



ABN 96 095 684 389

ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

FRONTIER RESOURCES LTD

ABN 96 095 684 389

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CORPORATE DIRECTORY

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Non-Executive Directors Jessica O'Neil Peter Swiridiuk		Auditors Moore Australia Audit (WA) Level 15, 2 The Esplanade Perth, WA, 6000 Australia
Company Secretary Matthew Foy		Bankers Westpac Banking Corp. Level 13, 109 St Georges Tce Perth, WA, 6000 Australia
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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 2021, 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)
 Peter Swiridiuk (Non-Executive Director)
 Jessica O'Neil (Non-Executive Director)

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 \$801,389 (2020: \$783,940). There were no dividends paid or recommended during the financial year ended 30 June 2021.

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.

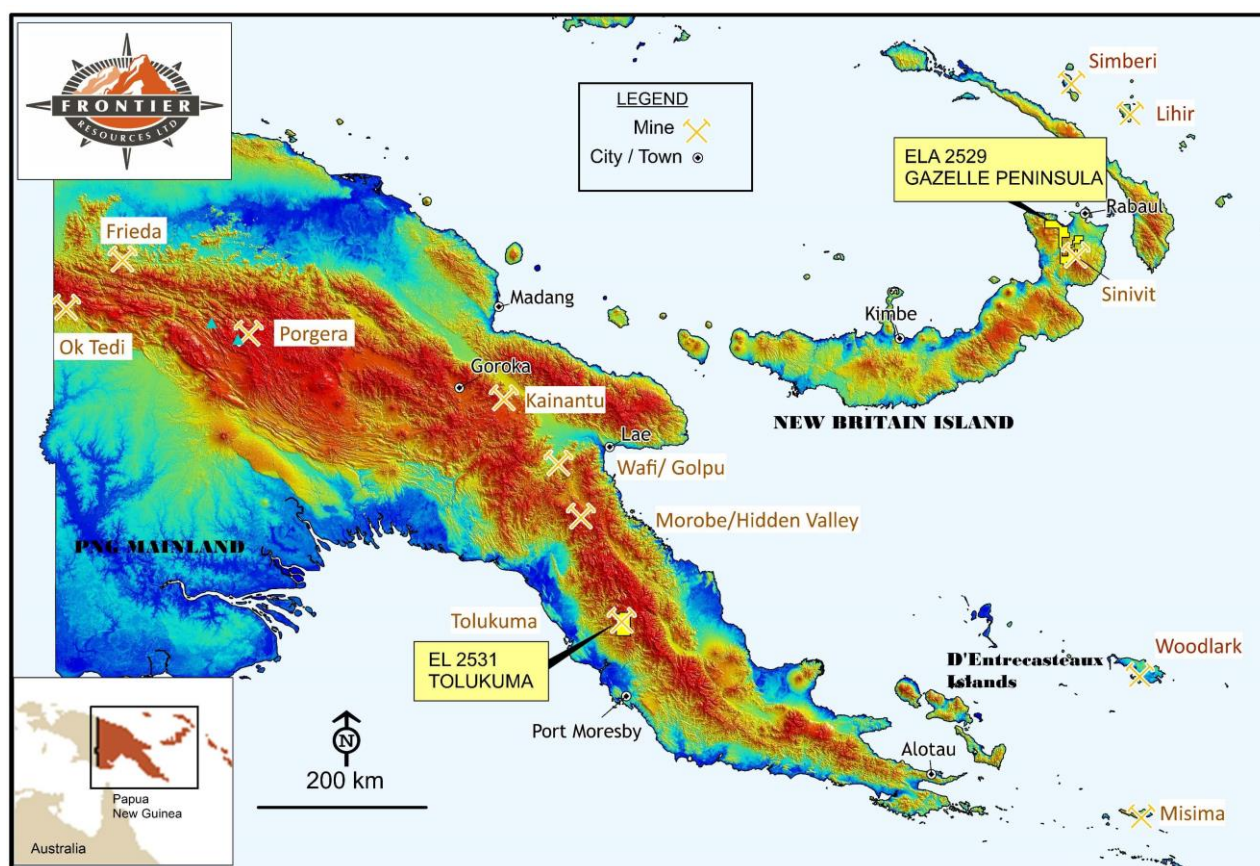


Figure 1: Projects Location Map

DIRECTORS' REPORT

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.

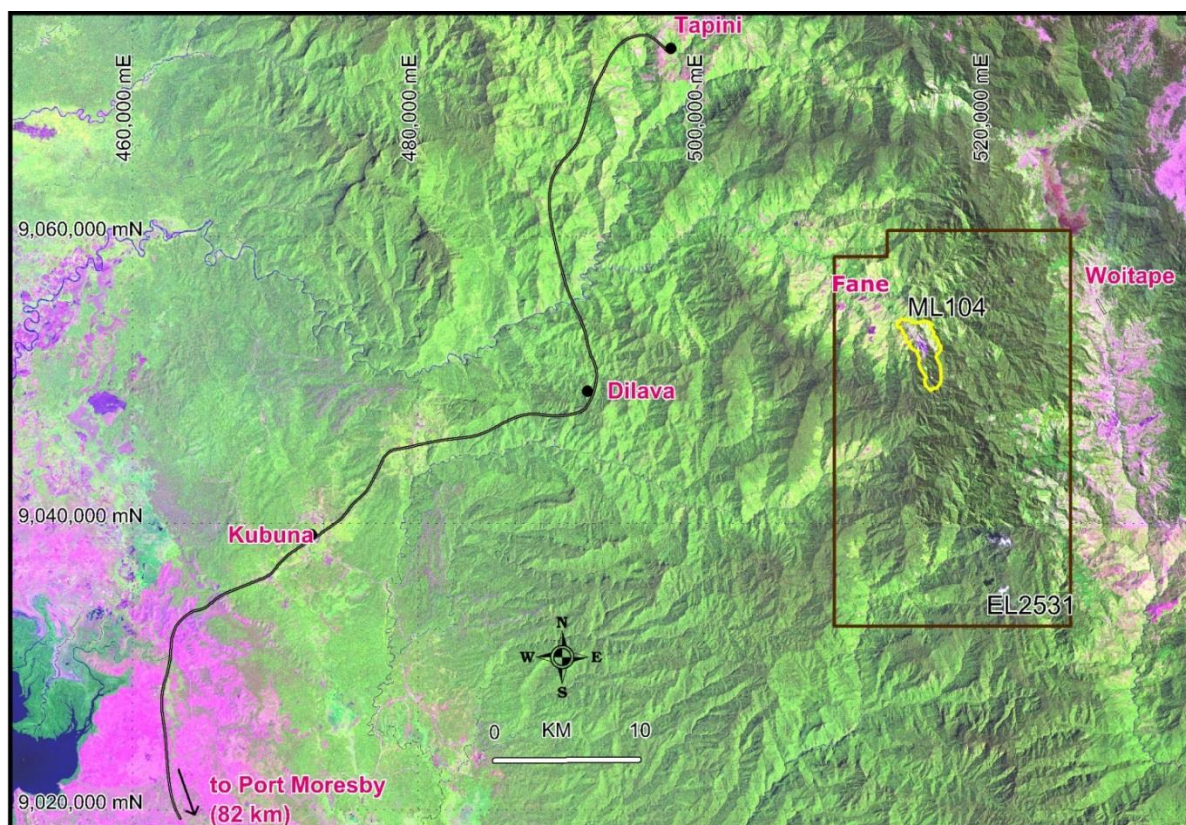
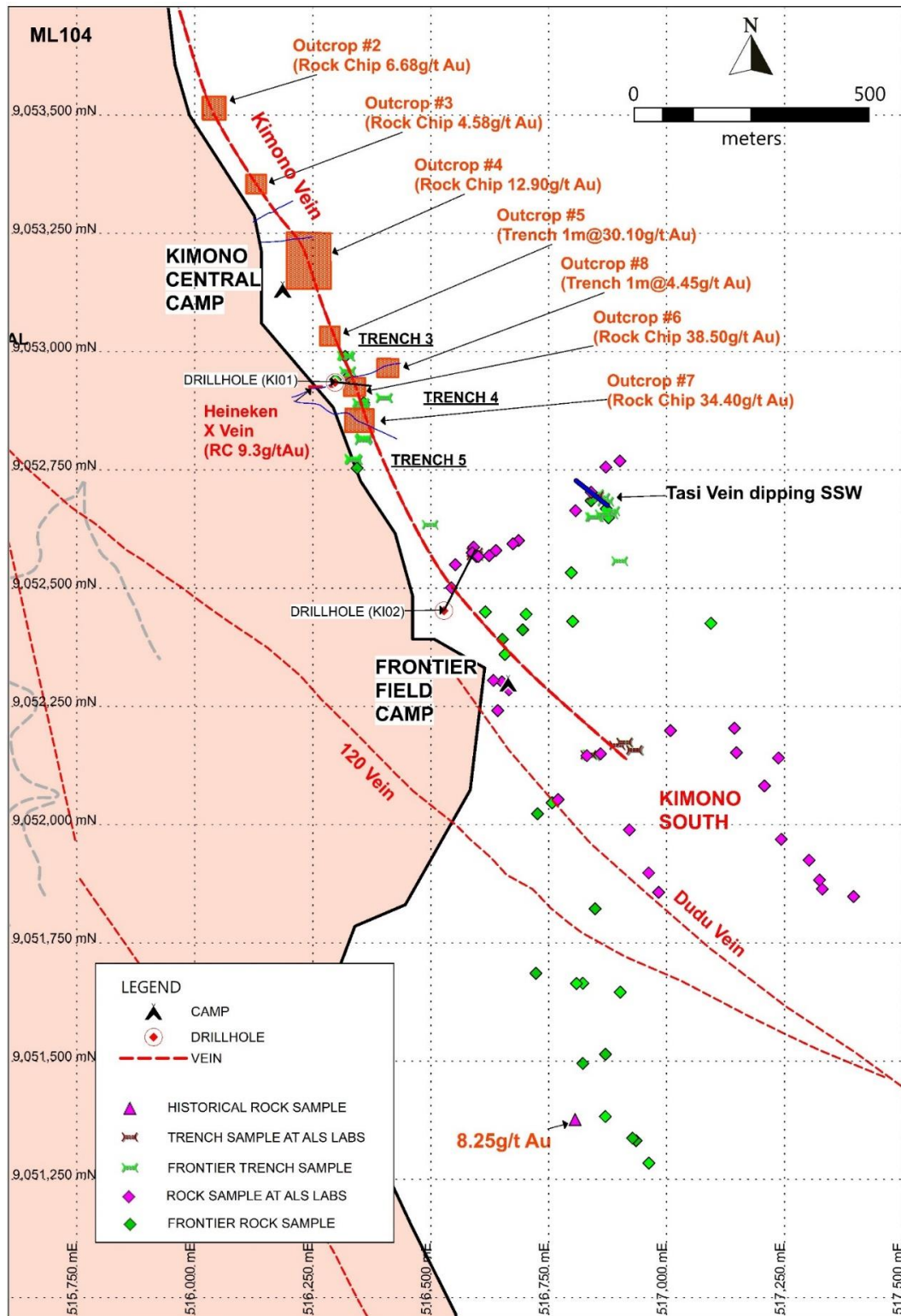


Figure 2: Location Map of Tolukuma Project

During the period, the Company mobilised a team of highly experienced geologists to the Kimono Village for landowner awareness meetings and to begin a sampling and mapping program over the highly prospective Kimono vein system, 1km east of the Tolukuma Mine.

The Kimono system of gold veins extends for over 4.0km, including the 120 and Dudu veins (Figure 3). Field mapping and sampling by Frontier identified the newly discovered 'Tassy Vein' as well as follow-up extensions and continuity of historical gold veins identified by Newmont.

A total of 102 soil, 102 rock chip (51 float and 51 outcrop) and 205 chip-channel trench samples were collected. The Tassy vein was discovered in the upper reaches of the main Holsiga Creek. It pinches and swells between 8cm and 2.7m in width with a strike length of 151m trending 300-353 degrees and steeply dipping towards the SSW (Figure 3).



The geological mapping, rock sampling, ridge-spur soil sampling and hand trenching was designed to:

1. Test the continuity and strike extensions of the known historical gold-mineralised veins.
2. Validate selected historical trench assay results and trench geology, and to define, if possible, a drill target at Kimono Central.
3. Map and sample the projected intersection zone of the known mineralised veins.
4. Follow-up historical anomalous gold-in-soil anomalies and complete some additional in-fill soil sampling.

