ABN 96 095 684 389

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

FRONTIER RESOURCES LTD

ABN 96 095 684 389

CONTENTS

CORPORATE DIRECTORY

Executive Director Fenix Dong **Non-Executive Chairman** Tony Hickey **Non-Executive Directors** Fei Peng Peter Swiridiuk **Company Secretary** Matthew Foy **Stock Exchange** Australian Securities Exchange – FNT Frankfurt Stock Exchange – TG5	**Registered Office** Level 8, 99 St Georges Terrace Perth WA 6000 Australia Telephone: (08) 9486 4036 Facsimile: (08) 9486 4799 Email: info@frontierresources.com.au Website: www.frontierresources.com.au **Postal Address**: PO Box 510 Subiaco WA 6904 Australia	**Share Registry** Computershare Investor Services Pty Limited Level 11, 172 St Georges Terrace, Perth, WA 6000 **Auditors** Moore Stephens Perth Level 15, 2 The Esplanade Perth, WA, 6000 **Bankers** Westpac Banking Corp. Level 13, 109 St Georges Tce Perth, WA, 6000 **Lawyers** HWL Ebsworth 19/480 Queen Street Brisbane City, QLD, 4000

Your Directors present their report on the Group for the financial year ended 30 June 2018.

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:

Tony Hickey (Non-Executive Chairman) (Appointed 19 June 2018)
Fenix Dong (Executive Director) (Appointed 19 June 2018)
Fei Peng (Non-Executive Director) (Appointed 19 June 2018)
Peter Swiridiuk (Non-Executive Director)
Peter McNeil (Non-Executive, Chairman) (Resigned 6 March 2018)
John Kirakar (Non-Executive Director) (Resigned 29 August 2018)
Paige McNeil (Non-Executive Director) (Resigned 29 August 2018)

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 $726,546 (2017: $1,711,031). There were no dividends paid or recommended during the financial year ended 30 June 2018.

REVIEW OF OPERATIONS

Frontier Resources Ltd is focused on mineral exploration in Papua New Guinea (See Front Page) 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.

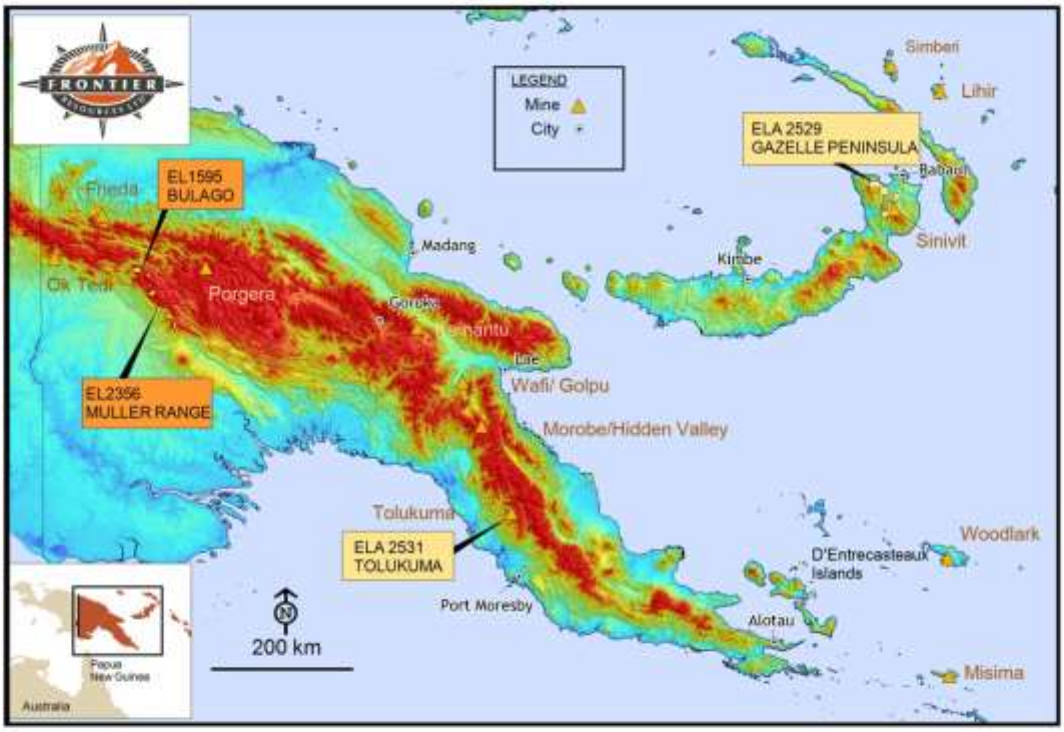

Figure 1: Projects Location Map

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.

Landowner Warden's hearings are currently being planned over both its existing EL's as partial requirement to have them renewed for a further two year term by the PNG Mineral Resources Authority (MRA). A meeting was recently held with the MRA technical team to summarise Frontier's exploration activities and recent corporate changes. Earlier in the year, the proposed Muller Range and Bulago exploration programs were deferred following an earthquake. These programs are planned to re-commence after the wet season and Warden's Hearings.

The company also has a 100% interest in two Exploration Licence Applications (ELA's) at Tolukuma (ELA2531) and Gazelle Peninsula (ELA2592), see Figure 1.

The Tolukuma tenement has had a successful Warden's hearing onsite with the traditional landowners (see photo), with no objections at all. The tenement is now waiting to be granted by the PNG Mining Advisory Council. The ELA has 25 named targets including 2 confirmed gold projects (Saki and Soju). Saki has 47 diamond drill holes for 5398m in total and 3DIP geophysical targets ready for drill testing.

Frontier has no further interest in any other tenements and has terminated all option agreements made during the year including EL2375-Ala River, EL2461-Andewa and EL2513-Kol Mountains. Its main focus will now be on its 100% wholly owned projects outlined in Figure 2 below.

Bulago EL 1595

A Warden's Court Hearing is currently being planned and has been set for the end of September. Success has been achieved at the Swit Kai prospect with diamond core drilling in 12 holes. Assaying occurred during the year and the company has met its financial commitments for the tenement. The MRA granted a variation to exclude fieldwork trenching for the year.

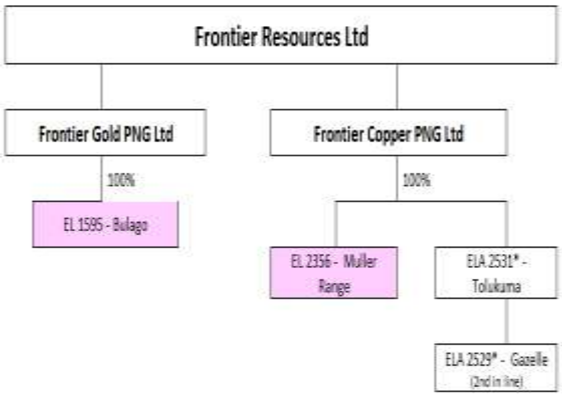

Figure 2: Frontier PNG Subsidiaries and Exploration Projects

To date, a total of 5247.75 metres in 37 drillholes has been completed on the tenement. The most recent include:

- Four diamond holes (CLD: 161.3m total of HQ) completed in the Swit Kai Central Lower Zone in October 2016
- Five diamond holes (EZL: 152.7m total of HQ) completed in East Creek with hole EZL002 returning 4m at 31.66g/t gold in October 2016 (Figure 3).
- Three diamond holes (FDH: 93.6m total of HQ) completed at Swit Kai Central Lower Zone in March 2017.

- Two diamond holes (GCZ: 392.1m total) completed in Bulago Valley in May 2017 (Figure 4). The best copper intercept in GCZ002 was 2.4m grading 0.16% copper (+ 0.16g/t gold at the top of hole). The best gold intercept was 3m grading 0.36 g/t and the entire hole averaged 0.06 g/t gold + 308 ppm copper + 9 ppm molybdenite. About half of the hole was 'moderately' molybdenite mineralised, with a peak of 35ppm.

Additional drilling is proposed to test large-scale copper- gold targets in the Bulago Valley and Swit Kai (on the largest /strongest arsenic anomaly on the grid) and the proposed Bulago River or gold Structure (south of Swit Kai). Future fieldwork will also evaluate skarn targets of the Bulago Valley.

