



FRONTIER RESOURCES LIMITED

ABN 96 095 684 389

**Interim Financial Report
for the half-year ended 31 December 2008**

Note: The information contained herein should be read in conjunction with the most recent annual report.

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FRONTIER RESOURCES LTD

A.B.N. 96 095 684 389

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HALF-YEAR ENDED 31 DECEMBER 2008

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Frontier Resources Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES

A.B.N. 96 095 684 389

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Frontier Resources Ltd and the entities it controlled at the end of, or during, the half-year ended 31 December 2008.

DIRECTORS

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

Robert D. McNeil
Peter A. McNeil
Graham J. Fish
Warren J. Staude
Hugh David Swain

RESULTS AND DIVIDENDS

The consolidated entity loss after income tax for the half-year is \$552,096 (2007: \$1,883,073). There is no dividend paid or recommended.

The result for the half-year was significantly affected by expenditure of \$1,013,371 (2007: \$1,128,772) in respect of exploration expenditure in accordance with company policy as outlined in Note 1.

REVIEW OF OPERATIONS

During the half-year;

- (i) The consolidated entity funded ongoing exploration and evaluation work on its exploration areas in Papua New Guinea and Tasmania;
- (ii) Continued its contract drilling business; and
- (iii) Began the process of cost saving to conserve cash resources.

AUDITORS' INDEPENDENCE DECLARATION

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

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



Peter A. McNeil
Managing Director

16 March 2009



BDO Kendalls

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ABN 79 112 284 787

16 March 2009

The Directors
Frontier Resources Limited
Unit 6, 34 York Street
NORTH PERTH WA 6006

Dear Sirs

DECLARATION OF INDEPENDENCE BY PETER TOLL TO THE DIRECTORS OF FRONTIER RESOURCES LIMITED

As lead auditor of Frontier Resources Limited for the half year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

This declaration is in respect of Frontier Resources Limited and the entities it controlled during the period.

Peter Toll
Director

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Perth, Western Australia.

INDEPENDENT AUDITOR'S REVIEW REPORT

ABN 79 112 284 787

To the members of Frontier Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Frontier Resources Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Frontier Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

Material uncertainty regarding continuation as a going concern

Without qualification to the review conclusion expressed above, attention is drawn to the following matter. As a result of the matters detailed in Note 1, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Material Uncertainty Regarding Recoverability of Exploration and Evaluation Expenditure

Without qualification to the review conclusion expressed above, attention is drawn to the recoverability of the consolidated entity's deferred exploration and evaluation expenditure. As disclosed in Note 1, the recoverability of the deferred exploration and evaluation expenditure is dependent upon the successful development and commercialisation or sale of the underlying areas of interest. This significant uncertainty may cast doubt about the consolidated entity's ability to realise the asset at the value recorded in the half-year consolidated balance sheet.

BDO Kendalls Audit & Assurance (WA) Pty Ltd**PETER TOLL**

Director

Perth, Western Australia

Dated this day 16th March 2009

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES

A.B.N. 96 095 684 389

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 12 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Frontier Resources Ltd will be able to pay its debts as and when they become due and payable.

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



Peter A. McNeil
Managing Director

16 March 2009

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Notes	Half-year	
		2008	2007
		\$	\$
Revenue from continuing operations	2	1,083,300	80,490
Other income	2	110,125	38,336
		1,193,425	118,826
Exploration expenditure written off		(1,013,371)	(1,128,772)
Gross employee benefit expense		(86,240)	(534,463)
Administration and insurance		(7,293)	(156,951)
Corporate compliance and shareholder relations		(160,439)	(62,482)
Depreciation		(128,969)	(122,108)
Office rental, communications and consumables		(64,423)	(10,117)
Repairs and maintenance		-	(37,262)
Company equipment use charged to exploration and development		-	89,537
Other expenses		(284,786)	(39,281)
Loss before income tax		(552,096)	(1,883,073)
Income tax expense		-	-
Net Loss for the half year		(552,096)	(1,883,073)
Earnings/(Loss) per share for profit/(loss) attributable to the ordinary equity holders of the company		Cents	Cents
Basic and diluted loss per share		(0.38)	(1.41)

The above consolidated income statement should be read in conjunction with the accompanying notes.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	Notes	31-Dec-08	30-Jun-08
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		366,195	585,102
Inventory/work in progress		-	51,655
Trade and other receivables		107,206	22,338
Total Current Assets		473,401	659,095
Non-Current Assets			
Trade and other receivables		-	84,005
Property, plant and equipment		939,874	1,302,950
Mineral exploration and development expenditure		2,176,872	2,176,872
Total Non-Current Assets		3,116,746	3,563,827
Total Assets		3,590,147	4,222,922
LIABILITIES			
Current Liabilities			
Trade and other payables		219,793	321,245
Total Current Liabilities		219,793	321,245
Non-Current Liabilities			
Provisions		56,867	41,670
Total Non-Current Liabilities		56,867	41,670
Total Liabilities		276,660	362,915
Net Assets		3,313,487	3,860,007
EQUITY			
Contributed equity	4	15,750,208	15,750,208
Reserves		286,977	281,400
Accumulated losses		(12,723,698)	(12,171,601)
Total Equity		3,313,487	3,860,007

