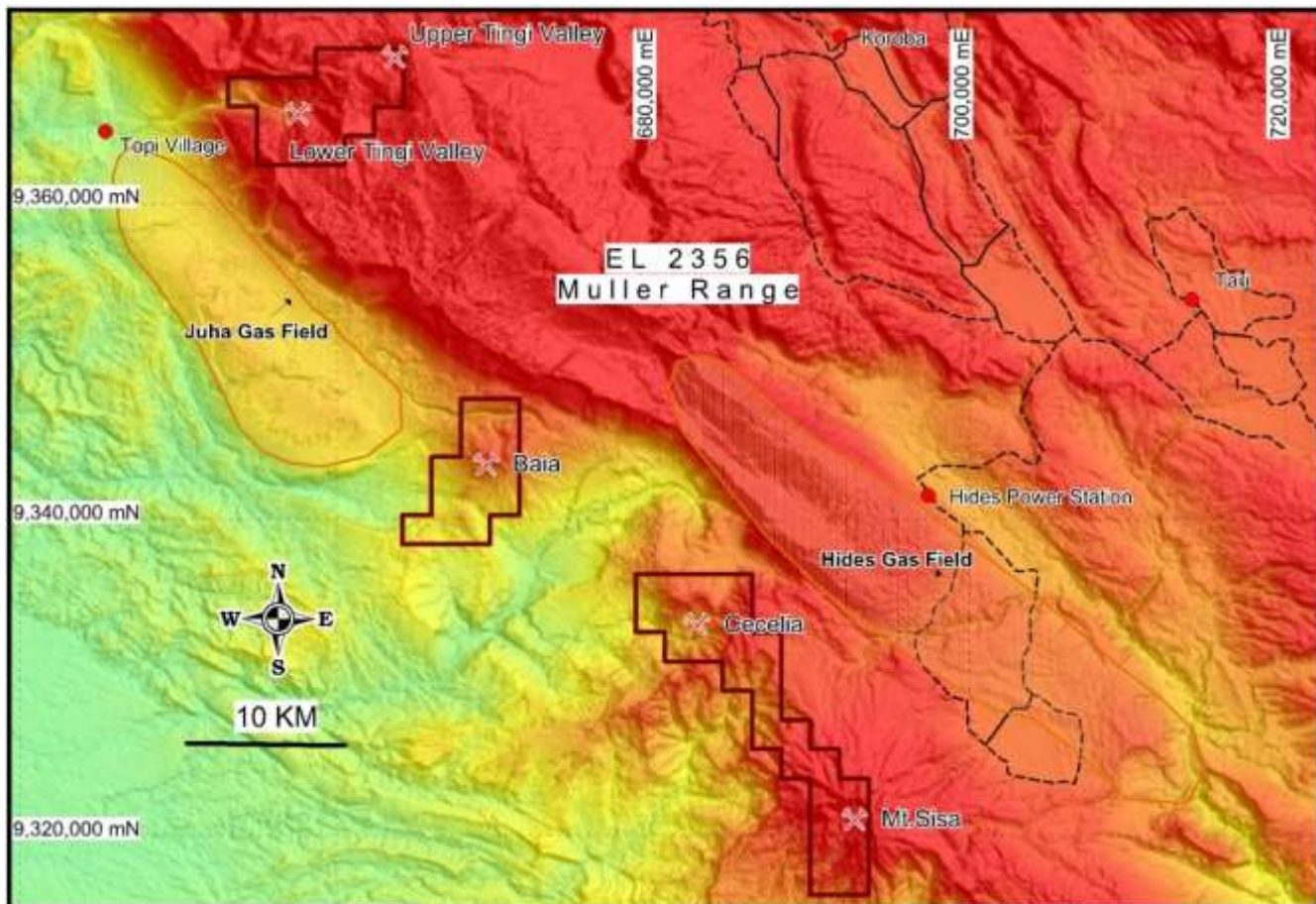
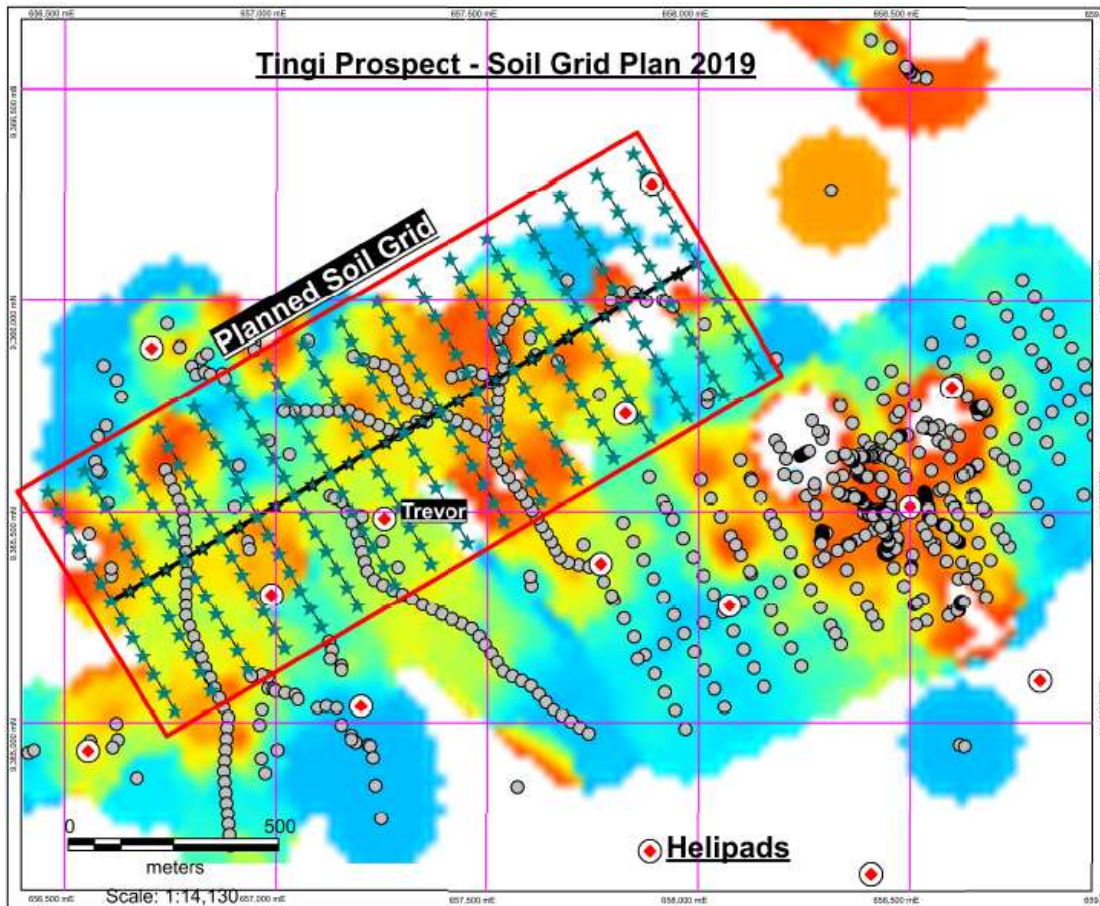