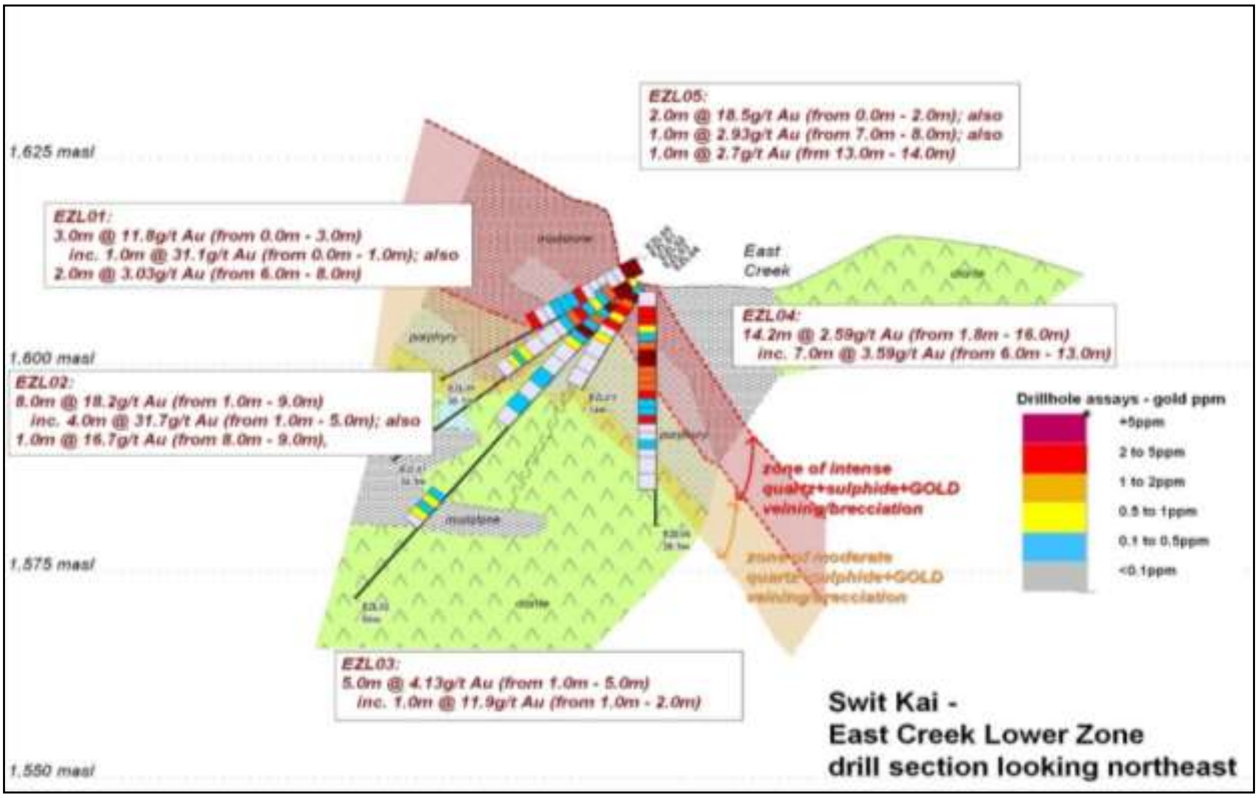

Figure 3: Swit-Kai Prospect Drill Section

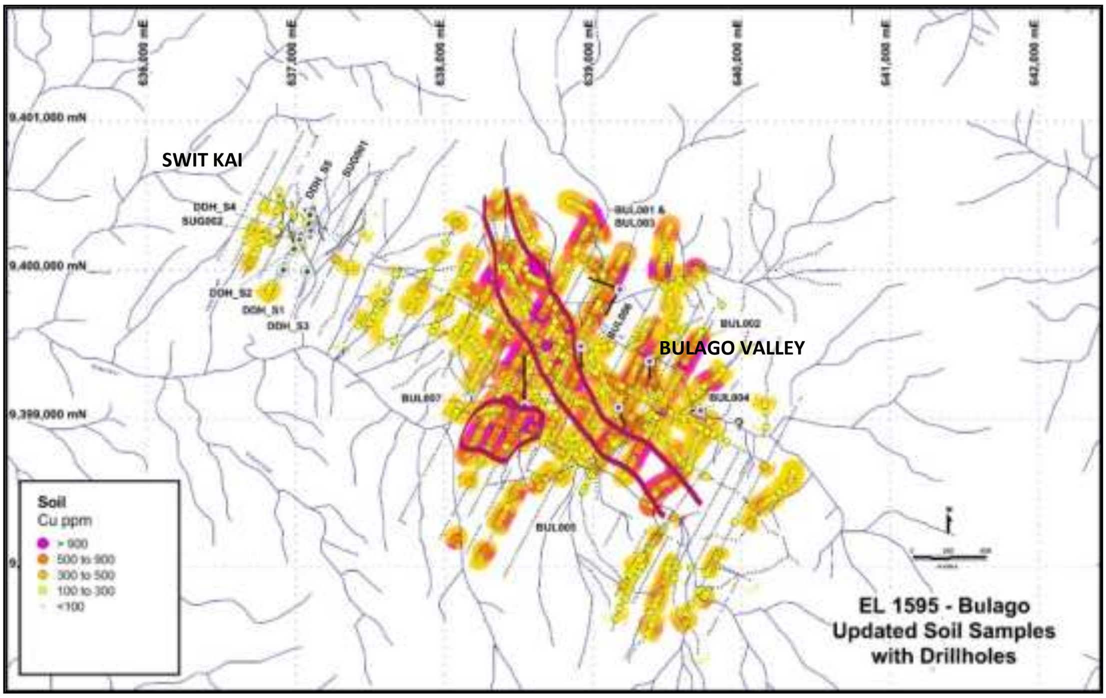

Figure 4: Bulago Valley Copper Soil Geo

Aster satellite imagery was analysed to outline areas of potential mineralisation related to alteration. The Short Wave Infa Red (SWIR) bands were processed to help highlight alteration related to clays in alunite, illite and propylitic alteration type assemblages.

A total of twenty-two areas were selected as significant and requiring ground inspection and further geochemical analysis. The focus of this interpretation was in the areas where drilling and surface geochemistry have been completed at Swit Kai prospect and Bulago Valley. Structural lineaments have been interpreted from the Aster imagery, which may indicate conduits for mineralisation in both epithermal gold and porphyry copper and base metal environments.

An exploration program will commence subsequent to the Muller program, with evaluation of skarn targets at the limestone/ intrusive contact and several 'higher elevation' Bulago Valley gold + base-metal silt + stream geochemical anomalies.

Muller EL 2356

A Warden's Court Hearing is currently being planned and has been set for the end of September. Both the Warden's Court Hearing and proposed exploration programs were deferred earlier this year due to the ongoing logistical and security issues in the Southern Highlands caused by the 7.5 magnitude earthquake.

The tenement is located in the Papuan Fold Belt and host to the Baia porphyry copper-gold system on the transfer structure (Figure 5). Frontier has completed a comprehensive data review revealing two known drill ready Au-Cu porphyry occurrences at Tingi and seven skarn targets at Baia. There is also a possible porphyry copper-gold-molybdenum target at the Cecelia River prospect.

Historic exploration results at Tingi include strong gold in soil anomalies (including 90m of 2.14 g/t gold to a high of 6.09 g/t gold), plus strong lead-zinc ridge soil anomalies (including 390m of 0.17% lead + 0.33% zinc). Gold assays from float rock include 30 g/t gold, 12 g/t gold and 4.9 g/t gold. Tingi is strikingly similar in tectonic setting, size, geology and mineralisation to the Ok Tedi porphyry copper-gold deposit. The main difference is the level of erosion, with Tingi being less eroded than Ok Tedi and therefore almost totally preserved.

In February 2017, a 3 week field reconnaissance programme was completed at the Tingi prospect with a total of 14 rock samples collected. The fieldwork was mostly disrupted by landowner issues from the people at the Topi village.

An Aster satellite imagery study over the three tenement blocks delineated 37 Aster targets that were recommended for future geochemical sampling and geological mapping.

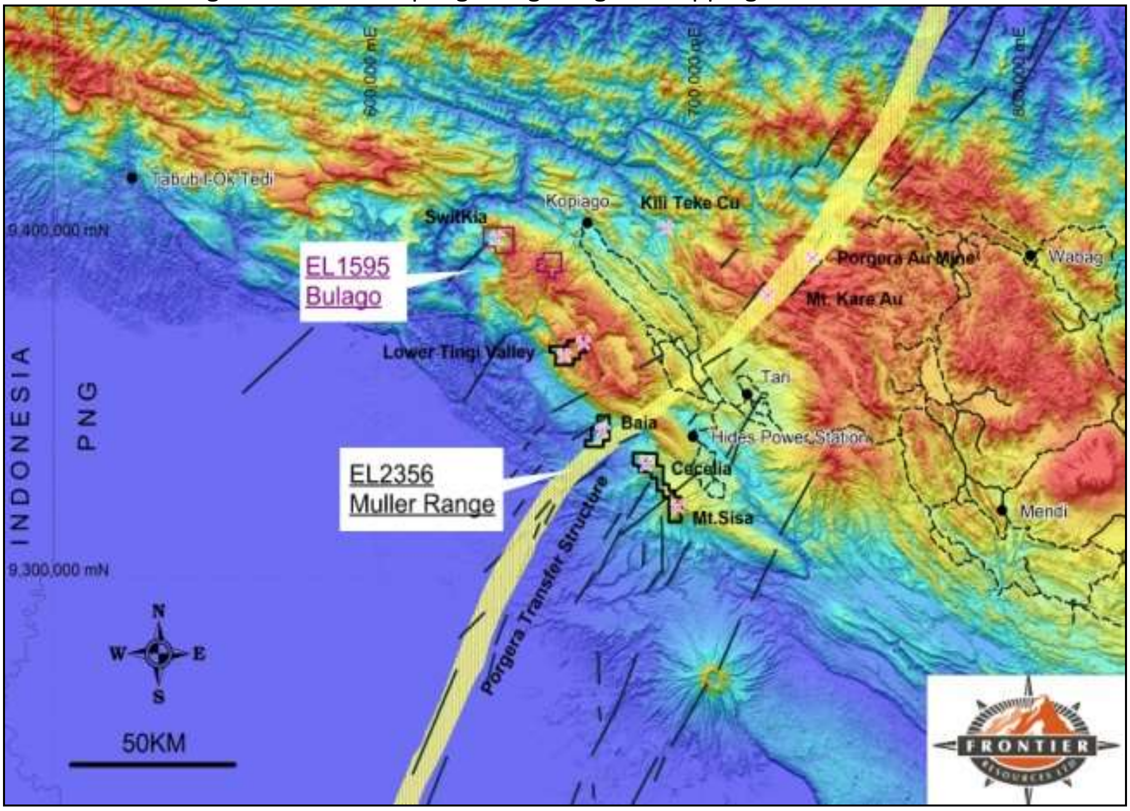

Figure 5: Muller Range Project and Porgera Transfer Structure

<u>Forise Investments $6 Million Placement in Frontier</u>
On 22 December 2017 the Company announced an agreement for a $6 million placement into Frontier with Forise Investment Sydney Pty Ltd (**Forise**), a subsidiary of one of the largest non-bank financial institutions in China. On 19 June 2018 the Company advised that the A$6,000,000 Placement Agreement with Forise that was approved by shareholders at the Extraordinary General Meeting held on 15 May 2018 had completed.

