



ABN 96 095 684 389

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

FRONTIER RESOURCES LTD

ABN 96 095 684 389

CONTENTS

Directors' Report.....	3
Auditor's Independence Declaration	27
Financial Report.....	28
Directors' Declaration	66
Independent Audit Report	67
Shareholder Information	70
Schedule of Tenements.....	71

CORPORATE DIRECTORY

Non-Executive Chairman Alec Pismiris	Registered Office Level 11, BGC Centre 28 The Esplanade Perth, WA, 6000 Australia Telephone: (08) 9486 4036 Facsimile: (08) 9486 4799 Email: info@frontierresources.com.au Website: www.frontierresources.com.au	Share Registry Computershare Investor Services Pty Limited Level 11, 172 St Georges Terrace, Perth, WA, 6000 Australia
Non-Executive Directors Jessica O'Neil Peter Swiridiuk		
Company Secretary Matthew Foy		Auditors Moore Australia Audit (WA) Level 15, 2 The Esplanade Perth, WA, 6000 Australia
Stock Exchange Australian Securities Exchange – FNT	Postal Address: PO Box 5638 St Georges Terrace Perth, WA, 6831 Australia	Bankers Westpac Banking Corp. Level 13, 109 St Georges Tce Perth, WA, 6000 Australia

DIRECTORS' REPORT

Your Directors present their report together with the financial statements of the Group consisting of Frontier Resources Ltd ("Frontier" or "the Company") and its controlled entities for the financial year ended 30 June 2020, the notes to the financial statements and the auditor's report thereon.

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:

Alec Pismiris (Non-Executive Chairman) (Appointed Non-Executive Director 5 July 2019)
 Peter Swiridiuk (Non-Executive Director)
 Jessica O'Neil (Non-Executive Director) (Appointed 13 May 2020)
 Nathan Lude (Non-Executive Chairman) (Appointed 3 July 2019, resigned 13 May 2020)
 Fenix Dong (Executive Director) (Resigned 5 July 2019)
 Fei Peng (Non-Executive Director) (Resigned 3 July 2019)

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 \$783,940 (2019: \$892,900). There were no dividends paid or recommended during the financial year ended 30 June 2020.

REVIEW OF OPERATIONS

Frontier Resources Ltd is focused on mineral exploration in Papua New Guinea with a 100% interest in the Tolukuma Exploration Licence. 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.

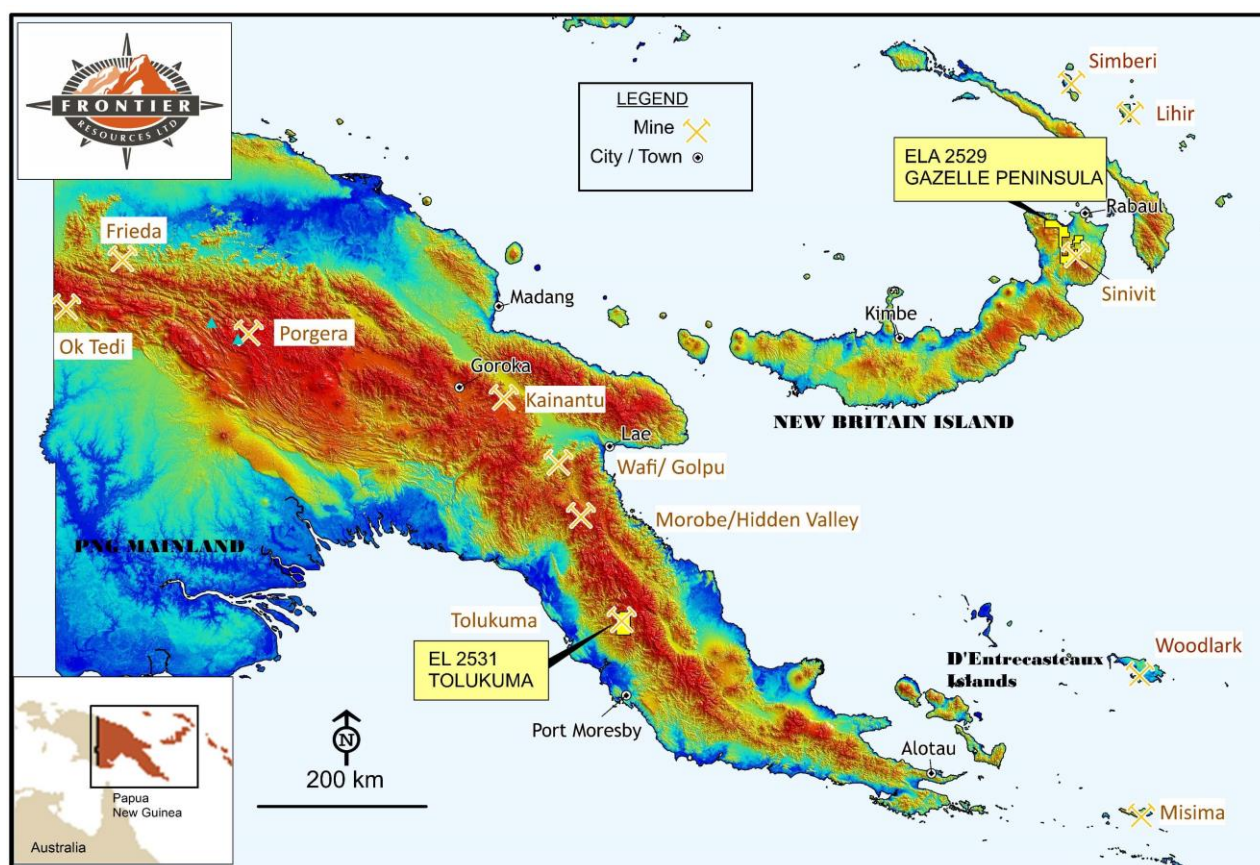


Figure 1: Projects Location Map

Tolukuma Project (EL 2531)

The Tolukuma Project covers 441.72 sq.km (**Figure 2**) located 70km North of the Capital Port Moresby and accessible by air or walking trail. The nearest all weather road is to Kubuna, 20km west of the tenement which runs along the south coast to the National capital Port Moresby. Fane and Woitape airstrips have proven useful for heavier cargoes.

Frontier's tenement totally surrounds, but excludes, the Tolukuma gold Mining Lease ML104 and the start-up and development infrastructure at the mine makes Frontier's tenement highly prospective for gold deposits. The Tolukuma gold mine contains high grade, narrow epithermal veins with a long history of having its gold reserves continuously extended.

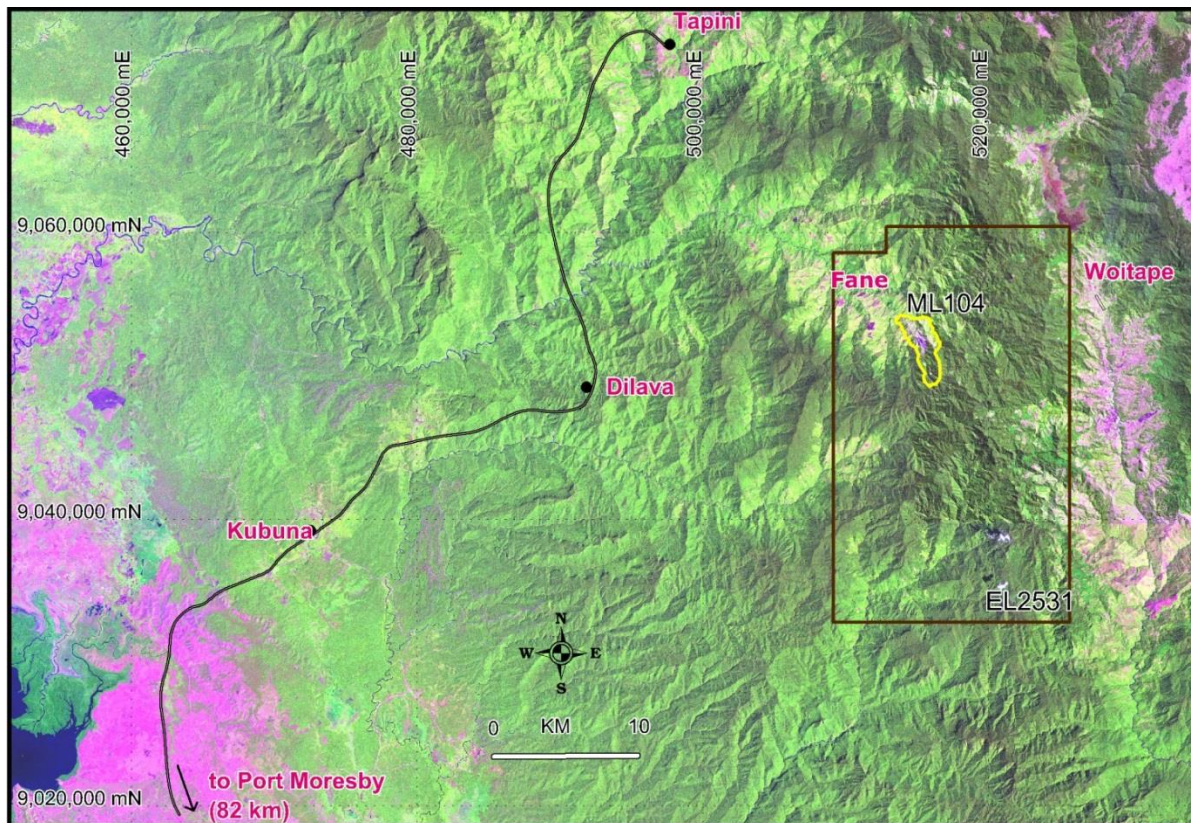


Figure 2: Location Map of Tolukuma Project

During the period the Company undertook rock, trench and soil sampling programmes as part of its first phase of field exploration at the Saki gold prospect. Frontier rock sample results of **14.5 g/t, 9.37 g/t, 7.59 g/t, 6.57 g/t and 5.96 g/t gold** confirm the high tenor of gold mineralisation of the partly drilled Saki gold system which hosts a 1,400m by 700m wide system of north-northwest trending gold veins 2km east of the Tolukuma minesite.

Frontier soil sampling at Saki west reveals at least ten additional interpreted veins which significantly increase the size potential of the Saki gold system that require follow-up trench sampling and drilling. Leaching of gold has been identified in an oxidised zone in Trench SD11 with results of **0.5m at 0.82 g/t gold** immediately west of the interpreted veins.

An independent review of historical data at the Mt.Sen system, 800m north of the Tolukuma mine, has revealed a system of gold veins with rock sampling results including **432g/t Au** in the Emaloun Structure. Rock chip results of **34.8, 33.9, 24.3, 19.4 & 17.5 g/t Au** with visible gold was observed in two sub-parallel zones. Trench results include **0.3m @ 431.5 g/t Au**. Drill intersections include **1.15m @ 6.4 g/t Au**.