Figure 2: EL 2356 Tenement on Digital Topography Image

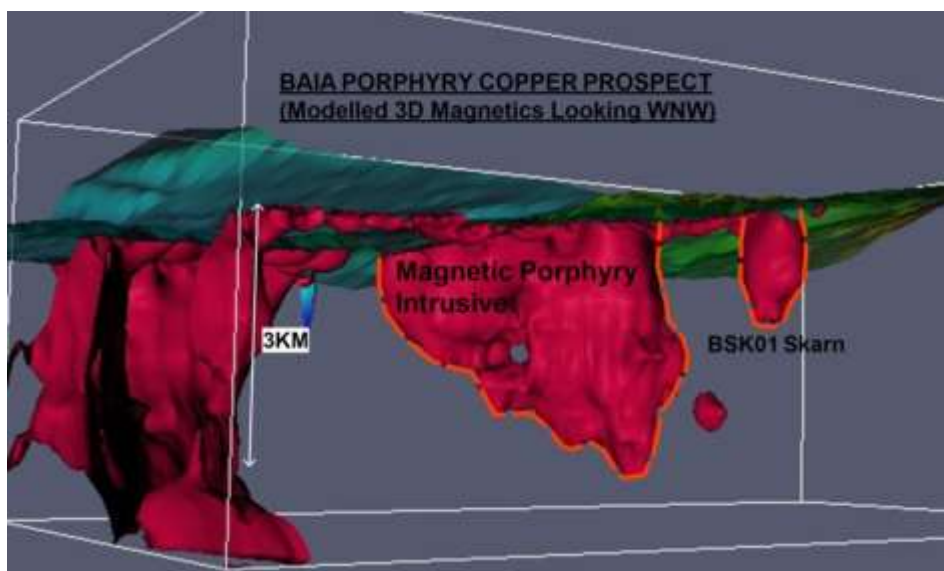


**Figure 3: Tingi Planned Soil Sampling Program on Historical Gold Geochemistry Image**

**EL 2356 – Baia Porphyry**

Airborne magnetic geophysical data has been modelled over the Muller Range central tenement block (Figure 2), which hosts the large copper-gold-molybdenum Baia porphyry system.

The three dimensional modelling of airborne geophysical magnetic data reveals a sub-surface large 4.4-6 km x 1-1.5 km magnetic porphyry intrusive system related to copper mineralisation which extends to over 3km depth (Figure 4). Near surface, more intense localised magnetic bodies may relate to skarn styles of mineralisation.



**Figure 4: Baia Prospect 3D Magnetic Model**

The magnetic modelling helps to more accurately define sub-surface geometry of magnetic target areas and help prioritise areas which require further geochemical testing for mineralisation at both surface and at depth. Similar styles of magnetic signatures are also encountered from the Porgera, Ok Tedi and Frieda River deposits.

Historical anomalous lead + zinc in soil samples occur over a 2.2 km diameter outer halo surrounding a 1 km diameter copper core, both of which are coincident with the magnetic porphyry intrusive (Figure 5). The lead-zinc halo is indicative of mineralisation near the heat source of the magnetic intrusive.

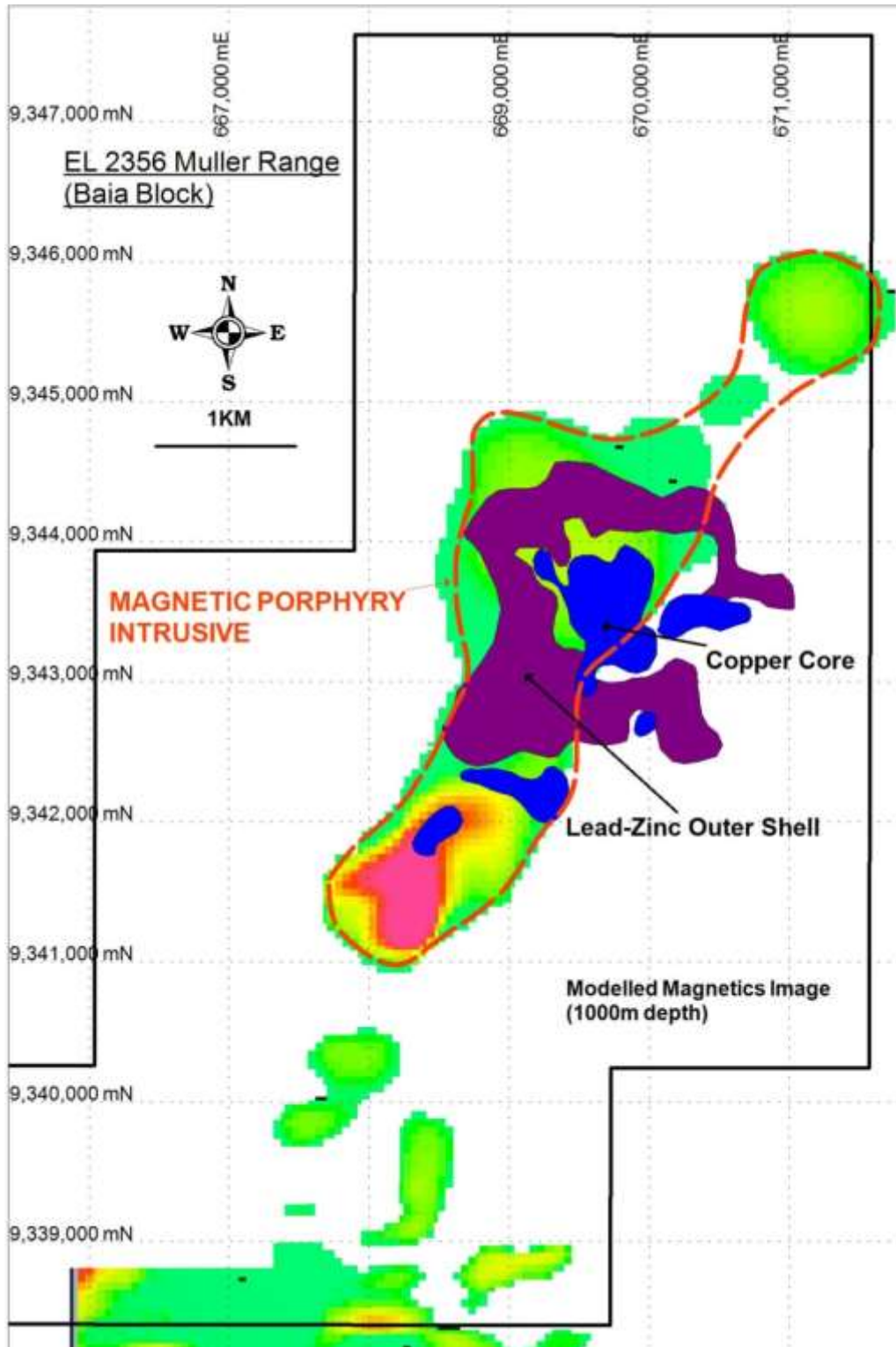
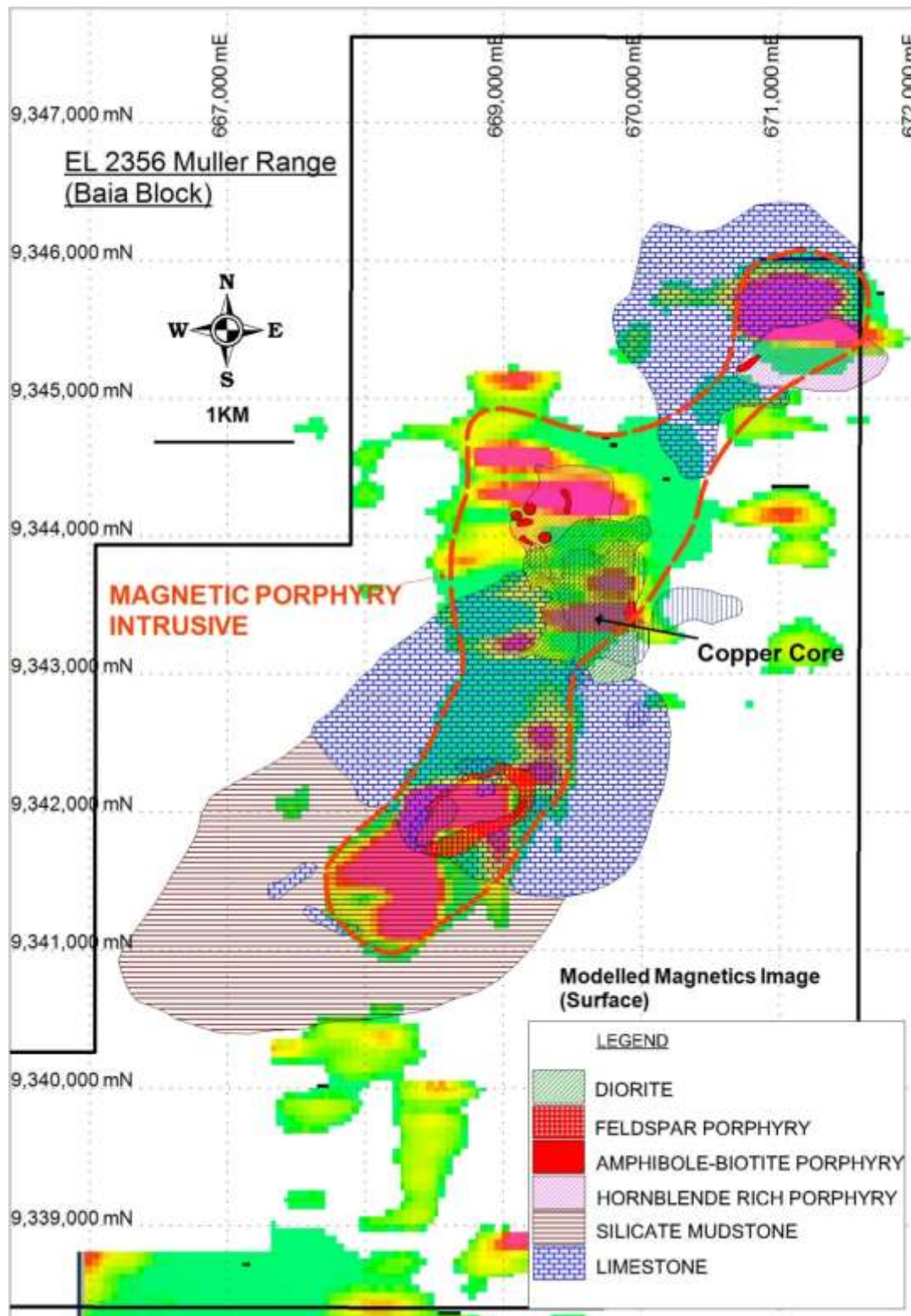