About Forise Group
Forise Group is one of the largest non-banking conglomerate groups in China. The Forise Group is involved in a wide range of activities including asset management and operations (including investing in areas such as resources), corporate finance and financial services, environment, health and health management, hospitality and resorts, real estate, retail and franchising and select manufacturing and value add.

Movements of the Board

Following completion fo the Forise agreement, on 19 June 2018 the Company advised of the appointment of the following directors to the Board:

Fei Peng holds an MSc in Finance and Investment with Distinction from Durham University, UK. Fei has over 20 years of investment management experience, including corporate advisory, financial restructuring advisory, strategic planning and capital markets advisory in the PRC, Hong Kong, Singapore and the United States. Fei is a Non-Executive Director of Forise International Limited, which is listed on the Singapore Stock Exchange. Fei is an Executive Director and CEO of SMJ International Holdings Limited, which is listed on the Singapore Stock Exchange. He is responsible to drive its strategic direction, as well as manage the Group Corporate finance investments and overseas expansion. Fei was previously Executive President of Forise Holdings Limited. Prior to joining Forise Holdings Limited, Fei served as the President of Reignwood International Investment Ltd., where he was responsible for managing the group's global investment activities. Previously, Fei served as the Vice President of CHINALCO Overseas Holdings Ltd (a Fortune 500 company) and was responsible for CHINALCO's overseas investment business.

Yun Wei Dong (Fenix Dong) holds a double degree - Bachelor of Commerce and Bachelor of Information System - from the University of Melbourne. Fenix has extensive mergers and acquisition, investment banking, and management consultant experience in the mining and resources sector across the Asia-Pacific region. His experience extends to mining exploration and processing companies listed on the ASX, and public and private companies in the PRC, Hong Kong and Mongolia. He is Managing Director of Forise and Forise Investment Australia Pty Ltd, both of which are Australian subsidiaries of Forise Global Holdings Limited. Fenix was previously the Senior Vice President of Investment at Hywood Capital, Deputy General Manager and China Chief Representative of Roxstrata's investment company, and business analyst for National Australia Trustee.

Anthony William Hickey holds a Bachelor of Laws (Honours) from the University of Queensland. He is the Founder and Chairman of Hickey Lawyers. He was a founding partner of one of the Gold Coast's largest legal firms, Rapp Hickey Morgan Power before he established his own firm, Hickey Lawyers in 1993. His legal experience includes expertise in property development, tourism and construction law and commercial litigation. He is also the Founder and Chairman of Hickey Management, a business which is dedicated to providing successful business outcomes in Australia, particularly for overseas based investors. On 26 January 2017, the Governor General of Australia awarded him the Order of Australia Medal as recognition of his service to the Gold Coast Community and charitable organizations. Anthony is also the Chairman of the Salvation Army Red Shield Appeal for South East Queensland, Director of Titans Rugby League Pty Ltd, Chairman of School Council at Somerset College, Gold Coast, Contributor to the Bond University Vice Chancellor's Mentoring Program for Indigenous Education and Engagement, Deputy Chair of the Bleached Arts Ltd Board, Committee member of the Salvation Army Queensland Advisory Board and Trustee of Gold Coast City Council Mayoress Charity Fund.

On 6 March 2018 the Company advised that Mr Peter McNeil had resigned as Director of the Company. Subsequent to the Period the Company advised it had received and accepted the resignations of Mrs Paige McNeil and Mr John Kirakar from the Board of Frontier effectively immediately. John Kirakar will remain as Frontier's Papua New Guinean (PNG) resident director of the company's two wholly owned subsidiaries Frontier Copper PNG Ltd and Frontier Gold PNG Ltd.

Share Purchase Plan

On 20 September 2017 Frontier announced it had raised $405,890 through the issue of 23,875,883 shares at an issue price of 1.7¢ per share (**Capital Raising**). The Capital Raising comprised the completion of the Share Purchase Plan (**SPP**) announced on 10 August 2017 which closed on 14 September 2017 with applications for 22,558,235 shares totalling $383,489 and an additional placement of 1,317,647 shares pursuant to the Company's placement capacity under ASX Listing Rule 7.1.

Small Shareholding Sale Facility

On 25 October 2017 the Company advised that the share sale facility established for holders of unmarketable parcels of holdings valued at less than A$500 (**Sale Facility**) announced on 10 April 2017 has been completed. A total of 2,404,808 shares were sold on behalf of over 2,000 shareholders at a price of 1.56¢ per share pursuant to the Authorised Price in the Company's Constitution. Entities associated with Directors Mrs Paige and Peter McNeil subscribed for 1,122,757 shares under the Sale Facility.

Lapse of Options

On 1 November 2017 900,000 unlisted options exercisable at $1.22 expired and lapsed unxercised.

On 4 December 2017 the Company advised that 500,000 unlisted options exercisable at $0.22 and expiring on 2 December 2017 had lapsed unexercised.

Cancellation of Options

On 23 May 2018 the Company advised that 2,800,000 unlisted options exercisable at 3 cents each expiring on 30th December 2019, and 2,000,000 unlisted options exercisable at 3.4 cents each expiring on 10th February 2020 had been cancelled by mutual agreement and for nil consideration.

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

Subsequent to the Period on 29 August 2018 the Company advised it had received and accepted the resignations of Mrs Paige McNeil and Mr John Kirakar from the Board of Frontier effectively immediately. John Kirakar will remain as Frontier's Papua New Guinean (PNG) resident director of the company's two wholly owned subsidiaries Frontier Copper PNG Ltd and Frontier Gold PNG Ltd.

Other than the above no matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

(i) the Group's operations in future financial years; or
(ii) the results of those operations in future financial years; or
(iii) the Group's state of affairs in future financial years.

CORPORATE GOVERNANCE
The Company's Corporate Governance Statement is available on its website www.frontierresources.com.au

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 consistent with those reported for the current period.

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	Ordinary Shares	Options
Yun Wei Dong (Fenix Dong) (appointed 19 June 2018) **Executive Director, Member of Audit & Risk Committee** Fenix Dong holds a double degree - Bachelor of Commerce and Bachelor of Information System - from the University of Melbourne. Fenix has extensive mergers and acquisition, investment banking, and management consultant experience in the mining and resources sector across the Asia-Pacific region. His experience extends to mining exploration and processing companies listed on the ASX, and public and private companies in the PRC, Hong Kong and Mongolia. He is Managing Director of Forise and Forise Investment Australia Pty Ltd, both of which are Australian subsidiaries of Forise Global Holdings Limited. Fenix was previously the Senior Vice President of Investment at Hywood Capital, Deputy General Manager and China Chief Representative of Roxstrata's investment company, and business analyst for National Australia Trustee.	333,750,000	164,062,500 options exercisable at 2.9¢ on or before 1 June 2020
Fei Peng (appointed 19 June 2018) **Non-Executive Director, Chairman of Audit & Risk Committee, Member of Nomination and Remuneration Committees** Fei Peng holds an MSc in Finance and Investment with Distinction from Durham University, UK. Fei has over 20 years of investment management experience, including corporate advisory, financial restructuring advisory, strategic planning and capital markets advisory in the PRC, Hong Kong, Singapore and the United States. Fei is a Non-Executive Director of Forise International Limited, which is listed on the Singapore Stock Exchange. Fei is an Executive Director and CEO of SMJ International Holdings Limited, which is listed on the Singapore Stock Exchange. He is responsible to drive its strategic direction, as well as manage the Group Corporate finance investments and overseas expansion. Fei was previously Executive President of Forise Holdings Limited. Prior to joining Forise Holdings Limited, Fei served as the President of Reignwood International Investment Ltd., where he was responsible for managing the group's global investment activities. Previously, Fei served as the Vice President of CHINALCO Overseas Holdings Ltd (a Fortune 500 company) and was responsible for CHINALCO's overseas investment business.	333,750,000	164,062,500 options exercisable at 2.9¢ on or before 1 June 2020
Tony Hickey (appointed 19 June 2018) **Non-Executive Chairman, Nomination and Remuneration Committees Chairman** Tony Hickey holds a Bachelor of Laws (Honours) from the University of Queensland. He is the Founder and Chairman of Hickey Lawyers. He was a founding partner of one of the Gold Coast's largest legal firms, Rapp Hickey Morgan Power before he established his own firm, Hickey Lawyers in 1993. His legal	Nil	Nil