An independent review of historical data along the Kimono structure has identified a 4km zone of gold mineralisation along the eastern boundary of the Tolukuma gold mining lease. Trenching has indicated high grade gold values of **13m @ 49.0 g/t Au** at the 120 vein. At Kimono South, rock samples include **8.25 g/t Au** plus wide intervals of anomalous gold in soil samples where trench sampling is planned to verify and extend on the known mineralisation along the **120 Vein**. Additional trench sampling is currently underway at the main **Kimono Central vein** to define continuity and extensions of gold mineralised veining for drill hole targeting.

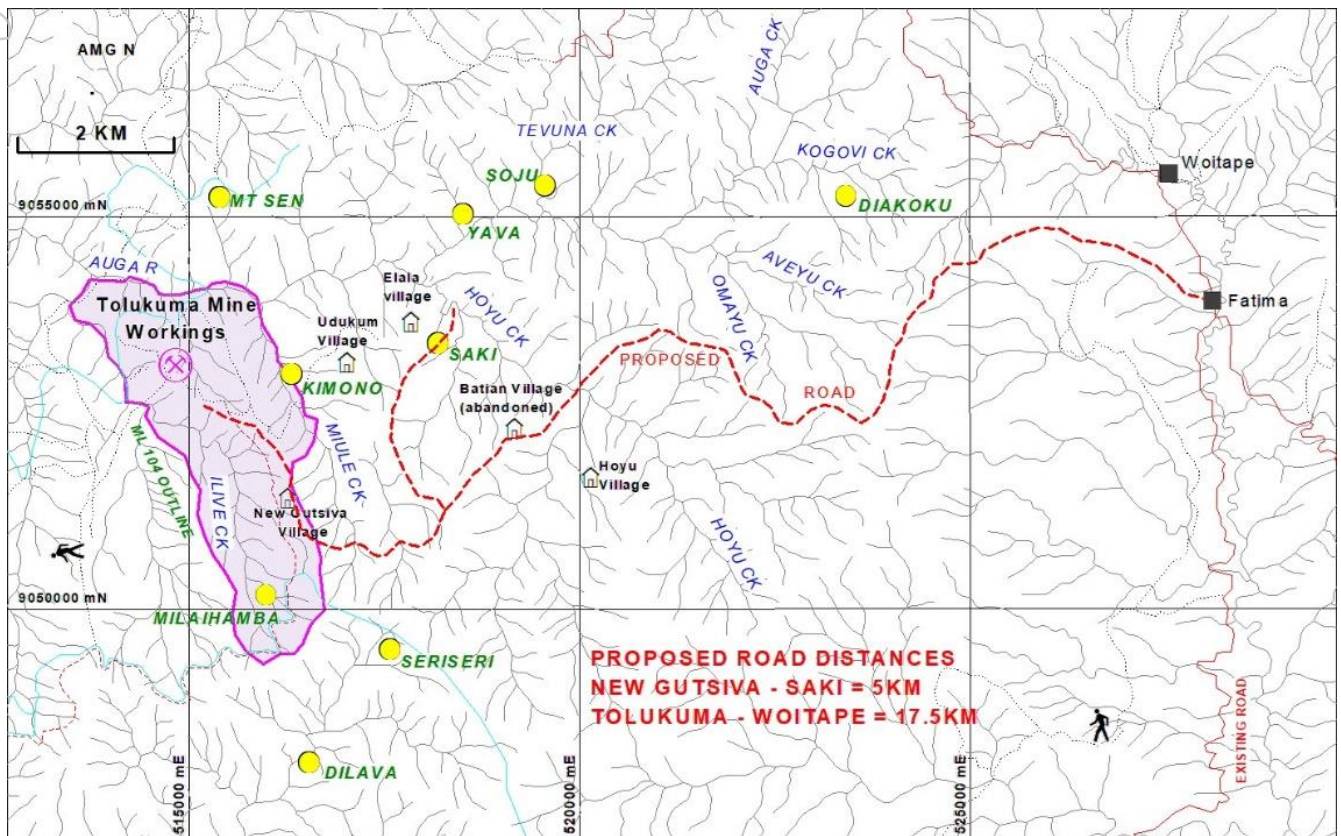


Figure 3: Frontier “Mill-Feed” Gold Prospects Near the Tolukuma Gold Mine

Saki Prospect Rock Sampling

During the Period Frontier undertook a rock chip sampling programme within the partly drill tested main group of Saki veins I to VI (Figure 4) that confirmed the highly mineralised nature of the gold system where Frontier sampling results include:

1. **14.5 g/t Au** from the Saki I vein
2. **9.37 g/t Au** taken at lower Geseva Creek
3. **7.59 g/t Au** from the Saki II vein
4. **6.57 g/t Au** taken a further 360m north along the Saki II vein
5. **5.97 g/t Au** from the Saki IV vein in Lower Mandi Creek
6. **4.97 g/t Au** from the Saki II vein in Lower Geseva Creek
7. **2.33 g/t Au** from the Saki IV vein next to artisanal mining activities
8. **1.26 g/t Au** from the Saki III vein in Degom Creek

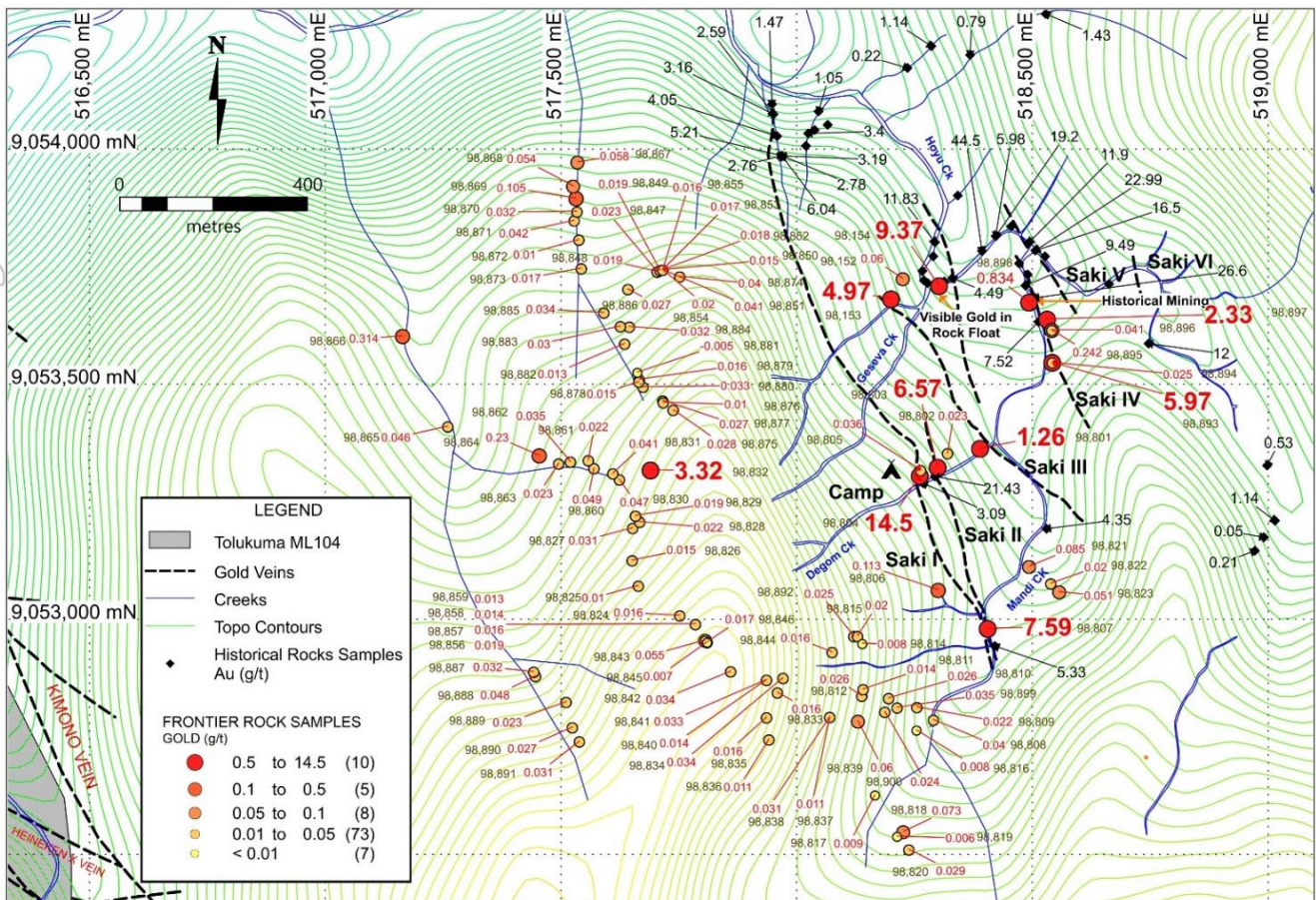


Figure 4: Saki Rock Sampling Results and Gold Mineralised Veins I to VI

Trace anomalous pathfinder element (As) samples 700m northwest of the camp may indicate leaching of gold in an oxide zone at the “Frontier Gold Target” (Figure 5) which provides significant encouragement for expanding the overall size of the Saki gold system.

A series of at least **ten** NNW trending Frontier interpreted veins have been identified from its soil sampling program southwest of the main vein system (Veins I to VI), which increases the size potential of the Saki prospect area by 7 Ha or 20% (Figure 5). Follow up sampling of these zones by hand pitting or trenching is warranted. Frontier plans to fast track potential drill sites to define its near-mine gold projects and to generate JORC Resources for future “mill-feed” to the mine once it re-commences operations.