Figure 5: Baia Prospect Plan View of Magnetic Porphyry Model

Diorite and hornblende rich porphyry is located near the centre of the interpreted deepset magnetic intrusive porphyry system. Feldspar porphyry has been mapped at its southwestern extent (**Figure 6**). These areas are also coincident with discrete near surface magnetic targets and copper-in-soils anomalies.

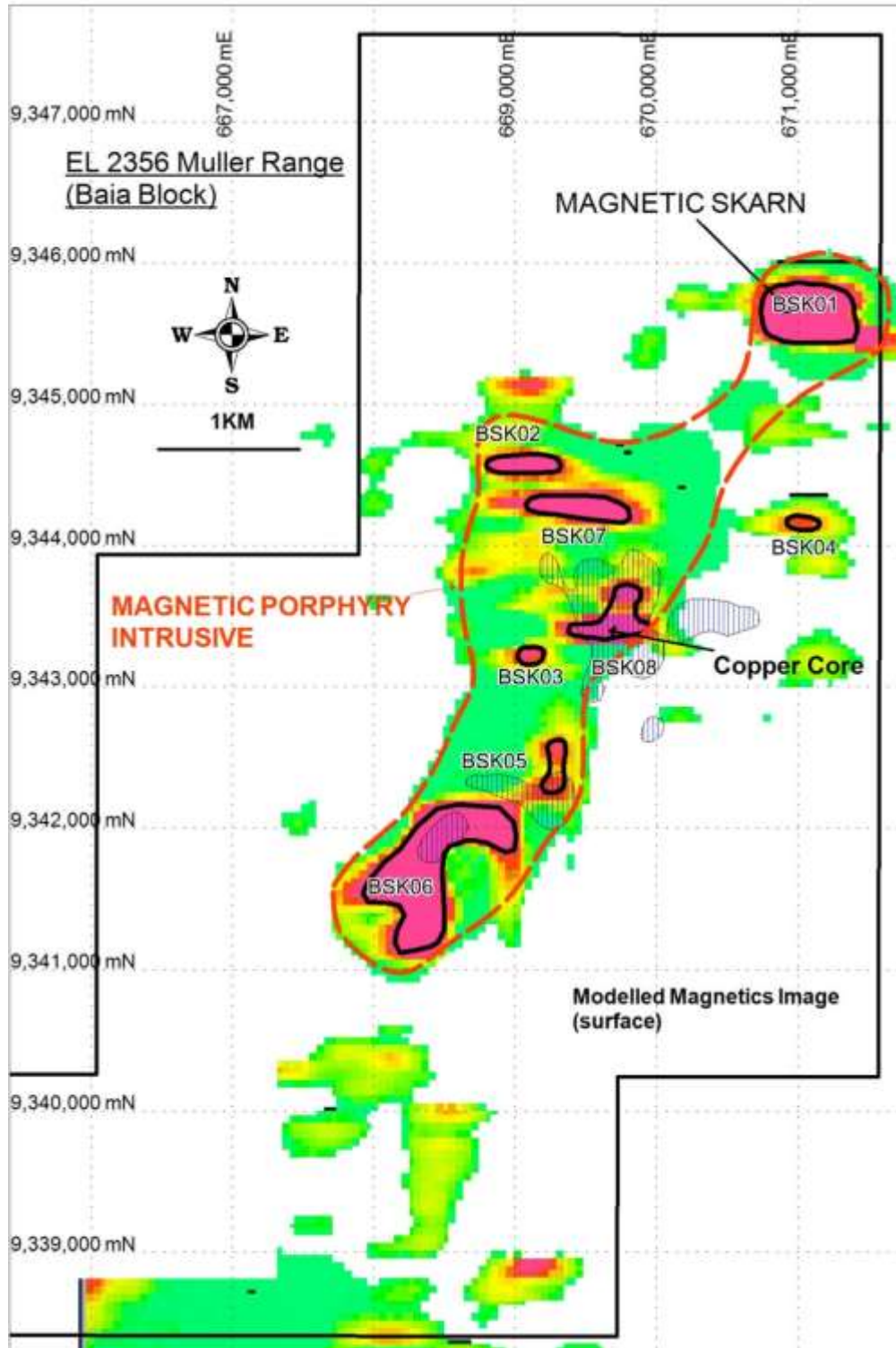


**Figure 6: Baia Prospect Geology and Magnetic Model**

Magnetic modelling shows that the intrusive mineralising system at Baia is much larger than originally thought. Anomalous copper in soils outside eastern margins of the intrusive (Figure 5) demonstrate that alteration mapping, geochemical sampling and drill testing will be required well beyond the boundaries of the modelled magnetic data.

According to historical results by Barrick, peripheral magnetic bodies are related to intrusives which were fresh hornblende porphyry stocks and sills. A number of skarns were also identified as related to the magnetics, adding to its copper and base metal prospectivity.