INFORMATION ON DIRECTORS

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

Director and Experience	Ordinary Shares	Options
experience includes expertise in property development, tourism and construction law and commercial litigation. He is also the Founder and Chairman of Hickey Management, a business which is dedicated to providing successful business outcomes in Australia, particularly for overseas based investors. On 26 January 2017, the Governor General of Australia awarded him the Order of Australia Medal as recognition of his service to the Gold Coast Community and charitable organizations. Anthony is also the Chairman of the Salvation Army Red Shield Appeal for South East Queensland, Director of Titans Rugby League Pty Ltd, Chairman of School Council at Somerset College, Gold Coast, Contributor to the Bond University Vice Chancellor's Mentoring Program for Indigenous Education and Engagement, Deputy Chair of the Bleached Arts Ltd Board, Committee member of the Salvation Army Queensland Advisory Board and Trustee of Gold Coast City Council Mayoress Charity Fund		
Peter Swiridiuk (appointed 1 December 2014) **Non-Executive Director, Member of Audit & Risk Committee, Member of Nomination and Remuneration Committees** Peter Swiridiuk holds a BSc (Hons), DipEd, MAIG. Peter has over 25 years' experience exploring for copper, gold, diamonds, coal and base metals. Between 1997 and 2012, he spent substantial amounts of time managing exploration, discovery and resource definition for projects in Papua New Guinea, including evaluation of data at Frieda River and acting as a consultant geophysicist to Frontier Resources (2003-2013). In 2007 he spent over six years as Managing Director of ASX listed Coppermoly Limited where he attracted over $32 million through an IPO, capital raisings and joint venture partner Barrick Gold Corp. While leading Coppermoly, over 2 billion pounds of copper, in two separate JORC resources, were delineated on New Britain Island, Papua New Guinea. Peter was geophysicist for DeBeers diamond services during the 1990's where he managed geophysical surveys for the exploration of diamonds in Australia. Since 1997, he has been a technical consultant working on projects in Australia, PNG, Solomon Islands, Philippines, Cyprus, Mexico and Oman, where his exploration led to the discovery of two copper mines. Peter has authored numerous independent technical reports for the purpose of capital raisings. Peter was previously a Director of Coppermoly Ltd.	Nil	Nil

COMPANY SECRETARY – QUALIFICATIONS & EXPERIENCE

Matthew Foy - BCom, GradDipAppFin, GradDipACG, SAFin, AGIA, ACIS

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 companies.

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**
Peter McNeil[1]	2	2
Paige McNeil[2]	2	2
P. Swiridiuk	2	2
John Kirakar[3]	-	-
Fenix Dong[4]	-	-
Fei Peng[5]	-	-
Tony Hickey[6]	-	-

1. Resigned 6 March 2018
2. Resigned 29 August 2018
3. Resigned 29 August 2018
4. Appointed 19 June 2018
5. Appointed 19 June 2018
6. Appointed 19 June 2018

REMUNERATION REPORT (Audited)

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

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

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. As there is no remuneration committee the role is assumed by the full Board of Directors. The Board ensures that director and executive reward satisfies the following key criteria for good reward governance practices:

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

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

REMUNERATION REPORT (continued)

Alignment to shareholders' interests:

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

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

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 $0.01 and $0.66 during the last five years, and at 30 June 2018 the price was $0.013.

Non-Executive Directors

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

Directors' fees

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

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

Retirement allowances for Directors

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

Executive pay

The executive pay and reward framework has four components:

- base pay and benefits;
- short-term incentives;
- long-term incentives through Directors options (refer Note 19); and
- other remuneration such as superannuation.

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

REMUNERATION REPORT (continued)

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

Base pay

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

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

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

Benefits

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

Retirement benefits

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

Short-term incentives

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

Performance Conditions

There are no performance conditions on remuneration. The Board may from time to time pay a cash bonus to employees on the achievement of agreed individual performance indicators.

REMUNERATION REPORT (continued)

(b) 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 2018 are set out in the following tables:

	Short-term employee benefits			Post-employment benefits		Share-based payment		
2018	**Cash salary and fees $**	**Cash bonus $**	**Non-Monetary benefits $**	**Super-annuation $**	**Retirement benefits $**	**Options* $**	**Shares $**	**Total $**
Executive Director								
P.A. McNeil (i)	60,418	-	-	-	-	-	67,202	127,620
Dong Yun Wei (ii)	1,000	-	-	-	-	-	-	1,000
Non-Executive Directors								
P.S. McNeil	22,728	-	-	-	-	-	-	22,728
P. Swiridiuk	33,620	-	-	-	-	-	-	33,620
John Kirakar	8,333	-	-	-	-	-	-	8,333
Peng Fei (ii)	833	-	-	-	-	-	-	833
Anthony Hickey (ii)	833	-	-	-	-	-	-	833
Total	127,765	-	-	-	-	-	67,202	194,967

(i) Resigned 6 March 2018

(ii) Appointed 19 June 2018

2017								
P.A. McNeil	258,701	-	-	-	-	43,050	93,000	394,751
Non-Executive Directors								
P.S. McNeil	25,000	-	-	-	-	-	-	25,000
P. Swiridiuk	47,495	-	-	-	-	14,350	-	61,845
Total	331,196	-	-	-	-	57,400	93,000	481,596

* Option value calculation using Black-Scholes Model.

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 *	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Dong Yun Wei	100%	-	-	-	-	-
Peng Fei	100%	-	-	-	-	-
Anthony Hickey	100%	-	-	-	-	-
John Kirakar	100%	-	-	-	-	-
P.A. McNeil	100%	89%	-	-	-	11%
P.S. McNeil	100%	100%	-	-	-	-
P. Swiridiuk	100%	77%	-	-	-	23%

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

REMUNERATION REPORT (continued)

(c) Service agreements

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

(d) 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 19 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/ cancelled during the year	Financial year options vest	Range of possible values relating to future payments
Director	2 Dec 2014	2 Dec 2017	$0.22	$0.0078	Between 2 Dec 2014 and 2 Dec 2017	-	100%	2015	-
Director	21 Dec 2012	1 Nov 2017	$1.22	$0.0330	Between 21 Dec 2012 and 1 Nov 2017	-	100%	2013	-
Director	03 Nov 2016	20 Feb 2020	$0.034	$0.0287	Between 23 Nov 2016 to 20 Feb 2020	-	100%	2017	-
Employee	10 Feb 2017	30 Dec 2019	$0.03	$0.0158	Between 10 Feb 2017 to 30 Dec 2019	-	100%	2017	-

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 19 to the Financial Statements.

2,000,000 options exercisable at $0.034 on or before 10 February 2020 (**Director Options**) and 2,800,000 options exercisable at $0.03 on or before 30 December 2019 were issued under the Plan during the previous reporting period. Shareholder approval was sought and obtained on 23 November 2016 for the issue of 1,000,000 Director Options to Mr McNeil, 500,000 Director Options to Mrs McNeil and 500,000 Director Options to Mr Swiridiuk that were issued pursuant to the Plan.

On 4 December 2017 the Company advised that 500,000 unlisted options exercisable at $0.22 and expiring on 2 December 2017 had lapsed unexercised.

On 23 May 2018 the Company advised that 2,800,000 unlisted options exercisable at 3 cents each expiring on 30th December 2019, and 2,000,000 unlisted options exercisable at 3.4 cents each expiring on 10th February 2020 had been cancelled by mutual agreement and for nil consideration.

(e) 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.

REMUNERATION REPORT (continued)

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

(ii) Option holdings

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

2018 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[1]	2,500,000	-	-	(2,500,000)	-	-
Paige McNeil[2]	2,500,000	-	-	(2,500,000)	-	-
Peter Swiridiuk[3]	500,000	-	-	(500,000)	-	-
John Kirakar[4]	100,000	-	-	(100,000)	-	-
Fenix Dong[5]	-	-	-	164,062,500	164,062,500	164,062,500
Fei Peng[6]	-	-	-	164,062,500	164,062,500	164,062,500
Tony Hickey[7]	-	-	-	-	-	-
Total	3,100,000	-	-	160,962,500	164,062,500	164,062,500

1. Resigned 6 March 2018. Options held by Peter McNeil and Paige McNeil are held in an entity jointly controlled by both Peter and Paige McNeil. As such the option holdings attributed to Paige and Peter include the options they jointly control.
2. Resigned 29 August 2018. On 23 May 2018 2,000,000 options were cancelled by mutual agreement and on 4 December 2017 the Company advised that 500,000 unlisted options exercisable at $0.22 and expiring on 2 December 2017 had lapsed unexercised.
3. Options cancelled by mutual agreement.
4. Resigned 29 August 2018. Options cancelled by mutual agreement.
5. Appointed 19 June 2018. Interest in options acquired following Forise Subscription Agreement.
6. Appointed 19 June 2018. Interest in options acquired following Forise Subscription Agreement.
7. Appointed 19 June 2018.

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

2017 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*	1,000,000*	1,500,000*	-	-	2,500,000*	2,500,000*
Paige McNeil[1*]	1,000,000*	1,500,000*	-	-	2,500,000*	2,500,000*
Peter Swiridiuk	-	500,000	-	-	500,000	500,000
Total	1,000,000	2,000,000	-	-	3,000,000	3,000,000

*Options granted to Peter McNeil as remuneration during the previous year are held in an entity jointly controlled by both Peter and his spouse Paige McNeil. As such the option holdings attributed to Paige and Peter include the options they jointly control.

REMUNERATION REPORT (continued)

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

(iii) Share holdings

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

2018	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[1]	14,816,760	-	1,122,757	15,939,517
Paige McNeil[2]	14,816,760	-	1,122,757	15,939,517
Peter Swiridiuk	-	-	-	-
John Kirakar[3]	788,889	-	-	788,889
Fenix Dong[4]	-	-	333,750,000	333,750,000
Fei Peng[5]	-	-	333,750,000	333,750,000
Tony Hickey[6]	-	-	-	-
Total	15,605,649	-	334,872,757	350,478,406

1. Resigned 6 March 2018. Acquisition of 1,122,757 shares via off-market transfer. Shares held by Peter McNeil and Paige McNeil are held in an entity jointly controlled by both Peter and Paige McNeil. As such the shares holdings attributed to Paige and Peter include the shares they jointly control.
2. Resigned 29 August 2018. Acquisition of 1,122,757 shares via off-market transfer.
3. Resigned 29 August 2018.
4. Appointed 19 June 2018. Interest in shares acquired following Forise Subscription Agreement.
5. Appointed 19 June 2018. Interest in shares acquired following Forise Subscription Agreement.
6. Appointed 19 June 2018.