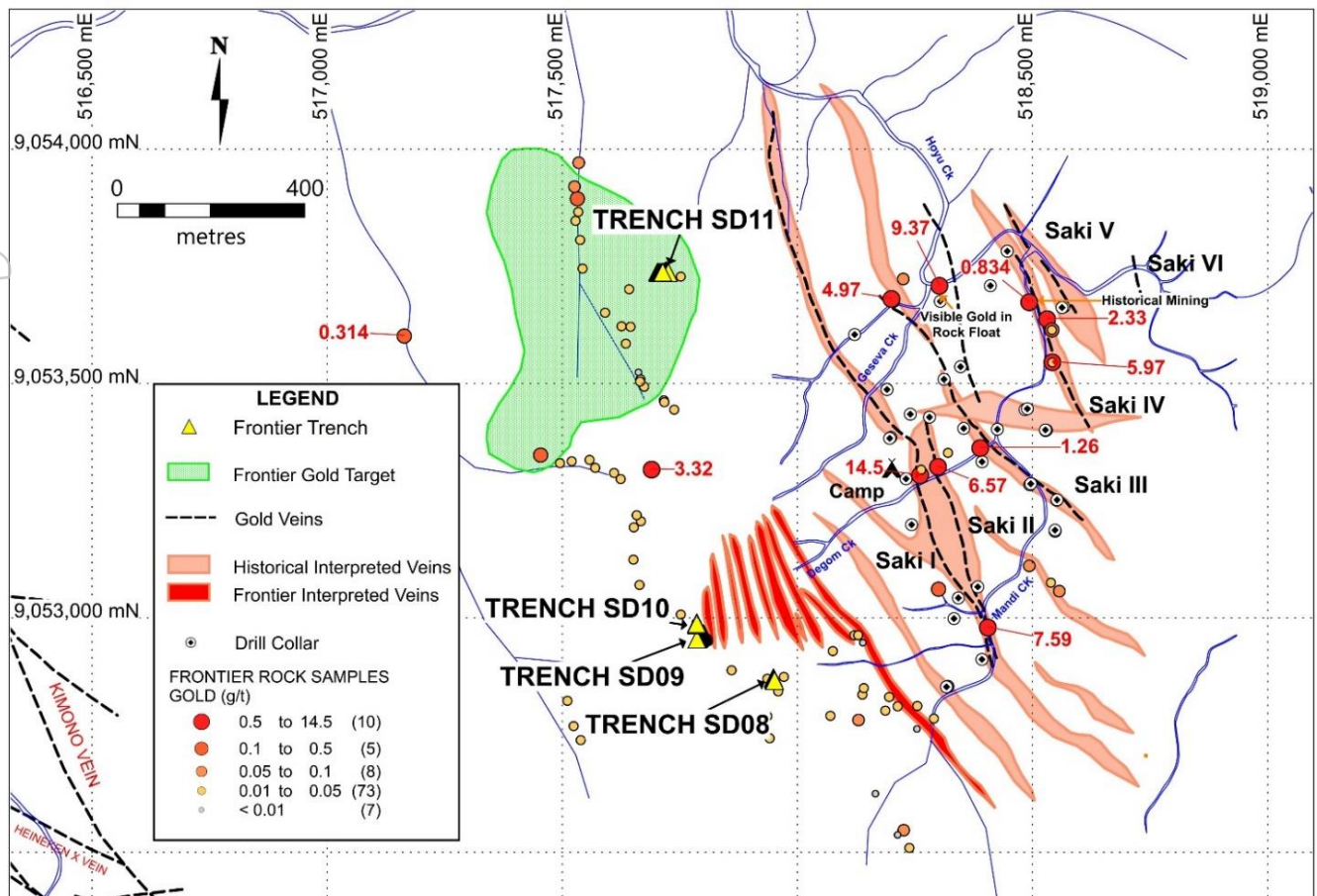


Figure 5: Trench Locations with Interpreted Veins and Gold Target

Anomalous gold pathfinder element arsenic values from Trench **SD11** occur within Frontier's gold target area (**Figure 5**) may indicate **surficial leaching of gold**. In trench **SD09**, the best result was **0.82 g/t gold over 0.5m** from an oxidised clay zone.

From the Frontier field sampling program at Saki, follow-up work is justified in four areas including:

- (i) Hand pitting and trenching of soil anomalies from Frontier Interpreted Veins;
- (ii) Detailed mapping and sampling in Geseva Creek;
- (iii) Follow up mapping and sampling at the 3.32g/t gold anomaly west of Saki Camp; and
- (iv) Geological mapping and geochemical sampling in the high arsenic 'Frontier Gold Target'.

Mt.Sen Independent Review of Historical Data

The Mt.Sen prospect covers an area of approximately 3.5 km x 3.0 km located north of the Auga River (**Figure 6**) where two NNW-trending mineralised structures have been identified at Tumbu and Emaloun. Tumbu is the northern extension of the Kimono structure. The structures contain multiphase brecciation and silicification with a wide range of gold values ranging up to **432 g/t Au** in the Emaloun Structure. Mineralisation and alteration is associated with that at the Tolukuma mine.

A total of 864 ridge-spur soil samples were collected at 25 m spacing along ridge crests over both the Emaloun and Tumbu areas (**Figure 6**) where eleven ridges were considered to be geochemically anomalous for gold.

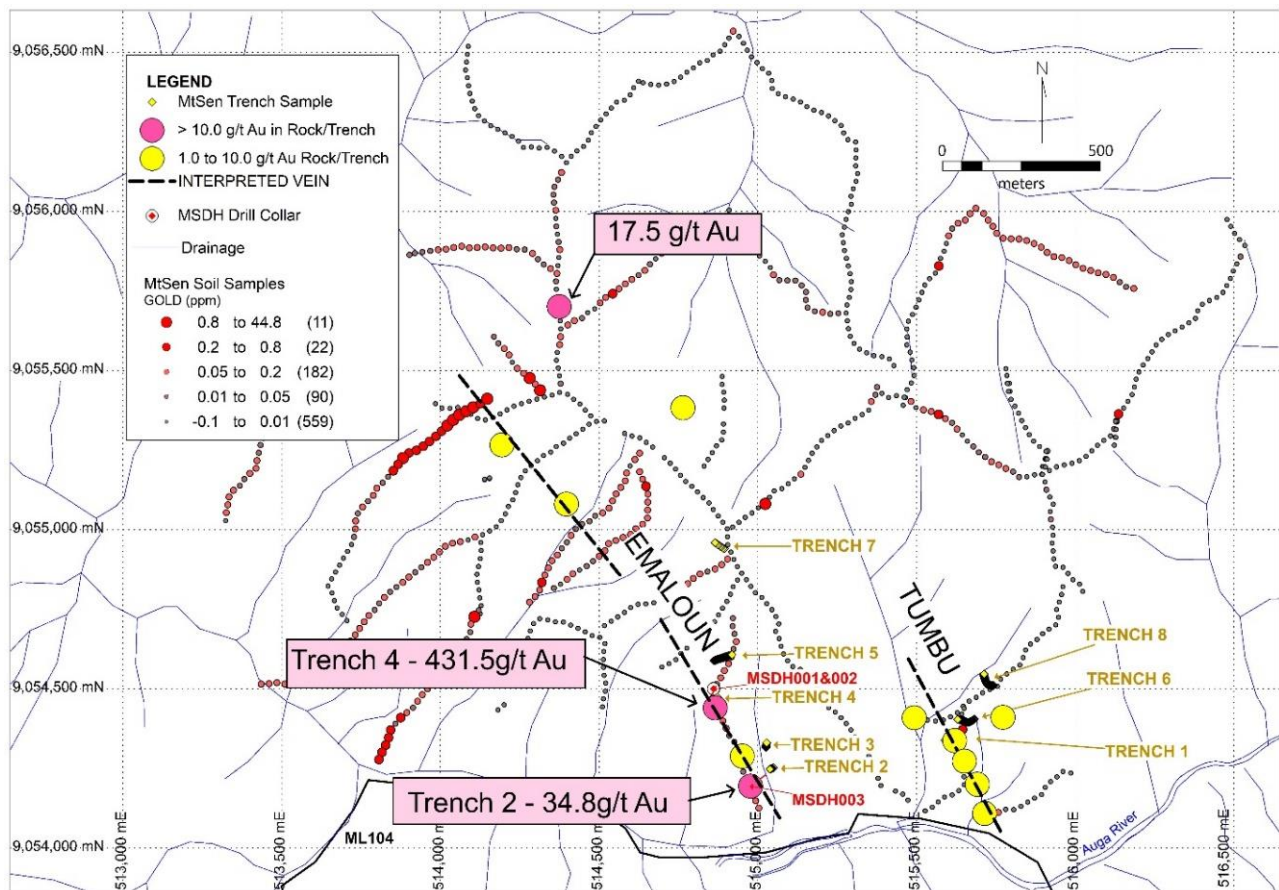


Figure 6: Mt.Sen Summary Map of Interpreted Structures and Target Areas

A total of 332 rock chip/grab and hand trench samples have been historically collected and 47 had assay values greater than 1.00 g/t Au and 8 had assay values greater than 10.0 g/t Au (Figure 7). The highest reported gold values in rock chip/grab samples were **34.8, 33.9, 24.3, 19.4** and **17.5 g/t Au**.

A total of eight hand trenches were dug on the Tumbu and Emaloun ridges with best trench results of **0.3m @ 431.5 g/t Au** in Trench 4. Other trench assay results include **46.0, 15.1, 9.92, 7.73** and **7.37 g/t Au** at Emaloun and **7.62 g/t Au** at Tumbu (Figure 6) with most samples collected across the structures being anomalous (greater than 0.1g/t Au).

Three scout diamond holes (MSD-001 to 003) totalling 366.7 m were drilled in trench samples on the Emaloun Structure (Figure 6). Best intersections from MSD-003 included **1.15m @ 6.4 g/t Au** (from 125.9m) in a quartz vein with visible gold; and **0.97m @ 2.33 g/t Au** (from 131.2m).

The following work has been recommended at the Emaloun Structure to define drill targets:

- I. Re-excavate, map and re-sample selected trenches;
- II. Mapping and rock chip sampling of drainages along strike of and adjacent to the target zones (to map structures and locate outcropping veins/lodes, if present);
- III. Dig additional trenches on strike extensions of the target zones, the locations to be determined after field inspection; and
- IV. Hand pitting or trenching of selected soil anomalies and additional soil sampling if warranted.