The best rock chip sampling results were from the Kimono Vein (Figure 4). Anomalous assays greater than 1.0g/t Au ranged from 101g/t Au to 1.42g/t Au and include values of 80.9g/t, 52.7g/t and 22.2g/t indicating this is a high-grade segment of the Kimono Vein. Elsewhere the best rock chip results were 2.13g/t Au at the Tassy Vein, 1.15g/t Au in lower Holsiga Creek, 1.42g/t Au in Fala Creek and 1.62g/t Au near Soil Line 5. Mineralisation includes gold and silver as electrum, pyrite/marcasite, fine dark, stibnite, rare arsenopyrite and minor copper, lead, zinc base metal sulphides.

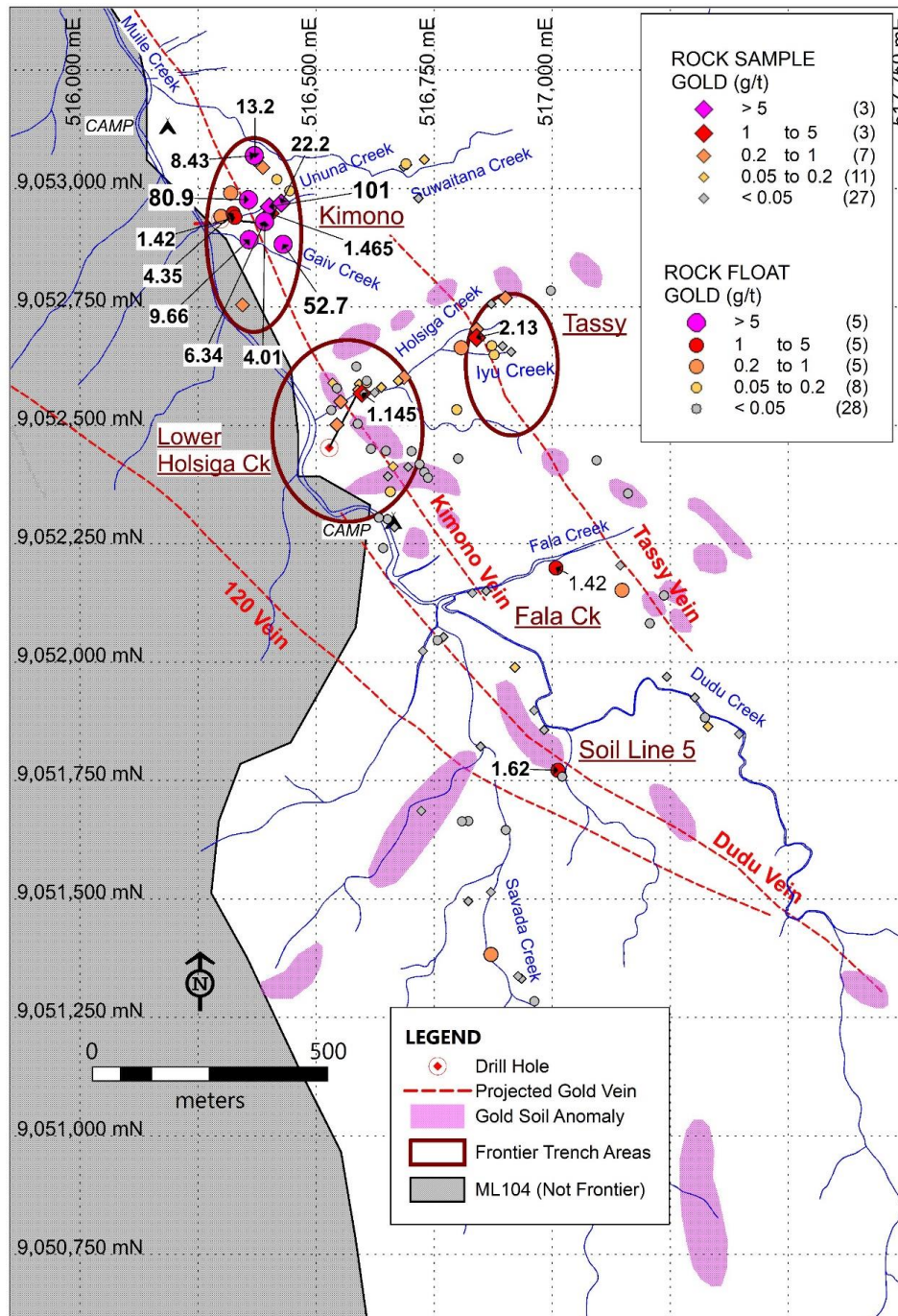


Figure 4: Frontier Rock and Soil Sampling Results at Kimono

Hand trenching was carried out in five separate areas at Kimono, Lower Holsiga Creek, Fala Creek, Soil Line 5 Dudu Vein and also at the newly discovered Tassy vein. The best results were:

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<u>Kimono Vein</u>	2.1m @ 24.68g/t Au + 36.85g/t Ag, including 1.1m @ 42.70g/t Au + 60.30g/t Ag; 10.0m @ 1.99g/t Au + 8.45g/t Ag, including 2m @ 3.46g/t Au + 15.13g/t Ag;
<u>Tassy Vein</u>	4.0m @ 4.78g/t Au + 17.94g/t Ag, including 3.0m @ 6.32g/t Au + 23.22g/t Ag, including 1.0m @ 15.5g/t Au + 24.6g/t Ag;
<u>Lower Holsiga Ck</u>	5.0m @ 1.25g/t Au + 6.40g/t Ag, including 1.0m @ 4.48g/t Au + 13.8g/t Ag; 11.0m @ 0.86g/t Au + 0.80g/t Ag, including 2.0m @ 3.18g/t Au + 3.8g/t Ag;
<u>Kimono South</u>	6.0m @ 1.48g/t Au + 2.30g/t Ag, including 2.0m @ 3.36g/t Au + 5.58g/t Ag.

The gold mineralisation at Kimono is dominantly associated with a pyrite-marcasite-arsenopyrite sulphide assemblage, hosted by quartz veins, stringers or zones of veining, which typically range from 2cm to 10m in width. Veins commonly dip steeply and are mainly controlled by the dominant NW & NNW trending structures.

Quartz textures include colloform-crustiform, comb (or dogtooth), vuggy and massive crystalline, typical of the upper levels of a low sulfidation epithermal system. Fine visible gold was observed in several places at Kimono Central. Saccaroidal quartz veins commonly contain cavities lined with fine-coarse grained comb quartz \pm crustiform quartz. Sample 40113 (1.42g/t Au + 10.25g/t Ag) is a float sample that contains all the typical epithermal boiling zone textures (Figure 5).

At Kimono Central anomalous gold-in-soils can be correlated with the trends of mapped and projected mineralised veins and indicate additional targets for follow up sampling (Figure 4). At Kimono South a roughly 250m long NW-trending irregular anomalous soil zone (As-Mo-Ba-Au) straddles and is sub-parallel to the projected strike extension of the historical Dudu Vein (refer to ASX Announcement dated 17 December 2020).

Trenching (and limited pitting) at the Kimono Vein (*Trenches KC-01 to KC-12, KC-18 to KC-20 & Pits KP-01*) was undertaken with the aims of locating historical trench locations and to test for continuity of the Kimono vein (Figure 8). The trenches were sited mainly to intersect the major NW/NNW-trending structures. Trench KC-08 intersected 2.1m @ 24.7g/t Au + 36.6g/t Ag; including 1.0m @ 42.7g/t Au + 60.3g/t Ag within a brecciated quartz-sulphide vein (Figure 6).

Six trenches (*Trenches KC-13 to KC-17 & KC-21*) were sampled near lower Holsiga Creek and on the ridge near camp to test for extensions of the known Kimono Vein to the SSE (Figure 8). The best results include Trench KC-13 (Figure 7), intersecting 5.0m at 1.3g/t Au, 6.4g/t Ag within crackle breccia and 2.0m at 3.2g/t Au, 3.8g/t Ag within abundant 3mm-4.5cm saccharoidal milky quartz veins and dog tooth quartz.



Figure 5: Rock float (SN# 40113) from Kimono Central displaying comb, crustiform, colloform, lattice bladed and botryoidal quartz textures typical of the boiling zone of an epithermal system

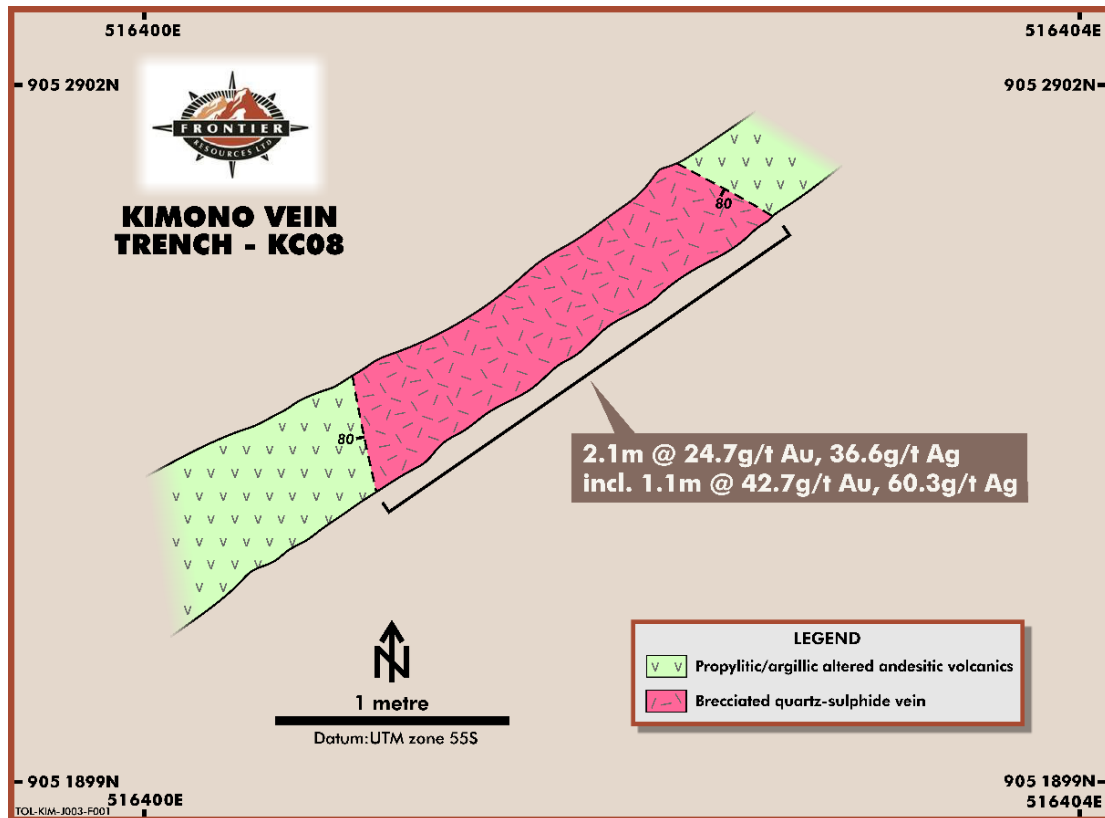


Figure 6: Kimono Trench KC08 Geology and Mineral Intercepts

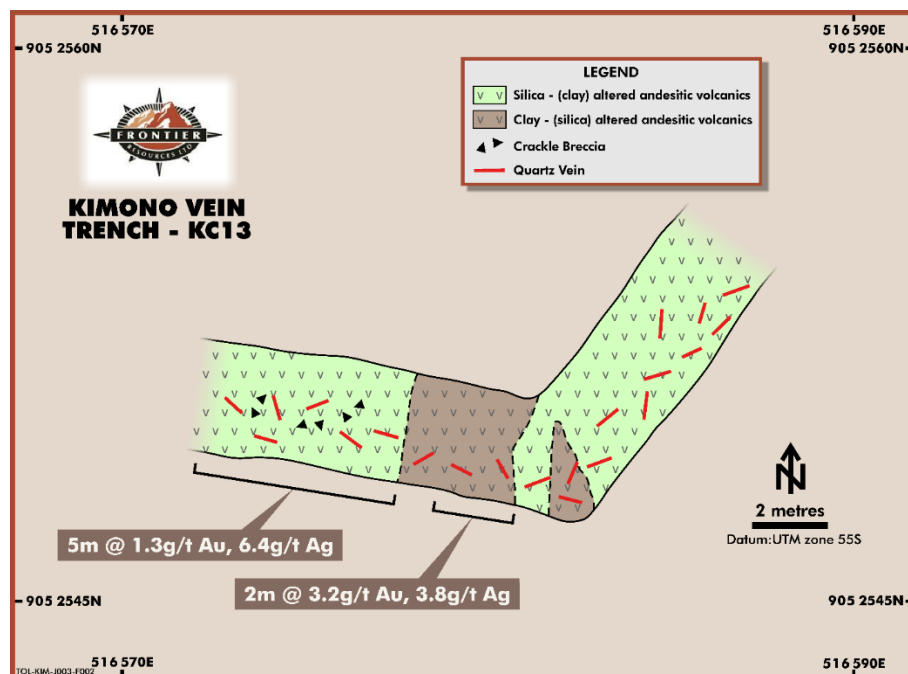


Figure 7: Lower Holsiga Creek Trench KC13 Geology and Mineral Intercepts

Only one trench was completed at Kimono South, a 20m trench (KT-09) located at the southeastern end of Soil Line 5 (Figure 8). The trench was oriented NNW-SSE and sampled at 1.0m intervals. The trench exposed a 14m wide zone of clay-silica altered quartz veined andesitic volcanics cut by a clay shear zone about 5.0m wide.