2017	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*	6,507,106	-	8,309,654	14,816,760
Paige McNeil[1]**	6,507,106	-	8,309,654	14,816,760
Peter Swiridiuk	-	-	-	-
Total	6,507,106	-	8,309,654	14,816,760

* Shares attributed to Peter McNeil include 609,518 shares held outright by his spouse Paige McNeil (also included in the 30 June 2017 balance of shares attributed to Paige) as well as 13,669,506 shares Peter controls jointly with Paige through jointly controlled entities.

** Shares attributed to Paige McNeil include 537,736 shares held outright by her spouse Peter McNeil (also included in the 30 June 2017 balance of shares attributed to Peter) as well as 13,669,506 shares Paige controls jointly with Peter through jointly controlled entities.

(f) *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 (2017: Nil).

REMUNERATION REPORT (continued)

(g) ***Other transactions with Directors and other key management personnel***

A former 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.

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 2018 was $244,462 owed to Exploration & Management Consultants Pty Ltd and accrued Non-Executive Director Fees of approximately Nil.

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

	2018 $	2017 $
Amounts recognised as expense		
Consulting fees:		
Administration	43,750	61,713
Exploration	120,300	289,988
Provision of office space	30,000	30,000
	194,050	351,701
Outstanding balance at year end	244,462	241,752

(h) 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)

(h) Additional information (continued)

Relationship between remuneration and the Group's performance

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

	2018	2017	2016	2015	2014
Loss for the year	$726,546	$1,711,031	$641,520	$2,413,968	$1,479,803
Closing Share Price	1.3 cents	3.0 cents	3.0 cents	0.2 cents	1.4 cents
KMP Incentives	$nil	$57,400	$nil	$78,000	$nil
Total KMP Remuneration	$194,967	$481,596	$232,229	$521,552	$405,799

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
19 June 2018	1 June 2020	$0.029	187,500,000
			187,500,000

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 2018, 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 24.

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.

	2018 $	2017 $
Assurance services		
Audit Services		
Moore Stephens Perth	29,033	25,547
Sinton Spence Chartered Accountants (PNG)	4,852	-
Total remuneration for audit and assurance services	33,885	25,547
Taxation and Accounting Services		
Moore Stephens Perth	7,050	7,253
Sinton Spence Chartered Accountants (PNG)	1,625	900
Total remuneration for taxation services	8,675	8,153

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.

Fenix Dong
Executive Director

27 September 2018

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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 2018 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
Partner

Moore Stephens

Moore Stephens
Chartered Accountants

Signed at Perth this 27th day of September 2018

FINANCIAL REPORT – 30 JUNE 2018

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
Level 8, 99 St Georges Terrace
Perth WA 6000

Its registered office is:

Frontier Resources Ltd
Level 8, 99 St Georges Terrace
Perth WA 6000

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

The financial report was authorised for issue by the Directors on 27 September 2018. 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

FRONTIER RESOURCES LTD
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018	2017
		$	$
Revenue from Continuing Operations			
Revenue	4	20,594	71,792
Other income	4		
		20,594	71,792
Exploration expenditure	5	(355,355)	(877,430)
Administration and insurance expenses		(146,142)	(236,499)
Corporate compliance and shareholder		(65,555)	(122,797)
Gross employee benefit expense		(47,000)	(189,638)
Depreciation	9	-	(148,339)
Consultancy		(80,978)	(11,596)
Rent, consumables and communication	5	(32,500)	(37,299)
Impairment of fixed assets	9	-	(112,511)
Impairment of receivables	5	(19,610)	-
Share based payments expense		-	(44,240)
Foreign exchange loss		-	(2,474)
Loss before income tax		(726,546)	(1,711,031)
Income tax expense/(benefit)	6	-	-
Loss after tax from continuing operations		(726,546)	(1,711,031)
Profit after income tax from discontinued operations		-	-
Loss for the year attributable to ordinary equity holders of Frontier Resources Ltd		(726,546)	(1,711,031)
Other comprehensive income			
Items that may be subsequently reclassified to profit or			
Movement in foreign currency translation		(12,554)	(44,890)
Other comprehensive income for the year		(12,554)	(44,890)
Total comprehensive loss for the year attributable to ordinary equity holders of Frontier Resources Ltd		(739,100)	(1,755,921)
Loss per share for the year attributable to members of Frontier Resources Ltd		**Cents**	**Cents**
Continuing operations		(0.66)	(2.92)
Discontinued operations		-	-
Total basic and diluted (loss) per share	15	(0.66)	(2.92)

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

	Notes	2018	2017
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents	7	5,956,074	41,714
Trade and other receivables	8	31,518	29,575
Prepayments		-	187,286
Total Current Assets		5,987,592	258,575
Non-Current Assets			
Trade and other receivables	8	5,247	5,238
Plant and equipment	9	-	-
Total Non-Current Assets		5,247	5,238
Total Assets		5,992,839	263,813
LIABILITIES			
Current Liabilities			
Trade and other payables	10	358,057	425,819
Total Current Liabilities		358,057	425,819
Total Liabilities		358,057	425,819
Net Assets/(Liabilities)		5,634,782	(162,006)
EQUITY			
Contributed equity	13	39,269,716	32,733,828
Reserves	14	3,545,184	3,557,738
Accumulated losses	14	(37,180,118)	(36,453,572)
Total Equity/(Deficit)		5,634,782	(162,006)

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

	Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Options Premium	Foreign Currency Translation	Total
	$	$	$	$	$	$
Balance at 1 July 2016	31,197,239	(34,742,541)	3,939,885	78,000	(516,897)	(44,314)
Loss attributable to ordinary equity holders of Frontier Resources Ltd	-	(1,711,031)	-	-	-	(1,711,031)
Other comprehensive income -						
Foreign currency translation	-	-	-	-	(44,890)	(44,890)
Total comprehensive loss for the year	-	(1,711,031)	-	-	(44,890)	(1,755,921)
Transaction with owners, in their capacity as owners -						
Options issued during the year	-	-	-	101,640	-	101,640
Shares issued during the year, net of costs	1,536,589	-	-	-	-	1,536,589
Balance at 30 June 2017	32,733,828	(36,453,572)	3,939,885	179,640	(561,787)	(162,006)
Balance at 1 July 2017	32,733,828	(36,453,572)	3,939,885	179,640	(561,787)	(162,006)
Loss attributable to ordinary equity holders of Frontier Resources Ltd	-	(726,546)	-	-	-	(726,546)
Other comprehensive income -						
Foreign currency translation	-	-	-	-	(12,554)	(12,554)
Total comprehensive loss for the year	-	(726,546)	-	-	(12,554)	(739,100)
Transaction with owners, in their capacity as owners -						
Options issued during the year	-	-	-	-	-	-
Shares issued during the year, net of costs	6,535,888	-	-	-	-	6,535,888
Balance at 30 June 2018	39,269,716	(37,180,118)	3,939,885	179,640	(574,341)	5,634,782

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

	Note	2018	2017
		$	$
Cash Flows From Operating Activities			
Payments to suppliers and employees		(356,909)	(192,826)
Interest received		983	315
Payments to exploration expenditure		(168,892)	(694,795)
Net cash outflow from operating activities	**21**	**(524,818)**	**(887,306)**
Cash Flows From Investing Activities			
Proceeds from disposal of financial assets		-	74,073
Net cash inflow/(outflow) from investing activities		**-**	**74,073**
Cash Flows From Financing Activities			
Proceeds from the issue of shares		6,495,890	809,572
Proceeds from application funds held in trust		-	17,539
Payments for capital raising costs		(27,058)	(14,721)
Repayment of borrowings		(29,608)	20,011
Net cash inflow from financing activities		**6,439,224**	**832,401**
Net increase/(decrease) in cash and cash equivalents		**5,914,406**	**19,168**
Cash at 1 July		41,714	28,846
Effect of exchange rates on cash holdings in foreign currencies		(46)	(6,300)
Cash at 30 June	**7**	**5,956,074**	**41,714**

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 statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Removal of Parent

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

Historical cost convention

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

Critical accounting estimates

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 22.

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 unrealized 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 recognizes 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, recognizing 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Principles of consolidation (continued)

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.

Fair value premeasurements 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 acquire 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

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 maximize, to the extent possible, the use of observable market data.

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 maximizes the receipts from the sale of the asset or minimizes 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 derecognized 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 derecognized 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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 realizable during the period of the employees' membership of the plan or on settlement of all of the employees' entitlements from plan assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Employee benefits (continued)

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 9.50% 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.

Equity-settled compensation

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Income tax (continued)

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

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

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

(l) Goods and Services Tax (GST)

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

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

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

(m) Provisions

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

(n) Borrowing costs

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

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

(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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Foreign currency transactions and balances

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

Transaction and balances

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

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

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

Group companies

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

a. Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
b. Income and expenses are translated at average exchange rates for the period; and
c. Share capital and retained earnings are translated at the exchange rates prevailing at the date of the transaction.