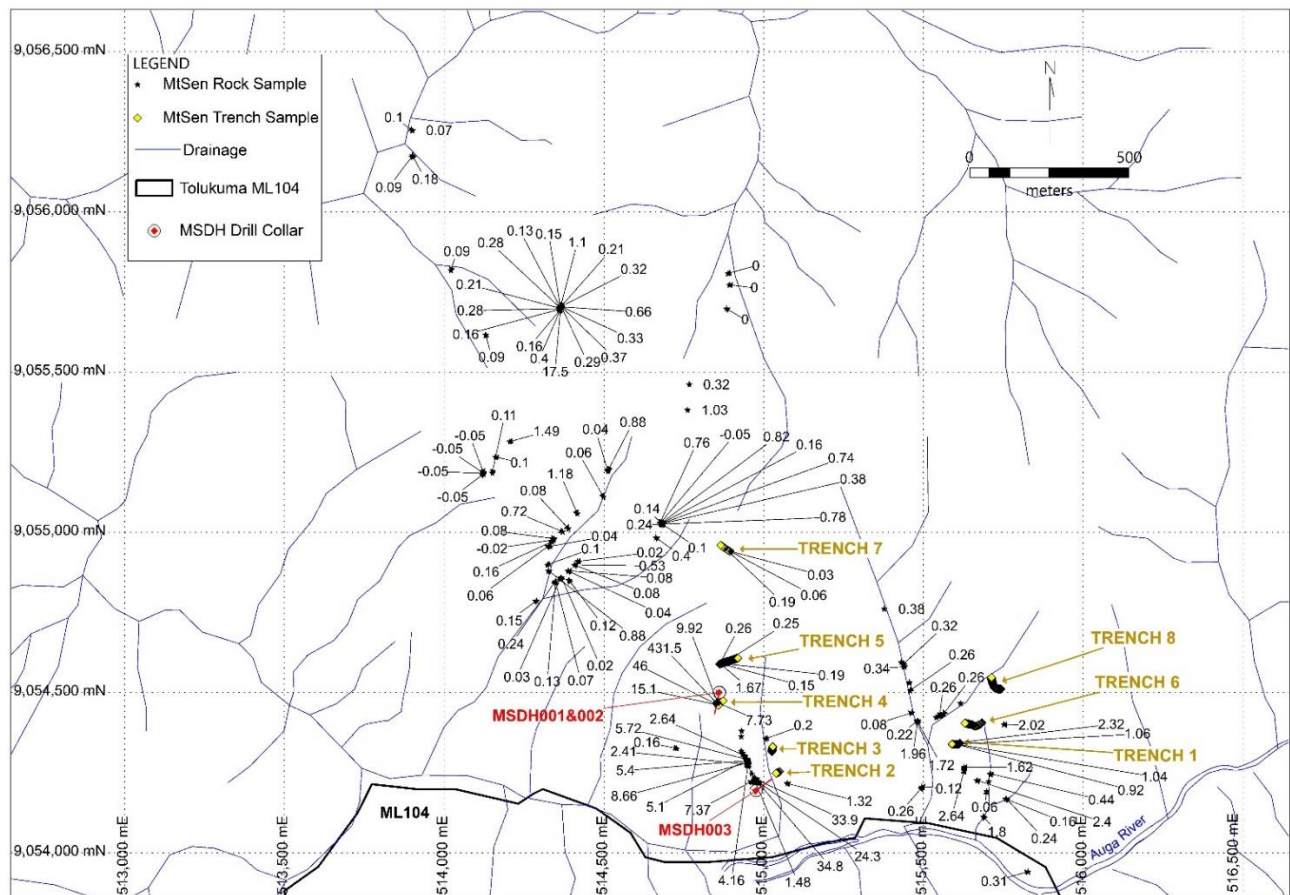


Figure 7: Location of Drillholes, Rock and Trench Samples

Kimono Structure Trench Sampling Programme & Independent Review of Historical Data

Historical mapping, rock chip sampling, soil sampling, trenching and airborne geophysics at Kimono have defined a mineralised/anomalous zone extending for about 4.0km from the Auga River at Kimono Central to upper Muile Creek at Kimono South (**Figure 8**). This zone encompasses the known Kimono Vein (Kimono Central), the 120 vein, and Kimono South (formerly Dudu) where wide intervals of anomalous gold in soils partly coincident with airborne geophysical anomalies that require follow-up ground sampling.

Historical rock chip assay results include:

- 5.90 g/t Au in Outcrop#1
- 6.68 g/t Au in Outcrop#2
- 4.58 g/t Au in Outcrop#3
- 12.90 g/t Au in Outcrop#4
- 1m @ 30.10 g/t Au & 1m @ 17.8 g/t Au trench samples in Outcrop#5
- 38.50 g/t Au in Outcrop#6
- 34.40 and 26.2 g/t Au in Outcrop#7
- 1m @ 4.45 g/t Au trench sample in Outcrop#8
- 9.3 g/t Au in the Heineken Vein
- 13m @ 49.0 g/t Au in 120 Trench 4
- 2m @ 12.6 g/t Au in 120 Trench 3

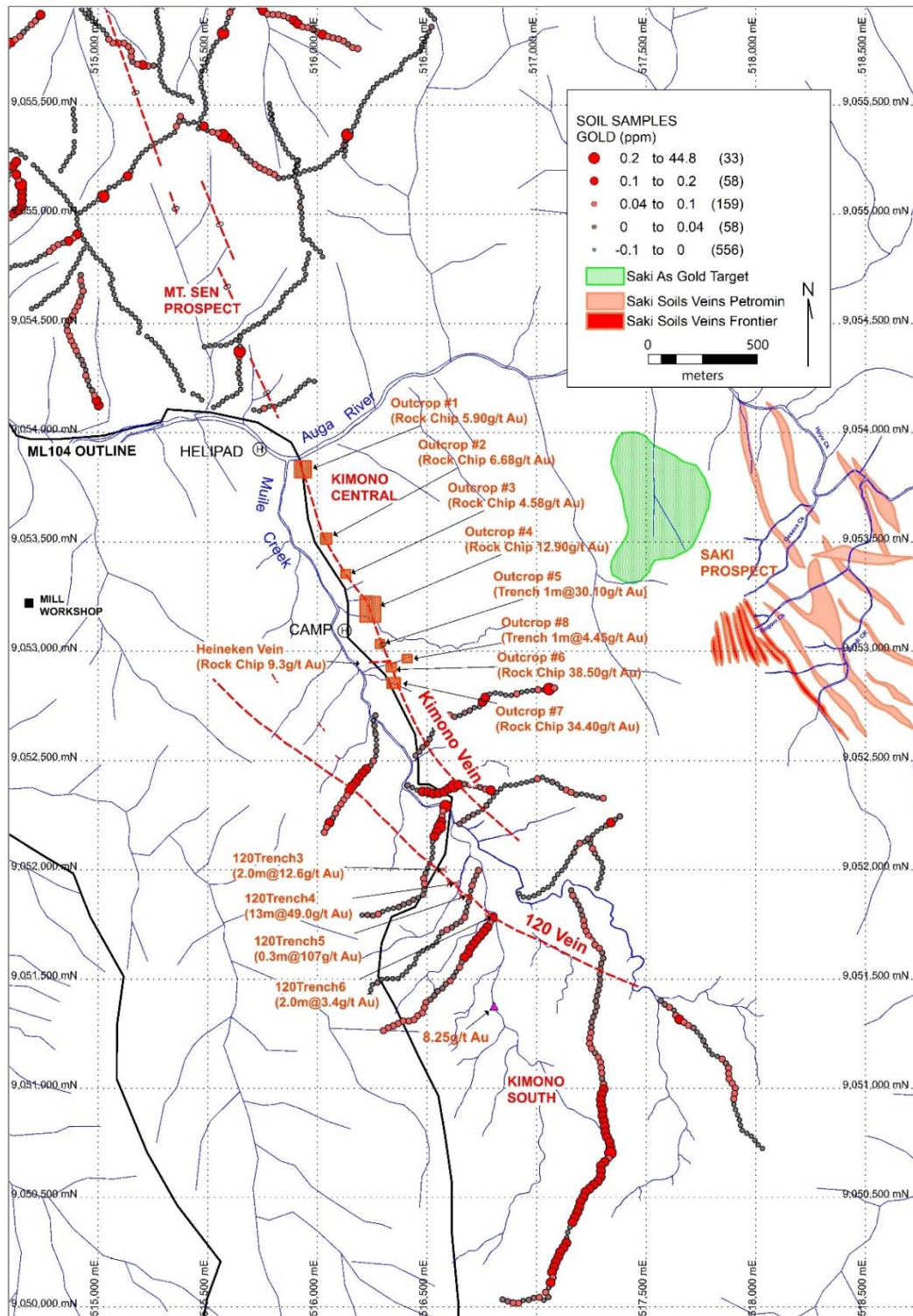


Figure 8: Kimono Central to Kimono South Zone of Gold Mineralisation

At Kimono South, historical exploration consisted of mapping, rock and soil sampling, and follow-up mapping of three airborne geophysical anomalies. Several creeks within the upper Muile drainage system remain unsampled. Ridge-spur soil sampling identified wide intervals of weakly anomalous gold broad anomalous zones that will require follow-up sampling.

Subsequent to the Period, the Company advised that a highly experienced geological crew had been mobilised to the Kimono village ahead of commencement of a trench sampling programme to better define the extents of gold mineralisation along the Kimono vein.

Eight target areas (TARGET 1 to 8) have been defined at Kimono South over wide zones of historical gold-in-soil anomalies (**Figure 9**). TARGET 4 has historical rock samples of **8.25 g/t Au** (refer to ASX Announcement dated 2 July 2020). TARGET 5 in Upper Muile Creek has historical rock samples including **332 g/t** and **41.4 g/t Au** (refer to ASX Announcement dated 17 October 2019). These target areas require follow-up geological mapping, rock float sampling and trench sampling to define additional gold vein systems within these historically described "Mill-Feed" project areas.

A historical field camp at Kimono South has been re-furbished to support the team of three geologists and field workers who will begin a sampling and mapping program along the highly mineralised Kimono gold projects 1km east of the Tolukuma gold mine.

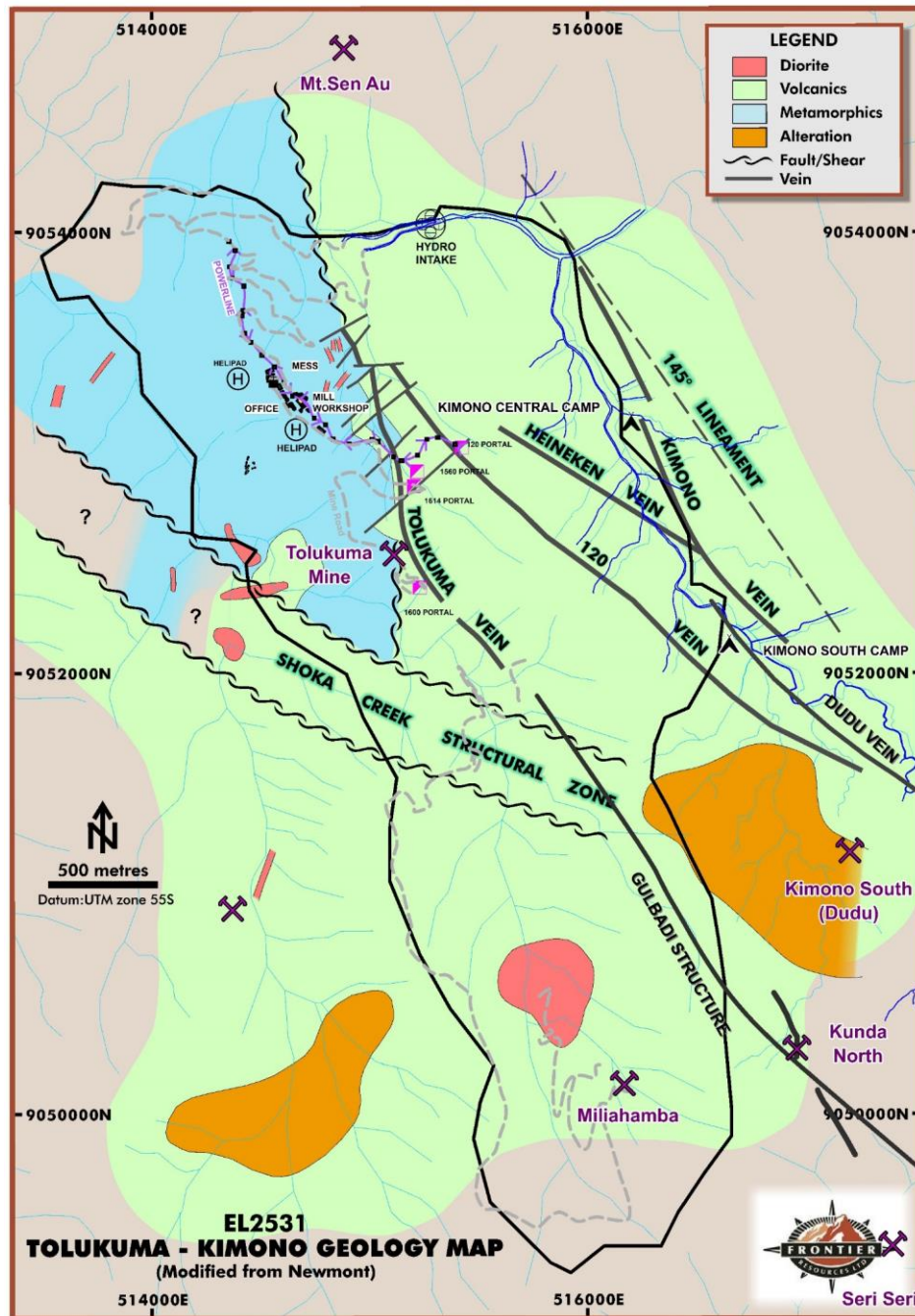


Figure 9: Kimono Geology and Vein Systems

DIRECTORS' REPORT

The following fieldwork has been recommended to define drill targets:

1. Mapping and detailed rock chip sampling;
2. Follow-up selected ridge-spur soil anomalies;
3. Spot ground check magnetic and radiometric geophysical anomalies;
4. Re-excavate, map and re-sample selected historical trenches;
5. Dig, map and sample additional trenches along strike extensions of the existing veins; and
6. Deep hand augering for tracing vein extensions in areas of thick overburden.

Next steps at Tolukuma:

1. Review remaining regional historical data within EL2531.
2. Landowner discussions for upcoming fieldwork programs at Kimono and Saki gold prospects.
3. Undertake planned mapping and geochemical sampling programs at the Kimono and Kimono South gold mineralised zone along the eastern boundary of the Tolukuma mining lease.
4. Seek strategic partners to more rapidly advance gold prospect within EL2531.
5. Continue to assess additional project opportunities that fit within the Company strategy.

Competent Person Statement:

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by or compiled under the supervision of Peter Swiridiuk - Member of the Aust. Inst. of Geoscientists. Peter Swiridiuk is a Technical Consultant and Non-Executive Director for Frontier Resources. Peter Swiridiuk has sufficient experience which is relevant to the type of mineralisation and type of deposit under consideration to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code of Reporting Exploration Results, Mineral Resources and Ore Resources. Peter Swiridiuk consents to the inclusion in the report of the matters based on the information in the form and context in which it appears. Additionally, Mr Swiridiuk confirms that the entity is not aware of any new information or data that materially affects the information contained in the ASX releases referred to in this report.

Corporate

Board Changes

On 5 July 2019 the Company advised that Mr Alec Pismiris had been appointed Non-Executive Director of Frontier. Mr Pismiris is currently a director and company secretary for several ASX listed companies as well as a number of unlisted public and private companies. Mr Pismiris is a director of Pacton Gold Inc., a company listed on the TSX Venture Exchange, where he is engaged as Interim President and Chief Executive Officer.

On 13 May 2020 Frontier announced the appointment of Ms Jessica O'Neil as Non-Executive of the Company. Jessica completed her Bachelor of Laws (LLB) and Bachelor of Business Administration (BBA) in Sydney, following which she worked with a Sydney CBD-based firm. Since moving to Perth in 2011, Jessica has worked principally in Family Law, completing her Masters of Applied Law, and is currently Head of Department in Family and De facto Law at Dwyer Durack. Following the appointment of Ms O'Neil, Mr Nathan Lude stepped down as Non-Executive Chairman of the Company. Following Mr Lude's resignation, Mr Alec Pismiris was appointed Non-Executive Chairman of the Company.

In July 2019 Frontier advised that Mr Yun Wei (Fenix) Dong and Mr Fei Peng had resigned from the Board of Frontier. The Board thanks Mr Dong, Mr Peng and Mr Lude for their contribution to the Board during their tenure.

Share Sale Facility for Holders of Unmarketable Parcels of Shares

During the Period the Company advised it had established a sale facility for holders of unmarketable parcels for shareholders with holdings valued at less than A\$500 (**Sale Facility**). The Sale Facility enabled eligible shareholders to sell their Frontier Resources shares without incurring any brokerage or handling costs. This initiative was borne to reduce administration costs incurred by Frontier.

DIRECTORS' REPORT

The Sale Facility was open to shareholders on the Frontier register who held less than A\$500 worth of shares. Unless eligible shareholders opted-out of participation in the Sale Facility, these shareholders had their shares sold and the proceeds remitted to them free from brokerage and handling fees.

The Sale Facility closed on 21 October 2019 and a total of 2,811,633 shares were sold on behalf of 287 holders under the Sale Facility at a price of \$0.0105 per share.

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

COVID-19

On 31 January 2020, the World Health Organisation ('WHO') announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operation during future years.

Management is actively monitoring the global situation and its impact on the Company's financial condition, liquidity, operations, supplier, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb the spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity in future years.

Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position, and liquidity in future years.

Other than the above no matter or circumstance has arisen since 30 June 2020 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.

DIRECTORS' REPORT

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

Alec Pismiris (appointed 5 July 2019)

Non-Executive Chairman

Mr Pismiris is currently a director and company secretary for several ASX listed companies as well as a number of unlisted public and private companies. Mr Pismiris is a director of Pacton Gold Inc., a company listed on the TSX Venture Exchange, where he is engaged as Interim President and Chief Executive Officer. Mr Pismiris is also a Director of ASX Listed Pelican Resources Limited, Victory Mines Limited, Agrimin Limited and The Market Herald Limited.

Mr Pismiris completed a Bachelor of Commerce degree at the University of Western Australia, is a member of the Australian Institute of Company Directors and a Fellow of The Governance Institute of Australia. Mr Pismiris has over 30 years' experience in the securities, finance and mining industries and has participated numerous times in the processes by which boards have assessed the acquisition and financing of a diverse range of assets and has participated in and become familiar with the range of evaluation criteria used and the due diligence processes commonly adopted in the commercial assessment of corporate opportunities. Mr Pismiris has a sound knowledge of ASX corporate governance guidelines, board processes and the regulatory environment in which public companies operate.

Particulars of Directors Interest in Securities in the Company:

9,000,000 fully paid ordinary shares

Peter Swiridiuk (appointed 1 December 2014)

Non-Executive Director

Peter Swiridiuk holds a BSc (Hons), DipEd, MAIG. Peter has over 25 years' experience exploring for copper, gold, diamonds, coal and base metals. Since 1997, 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 since 2003. 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.

Particulars of Directors Interest in Securities in the Company:

Nil

DIRECTORS' REPORT

INFORMATION ON DIRECTORS	
Director and Experience	
Jessica O'Neil (appointed 13 May 2020)	<p>Jessica completed her Bachelor of Laws (LLB) and Bachelor of Business Administration (BBA) in Sydney, following which she worked with a Sydney CBD-based firm. Since moving to Perth in 2011, Jessica has worked principally in Family Law, completing her Masters of Applied Law, and is currently Head of Department in Family and De facto Law at Dwyer Durack.</p> <p>Her legal practice involves principally complex property disputes involving trusts, corporate structures and third party interests.</p> <p>Particulars of Directors Interest in Securities in the Company: <i>Nil</i></p>
Nathan Lude (appointed 3 July 2019, resigned 13 May 2020)	<p>Non-Executive Chairman</p> <p>Mr Lude has broad experience working in Asset Management, Mining and the Energy Industry. He operates an advisory firm, Advantage Management Pty Ltd and works with private and public companies, focused on enhancing business growth and development through introducing new project opportunities, investors and financing. Mr Lude is Executive Director for Pura Vida Energy NL and Non Executive Director for GTI Resources Limited.</p>
Yun Wei Dong (Fenix Dong) (resigned 5 July 2019)	<p>Director</p> <p>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.</p>
Fei Peng (resigned 3 July 2019))	<p>Director</p> <p>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.</p>

COMPANY SECRETARY – QUALIFICATIONS & EXPERIENCE

Matthew Foy - BCom, GradDipAppFin, GradDipACG, SAFin, FGIA, FCG

Matthew is a professional company secretary with over 14 years experience facilitating Public Company compliance with core strengths in the ASX Listing Rules, operational and governance disciplines.

DIRECTORS' REPORT

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
Alec Pismiris	7	7
Peter Swiridiuk	7	7
Jessica O'Neil ¹	1	1
Nathan Lude ²	7	7
Fenix Dong ³	0	0
Fei Peng ⁴	0	0

1. Appointed 13 May 2020

2. Resigned 13 May 2020

3. Resigned 5 July 2019

4. Resigned 3 July 2019

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.

DIRECTORS' REPORT

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 \$0.006 and \$0.066 during the last five years, and at 30 June 2020 the price was \$0.011.

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 \$300,000 per annum for Non-Executive Directors has approved at the Company's Annual General Meeting on 26 November 2019.

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.

DIRECTORS' REPORT

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.

DIRECTORS' REPORT

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 are set out in the following tables:

	Short-term employee benefits			Post-employment benefits		Share-based payment		Total
	Cash salary and fees	Cash bonus	Non-Monetary benefits	Super-annuation	Retirement benefits	Options*	Shares	
	\$	\$	\$	\$	\$	\$	\$	\$
2020								
<i>Executive Director</i>								
Dong Yun Wei (i)	-	-	-	-	-	-	-	-
<i>Non-Executive Directors</i>								
Peter Swiridiuk	169,743	-	-	-	-	-	-	169,743
Alec Pismiris (ii)	35,613	-	-	-	-	-	-	35,613
Nathan Lude (iii)	83,186	-	-	-	-	-	-	83,186
Jessica O'Neil (iv)	4,839	-	-	-	-	-	-	4,839
Peng Fei (v)	-	-	-	-	-	-	-	-
Total	293,381	-	-	-	-	-	-	293,381
(i) Resigned 5 July 2019								
(ii) Appointed 5 July 2019								
(iii) Appointed 3 July 2019, resigned 13 May 2020								
(iv) Appointed 13 May 2020								
(v) Resigned 3 July 2019								
2019								
<i>Executive Director</i>								
Dong Yun Wei (i)	32,500	-	-	-	-	-	-	32,500
<i>Non-Executive Directors</i>								
P.S. McNeil (ii)	9,233	-	-	-	-	-	-	9,233
P. Swiridiuk	123,582	-	-	-	-	-	-	123,582
John Kirakar (ii)	8,333	-	-	-	-	-	-	8,333
Peng Fei (iii)	25,250	-	-	-	-	-	-	25,250
Anthony Hickey (iv)	18,750	-	-	-	-	-	-	18,750
Total	217,648	-	-	-	-	-	-	217,648
(i) Resigned 5 July 2019								
(ii) Resigned 29 August 2018								
(iii) Resigned 3 July 2019								
(iv) Resigned 8 April 2019								

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

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 *	
	2020	2019	2020	2019	2020	2019
Peter Swiridiuk	100%	100%	-	-	-	-
Alec Pismiris	100%	-	-	-	-	-
Nathan Lude	100%	-	-	-	-	-
Jessica O'Neil	100%	-	-	-	-	-
Dong Yun Wei	-	100%	-	-	-	-
Peng Fei	-	100%	-	-	-	-
Anthony Hickey	-	100%	-	-	-	-
John Kirakar	-	100%	-	-	-	-
P.S. McNeil	-	100%	-	-	-	-

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

(c) Service agreements

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

(d) Share-based Compensation

Options

Options may be granted to key management personnel under the Frontier Resources Ltd Employee Securities Incentive Plan (the **Plan**) last approved by shareholders on 26 November 2019.