Discontinuous quartz veins with no defined orientations were also noted. This zone of alteration and mineralisation includes values of 6m @ 1.5g/t Au + 2.3g/t Ag and 1m @ 2.8g.t Au + 4.0g/t Ag. It is believed to be the south-eastern extension of the historical Dudu Vein, perhaps located where a NE-trending cross structure intersects the main vein.

Kimono Vein Trench 3 (between historical Outcrop#5 and Outcrop#8)

Two trenches (6m and 2m in length) were opened with 7 samples collected. Abundant quartz \pm sulfide vein floats were encountered. Alteration consists of quartz-sericite-smectite clays \gg fine sulfides, hosted in andesitic volcanic rocks intercalated with volcanic breccia. The trenches appear to have intersected the surface expressions of the Kimono vein at Outcrop #6, where historical rock chip samples returned 38.5g/t Au (refer to ASX Announcement dated 2 July 2020).

Kimono Vein Trench 4 (between historical Outcrop#6 and Outcrop#7)

Trenching was carried out a further 27m SE and 75m E from historical trench locations at Outcrop #6 and #7 (Figure 3). A total of 3 samples were collected in the first trench over 2.6m in length where a 2.1m wide quartz \pm sulphide vein trending 115-170° was intersected. At the second trench, a total of 3.1m was opened with 3 samples collected. Mineralised intersections include quartz-MnO and clay-sulphide-quartz veins trending 160°.

Kimono Vein Trench 5 (south of historical Outcrop#7)

Trenching was carried out 46m and 80m southwest of historical trench locations at Outcrop#7 (Figure 3). A series of four pits averaging 1.2m depth were dug and all encountered quartz-clay altered andesitic volcanic rocks with stringers of quartz-MnO-hematite-goethite present. The first trench sampled a 0.8m wide vein trending 010° to 020° and a 0.4m wide vein trending 105°. A total of 3.0m was cleared with 3 samples collected. At the second trench, the 010°-020° vein was again intersected and a total of 5.0m was cut with 4 samples collected. Veins appear to be splays from the main Kimono vein. In total at this site, 10.3m of trenching was dug and 11 samples collected.

Nagai Creek

Approximately 360m northwest from the Frontier Field Camp, a 1.0m wide vein trending 75° crops out as a series of sheeted to stockwork crackled-brecciated veins (<1-5cm thick). These rocks are altered to quartz-clay (hematite-goethite). An additional five interpreted mineralised zones were identified representing cross-cutting splays from the main Kimono vein.

Ridge and Spur Soil Sampling

Ridge soil lines were established to intersect the general trend of mineralisation seen in historical soil samples (refer to ASX Announcement dated 4 September 2020). Ridges trending SW were traversed and geological data such as rock type, alteration, mineralisation and structural data collected to aid in identifying the source of the soil anomaly. A significant observation was a zone of argillic alteration trending 280° and dipping steeply at 80°.

Results from seven ridge and spur soil sampling lines indicate an extension of the newly discovered Tassy vein to over a 1km strike length. Trench sampling results announced during the period along this vein system include 4m @ 4.78g/t Au including 1m @ 15.5g/t Au. Over twenty soil sampling anomalous zones and mapped alteration are interpreted to reflect continuous undiscovered vein systems throughout the Kimono area that require follow-up trench sampling. Trace pathfinder elements confirm continuity along the main Kimono vein to over 200m strike length and also along the parallel Dudu vein to over 360m strike length.

As was found during the Saki soil sampling program, anomalous trace pathfinder elements As, Ba, Mo and Sb help in tracing sub-surface gold mineralised veins. Along the Kimono Central vein, where historical drillhole KI02 was encountered near trench KC17, anomalous gold (Figure 8) and pathfinder elements from the soil sampling confirm a 200m zone of vein continuity.

At Kimono South, anomalous gold and pathfinder elements along Soil Line 5 (Figure 8) are continuous over a 360m zone along the projected Dudu vein. The soil line is located on a low-lying ridge where geological reconnaissance mapping found local gossanous capping on the ridge and the field sampling crew reported intersecting fragmented quartz veins and clay alteration. Soil Line 3 and 4 demonstrated a 200m zone of weakly anomalous gold pathfinder elements Sb, As, Ba and Mo but no anomalous Au.

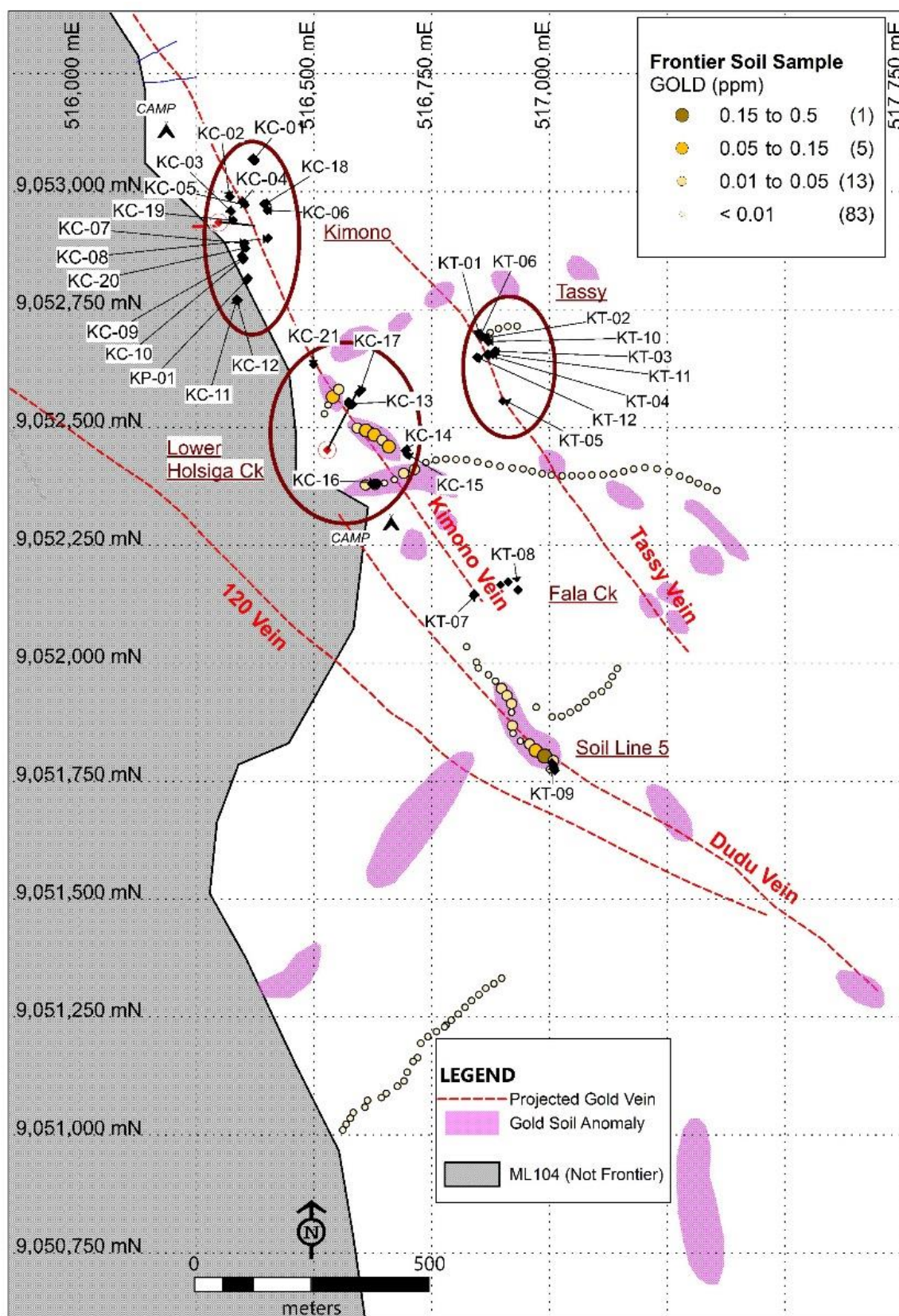


Figure 8: Kimono Gold in Ridge and Spur Soil Sampling Results and Trench Locations

Table 1: Kimono Vein Trenches (and Pits) – Gold & Silver Assay Highlights (0.1g/t Au cut off)

Trench No	Assay Highlights	Lithology
KC-01	10.0m @ 1.99g/t Au + 8.45g/t Ag incl: 2.0m @ 3.46g/t Au + 15.13g/t Ag	Quartz veining in phyllic-argillic-silica altered volcanics; veins up to 70cm wide.
KC-02	1.0m @ 0.25g/t Au + 0.36g/t Ag 1.0m @ 0.29g/t Au + 0.62g/t Ag	Within ~5.0m zone of phyllic/argillic altered volcanics; quartz-MnO stockwork & veinlets.
KC-04	1.2m @ 3.13g/t Au + 18.7g/t Ag	Quartz-sulphide vein in phyllic/argillic altered volcanics.
KC-06	3.0m @ 4.46g/t Au + 14.11g/t Ag	Quartz-sulphide veining + quartz-MnO stringers in phyllic/argillic altered volcanics.
KC-08	2.1m @ 24.68g/t Au + 36.85g/t Ag incl: 1.1m @ 42.70g/t Au + 60.30g/t Ag	Massive quartz-sulphide vein in phyllic/argillic altered volcanics.
KC-09	10.0m @ 0.76g/t Au + 0.83g/t Ag incl: 5.0m @ 1.14g/t Au + 0.80g/t Ag	Quartz veined argillic/phyllic altered volcanics.
KC-10	3.0m @ 0.24g/t Au + 0.48g/t Ag	Quartz veined argillic/phyllic altered volcanics.
KC-11	4m @ 0.51g/t Au + 6.57 g/t Ag	Zone of silicification & quartz veining in phyllic/argillic altered volcanics.
KC-12	0.8m @ 0.15g/t Au + 0.28g/t Ag	Zone of silicification & quartz veining in phyllic/argillic altered volcanics.
KC-18	5.4m @ 1.81g/t Au + 10.18g/t Ag incl: 0.3m @ 5.89g/t Au + 38.7g/t Ag	Partly oxidized quartz-sulphide vein in brecciated silica-sericite-hematite altered volcanics with quartz-MnO veins/stringers/stockwork.
KC-19	2m @ 0.43g/t Au + 7.68g/t Ag	Silica-sericite-hematite-fuschite-smectite altered volcanics with quartz-MnO-sulphide veining.
KC-20	0.70m @ 0.82g/t Au + 2.74g/t Ag	10cm quartz vein in silica-sericite-fuschite-smectite-hematite altered volcanics.
KPit-02	0.11g/t Au + 0.29g/t Ag	10cm quartz vein in silica-sericite-fuschite-smectite-hematite altered volcanics.