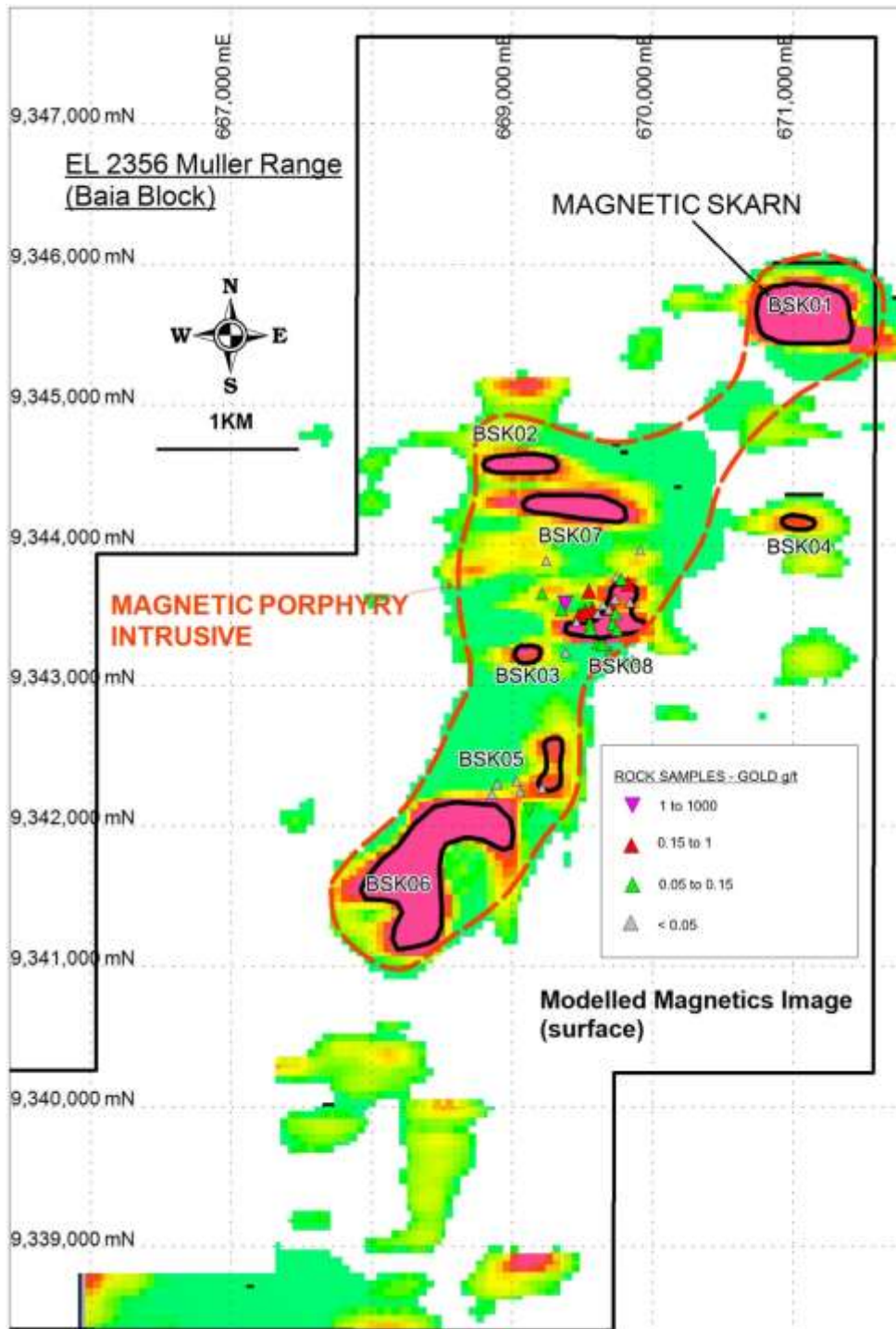
A total of eight near surface magnetic targets have been more accurately defined compared to previous interpretations and are priority areas for follow-up fieldwork. Some of these areas exist near mapped limestone contacts and are potential skarn targets (**Figure 7**).



**Figure 7: Baia Prospect Magnetic Skarn Targets**

Historical rock samples taken by Barrick within and surrounding the copper-in-soils anomaly, contained 18 with values of 50 to 22,500 ppm Mo and ten with values > 0.15 g/t gold (**Figure 8**).





**Figure 8: Baia Prospect with Historical Gold in Rock Samples**

Frontier recently acquired half metre resolution Worldview satellite data covering the Baia tenement block; from which interpretation has revealed a number of previously unmapped circular intrusive centres and breccia type bodies located outside of the main Baia magnetic porphyry intrusive (**Figure 9**). These additional intrusive centres together with the interpreted magnetic skarn targets (**Figures 8 and 10**) improve the prospectivity of the tenement and they will require reconnaissance geochemical sampling and geological mapping in future fieldwork programs.