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

(q) Segment Reporting

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

(r) Comparative Figures

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

(t) New Accounting Standards for Application in Future Periods

Accounting Standards 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 to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined 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 that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, 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 the hedging of non-financial items. Should the Group elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

The directors anticipate that the adoption of AASB 9 will not have impact on the Group’s financial instruments, including hedging activity.

AASB 15 Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- Recognize revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.
The directors anticipate that the adoption of AASB 15 will not have an impact on the Group's financial statements.

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

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The new Standard does not make any significant changes to lessor accounting and as such is only expected to impact lease accounting from a lessee's perspective. The directors anticipate that the adoption of AASB 16 will not have an impact on the Group's financial statements given its current state of operations.

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:

	2018 AUD	2018 Kina	2017 AUD	2017 Kina
Foreign currency assets and liabilities				
Cash and cash equivalents	1,608	3,990	3,554	8,848
Trade and other receivables	-	-	1,875	4,668
Prepayments	2,567	6,370	187,286	466,311
Intercompany loans payable	(16,336,103)	(40,536,236)	(16,106,973)	(40,103,809)
Trade and other payables	(2,122)	(5,266)	(3,870)	(9,637)

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

(ii) Interest rate risk

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

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

2018	Floating Interest Rate $	Non-interest bearing $	Total $
Financial assets			
Cash and cash equivalents	5,956,074	-	5,956,074
Trade and other receivables	-	31,518	31,518
Prepayments	-	-	-
	5,956,074	31,518	5,987,592
Weighted average interest rate	0.033%		
Financial liabilities			
Trade and other payables	-	358,057	358,057
	-	358,057	358,057
Net financial assets	5,956,074	(326,539)	5,629,535

2017	Floating Interest Rate $	Non-interest bearing $	Total $
Financial assets			
Cash and cash equivalents	41,714	-	41,714
Trade and other receivables	-	29,575	29,575
Prepayments	-	187,286	187,286
	41,714	216,861	258,575
Weighted average interest rate	0.67%		
Financial liabilities			
Trade and other payables	-	425,819	425,819
	-	425,819	425,819
Net financial assets	41,714	(208,958)	(167,244)

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

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

	2018	**2017**
	$	**$**
Net financial assets subject to variable interest rates	5,956,074	41,714
Increase in profits resulting from a 1% pa increase in variable interest rates	59,561	417
Decrease in profits resulting from a 1% pa decrease in variable interest rates	(59,561)	(417)

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.

	2018	**2017**
	$	**$**
Decrease in other comprehensive income resulting from a 10% increase in Australian Dollar against the Kina	(1,185)	(4,131)
Increase in other comprehensive income resulting from a 10% decrease in Australian Dollar against the Kina	(1,185)	(4,131)

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 also include $2,501 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.

NOTE 2 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

The maximum exposure to credit risk is as follows:

	2018 $	2017 $
Current Assets:		
Cash and cash equivalents	5,956,074	41,714
Trade and other receivables	31,518	29,575
Prepayments	-	187,286
Non-Current Assets:		
Trade and other receivables	5,247	5,238
	5,992,839	263,813

(c) Liquidity risk

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

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

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

	2018 $	2017 $
Cash and cash equivalents	5,956,074	41,714
Trade and other receivables	31,518	29,575
Prepayments	-	187,286
Trade and other payables	(358,057)	(425,819)
	5,629,535	(167,244)

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 2018 and carried out a review of the recoverable amount of its plant and equipment. An impairment loss of $19,611 (2017: $877,430) has been recognized in Statement of Profit or Loss and Other Comprehensive Income.

(b) 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 19.

	2018 $	2017 $
NOTE 4 REVENUE		
From continuing operations		
Gain on sale of Asset	19,611	71,629
Interest – unrelated parties	983	163
Total Revenue	20,594	71,792

NOTE 5 EXPENSES AND SIGNIFICANT ITEMS

Depreciation of plant & equipment	-	148,339
Office rental	32,500	37,299
Significant Items		
Exploration and evaluation expenditure	335,744	877,430
Impairment of plant & equipment	-	112,511
Impairment of receivables	19,610	-
Share-based payments expense	-	44,240

NOTE 6: INCOME TAX EXPENSE

	2018 $	2017 $
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	(726,546)	(1,711,031)
Prima facie tax benefit on loss from continuing operations at 30% (2017: 27.5%)	(217,964)	(470,534)
Add / (less) tax effect of:		
- Revenue losses not recognised	76,563	131,258
Capital losses not recognised		
- Share based payments	-	27,950
- Other non-allowable items	141,865	316,106
	464	4,780
Less tax effect of:		
- Other deferred tax balances not recognized	464	4,780
Income tax expense / (benefit) recorded in Statement of Profit and Loss and Other Comprehensive Income	-	-
c. Unrecognized deferred tax assets: at 27.5% (2017: 27.5%) (Note 1):		
Carry forward revenue losses	3,904,577	3,509,013
Carry forward capital losses	529,850	485,696
Financial assets	298,810	273,909
Other	8,188	7,184
	4,741,425	4,275,802

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 utilizing the benefits.

Note 1 - Reduction in corporate tax rate

The corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2027 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realized or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

NOTE 7 CASH AND CASH EQUIVALENTS

	2018 $	2017 $
Cash at bank and on hand	5,956,074	41,714
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	5,956,074	41,714
Bank deposits at call	-	-
Cash on hand	-	-
Cash and cash equivalents	5,956,074	41,714

Cash at bank earns an interest rate of 0.5% (2017: 1.25%). 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

	2018 $	2017 $
CURRENT		
Prepayments	-	187,286
Other receivables (a)	31,518	29,575
	31,518	216,861
NON-CURRENT		
Deposits – tenements and premises (b)	5,247	5,238

(a) Other current receivables are all non-interest bearing.
(b) Deposits – tenements and premises deposits for performance and private land and are non-interest bearing.

No receivables were past due but not impaired.

NOTE 9 PLANT AND EQUIPMENT

	2018 $	2017 $
Plant and equipment		
Plant and equipment at cost	2,602,778	2,602,778
Less accumulated depreciation	(2,131,674)	(2,131,674)
Less impairment charges of property plant and equipment	(471,104)	(471,104)
Carrying amount at the end of the financial year	-	-

Reconciliation

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

	2018 $	2017 $
Carrying amount at the beginning of the financial year	-	265,028
Depreciation expense	-	(148,338)
Impairment of carrying values	-	(112,511)
Foreign currency exchange differences	-	(4,179)
Carrying amount at the end of the financial year	-	-

	2018 $	2017 $
NOTE 10 TRADE AND OTHER PAYABLES		
CURRENT		
Trade and sundry creditors (a)	339,390	339,548
Accrued expenses	18,667	56,663
Loan from Director (b)	-	29,608
	358,057	425,819

(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. The loan from a Director is non-interest bearing.

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

NOTE 11 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:

	2018 $	2017 $
Not later than 1 year	95,000	48,745
Later than 1 year but not later than 5 years	86,000	-
Any greater than 5 years	-	-
	181,000	48,745

NOTE 12 CONTINGENT LIABILITIES

The Group had no contingent liabilities at 30 June 2018 (2017: nil).

NOTE 13 CONTRIBUTED EQUITY

	2018 Shares	2017 Shares	2018 $	2017 $
(a) Paid Up Capital				
Ordinary shares – fully paid of no par value	489,101,938	80,400,916	39,269,716	32,733,828

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

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

NOTE 13 CONTRIBUTED EQUITY (continued)

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

Date	Details	Number of Shares	Issue Price $	$
30 Jun 2016	Closing Balance	32,569,646		31,197,239
	Shares issued	39,284,963	0.03	1,178,549
		1,697,128	0.0383	65,000
		6,849,179	0.045	308,214
	Share capital raising costs			(15,174)
30 Jun 2017	Closing Balance	80,400,916		32,733,828
	Shares issued	23,875,897	0.017	405,890
		3,125,000	0.016	50,000
		4,200,125	0.016	67,202
		371,875,000	0.016	5,950,000
		5,625,000	0.016	90,000
	Share capital raising costs			(27,204)
30 June 2018		489,101,938		39,269,716

(c) Options

	No. of Options 2018	No. of Options 2017
The number of unissued ordinary shares relating to options not exercised at year end:		
- Non-transferable options exercisable on or before 1 November 2017 at $1.22 (2016: 6.1 cents)	-	900,000
- Non-transferable options exercisable on or before 2 December 2017 at 22 cents (2016: 1.1 cents)	-	500,000
- Non-transferable options exercisable on or before 20 Feb 2020 at 3 cents (2017: n/a)	-	2,800,000
- Non-transferable options exercisable on or before 30 Dec 2019 at 3.4 cents (2017: n/a)	-	2,000,000
- Non-transferable options exercisable on or before 1 June 2020 at 2.9 cents (2017: n/a)	187,500,000	-
	187,500,000	6,200,000

(d) Option Issues

On 31 May 2018 the Company issued 187,500,000 unlisted options as free-attaching options to a placement. These options were issued pursuant to shareholder approval at the Extraordinary General Meeting held on 15 May 2018 and are fully vested. The options are exercisable at $0.029 with an expiry date of 1 June 2020.

(e) Option Exercise

During the financial year nil options were exercised.

(f) Option Expiry

During the financial year the no options expired unexercised.

NOTE 13 CONTRIBUTED EQUITY (continued)

(g) Option Cancellation and Lapse

On 4 December 2017 the Company advised that 500,000 unlisted options exercisable at $0.22 and expiring on 2 December 2017, and 900,000 unlisted options exercisable at $1.22 and expiring 1 November 2017 had lapsed unexercised.