Table 2: Tassy Vein Trenches – Gold & Silver Assay Highlights (0.1g/t Au cut off)

Trench ID	Assay Highlights	Lithology
KT-01	3.0m @ 2.87g/t Au + 7.07g/t Ag	Silica-clay-fuschite altered andesite porphyry; abundant 1mm-1.7cm quartz-limonite veins.
KT-03	1.0m @ 0.31g/t Au + 13.15g/t Ag	Partly oxidised silica-clay-fuschite-pyrite altered andesitic volcanic; weak crackle breccia; 0.5-2% pyrite dissemination.
KT-04	1.0m @ 0.12g/t Au + 1.19g/t Ag	Partly oxidised silica-clay-fuschite altered andesite porphyry; disseminated pyrite (1-2%).
KT-05	1.0m @ 0.20g/t Au + 0.40g/t Ag	Partly oxidised silica-clay altered andesitic volcanic; weak crackle breccia; irregular <1-8mm quartz-limonite veins.
KT-06	4.0m @ 4.78g/t Au + 17.94g/t Ag, incl: 3.0m @ 6.32g/t Au + 23.22g/t Ag, incl: 1.0m @ 15.50g/t Au + 24.60g/t Ag	Partly oxidised quartz veined silica-clay-pyrite-(fuchsite) altered andesite porphyry (dyke?) and pyroclastics; 1mm-3cm limonite-quartz veins; saccharoidal & comb quartz textures; trace to 1.5% fine pyrite in pyroclastics and 3-5% in andesite porphyry.
KT-10	1.0m @ 1.09g/t Au + 119g/t Ag	Partly oxidised andesitic porphyry; strong

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		pervasive silica alteration; 5mm to 2.3cm quartz veins with comb texture; 0.3 to 0.5% fine disseminated pyrite.
KT-11	3.0m @ 0.31g/t Au + 19.32g/t Ag, incl: 1.0m @ 0.66g/t Au + 35.10g/t Ag	Partly oxidised andesite porphyry dyke in andesitic pyroclastics; strong pervasive clay-silica-pyrite-sericite-(fuschite) alteration; 1mm to 3cm quartz veins with comb textures; 2-5% fine pyrite; rare adularia.
KT-12	5.0m @ 1.13g/t Au + 11.39g/t Ag, incl: 1.0m @ 2.59g/t Au + 35.30g/t Ag	Partly oxidised quartz veined to 3cm in andesitic volcanic; strong pervasive silica-clay-(fuchsite) alteration; Irregular saccroidal quartz infilling fractures. All sulphides oxidised.

Table 3: Lower Holsiga Creek Trenches – Gold & Silver Assay Highlights (0.1g/t Au cut off)

Trench ID	Assay Highlights	Lithology
KC-13	5.0m @ 1.25g/t Au + 6.40g/t Ag incl: 1.0m @ 4.48g/t Au + 13.8g/t Ag; 11.0m at 0.86g/t Au + 0.80g/t Ag Incl: 2.0m at 3.18g/t Au + 3.80g/t Ag	Partly oxidised strongly silicified silica-clay altered volcanic; local crackle breccia; abundant 3mm-4.5cm saccharoidal milky quartz veins; comb & dog tooth quartz. Clay-silica altered andesitic volcanic with quartz veins, comb quartz in cavities.
KC-16	1.0m @ 1.42g/t Au + 0.32g/t Ag	Earthy orange-yellow limonitic oxidised tuff; local remnant chlorite-sericite alteration; intense fracture oxidation.
KC-17	10.0m @ 0.95g/t Au + 11.06g/t Ag Incl: 3.0m @ 2.31g/t Au + 25.75g/t Ag Incl: 1.0m @ 4.03g/t Au + 46.30g/t Ag	Partly oxidised strong silica-clay-pyrite altered andesitic volcanic; local crackle breccia; 2mm-3cm irregular quartz-(adularia) veins; local quartz-pyrite veining; 0.5-5% pyrite dissemination>veins.
KC-21	1.0m @ 0.17g/t Au + 0.22g/t Ag	1.0m zone of brecciation in andesitic volcanics; 1 to 5cm quartz veins/stockwork; rare adularia; one grain of visible Au ; colloform-crustiform-crystalline quartz textures; <1% sulphides.

Table 4: Kimono South Trench – Gold & Silver Assay Highlights (0.01g/t Au cut off)

Trench ID	Assay Highlights	Lithology
KT-08	0.2m @ 0.39g/t Au + 0.77g/t Ag	Fala Creek. Structurally controlled shear and brecciated quartz-MnO vein. Strongly oxidised. A spec of gold was observed. <1% sulphides.
KT-09 Dudu Vein	2.0m at 0.21g/t Au, 0.08g/t Ag 1.0m @ 0.27g/t Au + 3.48g/t Ag 1.0m @ 0.45g/t Au + 5.01g/t Ag 1.0m @ 2.82g/t Au + 4.03g/t Ag 6.0m @ 1.48g/t Au + 2.30g/t Ag, incl: 2.0m @ 3.36g/t Au + 5.58g/t Ag	Strongly oxidised, bleached clay altered volcanics; local silicification & quartz veining; 1-5cm quartz veins and stringers; massive to comb quartz in 2.0m @ 3.36g/t Au interval.

In March 2021 the Company completed a trench and rock sampling program at the Kimono Central prospect located along the eastern boundary of the ML104 (Figure 12).

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The Phase 2 work included fifteen hand dug trenches totalling 232.5 metres ranging from 5.0m to 41.0m in length. A total of 218 chip-channel trench samples were collected from 10 trenches (KC23-30 & KC33) along the 'high grade' flexure segment of the Kimono Vein where two drill targets (KC North and South) have been identified (Figure 9 & 10). Due to the steep terrain, drilling is proposed from NE to SW, where it is safer and more cost-effective. The target depth will be around 60m down hole from the surface.

Frontier trenching results include:

- KC22: 15.0m @ 13.89g/t Au + 46.7g/t Ag, including 1.0m @ 148g/t Au + 413g/t Ag and 1.0m @ 14.1g/t Au + 30.6g/t Ag;
- KC29: 7.0m @ 13.25g/t Au + 13.7g/t Ag, including 1.0m @ 35.6g/t Au + 17.3g/t Ag and 2.0m @ 21.69g/t Au + 23.0g/t Ag;
- KC24: 15.0m @ 2.49g/t Au + 6.2g/t Ag, including 1.0m @ 13.4g/t Au + 32.5g/t Ag (Photo 1).

The main Kimono vein was traced for approximately 360 m between KC26 to KC28 and is open to the NNW and SSE (Figure 9).

Along the Tassy vein, discovered by Frontier during its Phase 1 mapping program, five hand trenches (KT13-KT17) totalling 47.0m were excavated over a distance of 360m to follow-up on the Phase 1 trench results of 4.0m @ 4.78g/t Au including 1.0m @ 15.5g/t Au. Best results from Phase 2 trench KT14 included 5m @ 0.77g/t Au + 8.3g/t Ag (Figure 9).

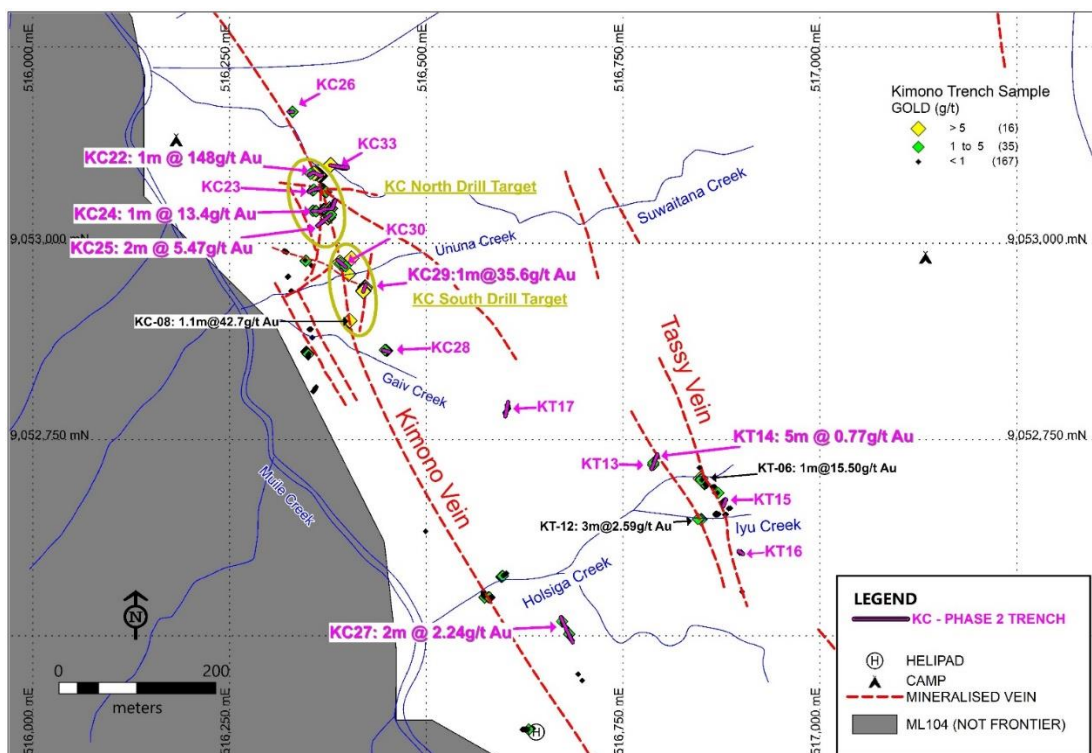


Figure 9: Central Kimono Area Trench Results (KC = Kimono Trench; KT = Tassy Trench)



Photo 1: Digging Out Trench KC24 Before Sampling

A total of 19 outcrop rock samples were collected in the Kimono Central zone to assist in defining drill targets and continuity of mineralisation over the 360m length of significant grades which outline the 'Flexure Zone' drill target (Figure 10).

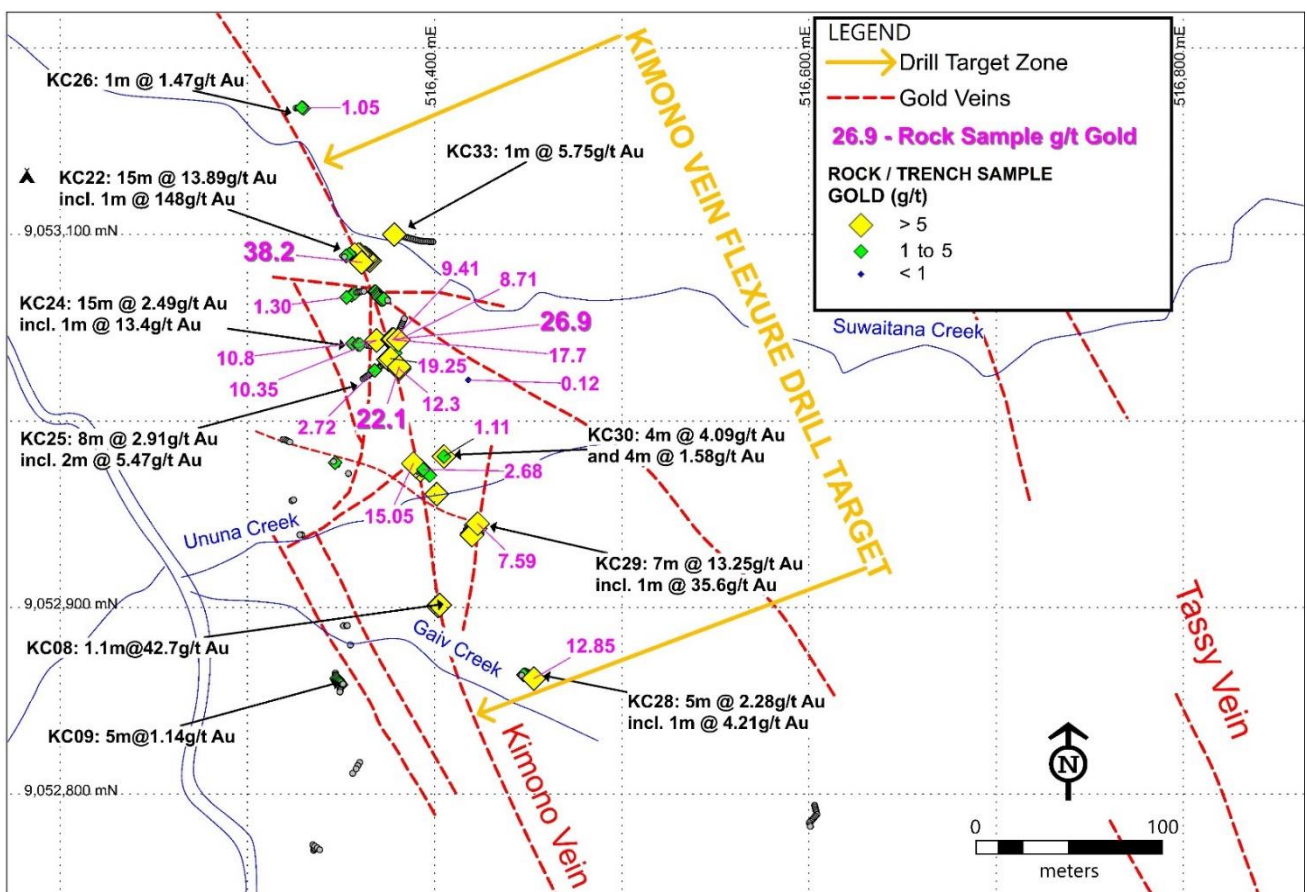


Figure 10: Kimono Central "Vein Flexure Zone" Drill Target with Sample Highlights

Significant rock sampling results (Figure 10) include:

- Sample #40251: 38.2g/t Au + 470g/t Ag;
- Sample #40206: 26.9g/t Au + 52.9g/t Ag;
- Sample #40255: 22.1g/t Au + 123g/t Ag; and
- Sample #40210: 19.25g/t Au + 64.8g/t Ag.