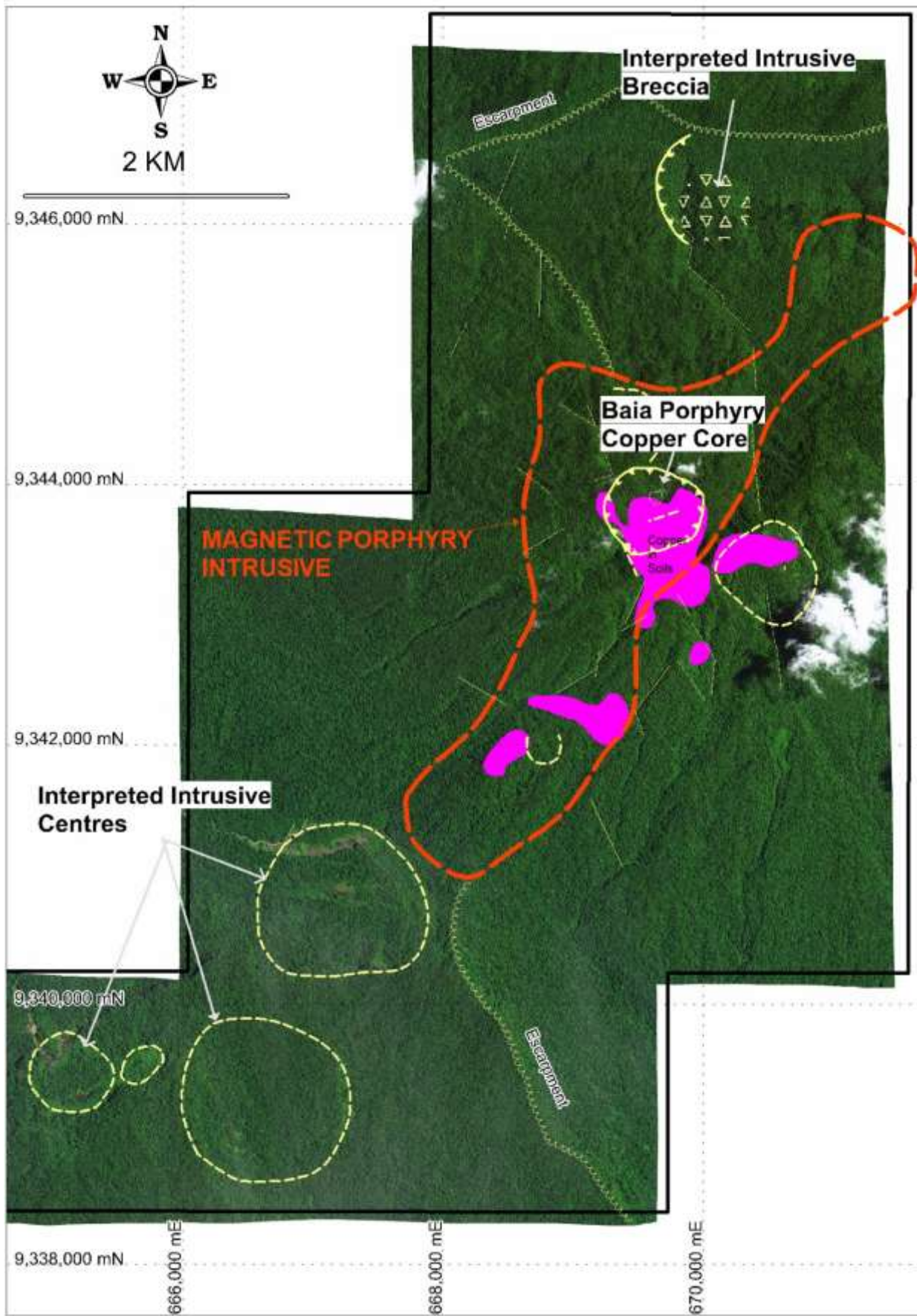
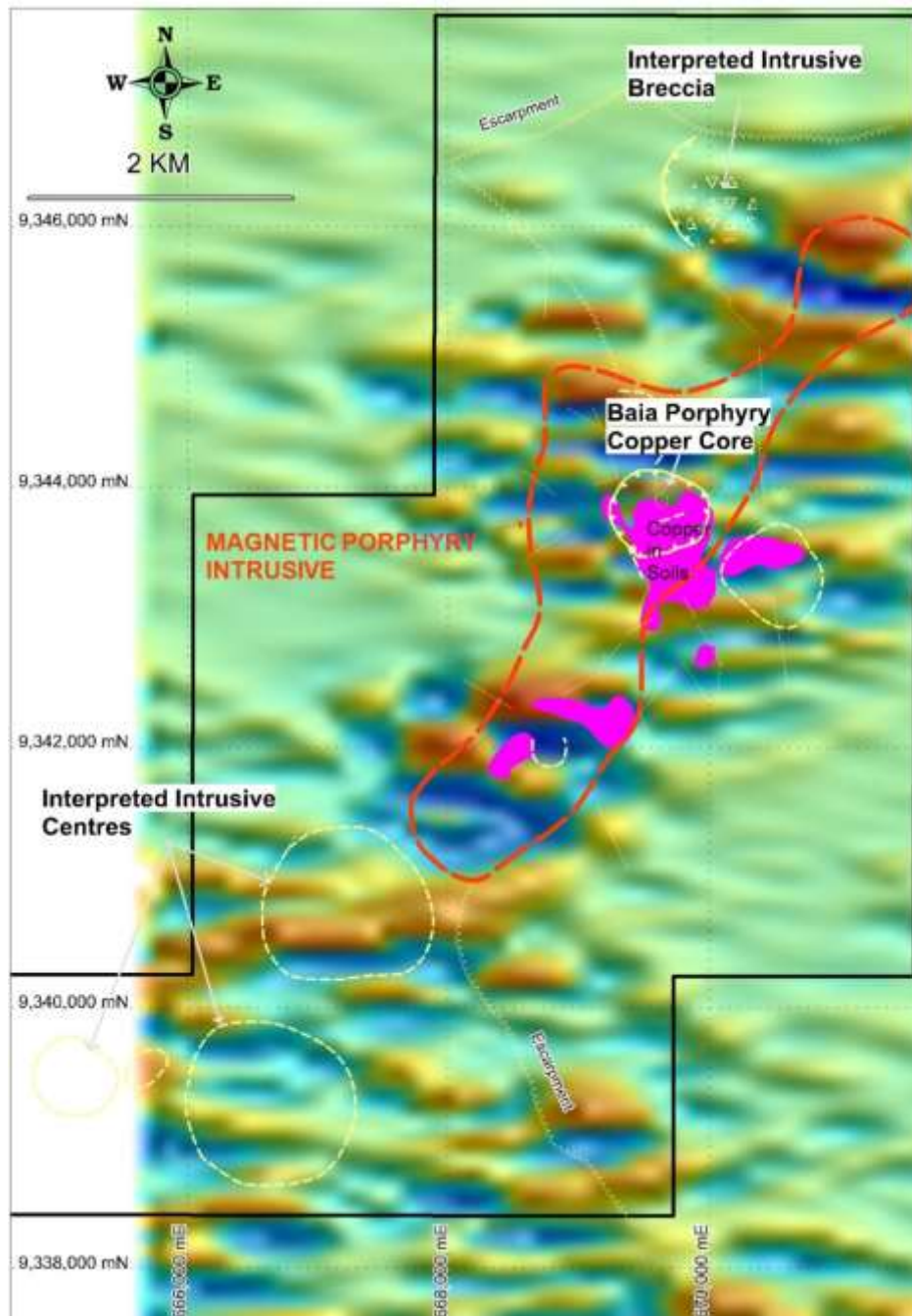


Figure 9: Worldview Satellite Data Showing Baia Prospect Intrusive Centres



**Figure 10: Airborne Magnetic Geophysical Image Showing Magnetic Baia Porphyry**

### **EL 2356 – Cecelia Prospect**

A positive analysis was completed from modelled geophysical results over the EL2356 Muller Range southernmost block (**Figure 11**), which is host to anomalous copper-gold-zinc-molybdenum at the Cecelia prospect. The analysis has generated high priority target areas for potential mineralisation requiring further mineral exploration in future fieldwork programs.

The modelled data shows a 1.1 Km wide mapped argillic alteration zone defined by a zone of low magnetics which is interpreted to be caused by magnetite destruction from later stage argillic overprinting along a north-south structure. The mapped 'argillic zone' at surface occurs between magnetic andesite and magnetic 'propylitic alteration'. The margins of the > 4 Km long southerly trending 'argillic zone' and the 'propylitic alteration' area are priority targets for further exploration to test extensions of surface mineralisation within this complex system (**Figure 12**).