No issue of Options has been made under the Plan in the last three years.

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 options is set out in Note 19 to the Financial Statements.

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

(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, if applicable.

(ii) Option holdings

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

2020	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
Name						
Directors -						
Alec Pismiris	-	-	-	-	-	-
Peter Swiridiuk	-	-	-	-	-	-
Jessica O'Neil ¹	-	-	-	-	-	-
Nathan Lude ²	-	-	-	-	-	-
Fenix Dong ³	164,062,500	-	-	(164,062,500)	-	-
Fei Peng ⁴	164,062,500	-	-	(164,062,500)	-	-
Total	164,062,500	-	-	(164,062,500)	-	-

1. Appointed 13 May 2020.

2. Resigned 13 May 2020.

3. Resigned 5 July 2019. Interest in options held via Forise Investment Sydney Pty Ltd that Mr Dong was a director.

4. Resigned 3 July 2019. Interest in options held via Forise Investment Sydney Pty Ltd that Mr Peng was a director.

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

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

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

2019	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
Name						
Directors -						
Alec Pismiris	-	-	-	-	-	-
Peter Swiridiuk	-	-	-	-	-	-
Jessica O'Neil ¹	-	-	-	-	-	-
Nathan Lude ²	-	-	-	-	-	-
Fenix Dong ³	164,062,500	-	-	-	164,062,500	164,062,500
Fei Peng ⁴	164,062,500	-	-	-	164,062,500	164,062,500
Total	164,062,500	-	-	-	164,062,500	164,062,500

1. Appointed 13 May 2020.
2. Resigned 13 May 2020.
3. Resigned 5 July 2019. Interest in options held via Forise Investment Sydney Pty Ltd that Mr Dong was a director.
4. Resigned 3 July 2019. Interest in options held via Forise Investment Sydney Pty Ltd that Mr Peng was a director.

(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.

2020	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				
Alec Pismiris	-	-	9,000,000 ¹	9,000,000
Peter Swiridiuk	-	-	-	-
Jessica O'Neil ²	-	-	-	-
Nathan Lude ³	-	-	-	-
Fenix Dong ⁴	333,750,000	-	(309,294,903) ⁵	24,455,097
Fei Peng ⁶	333,750,000	-	(309,294,903) ⁵	24,455,097
Total	333,750,000	-	(300,294,903)	33,455,097

1. Acquisition of 1,000,000 shares on 13 January 2020 at \$0.01 each, acquisition of 8,000,000 shares on 12 May 2020 at \$0.008 each.
2. Appointed 13 May 2020.
3. Resigned 13 May 2020.
4. Resigned 5 July 2019. Interest in Shares held via Forise Investment Sydney Pty Ltd that Mr Dong was a director.
5. On 27 June 2019 Forise Investment Sydney disposed of 309,294,903 ordinary shares via an on-market special crossing.
6. Resigned 3 July 2019. Interest in Shares held via Forise Investment Sydney Pty Ltd that Mr Peng was a director.

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

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

2019	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 -				
Paige McNeil ¹	15,939,517	-	(15,939,517)	-
Peter Swiridiuk	-	-	-	-
John Kirakar ²	788,889	-	(788,889)	-
Fenix Dong	333,750,000	-	-	333,750,000
Fei Peng	333,750,000	-	-	333,750,000
Tony Hickey ³	-	-	-	-
Total	350,478,406	-	(16,728,406)	333,750,000

1. Resigned 29 August 2018. Acquisition of 1,122,757 shares via off-market transfer.

2. Resigned 29 August 2018.

3. Resigned 8 April 2019.

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 (2019: Nil).

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

No transactions occurred between the Group and other key management personnel except for the reimbursement at cost of expenditure incurred on behalf of the Group.

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

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

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

	2020 \$	2019 \$
Amounts recognised as expense		
Consulting fees:		
Administration	-	8,333
Exploration	-	900
Provision of office space	-	12,794
	-	22,027
Outstanding balance at year end	-	-

(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.

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.

Relationship between remuneration and the Group's performance

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

	2020	2019	2018	2017	2016
Loss for the year	\$783,940	\$892,900	\$726,546	\$1,711,031	\$641,520
Closing Share Price	1.1 cents	1.3 cents	1.3 cents	3.0 cents	3.0 cents
KMP Incentives	\$nil	\$nil	\$nil	\$57,400	\$nil
Total KMP Remuneration	\$293,381	\$217,648	\$194,967	\$481,596	\$232,229

Remuneration Consultants

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

END OF AUDITED REMUNERATION REPORT

DIRECTORS' REPORT

SHARES UNDER OPTION

There are no unissued ordinary shares of Frontier Resources Ltd under option as at the date of this report are as follows:

SHARES ISSUED ON THE EXERCISE OF OPTIONS

During the financial year ended 30 June 2020, 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 27.

DIRECTORS' REPORT

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.

	2020 \$	2019 \$
Assurance services		
Audit Services		
Moore Australia Audit (WA)	25,085	25,274
Sinton Spence Chartered Accountants (PNG)	9,992	28,238
Total remuneration for audit and assurance services	35,077	53,512
Taxation and Accounting Services		
Moore Australia (WA)	2,450	4,750
Sinton Spence Chartered Accountants (PNG)	813	-
Total remuneration for taxation services	3,263	4,750

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.



Alec Pismiris
Non-Executive Chairman

30 September 2020

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

- a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



SHAUN WILLIAMS
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 30th day of September 2020.

FINANCIAL REPORT – 30 JUNE 2020

This financial report includes the consolidated financial statements and notes of Frontier Resources Ltd 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 30 September 2020. 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 2020



	Note	2020 \$	2019 \$
Revenue from Continuing Operations			
Revenue	4	37,496	23,043
Other income	4	-	122,170
		<u>37,496</u>	<u>145,213</u>
Exploration expenditure	5	(309,422)	(109,631)
Administration and insurance expenses		(179,506)	(327,766)
Corporate compliance and shareholder		(53,293)	(34,011)
Gross employee benefit expense		(107,737)	(162,108)
Depreciation	9	(455)	(1,563)
Consultancy		(78,912)	(381,170)
Rent, consumables and communication	5	-	(12,794)
Project evaluation	5	(92,111)	-
Share based payments expense		-	(9,070)
Loss before income tax		<u>(783,940)</u>	<u>(892,900)</u>
Income tax expense/(benefit)	6	-	-
Loss after tax from continuing operations		<u>(783,940)</u>	<u>(892,900)</u>
Profit after income tax from discontinued operations		-	-
Loss for the year attributable to ordinary equity holders of Frontier Resources Ltd		<u>(783,940)</u>	<u>(892,900)</u>
Other comprehensive income			
Items that may be subsequently reclassified to profit or			
Movement in foreign currency translation		(15,496)	(8,116)
Other comprehensive income for the year		(15,496)	(8,116)
Total comprehensive loss for the year attributable to ordinary equity holders of Frontier Resources Ltd		<u>(799,436)</u>	<u>(901,016)</u>
Loss per share for the year attributable to members of Frontier Resources Ltd		Cents	Cents
Continuing operations		(0.16)	(0.18)
Discontinued operations		-	-
Total basic and diluted (loss) per share	15	<u>(0.16)</u>	<u>(0.18)</u>

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

FRONTIER RESOURCES LTD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020



	Notes	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	3,956,910	4,751,102
Trade and other receivables	8	41,488	26,372
Total Current Assets		<u>3,998,398</u>	<u>4,777,474</u>
Non-Current Assets			
Trade and other receivables	8	5,209	5,078
Plant and equipment	9	152	607
Total Non-Current Assets		<u>5,361</u>	<u>5,685</u>
Total Assets		<u>4,003,759</u>	<u>4,783,159</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	10	119,157	99,121
Total Current Liabilities		<u>119,157</u>	<u>99,121</u>
Total Liabilities		<u>119,157</u>	<u>99,121</u>
Net Assets		<u>3,884,602</u>	<u>4,684,038</u>
EQUITY			
Contributed equity	13	39,219,988	39,219,988
Reserves	14	3,521,572	3,537,068
Accumulated losses	14	(38,856,958)	(38,073,018)
Total Equity		<u>3,884,602</u>	<u>4,684,038</u>

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

FRONTIER RESOURCES LTD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020



	Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Options Premium	Foreign Currency Translation	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	39,269,716	(37,180,118)	3,939,885	179,640	(574,341)	5,634,782
Loss attributable to ordinary equity holders of Frontier Resources Ltd	-	(892,900)	-	-	-	(892,900)
Other comprehensive income -						
Foreign currency translation	-	-	-	-	(8,116)	(8,116)
Total comprehensive loss for the year	-	(892,900)	-	-	(8,116)	(901,016)
Transaction with owners, in their capacity as owners -						
Options issued during the year	-	-	-	-	-	-
Shares issued during the year, net of costs	(49,728)	-	-	-	-	(49,728)
Balance at 30 June 2019	39,219,988	(38,073,018)	3,939,885	179,640	(582,457)	4,684,038
Balance at 1 July 2019	39,219,988	(38,073,018)	3,939,885	179,640	(582,457)	4,684,038
Loss attributable to ordinary equity holders of Frontier Resources Ltd	-	(783,940)	-	-	-	(783,940)
Other comprehensive income -						
Foreign currency translation	-	-	-	-	(15,496)	(15,496)
Total comprehensive loss for the year	-	(783,940)	-	-	(15,496)	(799,436)
Transaction with owners, in their capacity as owners -						
Options issued during the year	-	-	-	-	-	-
Shares issued during the year, net of costs	-	-	-	-	-	-
Balance at 30 June 2020	39,219,988	(38,856,958)	3,939,885	179,640	(597,953)	3,884,602

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

FRONTIER RESOURCES LTD
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020



	Note	2020 \$	2019 \$
Cash Flows From Operating Activities			
Payments to suppliers and employees		(426,806)	(870,301)
Interest received		37,496	23,043
Payments to exploration expenditure		(404,682)	(293,174)
Net cash outflow from operating activities	21	(793,992)	(1,140,432)
Cash Flows From Investing Activities			
Payments for purchase of plant and equipment		-	(11,240)
Net cash inflow/(outflow) from investing activities		-	(11,240)
Cash Flows From Financing Activities			
Proceeds from the issue of shares		-	-
Payments for capital raising costs		-	(53,300)
Repayment of borrowings		-	-
Net cash inflow/(outflow) from financing activities		-	(53,300)
Net increase/(decrease) in cash and cash equivalents		(793,992)	(1,204,972)
Cash at 1 July		4,751,102	5,956,074
Effect of exchange rates on cash holdings in foreign currencies		(200)	-
Cash at 30 June	7	3,956,910	4,751,102

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 Ltd 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).