Visible gold specks have been identified along the newly discovered Guima gold vein system which occurs 900 metres ENE of the historical Kimono vein (Figure 11). Three separate veins with strike lengths of 620m and 580m along the main Guima vein, and 510m in strike length along the Guima Splay Vein, have been mapped along NNW-SSE and NW-SE oriented structures. Laboratory results confirm gold mineralisation with results from outcrop rock samples including 2.24, 1.59 & 1.41g/t gold.

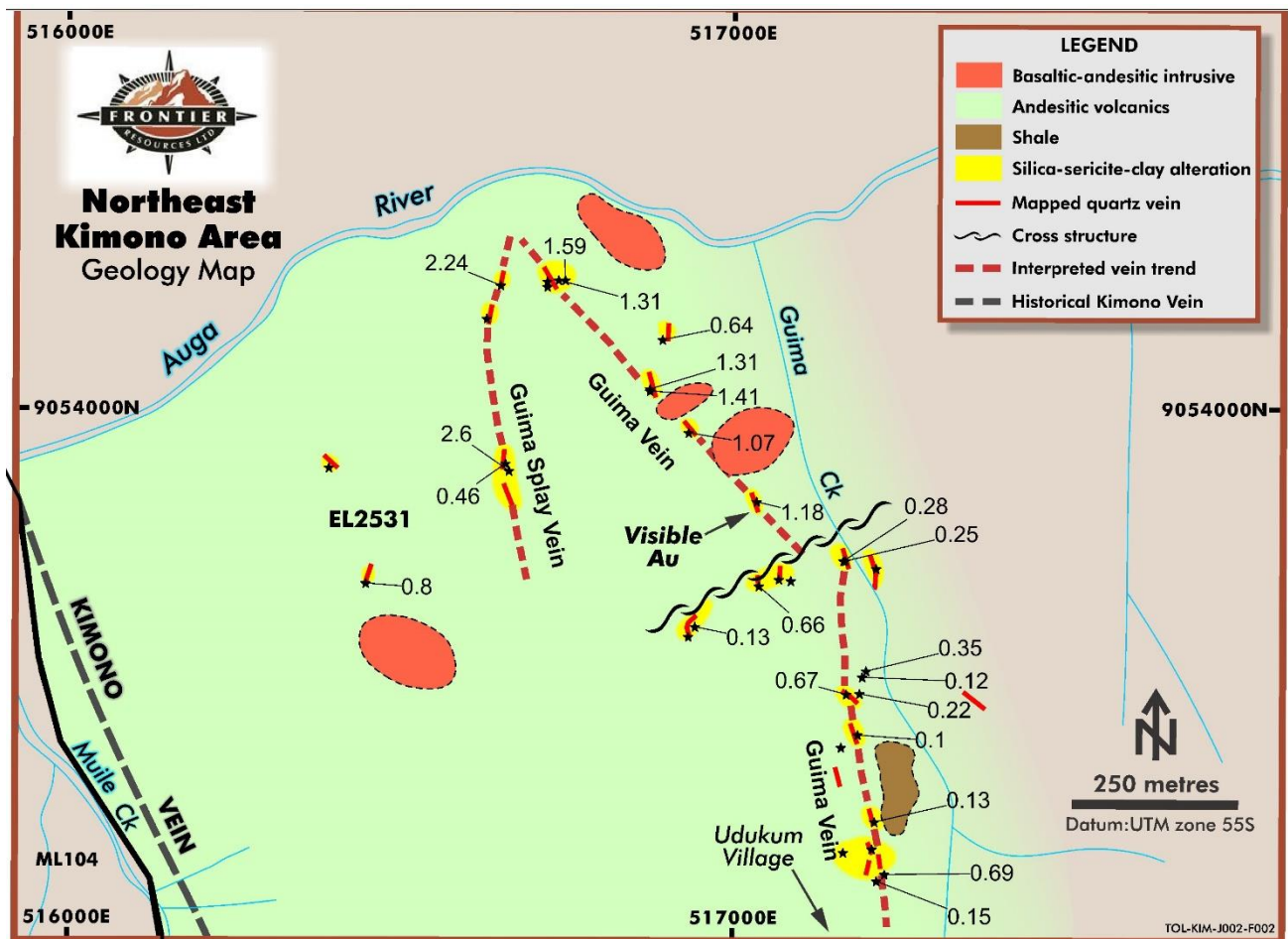


Figure 11: Geology over the Newly Discovered Guima Vein System and Rock Samples >0.1g/t Gold

Saki Project:

A fieldcrew was mobilised to the advanced Saki gold prospect (Figure 12) to undertake hand trenching, detailed geological mapping, outcrop rock sampling. Saki is interpreted to be a high-level epithermal vein system and has 6 main NNW structures, up to 1400 m of identified strike. Several structures are spread across a 700 m wide zone. To add clarity to the historical data, drilling results have been calculated in gram.metre values (gold assay value x true width metres) with best gram.metre intersections mostly confined to veins at Saki I (37.1), Saki II (16.0), Saki III (82.8) and Saki IV (41.4) where fieldwork has been focussed (Figure 13).

To determine a JORC resource estimate, key areas require attention prior to further drilling that include:

- Re-locating historical drill collars;
- RE-assaying of selected drill core;
- Topographic control using SRTM data;
- Verify historical bulk density readings from drill core; and
- Additional trench sampling, rock sampling and geological mapping to verify vein continuity between existing drill holes.

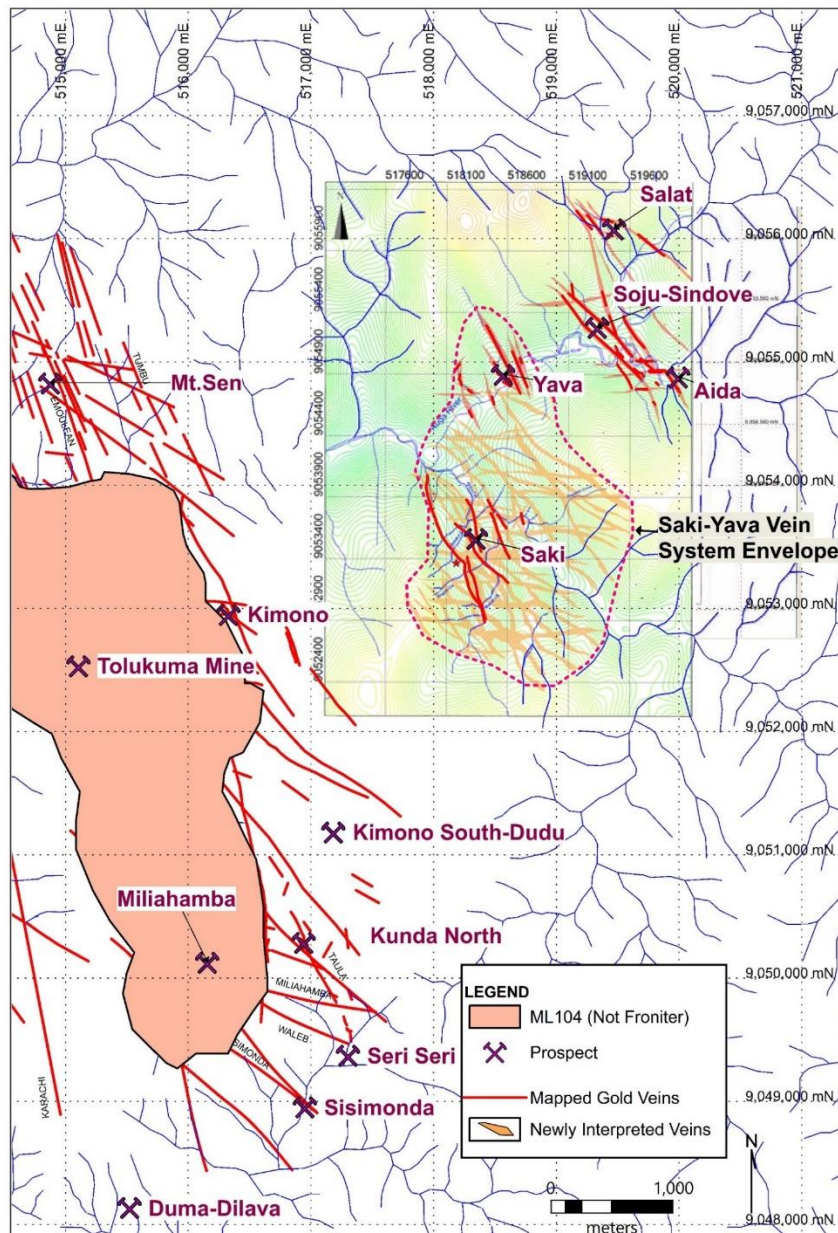


Figure 12: Saki-Yava Vein System

Fieldwork has determined continuity of veins Saki I, II and III from the 14 trenches dug over 214 metres completed to date. A total of 374 trench samples and 67 rock chip samples have been dispatched to ALS Laboratories in Brisbane for analysis with final results expected in early October.

An independent resource geological company has been engaged to review all historical drilling and trenching data with the objective of defining a Mineral Resource estimate. Frontier has re-sampled select drill core from historical drillholes SK029 to SK045, currently stored at the Saki camp, as part of the process to verify historical assay results. Geologists have also completed 1.1km of reconnaissance geological mapping along the Saki I and II veins where impressive vein exposures were located ranging in thickness from between 2 to 7 metres. At the Saki II vein outcrop in Degom Creek, the main vein is 5m wide where visible gold (Photo 2) is exposed (Figure 13).