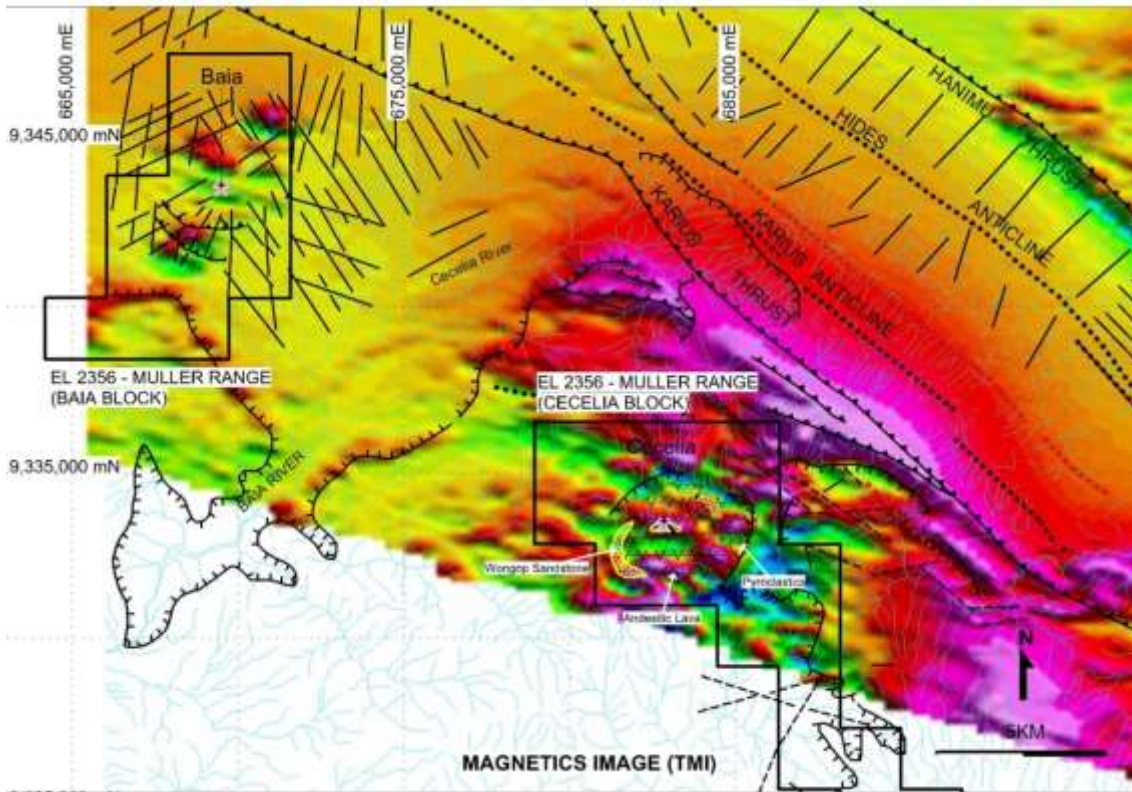


Figure 11: EL 2356 Muller Range Airborne Geophysical Data

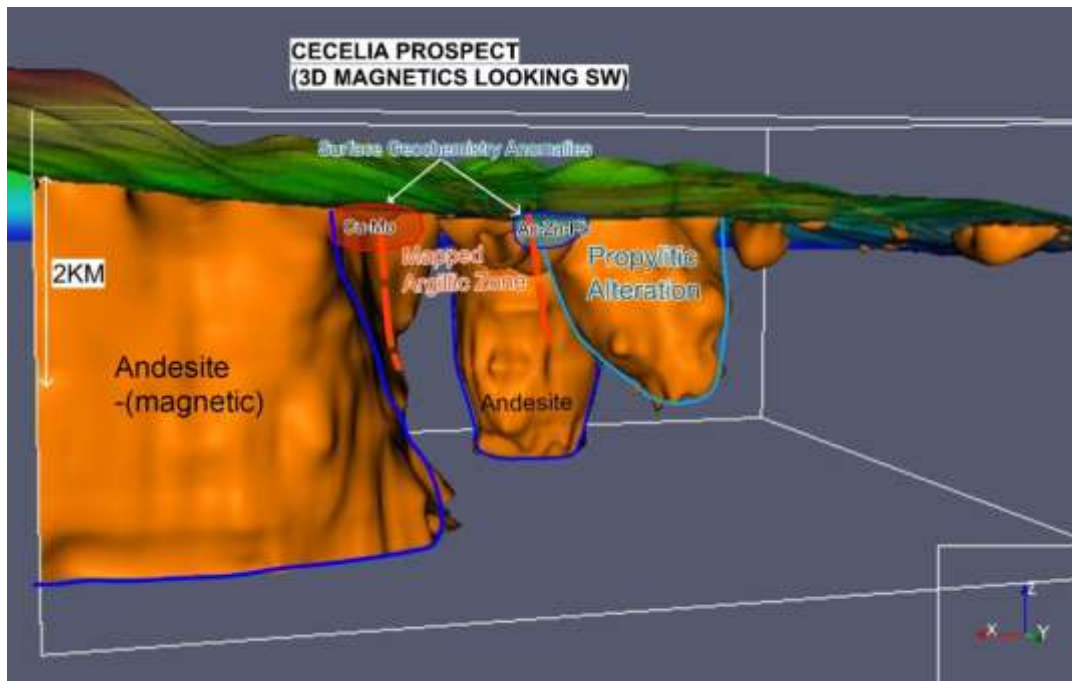
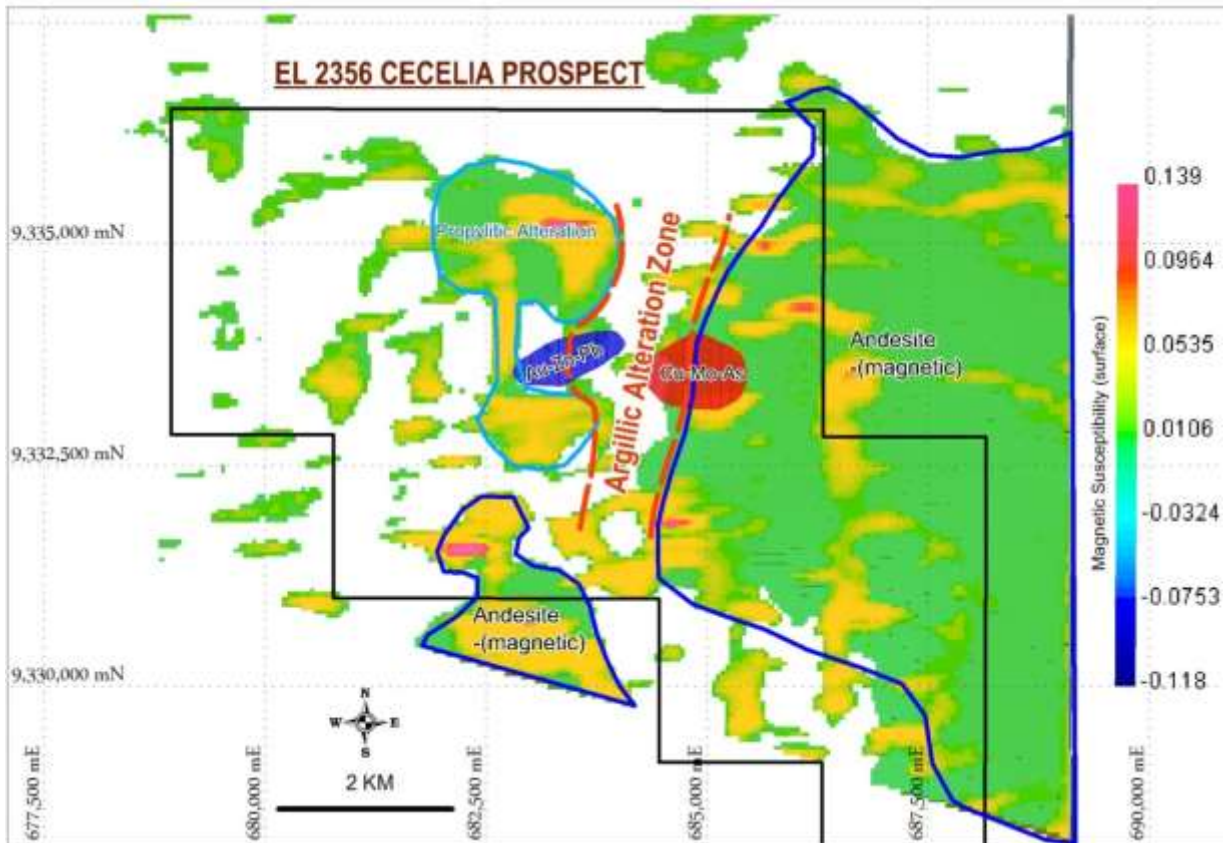


Figure 12: Cecelia Prospect 3D Magnetic Model

The known zone of mineralisation at surface extends east-west for 2.5 Km across the non-magnetic 'Mapper Argillic Zone'. To the west, anomalous gold-zinc-lead is coincident with the margins of magnetic Propylitic Alteration. A further 300m to the east, anomalous copper-molybdenum-arsenic is coincident with the margins of magnetic andesite (Figure 13).