Removal of Parent

Separate financial statements for Frontier Resources Ltd as an individual entity are no longer presented as a consequence of a change to the *Corporation Act 2001*. Financial information for Frontier Resources Ltd 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 Ltd) 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) 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Employee benefits (continued)

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.

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)

(g) 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).

(h) 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.

(i) 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)

(j) 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.

(j) 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.

(k) 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 result and that outflow can be reliably measured.

(l) 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.

(m) 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)

(n) 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.

(o) 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.

(p) 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)

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

The Group 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.

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

The impact of adopting AASB 16 has resulted in a change in accounting policies and no impact on the opening balance sheet as at the date of initial application of the standard.

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

The adoption of AASB 16 did not have any significant impact on the financial performance or position of the company, as the group has no operating leases.

(r) New Accounting Standards for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial Instruments (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair values (and if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with AASB 9.3.25.3; and
- the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;

it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial Instruments (continued)

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3: Business Combinations applies, the Group made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (i.e. the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Derivative financial instruments

The Group enters into various derivative financial instruments (ie foreign exchange forward contracts and interest rate swaps) to manage its exposure to interest rate and foreign exchange rate risks.

Derivative financial instruments are initially and subsequently measured at fair value. All gains and losses subsequent to the initial recognition are recognised in profit or loss.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial Instruments (continued)

Impairment

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (e.g. amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the Group assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Group measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Purchased or originated credit-impaired approach

For a financial asset that is considered credit-impaired (not on acquisition or origination), the Group measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial Instruments (continued)

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- a lender granting to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- high probability that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Group assumes that the credit risk has not increased significantly since initial recognition and accordingly it can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Group applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but not necessarily will, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a risk of default lower than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

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:

	2020 AUD	2020 Kina	2019 AUD	2019 Kina
Foreign currency assets and liabilities				
Cash and cash equivalents	17,422	41,373	700	1,705
Trade and other receivables	-	-	-	-
Prepayments	-	-	-	-
Intercompany loans payable	(17,594,307)	(41,781,201)	(16,826,562)	(40,990,807)
Trade and other payables	(484)	(1,150)	(2,640)	(6,431)

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:

2020	Floating Interest Rate \$	Non-interest bearing \$	Total \$
Financial assets			
Cash and cash equivalents	3,956,910	-	3,956,910
Trade and other receivables	-	41,488	41,488
Prepayments	-	-	-
	<u>3,956,910</u>	<u>41,488</u>	<u>3,998,398</u>
Weighted average interest rate	1.808%		
Financial liabilities			
Trade and other payables	-	119,157	119,157
	<u>-</u>	<u>119,157</u>	<u>119,157</u>
Net financial assets	<u>3,956,910</u>	<u>(77,669)</u>	<u>3,879,241</u>
2019	Floating Interest Rate \$	Non-interest bearing \$	Total \$
Financial assets			
Cash and cash equivalents	4,751,102	-	4,751,102
Trade and other receivables	-	26,372	26,372
Prepayments	-	-	-
	<u>4,751,102</u>	<u>26,372</u>	<u>4,777,474</u>
Weighted average interest rate	0.430%		
Financial liabilities			
Trade and other payables	-	99,121	99,121
	<u>-</u>	<u>99,121</u>	<u>99,121</u>
Net financial assets	<u>4,751,102</u>	<u>(72,749)</u>	<u>4,678,353</u>

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.

	2020	2019
	\$	\$
Net financial assets subject to variable interest rates	3,956,910	4,751,102
Increase in profits resulting from a 1% pa increase in variable interest rates	39,569	47,511
Decrease in profits resulting from a 1% pa decrease in variable interest rates	(39,569)	(47,511)

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.

	2020	2019
	\$	\$
Decrease in other comprehensive income resulting from a 10% increase in Australian Dollar against the Kina	(2,214)	(766)
Increase in other comprehensive income resulting from a 10% decrease in Australian Dollar against the Kina	(2,214)	(766)

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 \$5,209 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:

	2020	2019
	\$	\$
Current Assets:		
Cash and cash equivalents	3,956,910	4,751,102
Trade and other receivables	41,488	26,372
Non-Current Assets:		
Trade and other receivables	5,209	5,078
	<u>4,003,607</u>	<u>4,782,552</u>

(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:

	2020	2019
	\$	\$
Cash and cash equivalents	3,956,910	4,751,102
Trade and other receivables	41,488	26,372
Trade and other payables	<u>(119,157)</u>	<u>(99,121)</u>
	<u>3,879,241</u>	<u>4,678,353</u>

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 2020 and carried out a review of the recoverable amount of its plant and equipment. An impairment loss of nil (2019: \$nil) 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.

NOTE 4 REVENUE AND OTHER INCOME

From continuing operations

	2020	2019
	\$	\$
Interest – unrelated parties	37,496	23,043
Other income:		
Debtor forgiveness	-	122,170
Total Revenue	37,496	145,213

NOTE 5 EXPENSES AND SIGNIFICANT ITEMS

Depreciation of plant & equipment	456	1,563
Office rental	-	12,794
Significant Items		
Exploration and evaluation expenditure	309,422	109,631
Project evaluation expenditure	92,111	-

NOTE 6: INCOME TAX EXPENSE

	2020 \$	2019 \$
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	(783,940)	(892,900)
Prima facie tax benefit on loss from continuing operations at 30% (2019: 30%)	(235,182)	(267,870)
Add / (less) tax effect of:		
- Revenue losses not recognised	105,327	188,719
- Capital losses not recognised		
- Other non-allowable items	131,961	118,881
	2,106	39,730
Less tax effect of:		
- Other non-assessable items	2,106	36,650
- Other deferred tax balances not recognised	-	3,080
Income tax expense / (benefit) recorded in Statement of Profit and Loss and Other Comprehensive Income	-	-
c. Unrecognized deferred tax assets at 30% (2019: 30%)		
(Note 1):		
Carry forward revenue losses	4,190,570	4,056,646
Carry forward capital losses	529,850	529,850
Financial assets	298,810	298,810
Other	9,776	9,584
	5,029,006	4,894,890

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

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

Note 1 - Reduction in corporate tax rate

The corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2022 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

	2020	2019
	\$	\$
Cash at bank and on hand	3,956,910	4,751,102
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	3,956,910	4,751,102
Bank deposits at call	-	-
Cash on hand	-	-
Cash and cash equivalents	<u>3,956,910</u>	<u>4,751,102</u>
Cash at bank earns an interest rate of 1.8% (2019: 0.5%). Refer to note 2 for the Group's exposure to interest rate risk.		

NOTE 8 TRADE AND OTHER RECEIVABLES

CURRENT

Other receivables (a)	41,488	26,372
	<u>41,488</u>	<u>26,372</u>

NON-CURRENT

Deposits – tenements and premises (b)	5,209	5,078
	<u>5,209</u>	<u>5,078</u>

(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

Plant and equipment

Plant and equipment at cost	2,170	2,170
Less accumulated depreciation	(2,018)	(1,563)
Carrying amount at the end of the financial year	<u>152</u>	<u>607</u>

Reconciliation

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

Carrying amount at the beginning of the financial year	607	2,170
Depreciation expense	(455)	(1,563)
Impairment of carrying values	-	-
Foreign currency exchange differences	-	-
Carrying amount at the end of the financial year	<u>152</u>	<u>607</u>

	2020 \$	2019 \$
NOTE 10		
TRADE AND OTHER PAYABLES		
CURRENT		
Trade and sundry creditors (a)	103,157	83,121
Accrued expenses	16,000	16,000
	<u>119,157</u>	<u>99,121</u>

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

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:

Not later than 1 year	340,000	415,000
Later than 1 year but not later than 5 years	-	585,000
Any greater than 5 years	-	-
	<u>340,000</u>	<u>1,000,000</u>

NOTE 12 **CONTINGENT LIABILITIES**

The Group had no contingent liabilities at 30 June 2020 (2019: nil).

NOTE 13	CONTRIBUTED EQUITY	2020 Shares	2019 Shares	2020 \$	2019 \$
(a) Paid Up Capital					
Ordinary shares – fully paid of no-par value		489,101,938	489,101,938	39,219,988	39,219,988

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 June 2019	Closing Balance	489,101,938		39,219,988
30 June 2020	Closing Balance	489,101,938		39,219,988

(c) Options	No. of Options	
	2020	2019
The number of unissued ordinary shares relating to options not exercised at year end:		
- Non-transferable options exercisable on or before 1 June 2020 at 2.9 cents	- 187,500,000	- 187,500,000

(d) Option Issues

During the financial year nil options were issued.

(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 1 June 2020 187,500,000 options exercisable at \$0.029 lapsed.

(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 2020 and 30 June 2019 was as follows:

	2020	2019
	\$	\$
Cash and cash equivalents	3,956,910	4,751,102
Trade and other receivables	41,488	26,372
Prepayment	-	-
Trade and other payables	(119,157)	(99,121)
Working capital position	<u>3,879,241</u>	<u>4,678,353</u>

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

Refer to note 2 for Financial Risk Management.

	2020 \$	2019 \$
NOTE 14 RESERVES AND ACCUMULATED LOSSES		
(a) Reserves		
Share based payment reserve	3,939,885	3,939,885
Options premium reserve	179,640	179,640
Foreign currency translation reserve	(597,953)	(582,457)
	<u>3,521,572</u>	<u>3,537,068</u>
Movements		
<i>Share based payment reserve</i>		
Balance 1 July	3,939,885	3,939,885
Option expense	-	-
Balance 30 June	<u>3,939,885</u>	<u>3,939,885</u>
<i>Options premium reserve</i>		
Balance 1 July	179,640	179,640
Options issued	-	-
Balance 30 June	<u>179,640</u>	<u>179,640</u>
<i>Foreign currency translation reserve</i>		
Balance 1 July	(582,457)	(574,341)
Currency translation differences arising during the year	(15,496)	(8,116)
Balance 30 June	<u>(597,953)</u>	<u>(582,457)</u>
(b) Accumulated losses		
Movements in accumulated losses were as follows:		
Balance 1 July	(38,073,018)	(37,180,118)
Net loss for the year	(783,940)	(892,900)
Balance 30 June	<u>(38,856,958)</u>	<u>(38,073,018)</u>

(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.