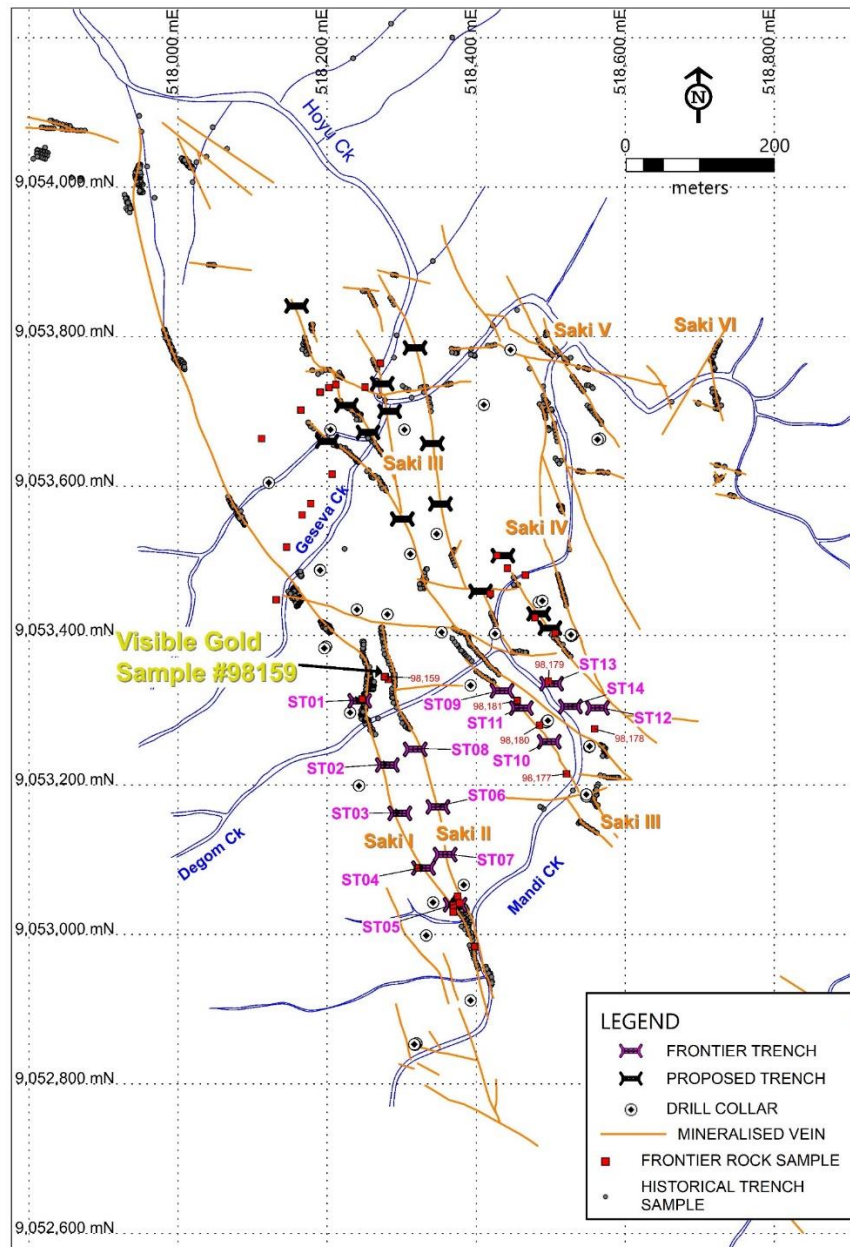


Figure 13: Saki Frontier Trench Locations

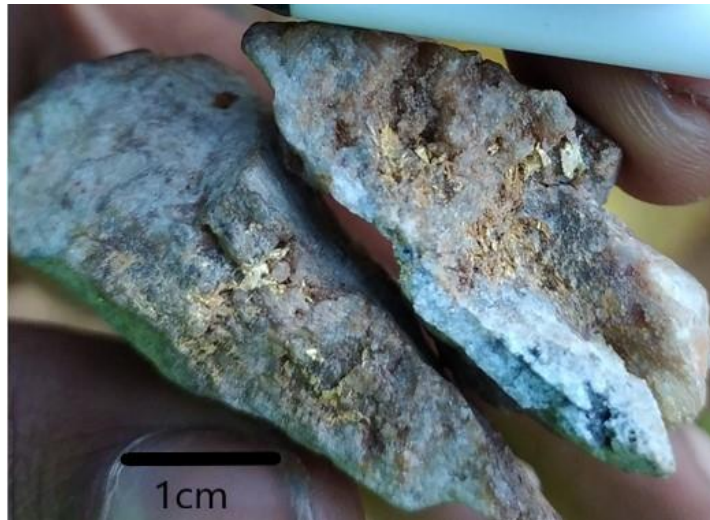


Photo 2: Visible Gold from Saki II Vein Outcrop Sample #98159.

Frontier geotechnical consultants completed site investigation of eleven historically proposed drillhole pads to ensure they are on competent ground away from potential geohazards. The investigation identified potential geohazards (landslips, tension cracks, wedge failures etc) that required immediate corrective safety measures. Four (4) drill pads were identified to be in high-risk zones (landslips, steep gullies) and subsequently relocated to safer areas. Two drill pads with medium risk rating are near landslips and active soil creeping respectively and need to be monitored during pad clearance.

Frontier also completed geotechnical site investigations of a proposed Hydro-Electric power plant site. The originally proposed hydro dam site by historical mining operator Petromin (PNG) Limited was found to not be feasible as the area is too wide (~20m). Two alternate sites have been selected where the river width is about 10m wide and wall rock formation supporting the dam wall is suitable to support dam wall construction.

Water quality testing at five stream sites were analysed by SGS Laboratories which showed the water to be safe for drinking by the local villagers and at the Saki exploration camp.

Landowner Relations:

Frontier is committed to continued dialogue with the local community, landowners and the local Chiefs. A consultant Community Relations Officer has spent two weeks on-site Saki. Numerous meetings have been completed with landowners from the Saki, Kimono, Seri-Seri and Kunda North prospect areas in preparation for future fieldwork activities.

About 40 landowners from the communities surrounding Saki village attended a successful Mineral Resources Authority Warden's hearing (Photo 3) as partial requirement for the renewal of EL2531. The meeting went very well with locals giving Frontier full support to continue exploration for the next two years. Landowners offer full support of Frontier which is paramount for continued progress on its prospects. The tenement is currently pending renewal by the Mining Advisory Council.



Photo 3: Official Warden's Hearing at Saki Basecamp

Next steps on the existing project portfolio:

- Receive and interpret the remaining 332 trench and rock sampling assay results from the Saki veins collected during the June/July 2021 fieldwork program.
- The tenement renewal application for a further two-year term is currently awaiting recommendations for approval by the Mineral Resources Authority. As part of the renewal process, the tenement was required to be reduced in size by 50%.
- Plan fieldwork at the Seri-Seri prospect area to test soil and geophysical anomalies, extend zones of gold mineralisation and to define additional drill targets.
- Seek strategic partners to more rapidly advance gold prospects within EL2531.
- Continue to assess additional project opportunities that fit within the Company strategy.

Frontier Resources Ltd Exploration Licence Information as at 30 June 2021

Exploration Licence Number and Name	Ownership	sub-blocks	AREA (sq.km)*	Grant Date	Expiry Date
EL2531 - Tolukuma	100% Frontier Copper PNG Ltd	65	223	25-Feb-19	24-Feb-21
ELA2529 - Gazelle	100% Frontier Copper PNG Ltd	211	719.51	N/A	N/A
	Total of Granted EL's	65	223		

*1 sub-block

approx. 3.41 sq.km

NB: The PNG Mining Act-1992 stipulates that EL's are granted for a renewable 2 year term (subject to satisfying work and expenditure commitments) and the PNG Government maintains the right to purchase up to 30% project equity at "Sunk Cost" if/when a Mining Lease is granted.

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.

DIRECTORS' REPORT

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

Acquisition of Murraydium Rare Earth Project

Subsequent to the Period on 3 August 2021 the Company announced it entered into a conditional Binding Heads of Agreement (**HoA**) to acquire all of the shares in Southern Rare Earths Pty Ltd (**Southern Rare Earths**) which holds four exploration licence applications in the Murray Basin region in South Australia that are considered to be prospective for ionic clay hosted rare earth element's (REE) (**Murraydium Project**).

The Murraydium Project (**Project**) is located in the south-eastern region of Naracoorte in South Australia's Murray Basin, consisting of four exploration licence applications, covering an area of 873 square kilometres. The region is seeing a renewed focus for REE minerals with the success of Australian Rare Earths (ASX:AR3) at their 100% owned Koppamurra Project, host to an inferred mineral resource of 39.9 Mt @ 725 ppm TREO (refer 29/6/21 - Prospectus - Australian Rare Earths Limited (ar3.com.au)).



Figure 14. Location Map of the Southern Rare Earth's Murraydium Projects in the south-eastern region of South Australia.

DIRECTORS' REPORT

Tenement Details

Details of the tenements which cover the project area are set out in the table below. The four exploration tenements that make up the Murraydium Project, all are 100% owned by Southern Rare Earths and all have the same tenement identification number:

Murraydium Project	Tenement	Registered Holder	Ownership
Naracoorte	ELA 2021/00058	Southern Rare Earths Pty Ltd	100%
Bordertown	ELA 2021/00058	Southern Rare Earths Pty Ltd	100%
Jip Jip	ELA 2021/00058	Southern Rare Earths Pty Ltd	100%
Keith	ELA 2021/00058	Southern Rare Earths Pty Ltd	100%

Key terms of the Transaction

The Company proposes to acquire 100% of the issued capital of Southern Rare Earths Pty Ltd from the shareholders of the entity, none of whom are related parties to the Company. The consideration (**Consideration**) payable for the Proposed Acquisition pursuant to the HoA is:

- 57,692,307 fully paid ordinary shares at a deemed issue price of \$0.013; and
- two separate classes of 13,461,538 Performance Shares.

In addition to the Consideration, Frontier will reimburse Project Risk Pty Ltd, a shareholder of Southern Rare Earths, \$35,000 (plus GST) being expenses incurred in applying for and maintaining the tenement applications.

The class A Performance Shares vest if within 24 months of the date of issue the Company achieves at least one drill intercept grading a minimum of 400ppm TREO over at least 10 metres. The class B Performance Shares vest if within 36 months of the date of issue the Company delineates a JORC compliant resource of a minimum of 15 million tonnes grading a minimum of 500ppm TREO. In each case the relevant performance condition needs to be independently verified by a competent person under the JORC code.

The full terms and conditions of the Performance Shares were set out in a shareholder meeting materials that was sent to the Company's shareholders on 17 August 2021. The acquisition of Southern Rare Earths was approved by shareholders at a general meeting on 16 September 2021.

Placement and Rights Entitlement Offer

Subsequent to the Period on 6 August 2021 the Company advised it had completed a capital raising of \$1,300,000 (before costs) at a price of \$0.013 per share by way of placement to professional and sophisticated investors (**Capital Raising**). In addition and subject to shareholder approval the directors of Frontier also agreed to subscribe for 4,570,000 shares at an issue price of \$0.013, raising an additional \$59,410.

The funds raised from the Capital Raising and Director Placement will be applied to exploration and development work on the Company's Tolukuma Gold Tenement, the Murraydium Project, general working capital purposes and business development purposes.

On 27 August 2021, the Company announced a capital raising of approximately \$957,290 (before costs) through a non-renounceable entitlement offer of 1 (one) fully paid ordinary share (**New Share**) for every 8 (eight) existing shares to shareholders with a registered address in Australia and New Zealand (**Eligible Shareholders**) held as at 5.00pm (AEDT) on Wednesday, 1 September 2021 (**Record Date**) (**Entitlement Offer**).

DIRECTORS' REPORT

Pursuant to the Entitlement Offer, the Company would issue approximately 73,637,743 New Shares at an issue price of \$0.013 each, to raise approximately \$957,290 (before costs).

The Entitlement Offer closed on 15 September 2021 heavily oversubscribed. A total of 52,339,544 new Shares were issued and allotted on 22 September 2021 to eligible shareholders. Allocation of 21,298,199 shortfall Shares will occur at the discretion of the Board in consultation with the Underwriter, CPS Capital Group Pty Ltd and will occur no later than three months from the closing date being 10 December 2021.

Change of Registered Office

Subsequent to the period on 12 August 2021 the Company advised its registered office address had changed to:

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

All other contact details remain unchanged.

Other than the above no matter or circumstance has arisen since 30 June 2021 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.net.au.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely future developments in the operations of the Group and the expected results of those operations in subsequent financial years are consistent with those reported for the current period.

ENVIRONMENTAL REGULATIONS

The Group is subject to significant environmental regulation in respect of its mineral exploration activities.

The Group has exploration and mining tenements in Papua New Guinea. The Group is not aware of any breach of environmental regulations during or since the end of the financial year.

The Directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the company for the current, nor subsequent, financial years. The Directors will reassess this position as and when the need arises.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS
Director and Experience
<p>Alec Pismiris (appointed 5 July 2019)</p> <p>Non-Executive Chairman</p> <p>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. Mr Pismiris is also a Director of ASX Listed Sunshine Gold Limited, Agrimin Limited and The Market Herald Limited.</p> <p>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.</p> <p>Particulars of Directors Interest in Securities in the Company: <i>10,125,000 fully paid ordinary shares</i></p>
<p>Peter Swiridiuk (appointed 1 December 2014)</p> <p>Non-Executive Director</p> <p>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.</p> <p>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.</p> <p>Particulars of Directors Interest in Securities in the Company: <i>Nil</i></p>
<p>Jessica O'Neil (appointed 13 May 2020)</p> <p>Jessica holds a BBA, LLB, Masters of Applied Law (Family Law) and GDLP. Jessica has more than a decade's experience in legal practice, having worked principally in Family Law, and is currently a Consultant Family and Relationship Lawyer at Leach Legal.</p> <p>Her legal practice involves principally complex property disputes involving trusts, corporate structures and third party interests. Jessica is also a Director of MSWA.</p> <p>Particulars of Directors Interest in Securities in the Company: <i>Nil</i></p>

DIRECTORS' REPORT

COMPANY SECRETARY – QUALIFICATIONS & EXPERIENCE

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

Matthew is a professional company secretary with over 15 years experience facilitating Public Company compliance with core strengths in the ASX Listing Rules, operational and governance disciplines.

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	9	9
Peter Swiridiuk	9	9
Jessica O'Neil	9	8

REMUNERATION REPORT (Audited)

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








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

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

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

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

Alignment to shareholders' interests:

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

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

(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 \$0.011 and \$0.035 during the last twelve months, and at 30 June 2021 the price was \$0.014.

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.

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.

DIRECTORS' REPORT

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

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.