Strong argillic and propylitic alteration has been covered by recent agglomerate. Pebble dykes are common, indicating a probable buried porphyry copper-gold-molybdenum system.



**Figure 13: Cecelia Prospect Plan View of Magnetic Model**

The Cecelia prospect was historically defined from stream sediment and rock chip sampling by exploration company Kennecott in 1970. Intrusive outcrop up to 0.62% copper with chalcopyrite and bornite occur in the upper reaches of the project area with altered granodiorite float of 0.18% copper (see ASX Announcement dated 15<sup>th</sup> July 2016).

Altered rock chip samples returned 0.616 g/t gold and 0.12 g/t gold + 710ppm copper (See ASX Announcement dated 15<sup>th</sup> July 2016).

The 3D modelling helps to accurately map magnetite content of geology and in particular, the andesite basement to the east and 'Propylitic Alteration' 800m to the west. The non-magnetic argillic alteration zone and its mineralised margins are newly defined priority target areas with favourable potential for mineralisation. These areas will be the subject of future fieldwork expected to include geological mapping, trench and rock sampling

## **CORPORATE**

During the Period, Frontier completed several visits to PNG to ensure its tenements and holding subsidiary companies are kept in good standing. The two Frontier tenements have gone through renewal processes as required by the Mining Advisory Council and their technical assessment team. Both tenement renewals for EL2356 & EL1595 are pending receipt of renewal notices from the Mining Resources Authority.

On 24 July 2018 the Company advised that Mr Anthony Hickey had been appointed as Non-Executive Chairman of the Company. On 29 August 2018 the Company accepted the resignations of Mrs Paige McNeil and Mr John Kirakar from the Board.

**Competent Person Statement:**

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 Swiridiuk - Member of the Aust. Inst. of Geoscientists. Peter Swiridiuk is a Technical Consultant and Non-Executive Director for Frontier Resources. Peter Swiridiuk 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 Swiridiuk consents to the inclusion in the report of the matters based on the information in the form and context in which it appears. Additionally, Mr Swiridiuk confirms that the entity is not aware of any new information or data that materially affects the information contained in the ASX releases referred to in this report.

<b>Frontier Resources Ltd Exploration Licence Information</b>						
Licence Name	Number	Date From	Date To	Ownership	Area (SQ KM)	Lat. Sub Blocks
Bulago	EL 1595	7/07/2016	6/7/2018	100% Frontier Gold PNG Ltd	73	22
Muller	EL 2356	31/12/2015	30/12/2017	100% Frontier Copper PNG Ltd	187	56
<b>Granted Els =</b>					<b>260</b>	<b>SQ KM</b>
Gazelle	ELA 2529	Application	SECOND	100% *Frontier Copper PNG Ltd	703	211
Tolukuma	ELA 2531	Application		100% *Frontier Copper PNG Ltd	433	130
<b>EL Applications =</b>					<b>1,136</b>	<b>SQ KM</b>
<small>NB: The PNG Mining Act- 1992 stipulates that ELs are granted for renewable 2 year Terms (subject to Work and Financial Commitments) and the PNG Government maintains the right to purchase up to 30% project equity at "Sunk Cost" if/when a Mining Lease is granted.</small>						

**Table 1: Tenement Schedule as at 31 December 2018**

**EVENTS OCCURRING AFTER THE REPORTING DATE**

There were no significant 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.



Fenix Dong  
Non-Executive Director

13<sup>th</sup> March 2019

**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 2018, I declare that, to the best of my knowledge and belief, there have been:

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



SHAUN WILLIAMS  
PARTNER



MOORE STEPHENS  
CHARTERED ACCOUNTANTS

Signed at Perth this 13<sup>th</sup> day of March 2019

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

**Conclusion**

We have reviewed the accompanying half-year financial report of Frontier Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, 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 information and the directors' declaration.

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

- a. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**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 Standards on Review Engagements ASRE 2410: *Review of Interim and Other Financial Reports 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 half-year financial report is not in accordance with the *Corporations Act 2001* including:

- a. giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



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

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 2001*, which has been given to the directors of the Company, would be in the same terms if provided to the directors as at the time of this auditor's review report.



SHAUN WILLIAMS  
PARTNER



MOORE STEPHENS  
CHARTERED ACCOUNTANTS

Signed at Perth this 13<sup>th</sup> day of March 2019

## **DIRECTORS' DECLARATION**

In the directors' opinion:

- (a) the financial statements and notes set out on pages 19 to 27 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 2018 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.



Fenix Dong  
Non-Executive Director

13<sup>th</sup> of March 2019

**FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	Notes	Half-year	
		2018	2017
		\$	\$
<b>Continuing Operations</b>			
Revenue		-	19,657
Other income		122,170	-
Interest income		13,451	110
		<hr/>	<hr/>
		135,621	19,767
Exploration expenditure		(48,167)	(282,956)
Administration and insurance		(153,830)	(67,393)
Consultancy		(162,364)	(74,445)
Corporate compliance and shareholder relations		(27,418)	(43,474)
Depreciation		(955)	-
Office rental, communications and consumables		(8,464)	(17,500)
Other expenses		-	-
		<hr/>	<hr/>
<b>Loss from continuing operations</b>		(265,577)	(466,001)
Income tax expense		-	-
		<hr/>	<hr/>
<b>Loss after income tax</b>		(265,577)	(466,001)
		<hr/>	<hr/>
<b>Loss for the half year is attributable to:</b>			
Equity holders of Frontier Resources Limited		(265,577)	(466,001)
Non-controlling interest		-	-
		<hr/>	<hr/>
<b>Total loss for the half year</b>		(265,577)	(466,001)
		<hr/>	<hr/>
<b>Other comprehensive income</b>			
<b>Items that may be subsequently reclassified to profit or loss:</b>			
Movement in foreign currency reserve		(3,620)	(10,128)
		<hr/>	<hr/>
<b>Total comprehensive loss for the half year attributable to owners of Frontier Resources Limited</b>		(3,620)	(10,128)
		<hr/>	<hr/>
<b>Total comprehensive loss for the half year is attributable to:</b>			
Equity holders of Frontier Resources Limited		(269,197)	(476,129)
Non-controlling interest		-	-
		<hr/>	<hr/>
<b>Total comprehensive loss for the half year</b>		(269,197)	(476,129)
		<hr/>	<hr/>
<b>Loss per share for loss attributable to the ordinary equity holders of Frontier Resources Limited</b>		Cents	Cents
Basic and diluted loss per share		(0.05)	(0.5)

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 2018**

	Notes	31-Dec-18 \$	30-Jun-18 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		5,390,756	5,956,074
Trade and other receivables		21,337	31,518
<b>Total Current Assets</b>		<u>5,412,093</u>	<u>5,987,592</u>
<b>Non-Current Assets</b>			
Trade and other receivables		5,309	5,247
Plant and equipment		1,215	-
<b>Total Non-Current Assets</b>		<u>6,524</u>	<u>5,247</u>
<b>Total Assets</b>		<u>5,418,617</u>	<u>5,992,839</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		106,333	358,057
<b>Total Current Liabilities</b>		<u>106,333</u>	<u>358,057</u>
<b>Total Liabilities</b>		<u>106,333</u>	<u>358,057</u>
<b>Net Liabilities</b>		<u>5,312,284</u>	<u>5,634,782</u>
<b>EQUITY</b>			
Contributed equity	4	39,216,415	39,269,716
Reserves	5	3,541,564	3,545,184
Accumulated losses		<u>(37,445,695)</u>	<u>(37,180,118)</u>
<b>Total Equity</b>		<u>5,312,284</u>	<u>5,634,782</u>