	2020 \$	2019 \$
NOTE 15 LOSS PER SHARE ("EPS")		
<i>Earnings per share from continuing operations</i>		
Loss after income tax	(783,940)	(892,900)
Weighted average number of shares used in the calculation of the basic EPS.	489,101,938	489,101,938
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
Basic and diluted loss per share	0.16 cents	0.18 cents
<i>Earnings per share from discontinued operations</i>		
Profit after income tax		-
Weighted average number of shares used in the calculation of the basic EPS.	489,101,938	489,101,938
The number of potential ordinary shares relating to options not exercised at the end of the year.	-	187,500,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	489,101,938	489,101,938
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 2020 (2019: 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 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 2020.

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

	2020	2019
	\$	\$
Short term employee benefits	293,381	217,648
Post-employment benefits	-	-
Share based payments	-	-
	<u>293,381</u>	<u>217,648</u>

NOTE 19 SHARE-BASED PAYMENTS

(a) Frontier Resources Ltd Securities Incentive Plan

At the Company's 2019 annual general meeting shareholders approved the Frontier Resources Ltd Employee Securities Incentive Plan (**Plan**). Under the Plan, the Board may offer to eligible persons the opportunity to subscribe for such number of Securities in the Company as the Board may decide and on the terms set out in the rules of the Plan.

The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides. Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.

Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them unless otherwise determined by the Board. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

All Shares issued or transferred under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

No options or convertible securities were granted under the plan during the Period.



NOTE 19 SHARE-BASED PAYMENTS (continued)

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
2020							
31 May 2018	1 June 2020	\$0.029	187,500,000	-	-	(187,500,000)	-
			187,500,000	-	-	(187,500,000)	-
Weighted average remaining contracted life of options (Years)							Nil
Weighted average exercise price							Nil

All options were expired at the end of the year.

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) 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:

	2020 \$	2019 \$
Options issued under directors & employee option plan	-	-

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 2020		Papua New Guinea Exploration \$	Treasury \$	Total \$
Segment Revenue		-	37,496	37,496
Segment Results		(325,418)	37,496	(287,922)
Amounts not included in segment results but reviewed by Board:				
- Corporate charges				(403,906)
- Impairment - Loan				(353,742)
Loss before Income Tax				<u>(1,045,570)</u>
As at 30 June 2020				
Segment Assets		22,631	3,981,128	4,003,759
Segment Liabilities		484	118,673	119,157



NOTE 20 OPERATING SEGMENTS (continued)

For the Year to 30 June 2019

	Papua New Guinea Exploration \$	Treasury \$	Total \$
Segment Revenue	-	23,043	23,043
Segment Results	(182,674)	23,043	(159,632)
Amounts not included in segment results but reviewed by Board:			
- Corporate charges			(855,437)
- Impairment - Loan			(192,058)
Loss before Income Tax			(1,207,128)
As at 30 June 2019			
Segment Assets	5,778	4,777,382	4,783,160
Segment Liabilities	2,458	96,663	99,121

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:	2020	2019
Operating loss after income tax	(783,940)	(892,900)
Adjustment for non-cash items:		
- Depreciation expense	456	1,563
- Debt forgiveness	-	(122,170)
- Other non-cash expenses	-	-
Change in operating assets and liabilities:		
- Trade and other payables and provisions	(25,624)	(132,131)
- Trade and other receivables	15,116	5,146
Net cash outflow from operating activities	(793,992)	(1,140,492)

There were no non-cash financing and investing activities during the year (2019: nil).

NOTE 22 SUBSIDIARIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	
			2020 %	2019 %
Frontier Gold (PNG) Ltd	Papua New Guinea	Ordinary	100	100
Frontier Copper (PNG) Ltd	Papua New Guinea	Ordinary	100	100

	2020 \$	2019 \$
NOTE 23 PARENT ENTITY DISCLOSURES		
(a) Financial Position of Frontier Resources Ltd		
CURRENT ASSETS		
Cash and cash equivalents	3,939,487	4,750,402
Trade and other receivables	41,488	26,372
TOTAL CURRENT ASSETS	3,980,975	4,776,774
NON-CURRENT ASSETS		
Other financial assets	10,622	10,622
Property, plant and equipment	152	607
TOTAL NON-CURRENT ASSETS	10,774	11,229
TOTAL ASSETS	3,991,749	4,788,003
CURRENT LIABILITIES		
Trade and other payables	118,673	96,663
Borrowings	-	-
TOTAL CURRENT LIABILITIES	118,673	96,663
TOTAL LIABILITIES	118,673	96,663
NET ASSETS	3,873,076	4,691,340
EQUITY		
Contributed equity	39,219,988	39,219,988
Reserves	4,119,525	4,119,525
Accumulated losses	(39,466,437)	(38,648,173)
TOTAL EQUITY	3,873,076	4,691,340

(b) Financial Performance of Frontier Resources Ltd

	2020 \$	2019 \$
Loss for the year	(812,264)	(902,282)
Total comprehensive loss	(812,264)	(902,282)

(c) Guarantees entered into by Frontier Resources Ltd to the debts of its subsidiaries

There are no guarantees entered into by Frontier Resources Ltd for the debts of its subsidiaries as at 30 June 2020 (2019: none).

(d) Contingent liabilities of Frontier Resources Ltd

There are no contingent liabilities as at 30 June 2020 (2019: none).

(e) Commitments Frontier Resources Ltd

There are no commitments as at 30 June 2020 (2019: 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.

	2020 \$	2019 \$
Assurance services		
Audit Services		
Moore Australia Audit (WA)	25,085	25,274
Sinton Spence Chartered Accountants (PNG)	9,992	28,238
Total remuneration for audit services	35,077	53,512
Non-Assurance services		
Taxation and Accounting Services		
Moore Australia Audit (WA)	2,450	4,750
Sinton Spence Chartered Accountants (PNG)	813	-
Total remuneration for taxation services	3,263	4,750

NOTE 25 EVENTS OCCURRING AFTER THE BALANCE DATE

COVID-19

On 31 January 2020, the World Health Organisation ('WHO') announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. The company is therefore uncertain as to the full impact that the pandemic will have on its financial condition, liquidity, and future results of operation during future years.

Management is actively monitoring the global situation and its impact on the Company's financial condition, liquidity, operations, supplier, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb the spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity in future years.

Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Company's results of future operations, financial position, and liquidity in future years.

Other than the above no matter or circumstance has arisen since 30 June 2020 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 2020 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 16 to 24 within the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2020, 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:



Alec Pismiris
Non-Executive Chairman

30 September 2020

**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 2020, 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:

- a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- b) 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.

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

Key Audit Matters (continued)

Cash at bank	
Refer to Note 7 Cash & cash equivalents	
<p>The Group's total cash at bank holdings of \$3.96 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.</p> <p>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.</p> <p>However, we determined this area to be key audit matter due to the materiality in the context of the financial statements</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • 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 sighting the client logging on to their online banking platform and confirming the 30 June balances; • Assessed the appropriateness of the disclosures included in the primary financial statements and notes to the financial report <p>The disclosures contained in the financial statements appropriately identify this risk.</p>

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 2020 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ULTIMA UNITED LIMITED (CONTINUED)**

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.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf This description forms part of our auditor's report.

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 2020.

In our opinion, the Remuneration Report of Frontier Resources Limited, for the year ended 30 June 2020 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.



SHAUN WILLIAMS
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 30th day of September 2020.

ADDITIONAL INFORMATION

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

STATEMENT OF QUOTED SECURITIES AS AT 4 SEPTEMBER 2020

a)	Distribution of Shareholders	No. of Shareholders	No. of Units
	Size of Holding		
	1 – 1,000	150	17,580
	1,001 – 5,000	40	114,146
	5,001 – 10,000	26	196,040
	10,001 – 100,000	221	12,503,636
	100,001 and over	304	476,270,536
	Total	741	489,101,938
b)	Number of holders of less than marketable parcels at \$0.014 per unit:	260	

c) The following are substantial shareholders having an interest of least 5% in the Company's shares as at 4 September 2020:

HORLEY PTY LTD <METAL TRUST>: 55,000,000 Ordinary shares (11.25%)

MR DAVID BRIAN ARGYLE: 28,440,000 Ordinary shares (5.81%)

d) Twenty largest shareholders as at 4 September 2020:

Rank	Name	Units	% of Units
1	ZERO NOMINEES PTY LTD	56,880,000	11.63
2	HORLEY PTY LTD <METAL A/C>	55,000,000	11.25
3	MR ROBERT JAMES SHAW BRIERLEY	24,166,666	4.94
4	DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	17,000,000	3.48
5	QUARTZ MOUNTAIN MINING PTY LTD <THE BASS FAMILY A/C>	16,500,000	3.37
6	MR TERRY CAMPION	14,843,693	3.03
7	ATELETA PTY LTD <G & G SUPERANNUATION A/C>	10,000,000	2.04
8	ACP INVESTMENTS PTY LTD <A & L PISMIRIS S/F A/C>	8,000,000	1.64
8	MR GRAHAM REGINALD CREASEY	8,000,000	1.64
10	NATIONAL NOMINEES LIMITED <DB A/C>	7,461,168	1.53
11	ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	6,068,365	1.24
12	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	6,032,327	1.23
13	MS JIABING XIN	6,008,888	1.23
14	SHAREHOLDERS MUTUAL ALLIANCE PTY LTD <SHMA A/C>	6,000,000	1.23
15	YUCAJA PTY LTD <THE YOEGIAR FAMILY A/C>	5,760,125	1.18
16	EXPLORATION & MANAGEMENT CONSULTANTS PTY LTD <MALALO SUPER FUND A/C>	4,768,535	0.97
17	ASB NOMINEES LIMITED <123619 A/C>	4,500,000	0.92
18	MR JAMES PETER ALLCHURCH <MANSTEIN HOLDINGS A/C>	4,000,000	0.82
18	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	4,000,000	0.82
18	NIUGINI HELICOPTERS/C	4,000,000	0.82
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		268,989,767	55.00%
Total Remaining Holders Balance		220,112,171	45.00%
Total Shares On issue		489,101,938	100.00%

e) 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.

f) There are currently no on-market buybacks in process.

g) There are nil securities currently subject to escrow.

h) There are currently no unquoted options over unissued shares on outstanding.

TENEMENT SCHEDULE

Tenement Name	Tenement Name	Status	Ownership	Expiry Date
Tolukuma	EL 2351	Granted Exploration Licence	100%	24 February 2021
Gazelle	ELA 2529	Exploration Licence Application	N/A	N/A