(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	
	\$	\$	\$	\$	\$	\$	\$	\$
2021								
<i>Non-Executive Directors</i>								
Peter Swiridiuk	155,025	-	-	-	-	-	-	155,025
Alec Pismiris	36,000	-	-	-	-	-	-	36,000
Jessica O'Neil	36,000	-	-	-	-	-	-	36,000
Total	227,025	-	-	-	-	-	-	227,025
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

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 *	
	2021	2020	2021	2020	2021	2020
Peter Swiridiuk	100%	100%	-	-	-	-
Alec Pismiris (i)	100%	100%	-	-	-	-
Nathan Lude (ii)	-	100%	-	-	-	-
Jessica O'Neil (iii)	100%	100%	-	-	-	-
Dong Yun Wei (iv)	-	-	-	-	-	-
Peng Fei (v)	-	-	-	-	-	-

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

(i) Appointed 5 July 2019

(ii) Resigned 13 May 2020

(iii) Appointed 13 May 2020

(iv) Resigned 5 July 2019

(v) Resigned 3 July 2019

(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:

2021	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	-	-	-	-	-	-
Fei Peng ⁴	-	-	-	-	-	-
Total	-	-	-	-	-	-

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.

(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:

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.

(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.

DIRECTORS' REPORT

REMUNERATION REPORT (continued)

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

2021	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	-	-	9,000,000
Peter Swiridiuk	-	-	-	-
Jessica O'Neil ²	-	-	-	-
Total	9,000,000			9,000,000

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.

(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 (2020: 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:

	2021 \$	2020 \$
Amounts recognised as expense		
Consulting fees:		
Administration	-	-
Exploration	-	-
Provision of office space	-	-
	-	-
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:

	2021	2020	2019	2018	2017
Loss for the year	\$801,389	\$783,940	\$892,900	\$726,546	\$1,711,031
Closing Share Price	1.4 cents	1.1 cents	1.3 cents	1.3 cents	3.0 cents
KMP Incentives	\$nil	\$nil	\$nil	\$nil	\$57,400
Total KMP Remuneration	\$227,025	\$293,381	\$217,648	\$194,967	\$481,596

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 2021, 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 Australia Audit (WA)) 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 33.

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.

	2021 \$	2020 \$
Assurance services		
Audit Services		
Moore Australia Audit (WA)	25,193	25,085
Sinton Spence Chartered Accountants (PNG)	-	9,992
Total remuneration for audit and assurance services	25,193	35,077
Taxation and Accounting Services		
Moore Australia (WA)	8,050	2,450
Sinton Spence Chartered Accountants (PNG)	7,024	813
Total remuneration for taxation services	15,074	3,263

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

29 September 2021

**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 2021, 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 29th day of September 2021.

FINANCIAL REPORT – 30 JUNE 2021

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 29 September 2021. 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.net.au.

For queries in relation to our reporting please call +61 8 9486 4036 or email info@frontierresources.net.au.

FRONTIER RESOURCES LTD
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021



	Note	2021 \$	2020 \$
Revenue from Continuing Operations			
Revenue	4	22,724	37,496
Other income	4	-	-
		<u>22,724</u>	<u>37,496</u>
Exploration expenditure	5	(518,344)	(309,422)
Administration and insurance expenses		(148,439)	(179,506)
Corporate compliance and shareholder		(49,178)	(53,293)
Gross employee benefit expense		(108,000)	(107,737)
Depreciation	9	(152)	(455)
Consultancy		-	(78,912)
Project evaluation	5	-	(92,111)
Loss before income tax		<u>(801,389)</u>	<u>(783,940)</u>
Income tax expense/(benefit)	6	-	-
Loss after tax from continuing operations		<u>(801,389)</u>	<u>(783,940)</u>
Loss for the year attributable to ordinary equity holders of Frontier Resources Ltd		<u>(801,389)</u>	<u>(783,940)</u>
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Movement in foreign currency translation		(47,493)	(15,496)
Other comprehensive income for the year		<u>(47,493)</u>	<u>(15,496)</u>
Total comprehensive loss for the year attributable to ordinary equity holders of Frontier Resources Ltd		<u>(848,882)</u>	<u>(799,436)</u>
Loss per share for the year attributable to members of Frontier Resources Ltd		Cents	Cents
Continuing operations		<u>(0.16)</u>	<u>(0.16)</u>
Total basic and diluted (loss) per share	15	(0.16)	(0.16)

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 2021



	Notes	2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	3,087,727	3,956,910
Trade and other receivables	8	34,881	41,488
Total Current Assets		<u>3,122,608</u>	<u>3,998,398</u>
Non-Current Assets			
Trade and other receivables	8	140	5,209
Plant and equipment	9	-	152
Total Non-Current Assets		<u>140</u>	<u>5,361</u>
Total Assets		<u>3,122,748</u>	<u>4,003,759</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	10	87,028	119,157
Total Current Liabilities		<u>87,028</u>	<u>119,157</u>
Total Liabilities		<u>87,028</u>	<u>119,157</u>
Net Assets		<u>3,035,720</u>	<u>3,884,602</u>
EQUITY			
Contributed equity	13	39,219,988	39,219,988
Reserves	14	3,474,079	3,521,572
Accumulated losses	14	(39,658,347)	(38,856,958)
Total Equity		<u>3,035,720</u>	<u>3,884,602</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 2021



	Contributed Equity	Accumulated Losses	Share Based Payment Reserve	Options Premium Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$	\$
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
Balance at 1 July 2020	39,219,988	(38,856,958)	3,939,885	179,640	(597,953)	3,884,602
Loss attributable to ordinary equity holders of Frontier Resources Ltd	-	(801,389)	-	-	-	(801,389)
Other comprehensive income -						
Foreign currency translation	-	-	-	-	(47,493)	(47,493)
Total comprehensive loss for the year	-	(801,389)	-	-	(47,493)	(848,882)
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 2021	39,219,988	(39,658,347)	3,939,885	179,640	(645,446)	3,035,720

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 2021



	Note	2021 \$	2020 \$
Cash Flows From Operating Activities			
Payments to suppliers and employees		(320,370)	(426,806)
Interest received		22,724	37,496
Payments to exploration expenditure		(572,185)	(404,682)
Net cash outflow from operating activities	21	(869,831)	(793,992)
Cash Flows From Investing Activities			
Payments for purchase of plant and equipment		-	-
Net cash inflow/(outflow) from investing activities		-	-
Cash Flows From Financing Activities			
Proceeds from the issue of shares		-	-
Payments for capital raising costs		-	-
Repayment of borrowings		-	-
Net cash inflow/(outflow) from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(869,831)	(793,992)
Cash at 1 July		3,956,910	4,751,102
Effect of exchange rates on cash holdings in foreign currencies		648	(200)
Cash at 30 June	7	3,087,727	3,956,910

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).

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)

(i) 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.

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

(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 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(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).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial Instruments (continued)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial Instruments (continued)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial Instruments (continued)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial Instruments (continued)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial Instruments (continued)

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:

	2021 AUD	2021 Kina	2020 AUD	2020 Kina
Foreign currency assets and liabilities				
Cash and cash equivalents	12,935	34,120	17,422	41,373
Trade and other receivables	-	-	-	-
Prepayments	-	-	-	-
Intercompany loans payable	(16,395,436)	(43,249,521)	(17,594,307)	(41,781,201)
Trade and other payables	(2,232)	(5,888)	(484)	(1,150)

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:

2021	Floating Interest Rate \$	Non-interest bearing \$	Total \$
Financial assets			
Cash and cash equivalents	3,087,727	-	3,087,727
Trade and other receivables		34,881	34,881
Prepayments	-	-	-
	<u>3,087,727</u>	<u>34,881</u>	<u>3,122,608</u>
Weighted average interest rate			
Financial liabilities			
Trade and other payables	-	87,028	87,028
	<u>-</u>	<u>87,028</u>	<u>87,028</u>
Net financial assets	<u>3,087,727</u>	<u>(52,147)</u>	<u>3,035,580</u>
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>

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.

	2021	2020
	\$	\$
Net financial assets subject to variable interest rates	3,087,727	3,956,910
Increase in profits resulting from a 1% pa increase in variable interest rates	30,877	39,569
Decrease in profits resulting from a 1% pa decrease in variable interest rates	(30,877)	(39,569)

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.

	2021	2020
	\$	\$
Decrease in other comprehensive income resulting from a 10% increase in Australian Dollar against the Kina	(1,643)	(2,214)
Increase in other comprehensive income resulting from a 10% decrease in Australian Dollar against the Kina	(1,643)	(2,214)

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 \$140 (2020: \$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:

	2021	2020
	\$	\$
Current Assets:		
Cash and cash equivalents	3,087,727	3,956,910
Trade and other receivables	34,881	41,488
Non-Current Assets:		
Trade and other receivables	140	5,209
	<u>3,122,748</u>	<u>4,003,607</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:

	2021	2020
	\$	\$
Cash and cash equivalents	3,087,727	3,956,910
Trade and other receivables	34,881	41,488
Trade and other payables	<u>(87,028)</u>	<u>(119,157)</u>
	<u>3,035,580</u>	<u>3,879,241</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.

(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.

	2021 \$	2020 \$
NOTE 4 REVENUE AND OTHER INCOME		
From continuing operations		
Interest – unrelated parties	22,724	37,496
Total Revenue	<u>22,724</u>	<u>37,496</u>

NOTE 5 EXPENSES AND SIGNIFICANT ITEMS

Depreciation of plant & equipment	152	455
Significant Items		
Exploration and evaluation expenditure	518,344	309,422
Project evaluation expenditure	-	92,111

NOTE 6: INCOME TAX EXPENSE

	2021 \$	2020 \$
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	-	-
lb. 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	(801,389)	(783,940)
Prima facie tax benefit on loss from continuing operations at 30% (2020: 30%)	(240,417)	(235,182)
Add / (less) tax effect of:		
- Revenue losses not recognised	83,421	105,327
- Capital losses not recognised		
- Other non-allowable items	158,795	131,961
	1,799	2,106
Less tax effect of:		
- Other non-assessable items	1,799	2,106
- Other deferred tax balances not recognised	-	-
Income tax expense / (benefit) recorded in Statement of Profit and Loss and Other Comprehensive Income	-	-
c. Unrecognized deferred tax assets at 30% (2020: 30%) (Note 1):		
Carry forward revenue losses	4,273,991	4,190,570
Carry forward capital losses	529,850	529,850
Financial assets	304,840	298,810
Other	7,977	9,776
	5,116,658	5,029,006

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

- the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- the company continues to comply with the conditions for deductibility imposed by law; and
- 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

	2021	2020
	\$	\$
Cash and cash equivalents	3,087,727	3,956,910
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	3,087,727	3,956,910
Bank deposits at call	-	-
Cash on hand	-	-
Cash and cash equivalents	<u>3,087,727</u>	<u>3,956,910</u>
Cash at bank earns an interest rate of 0.5% (2020: 1.8%). Refer to note 2 for the Group's exposure to interest rate risk.		

NOTE 8 TRADE AND OTHER RECEIVABLES

CURRENT

Other receivables (a)	34,881	41,488
	<u>34,881</u>	<u>41,488</u>

NON-CURRENT

Deposits – tenements and premises (b)	140	5,209
	<u>140</u>	<u>5,209</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	(2,170)	(2,018)
Carrying amount at the end of the financial year	<u>-</u>	<u>152</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	152	607
Depreciation expense	(152)	(455)
Impairment of carrying values	-	-
Foreign currency exchange differences	-	-
Carrying amount at the end of the financial year	<u>-</u>	<u>152</u>



	2021 \$	2020 \$
NOTE 10 TRADE AND OTHER PAYABLES		
CURRENT		
Trade and sundry creditors (a)	71,028	103,157
Accrued expenses	16,000	16,000
	<u>87,028</u>	<u>119,157</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	522,000	340,000
Later than 1 year but not later than 5 years	394,000	-
Any greater than 5 years	-	-
	<u>916,000</u>	<u>340,000</u>

NOTE 12 CONTINGENT LIABILITIES

The Group had no contingent liabilities at 30 June 2021 (2020: nil).

NOTE 13 CONTRIBUTED EQUITY	2021 Shares	2020 Shares	2021 \$	2020 \$
(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	\$
30 June 2020	Closing Balance	489,101,938	39,219,988
30 June 2021	Closing Balance	489,101,938	39,219,988

(c) Option Issues

During the financial year nil options were issued.

(d) Option Exercise

During the financial year nil options were exercised.

(e) Option Expiry

During the financial year the no options expired unexercised.

(f) Option Cancellation and Lapse

During the financial year nil options lapsed.

(g) 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 2021 and 30 June 2020 was as follows:

	2021 \$	2020 \$
Cash and cash equivalents	3,087,727	3,956,910
Trade and other receivables	34,881	41,488
Prepayment	-	-
Trade and other payables	(87,028)	(119,157)
Working capital position	3,035,580	3,879,241

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

Refer to note 2 for Financial Risk Management.