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 2018**

<b>Consolidated Entity</b>	<b>Contributed Equity</b>	<b>Accumulated Losses</b>	<b>Share Based Payment Reserve</b>	<b>Options Premium Reserve</b>	<b>Foreign Exchange Reserve</b>	<b>Total</b>	<b>Total Equity</b>
<b>Balance at 30 June 2017</b>	32,733,828	(36,453,572)	3,939,885	179,640	(561,787)	(162,006)	(162,006)
Loss for the half year	-	(466,001)	-	-	-	(466,001)	(466,001)
<b>Other comprehensive income -</b>							
Foreign currency translation	-	-	-	-	(10,128)	(10,128)	(10,128)
<b>Total Comprehensive Income/(Loss) for the period</b>	-	(466,001)	-	-	(10,128)	(476,129)	(476,129)
<b>Transactions with equity holders -</b>							
Option issued during the period	-	-	-	-	-	-	-
Share issued during the period	400,177	-	-	-	-	400,177	400,177
<b>Balance at 31 December 2017</b>	<b>33,134,005</b>	<b>(36,919,573)</b>	<b>3,939,885</b>	<b>179,640</b>	<b>(571,915)</b>	<b>(237,958)</b>	<b>(237,958)</b>
<b>Balance at 30 June 2018</b>	39,269,716	(37,180,118)	3,939,885	179,640	(574,341)	5,634,782	5,634,782
Loss for the half year	-	(265,577)	-	-	-	(265,577)	(265,577)
<b>Other comprehensive income -</b>							
Foreign currency translation	-	-	-	-	(3,620)	(3,620)	(3,620)
<b>Total Comprehensive Income/(Loss) for the period</b>	-	(265,577)	-	-	(3,620)	(269,197)	(269,197)
<b>Transactions with equity holders -</b>							
Share issued during the period	-	-	-	-	-	-	-
Cost of Share issued	(53,301)	-	-	-	-	(53,301)	(53,301)
<b>Balance at 31 December 2018</b>	<b>39,216,415</b>	<b>(37,445,695)</b>	<b>3,939,885</b>	<b>179,640</b>	<b>(577,961)</b>	<b>(5,312,284)</b>	<b>(5,312,284)</b>

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 2018**

	Notes	Half-year	
		2018	2017
		\$	\$
<b>Cash Flows from Operating Activities</b>			
Interest received		13,451	110
Payments to suppliers and employees		(335,084)	(190,979)
Payments for exploration and evaluation activities		(188,331)	(168,892)
<b>Net cash outflow from operating activities</b>		<b>(509,964)</b>	<b>(359,761)</b>
<b>Cash Flows From Investing Activities</b>			
Proceeds from purchase of fixed assets		(2,170)	-
<b>Net cash inflow from investing activities</b>		<b>(2,170)</b>	<b>-</b>
<b>Cash Flows from Financing Activities</b>			
Repayment of borrowings		-	(29,608)
Proceeds from issue of shares (net of share issue costs)		(53,300)	396,750
<b>Net cash inflow/(outflow) from financing activities</b>		<b>(53,300)</b>	<b>367,142</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(565,434)</b>	<b>7,381</b>
Cash and cash equivalents at the beginning of the half-year		5,956,074	41,714
Effect of exchange rates on cash holdings in foreign currencies		116	(110)
<b>Cash and cash equivalents at end of the half-year</b>		<b>5,390,756</b>	<b>48,985</b>

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 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

This interim financial report is intended to provide users with an update on the latest annual financial statements of Frontier Resources Limited and its controlled entities. As such, 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 2018 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 except as described below.

**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 2018 to 31 December 2018 but determined that their application to the financial statements is either not relevant or not material.

*a) Adoption of new and revised accounting standards*

In the half year ended 31 December 2018, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2018. It has been determined by the Company that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Company accounting policies. No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

**FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*a) Adoption of new and revised accounting standards (continued)*

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

*AASB 9 Financial Instruments*

The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

*b) New accounting standards for application in future periods*

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

The directors anticipate that the adoption of AASB 16 will not have a significant impact on the Group's financial statements.

**2. LOSS FOR THE PERIOD**

	<b>Half-year</b>	
	<b>2018</b>	<b>2017</b>
The following expense items are relevant in explaining the financial performance for the interim period:		
Exploration expenditure	48,167	282,956



**FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**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.

	<b>Papua New Guinea Exploration \$</b>	<b>Treasury \$</b>	<b>Consolidated \$</b>
<b>For the Half Year to 31 December 2018</b>			
Segment Revenue		135,621	135,621
Segment Results	(89,336 )	135,621	46,285
Amounts not included in segment results but reviewed by Board:			
Corporate Expenses			(311,862)
Loss before Income Tax			(265,577)
<b>As at 31 December 2018</b>			
Segment Assets	18,043	5,400,574	5,418,617
Segment Liabilities	29,223	77,110	106,333

**FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**3. OPERATING SEGMENTS (continued)**

	Papua New Guinea Exploration \$	Treasury \$	Consolidated \$
<b>For the Half Year to 31 December 2017</b>			
Segment Revenue	19,657	110	19,767
Segment Results	(278,490)	110	(278,380)
Amounts not included in segment results but reviewed by Board:			
Corporate Expenses			(187,621)
Loss before Income Tax			(466,001)
<b>As at 31 December 2017</b>			
Segment Assets	26,023	54,919	80,942
Segment Liabilities	960	317,940	318,900

**4. EQUITY SECURITIES**

	Dec 2018 Shares	Jun 2018 Shares	Dec 2018 \$	Jun 2018 \$
Balance at 1 July	489,101,938	80,400,916	39,269,716	32,733,828
Share Issue (net of costs)	-	408,701,022	(53,301)	6,535,888
Balance at end of the period	489,101,938	489,101,938	39,216,415	39,269,716

<b>Options to purchase ordinary shares</b>	<b>Dec 2018 Options</b>	<b>Jun 2018 Options</b>
Balance at 1 July	187,500,000	6,200,000
Issue of directors' options	-	187,500,000
Less expired options	-	(6,200,000)
Balance at end of the period	187,500,000	187,500,000

**FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**

**5. RESERVES**

	<b>Dec 2018</b>	<b>Jun 2018</b>
	<b>\$</b>	<b>\$</b>
Share based payment reserve	3,939,885	3,939,885
Options premium reserve	179,640	179,640
Foreign currency translation reserve	(577,961)	(574,341)
	<u>3,541,564</u>	<u>3,545,184</u>
 <b>Movements – Share based payment reserve</b>		
Balance at 1 July	3,939,885	3,939,885
Option expense	-	-
Balance at end of the period	<u>3,939,885</u>	<u>3,939,885</u>
 <b>Movements – Options premium reserve</b>		
Balance at 1 July	179,640	179,640
Options issued to directors	-	-
Balance at end of the period	<u>179,640</u>	<u>179,640</u>
 <b>Movements – Foreign currency translation reserve</b>		
Balance at 1 July	(574,341)	(561,787)
Currency translation differences arising during the period	(3,620)	(12,554)
Balance at end of the period	<u>(577,961)</u>	<u>(574,341)</u>

**6. COMMITMENTS AND CONTINGENT LIABILITIES**

The Group's commitments remain consistent with those noted at 30 June 2018. The Group has no contingent liabilities at 31 December 2018.

**7. DIVIDENDS**

There were no dividends paid or recommended during the financial period ended 31 December 2018.

**8. EVENTS OCCURRING AFTER THE REPORTING DATE**

There were no events occurring after the reporting date.