On 23 May 2018 the Company advised that 2,800,000 unlisted options exercisable at 3 cents each expiring on 30th December 2019, and 2,000,000 unlisted options exercisable at 3.4 cents each expiring on 10th February 2020 had been cancelled by mutual agreement and for nil consideration.

(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 2018 and 30 June 2017 was as follows:

	2018 $	2017 $
Cash and cash equivalents	5,956,074	41,714
Trade and other receivables	31,518	29,575
Prepayment	-	187,286
Trade and other payables	(358,057)	(425,819)
Working capital position	5,629,535	(167,244)

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

Refer to note 2 for Financial Risk Management.

NOTE 14 RESERVES AND ACCUMULATED LOSSES

	2018 $	2017 $
(a) Reserves		
Share based payment reserve	3,939,885	3,939,885
Options premium reserve	179,640	179,640
Foreign currency translation reserve	(574,341)	(561,787)
	3,545,184	3,557,738
Movements		
Share based payment reserve		
Balance 1 July	3,939,885	3,939,885
Option expense	-	-
Balance 30 June	3,939,885	3,939,885
Options premium reserve		
Balance 1 July	179,640	78,000
Options issued	-	101,640
Balance 30 June	179,640	179,640
Foreign currency translation reserve		
Balance 1 July	(561,787)	(516,897)
Currency translation differences arising during the year	(12,554)	(44,890)
Balance 30 June	(574,341)	(561,787)

(b) Accumulated losses

Movements in accumulated losses were as follows:

	2018 $	2017 $
Balance 1 July	(36,453,572)	(34,742,541)
Net loss for the year	(726,546)	(1,711,031)
Balance 30 June	(37,180,118)	(36,453,572)

(c) Nature and purpose of reserves

Share based payment reserve
This reserve is used to recognise the fair value of share based payments.

Options premium reserve
This 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.

	2018 $	2017 $
NOTE 15 LOSS PER SHARE ("EPS")		
Earnings per share from continuing operations Loss after income tax	(726,546)	(1,711,031)
Weighted average number of shares used in the calculation of the basic EPS.	110,684,561	58,533,125
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.	187,500,000	6,200,000
Basic and diluted loss per share	0.66 cents	2.92 cents
Earnings per share from discontinued operations Profit after income tax		-
Weighted average number of shares used in the calculation of the basic EPS.	110,684,561	58,533,125
The number of potential ordinary shares relating to options not exercised at the end of the year.	187,500,000	6,200,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	110,684,561	58,533,125
Basic earnings per share	-	-
Diluted earnings per share	-	-

NOTE 16 DIVIDENDS

There were no dividends paid or recommended during the financial year ended 30 June 2018 (2017: nil).

NOTE 17 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 22.

Other related parties

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

NOTE 17 RELATED PARTY TRANSACTIONS (continued)

Shares issued to related parties

(a) Frontier Resources Ltd Key Management Personnel Shares

2018	Number of shares Issued	Issue Price	$
Key management personnel			
Exploration & Management Consultants Pty Ltd[1]	4,200,125	$0.016	67,202

[1] Exploration & Management Consultants Pty Ltd ("EMC") is a company jointly controlled by the Directors Peter and Paige McNeil. During the year ended 30 June 2018 shares were issued to EMC in lieu of cash for consultancy services. These shares were valued at $0.016 per share, being the share price on the date of issue.

2017	Number of shares Issued	Issue Price	$
Key management personnel			
Exploration & Management Consultants Pty Ltd[1]	3,100,000	$0.03	93,000

[1] Exploration & Management Consultants Pty Ltd ("EMC") is a company jointly controlled by the Directors Peter and Paige McNeil. During the year ended 30 June 2018 shares were issued to EMC in lieu of cash for consultancy services. These shares were valued at $0.03 per share, being the share price on the date of issue.

(b) Forise Investment Sydney Pty Ltd

On 22 December 2017, Forise Investment Sydney Pty Ltd ('Forise') and the Company entered into a loan agreement, pursuant to which, Forise agreed to provide the Company with an interest-free, unsecured loan facility in the amount of $50,000 to fund near term corporate and exploration costs. The agreement was amended on 12 March 2018 to provide for an increase in the amount of the loan facility to $90,000. Under the terms of the loan agreement, the loan is converted into shares at a conversion price of $0.016 per share once shareholder approval under section 611, item 7 of the Corporations Act has been obtained at the EGM by the Company. Approval was obtained at the general meeting held on 15 May 2018 and this loan was extinguished through the issue of 5,625,000 ordinary shares to Forise on 18 June 2018.

NOTE 18 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 2018.

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

	2018 $	2017 $
Short term employee benefits	194,967	331,196
Post-employment benefits	-	-
Share based payments	-	150,400
	194,967	481,596

NOTE 19 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. The information presented and tabled below relate to options issued in prior financial periods. No new options were issued or granted during the year ended 30 June 2018 (2017: $nil).

- 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.
- Options may not be exercised if the effect of such exercise and subsequent allotment of shares would be to create a holding of less than a marketable parcel of ordinary shares unless the allottee is already a shareholder of the Company at the time of exercise.
- Options are not transferable. Application will not be made to ASX for their Official Quotation.
- All shares issued upon exercise of the options and payment of the exercise price will rank pari passu in all respects with the Company's then existing ordinary fully paid shares. The Company will apply for Official Quotation by ASX of all shares issued upon exercise of the options.
- There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the books closing date will be at least 7 business days after the issue is announced. This will give option holders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.
- In the event of any reconstruction, including a consolidation, sub-division, reduction or return of the issued capital of the Company prior to the expiry date, the number of options to which each holder is entitled or the exercise price of the options or both will be reconstructed as appropriate in a manner which is in accordance with the Listing Rules then applying. This would not result in any benefits being conferred on option holders which are not conferred on shareholders, subject to such provisions with respect to the rounding of entitlements as may be sanctioned by the meeting of shareholders approving the reconstruction of capital, but in all other respects the terms of exercise of the options will remain unchanged.
- If an option holder under this Plan ceases to be substantially involved with the Company, the Directors, at their discretion may cancel all or part of the holder's options obtained under this plan after giving the holder 60 days' notice of their intention to do so.

NOTE 19 SHARE-BASED PAYMENTS (continued)

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

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Issued during the year Number	Exercised during the year Number	Cancelled or Expired during the year Number	Balance at end of the year Number
2018							
21 Dec 2012	1 Nov 2017	$1.220	900,000	-	-	(900,000)	-
28 Nov 2014	2 Dec 2017	$0.220	500,000	-	-	(500,000)	-
03 Nov 2016	20 Feb 2020	$0.034	2,800,000	-	-	(2,800,000)	-
10 Feb 2017	30 Dec 2019	$0.03	2,000,000	-	-	(2,000,000)	-
31 May 2018	1 June 2020	$0.029	-	187,500,000	-	-	187,500,000
			6,200,000	187,500,000	-	(6,200,000)	187,500,000
Weighted average remaining contracted life of options (Years)							1.92 Years
Weighted average exercise price							$0.029
2017							
21 Dec 2012	1 Nov 2017	$1.220	900,000	-	-	-	900,000
28 Nov 2014	2 Dec 2017	$0.220	500,000	-	-	-	400,000
03 Nov 2016	20 Feb 2020	$0.034	-	2,800,000	-	-	2,800,000
10 Feb 2017	30 Dec 2019	$0.03	-	2,000,000	-	-	2,000,000
			1,400,000	4,800,000	-	-	6,200,000
Weighted average remaining contracted life of options (Years)							2.08 Years
Weighted average exercise price							$0.220

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 and Employee Options

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

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

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

NOTE 19 SHARE-BASED PAYMENTS (continued)

(b) Frontier Resources Ltd Directors and Employee Options (continued)

There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the books closing date

will be at least 7 business days after the issue is announced. This will give option holders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.

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

The options can be issued to a Director, employee or nominee.

(c) Expenses arising from share-based payment transactions

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

	2018 $	2017 $
Options issued under directors & employee option plan	-	101,640

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

Type of Options:	**Employees**
Number of options issued	2,800,000
Exercise price	3c
Share price at date granted	3.4c
Risk free rate	1.50%
Volatility factor	100%
Valuation	0.0158c
Expiry	30/12/2019

Type of Options:	**Directors**
Number of options issued	2,000,000
Exercise price	3c
Share price at date granted	3.4c
Risk free rate	1.50%
Volatility factor	100%
Valuation	0.0287c

NOTE 20 OPERATING SEGMENTS

Identification of reportable segments

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

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

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

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

For the Year to 30 June 2018	**Papua New Guinea Exploration $**	**Treasury $**	**Total $**
Segment Revenue	-	983	983
Segment Results	(356,291)	983	(355,308)
Amounts not included in segment results but reviewed by Board:			
- Corporate charges			(371,238)
- Share-based payment expenses			-
Loss before Income Tax			(726,546)
As at 30 June 2018			
Segment Assets	4,175	5,988,664	5,992,839
Segment Liabilities	2,122	355,935	358,057

NOTE 20 OPERATING SEGMENTS (continued)

For the Year to 30 June 2017	Papua New Guinea Exploration $	Treasury $	Total $
Segment Revenue	-	216	216
Segment Results	(1,149,474)	216	(1,149,258)
Amounts not included in segment results but reviewed by Board:			
- Corporate charges			(460,133)
- Share-based payment expenses			(101,640)
Loss before Income Tax			(1,711,031)
As at 30 June 2017			
Segment Assets	195,273	68,540	263,813
Segment Liabilities	3,871	421,948	425,819

NOTE 21 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:	2018	2017
Operating loss after income tax	(724,786)	(1,711,031)
Adjustment for non-cash items:		
- Depreciation expense	-	148,339
- Share-based payments	-	44,240
- Impairment of property, plant & equipment	-	112,551
- Other non-cash expenses	-	628,849
Change in operating assets and liabilities:		
- Trade and other payables and provisions	201,911	(116,661)
- Trade and other receivables	(1,943)	6,407
Net cash outflow from operating activities	(524,818)	(887,306)

There were no non-cash financing and investing activities during the year (2017: nil).