	2021 \$	2020 \$
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	(645,446)	(597,953)
	<u>3,474,079</u>	<u>3,521,572</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	(597,953)	(582,457)
Currency translation differences arising during the year	(47,493)	(15,496)
Balance 30 June	<u>(645,446)</u>	<u>(597,953)</u>
(b) Accumulated losses		
Movements in accumulated losses were as follows:		
Balance 1 July	(38,856,958)	(38,073,018)
Net loss for the year	(801,389)	(783,940)
Balance 30 June	<u>(39,658,347)</u>	<u>(38,856,958)</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(n). The reserve is recognised in profit or loss when the net investment is disposed of.

	2021 \$	2020 \$
NOTE 15 LOSS PER SHARE ("EPS")		
<i>Earnings per share from continuing operations</i>		
Loss after income tax	(801,389)	(783,940)
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.	-	-
Basic and diluted loss per share	0.16 cents	0.16 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.	-	-
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 2021 (2020: 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 2021.

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

	2021	2020
	\$	\$
Short term employee benefits	227,025	293,381
Post-employment benefits	-	-
Share based payments	-	-
	<u>227,025</u>	<u>293,381</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)

All options were expired during the previous financial 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:

	2021 \$	2020 \$
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 2021	Papua New Guinea Exploration \$	Treasury \$	Total \$
Segment Revenue	-	22,724	22,724
Segment Results	(529,319)	22,724	(506,592)
Amounts not included in segment results but reviewed by Board:			
- Corporate charges			(294,797)
- Impairment - Loan			(565,504)
Loss before Income Tax			(1,366,893)
As at 30 June 2021			
Segment Assets	13,075	3,109,673	3,122,748
Segment Liabilities	2,232	84,796	87,028



NOTE 20 OPERATING SEGMENTS (continued)

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			(1,045,570)
As at 30 June 2020			
Segment Assets	22,631	3,981,128	4,003,759
Segment Liabilities	484	118,673	119,157

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:	2021	2020
Operating loss after income tax	(801,389)	(783,940)
Adjustment for non-cash items:		
- Depreciation expense	152	455
Change in operating assets and liabilities:		
- Trade and other payables and provisions	(61,537)	(25,623)
- Trade and other receivables	(6,607)	15,116
Net cash outflow from operating activities	(869,831)	(793,992)

There were no non-cash financing and investing activities during the year (2020: nil).

NOTE 22 SUBSIDIARIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	
			2021 %	2020 %
Frontier Gold (PNG) Ltd	Papua New Guinea	Ordinary	100	100
Frontier Copper (PNG) Ltd	Papua New Guinea	Ordinary	100	100

	2021 \$	2020 \$
NOTE 23 PARENT ENTITY DISCLOSURES		
(a) Financial Position of Frontier Resources Ltd		
CURRENT ASSETS		
Cash and cash equivalents	3,074,792	3,939,487
Trade and other receivables	34,882	41,488
TOTAL CURRENT ASSETS	3,109,674	3,980,975
NON-CURRENT ASSETS		
Other financial assets	10,622	10,622
Property, plant and equipment	-	152
TOTAL NON-CURRENT ASSETS	10,622	10,774
TOTAL ASSETS	3,120,296	3,991,749
CURRENT LIABILITIES		
Trade and other payables	84,796	118,673
TOTAL CURRENT LIABILITIES	84,796	118,673
TOTAL LIABILITIES	84,796	118,673
NET ASSETS	3,035,500	3,873,076
EQUITY		
Contributed equity	39,219,988	39,219,988
Reserves	4,119,525	4,119,525
Accumulated losses	(40,304,013)	(39,466,437)
TOTAL EQUITY	3,035,500	3,873,076

(b) Financial Performance of Frontier Resources Ltd

	2021 \$	2020 \$
Loss for the year	(837,577)	(812,264)
Total comprehensive loss	(837,577)	(812,264)

(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 2021 (2020: none).

(d) Contingent liabilities of Frontier Resources Ltd

There are no contingent liabilities as at 30 June 2021 (2020: none).

(e) Commitments Frontier Resources Ltd

There are no commitments as at 30 June 2021 (2020: 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.

	2021 \$	2020 \$
Assurance services		
Audit Services		
Moore Australia Audit (WA)	25,193	25,085
Sinton Spence Chartered Accountants (PNG)	-	9,992
Total remuneration for audit services	25,193	35,077
Non-Assurance services		
Taxation and Accounting Services		
Moore Australia Audit (WA)	8,050	2,450
Sinton Spence Chartered Accountants (PNG)	7,024	813
Total remuneration for taxation services	15,074	3,263

NOTE 25 EVENTS OCCURRING AFTER THE BALANCE DATE

Acquisition of Murraydium Rare Earth Project

Subsequent to the Period on 3 August 2021 the Company announced it entered into a conditional Binding Heads of Agreement (HoA) to acquire all of the shares in Southern Rare Earths Pty Ltd (**Southern Rare Earths**) which holds four exploration licence applications in the Murray Basin region in South Australia that are considered to be prospective for ionic clay hosted rare earth element's (REE) (**Murraydium Project**).



Figure 15. Location Map of the Southern Rare Earth's Murraydium Projects in the south-eastern region of South Australia.

NOTE 25 EVENTS OCCURRING AFTER THE BALANCE DATE (continued)

The Murraydium Project (**Project**) is located in the south-eastern region of Naracoorte in South Australia's Murray Basin, consisting of four exploration licence applications, covering an area of 873 square kilometres. The region is seeing a renewed focus for REE minerals with the success of Australian Rare Earths (ASX:AR3) at their 100% owned Koppamurra Project, host to an inferred mineral resource of 39.9 Mt @ 725 ppm TREO (refer 29/6/21 - Prospectus - Australian Rare Earths Limited (ar3.com.au)).

Tenement Details

Details of the tenements which cover the project area are set out in the table below. The four exploration tenements that make up the Murraydium Project, all are 100% owned by Southern Rare Earths and all have the same tenement identification number:

Murraydium Project	Tenement	Registered Holder	Ownership
Naracoorte	ELA 2021/00058	Southern Rare Earths Pty Ltd	100%
Bordertown	ELA 2021/00058	Southern Rare Earths Pty Ltd	100%
Jip Jip	ELA 2021/00058	Southern Rare Earths Pty Ltd	100%
Keith	ELA 2021/00058	Southern Rare Earths Pty Ltd	100%

Key terms of the Transaction

The Company proposes to acquire 100% of the issued capital of Southern Rare Earths Pty Ltd from the shareholders of the entity, none of whom are related parties to the Company. The consideration (**Consideration**) payable for the Proposed Acquisition pursuant to the HoA is:

- 57,692,307 fully paid ordinary shares at a deemed issue price of \$0.013; and
- two separate classes of 13,461,538 Performance Shares.

In addition to the Consideration, Frontier will reimburse Project Risk Pty Ltd, a shareholder of Southern Rare Earths, \$35,000 (plus GST) being expenses incurred in applying for and maintaining the tenement applications.

The class A Performance Shares vest if within 24 months of the date of issue the Company achieves at least one drill intercept grading a minimum of 400ppm TREO over at least 10 metres. The class B Performance Shares vest if within 36 months of the date of issue the Company delineates a JORC compliant resource of a minimum of 15 million tonnes grading a minimum of 500ppm TREO. In each case the relevant performance condition needs to be independently verified by a competent person under the JORC code.

The full terms and conditions of the Performance Shares were set out in a shareholder meeting materials that was sent to the Company's shareholders on 17 August 2021. The acquisition of Southern Rare Earths was approved by shareholders at a general meeting on 16 September 2021.

Placement and Rights Entitlement Offer

Subsequent to the period on 6 August 2021 the Company advised it had completed a capital raising of \$1,300,000 (before costs) at a price of \$0.013 per share by way of placement to professional and sophisticated investors (**Capital Raising**). In addition and subject to shareholder approval the directors of Frontier also agreed to subscribe for 4,570,000 shares at an issue price of \$0.013, raising an additional \$59,410.



NOTE 25 EVENTS OCCURRING AFTER THE BALANCE DATE (continued)

The funds raised from the Capital Raising and Director Placement will be applied to exploration and development work on the Company's Tolukuma Gold Tenement, the Murraydium Project, general working capital purposes and business development purposes.

On 27 August 2021 the Company announced a capital raising of approximately \$957,290 (before costs) through a non-renounceable entitlement offer of 1 (one) fully paid ordinary share (**New Share**) for every 8 (eight) existing shares to shareholders with a registered address in Australia and New Zealand (**Eligible Shareholders**) held as at 5.00pm (AEDT) on Wednesday, 1 September 2021 (**Record Date**) (**Entitlement Offer**). Pursuant to the Entitlement Offer, the Company will issue approximately 73,637,743 New Shares at an issue price of \$0.013 each, to raise approximately \$957,290 (before costs).

The Entitlement Offer closed on 15 September 2021 heavily oversubscribed. A total of 52,339,544 new Shares were issued and allotted on 22 September 2021 to eligible shareholders. Allocation of 21,298,199 shortfall Shares will occur at the discretion of the Board in consultation with the Underwriter, CPS Capital Group Pty Ltd and will occur no later than three months from the closing date being 10 December 2021.

Change of Registered Office

Subsequent to the period on 12 August 2021 the Company advised its registered office address had changed to:

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

All other contact details remain unchanged.

Other than the above no matter or circumstance has arisen since 30 June 2021 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 2021 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 24 to 30 within the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2021, 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

29 September 2021

**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 2021, 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 2021 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 \$3.09 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 2021 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 2021 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/ar1_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 2021.

In our opinion, the Remuneration Report of Frontier Resources Limited, for the year ended 30 June 2021 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 29th day of September 2021.

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 22 SEPTEMBER 2021

a)	Distribution of Shareholders	No. of Shareholders	No. of Units
	Size of Holding		
	1 – 1,000	153	17,985
	1,001 – 5,000	41	115,762
	5,001 – 10,000	30	229,805
	10,001 – 100,000	440	23,798,483
	100,001 and over	591	617,279,447
	Total	1,255	641,441,482
b)	Number of holders of less than marketable parcels at \$0.014 per unit:	260	

c) There were no shareholders who hold 5% or more of the issued capital of the Company as per substantial shareholder notices lodged with ASX:

d) Twenty largest shareholders as at 22 September 2021:

Rank	Name	Units	% of Units
1.	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	70,450,000	10.98
2.	ZERO NOMINEES PTY LTD	63,990,000	9.98
3.	ALLEKIAN EXCHANGE PTY LTD	11,250,000	1.75
4.	ATELETA PTY LTD <G & G SUPERANNUATION A/C>	11,250,000	1.75
5.	DR SALIM CASSIM	11,000,000	1.71
6.	DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	9,750,000	1.52
7.	MR TERRY CAMPION	9,109,999	1.42
8.	ACP INVESTMENTS PTY LTD <A & L PISMIRIS S/F A/C>	9,000,000	1.40
9.	MR GRAHAM REGINALD CREASEY	9,000,000	1.40
10.	NATIONAL NOMINEES LIMITED <DB A/C>	8,106,853	1.26
11.	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	7,390,410	1.15
12.	AUKERA CAPITAL PTY LTD <AUKERA DISCRETIONARY A/C>	7,355,770	1.15
13.	MS JIABING XIN	6,759,999	1.05
14.	SHAREHOLDERS MUTUAL ALLIANCE PTY LTD <SHMA A/C>	6,750,000	1.05
15.	LONGTEMPS PTY LTD <K L & C P BURROW S/F A/C>	5,625,000	0.88
16.	MR JOSHUA ARTHUR GREEN	5,025,000	0.78
17.	ASTON INVESTMENT GROUP PTY LTD	4,812,500	0.75
18.	QUANTUM AM PTY LTD	4,812,500	0.75
19.	ASB NOMINEES LIMITED <123619 A/C>	4,562,500	0.71
20.	10 BOLIVIANOS PTY LTD	4,188,739	0.65
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		270,189,270	42.12
Total Remaining Holders Balance		371,252,212	57.88
Total Shares On issue		641,441,482	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) As at 22 September 2021 the following convertible securities over un-issued shares were on issue:

- 10,000,000 unquoted options exercisable at \$0.024 expiring 13 August 2024.

- i) As at 22 September 2021 the following class of unquoted securities had a holder with greater than 20% of the class on issue:

Class/Name	Number of Securities Held	% Held
<i>Options exercisable at 2.4¢ each on or before 13 August 2024</i>		
Inyati Fund Pty Ltd	5,000,000	50.00%