NOTE 22 SUBSIDIARIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding 2018 %	Equity Holding 2017 %
Frontier Gold (PNG) Ltd	Papua New Guinea	Ordinary	100	100
Frontier Copper (PNG) Ltd	Papua New Guinea	Ordinary	100	100

NOTE 23 PARENT ENTITY DISCLOSURES

(a) Financial Position of Frontier Resources Limited

	2018 $	2017 $
CURRENT ASSETS		
Cash and cash equivalents	5,954,466	38,160
Trade and other receivables	31,518	30,380
TOTAL CURRENT ASSETS	5,985,984	68,540
NON-CURRENT ASSETS		
Other financial assets	13,302	10,622
TOTAL NON-CURRENT ASSETS	13,302	10,622
TOTAL ASSETS	5,999,286	79,162
CURRENT LIABILITIES		
Trade and other payables	355,935	392,340
Borrowings	-	29,608
TOTAL CURRENT LIABILITIES	355,935	421,948
TOTAL LIABILITIES	355,935	421,948
NET ASSETS	5,643,351	(342,786)
EQUITY		
Contributed equity	39,269,716	32,733,828
Reserves	4,119,525	4,119,525
Accumulated losses	(37,745,890)	(37,196,139)
TOTAL EQUITY	5,643,351	(342,786)

(b) Financial Performance of Frontier Resources Limited

	2018 $	2017 $
Loss for the year	(549,751)	(2,672,071)
Total comprehensive loss	(549,751)	(2,672,071)

(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 2018 (2017: none).

(d) Contingent liabilities of Frontier Resources Limited

There are no contingent liabilities as at 30 June 2018 (2017: none).

(e) Commitments Frontier Resources Limited

There are no commitments as at 30 June 2018 (2017: none).

NOTE 24 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.

	2018 $	2017 $
Assurance services		
Audit Services		
Moore Stephens	29,033	25,547
Sinton Spence Chartered Accountants (PNG)	4,852	-
Total remuneration for audit services	33,885	25,547
Non-Assurance services		
Taxation and Accounting Services		
Moore Stephens	7,050	7,253
Sinton Spence Chartered Accountants (PNG)	1,625	900
Total remuneration for taxation services	8,675	8,153

NOTE 25 EVENTS OCCURRING AFTER THE BALANCE DATE

On 29 August 2018 the Company advised it had received and accepted the resignations of Mrs Paige McNeil and Mr John Kirakar from the Board of Frontier effectively immediately. John Kirakar will remain as Frontier's Papua New Guinean (PNG) resident director of the company's two wholly owned subsidiaries Frontier Copper PNG Ltd and Frontier Gold PNG Ltd.

Other than the above no matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect:

(i) the Group's operations in future financial years; or
(ii) the results of those operations in future financial years; or
(iii) the Group's state of affairs in future financial years.

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 2018 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 13 to 21 within the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2018, 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:

Fenix Dong
Executive Director

27 September 2018

MOORE STEPHENS

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

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Frontier Resources Limited (the Company) and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.
In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.
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 given to the directors as at the time of this auditor's report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Cash at bank	
Refer to Note 7 Cash & cash equivalents	
The Group's total cash at bank holdings of \$5.96 million at balance date makes up 99% of its total assets by value and is considered a critical driver to the Group's ongoing and future operations. We do not generally consider cash to be at a high risk of significant misstatement, or to be subject to a significant level of judgment because it is normally a liquid asset. However, we determined this area to be key audit matter due to the materiality in the context of the financial statements	Our procedures included, amongst others: • Documenting and assessing the processes and controls in place to record cash at bank transactions • Agreeing cash/bank holdings to year-end bank reconciliations, bank statements and independent third-party bank confirmations; • Assessed the appropriateness of the disclosures included in the primary financial statements and notes to the financial report The disclosures contained in the financial statements appropriately identify this risk.

Related Party Transactions	
Refer to Note 17 (a) & (b) Share issued in lieu of cash to settle liabilities	
During the year ended 30 June 2018, the Group transacted with Key Management Personnel (KMP) and their related entities including • payments for accrued director/other fees valued at \$67,202 in the form of equity settled shares to entities associated with former KMPs; • conversion of loans provided to the Group by entities associated with current Key Management Personnel in the form of equity settled shares to the value of \$90,000. As these transactions are made with parties associated with KMPs, there are additional inherent risks associated with these transactions, including the potential for these transactions to be made on terms and conditions more favourable than if they had been with an independent third party. We therefore identified these transactions as a key area of focus.	Our procedures included, amongst others: • Reviewing minutes of directors & shareholder meetings, agreements and ASX announcements (including the Notice of Extraordinary General Meeting announced on 15 May 2018) relating to the approval of such arrangements undertaken and various issue of shares during the financial year. • Reviewing payments and general journals throughout the year, and examining transactions with known related parties, or those that appear large or unusual for the Group. • Assessing the valuation methodology used by management to determine the fair value of share-based payments, including testing the integrity of information provided and recalculating the valuation. • Assessing whether the share-based payments have been appropriately classified and accounted for in the financial statements. The disclosures contained in the financial statements appropriately identify this risk.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, international omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Report (continued)

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2018.
In our opinion, the Remuneration Report of Frontier Resources Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

SUAN LEE TAN	MOORE STEPHENS
PARTNER	CHARTERED ACCOUNTANTS

Signed at Perth on the 27th day of September 2018

ADDITIONAL INFORMATION

TENEMENT SCHEDULE

Tenement Name	Tenement Name	Status	Ownership
Bulago	EL 1595	Granted Exploration Licence	100%
Muller Range	EL 2356	Granted Exploration Licence	100%
Andewa	EL 2461	Granted Exploration Licence	Nil. Option agreement terminated
Ala	EL 2375	Granted Exploration Licence	Nil. Option agreement terminated

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

STATEMENT OF QUOTED SECURITIES AS AT 31 AUGUST 2018

		Number of Shareholders
a)	Distribution of Shareholders	
	Size of Holding	
	1 – 1,000	233
	1,001 – 5,000	98
	5,001 – 10,000	57
	10,001 – 100,000	309
	100,001 and over	141
	Total	**838**
b)	Number of holders of less than marketable parcels:	594

d) The following are substantial shareholders having an interest of least 5% in the Company’s shares as at 31 August 2018:

FORISE INVESTMENT SYDNEY PTY LTD: 333,750,000 Ordinary shares (68.24%)

ACH INVESTMENTS PTE LTD: 46,875,000 Ordinary shares (9.58%)

e) Twenty largest shareholders as at 31 August 2018:

Rank	Name	Units	% of Units
1.	FORISE INVESTMENT SYDNEY PTY LTD	333,750,000	68.24
2.	ACH INVESTMENTS PTE LTD	46,875,000	9.58
3.	EXPLORATION & MANAGEMENT CONSULTANTS PTY LTD	4,825,667	0.99
4.	EXPLORATION & MANAGEMENT CONSULTANTS PTY LTD <MALALO SUPER FUND A/C>	4,768,535	0.97
5.	EXTRA MILE DEVELOPMENT PTY LTD <EXTRA MILE DEV FAMILY A/C>	4,200,125	0.86
6.	EXPLORATION & MANAGEMENT CONSULTANTS PTY LTD <MALALO A/C>	4,075,304	0.83

7.	NIUGINI HELICOPTERS	4,000,000	0.82
8.	J P MORGAN NOMINEES AUSTRALIA LIMITED	3,486,999	0.71
9.	MS JIABING XIN	3,008,888	0.62
10.	MR TERRY CAMPION	3,000,000	0.61
11.	MR CRAIG DYMKE	2,666,667	0.55
12.	ASB NOMINEES LIMITED <123619 A/C>	2,000,000	0.41
13.	TROMSO PTY LIMITED	1,995,721	0.41
14.	MS PAIGE MCNEIL	1,732,275	0.35
15.	TOLTEC HOLDINGS PTY LTD	1,680,237	0.34
16.	MRS ROSEMARY JOY MCNEIL	1,631,668	0.33
17.	MR GRAHAM REGINALD CREASEY	1,600,000	0.33
18.	MR GARTH STEPHENSON	1,538,241	0.31
19.	M & K KORKIDAS PTY LTD <M&K KORKIDAS P/L S/FUND A/C>	1,534,024	0.31
20.	MR IAN HUGHES TULLY	1,490,816	0.30
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		**429,860,167**	**87.89%**
Total Remaining Holders Balance		**59,241,771**	**12.11%**
Total Shares On issue		**489,101,938**	**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) There are currently no on-market buybacks in process.

k) There are nil securities currently subject to escrow.

l) **Unquoted Options over Unissued Shares**

- 187,500,000 Options exercisable at $0.029 on or before 1 June 2020.

There are no voting rights attached to any class of options that are on issue.

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

As at 31 August 2018 the following classes of unquoted securities had holders with greater than 20% of the class on issue:

Options exercisable at $0.029 on or before 1 June 2020

Percentage Held	Name	Number of Securities held
87.50%	Forise Investment Sydney Pty Ltd	164,062,500