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2008

	Half-year	
	2008	2007
	\$	\$
Total equity at the beginning of the half-year	3,860,007	8,206,127
Transaction costs arising on share issue	-	(3,600)
Foreign currency translations	5,576	(77,952)
Net income/(expense) recognised directly in equity	5,576	(81,552)
Profit/(loss) for the half-year	(552,096)	(1,883,073)
Total recognised income and expense for the half-year	(546,520)	(1,964,625)
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs (note 4)	-	154,142
Additions to share based payments reserve	-	476,278
Transfers from share based payments reserve (note 4)	-	(20,048)
	-	610,372
Total equity at the end of the half-year	3,313,487	6,851,874

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

**FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Notes	Half-year	
		2008	2007
		\$	\$
Cash Flows from Operating Activities			
Cash receipts in the course of operations		1,233,727	392,375
Interest received		7,194	80,490
Payments to suppliers and employees not included as part of exploration and evaluation activities below		(670,801)	(626,201)
Exploration and evaluation activities		(1,013,371)	(2,242,999)
Goods and Services Tax refunded		(42,550)	121,665
Net cash flow inflow / (outflow) from operating activities	6	(485,801)	(2,274,670)
Cash Flows From Investing Activities			
Security deposits recovered / (paid)		-	(317)
Payments for property, plant and equipment		(116,631)	(397,898)
Proceeds from sale of property, plant and equipment		383,525	9,090
Net cash / (outflow) inflow from investing activities		266,894	(389,125)
Cash Flows from Financing Activities			
Proceeds from issue of shares (net of share issue costs)		-	150,542
Net cash inflow / (outflow) from financing activities		-	150,542
Net increase / (decrease) in cash and cash equivalents		(218,907)	(2,513,253)
Cash and cash equivalents at the beginning of the half-year		585,102	4,153,726
Cash and cash equivalents at end of the half-year		366,195	1,640,473

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Frontier Resources Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Basis of Preparation and Going Concern Basis

The consolidated entity incurred a loss for the half year of \$552,096 (2007: half-year loss of \$1,883,073) and had a net cash outflow of \$218,907 (31 December 2007: \$2,513,253) for the six months ended 31 December 2008.

At 31 December 2008 the consolidated entity had cash assets of \$366,195 (30 June 2008: \$585,102), working capital of \$253,608 (30 June 2008: \$337,850) and net assets of \$3,313,487 (30 June 2008: \$3,860,007).

The Financial Statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the ordinary course of business. The ability of the economic entity to continue to adopt the going concern assumption is dependent upon a number of matters including the successful raising of capital to meet funding requirements and explorations of the economic entity's tenements.

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 mining tenements.

2. REVENUE

	2008	2007
	\$	\$
Revenue from continuing operations:		
Drilling contract income	1,027,892	-
Gain on Sale of Asset	55,408	38,336
	1,083,300	38,336
Other Revenue:		
Interest Income	8,336	80,490
Other	101,789	-
	1,193,425	118,826

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008

3. SEGMENT INFORMATION

Primary reporting format – geographical segments.

	GEOGRAPHICAL SEGMENTS			
	Half Year	Australia \$	Papua New Guinea \$	Consolidated \$
Segment revenue	2008	344,620	683,272	1,027,892
	2007	118,826	-	118,826
Segment results	2008	(748,235)	201,716	(546,519)
	2007	(892,339)	(990,674)	(1,883,073)

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

4. EQUITY SECURITIES ISSUED

Issues of ordinary shares during the half-year	2008 Shares	2007 Shares	2008 \$	2007 \$
Private placement issues	-	-	-	-
Exercise of employee options	-	385,000	-	41,300
Exercise of listed options	-	463,972	-	92,794
Transfer from share-based payments reserve	-	-	-	20,048
	-	848,972	-	154,142

Issues and exercise or cancellation of options during the half-year	2008 Options	2007 Options
Issue of employee options	-	3,570,000
Issue of directors options	-	3,200,000
Exercise of employee options	-	(385,000)
Exercise of listed options	-	(463,972)
Expiry of listed options	-	(82,628,848)
Cancellation of employee options	-	(1,600,000)
	-	(78,307,820)

5. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

On 22 January 2009, the Company announced it had closed its non-renounceable Entitlement Issue on a 1 for 3 ratio offering shares at 3.5 cents, with one free option accompanying every share allotted. The Company allotted 2,947,146 Shares and issued 2,947,146 options and raised a total of \$103,150 before costs.

FRONTIER RESOURCES LTD & ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008

6. CASH FLOW STATEMENT

	CONSOLIDATED	
	31-Dec-08	31-Dec-07
	\$	\$
Reconciliation of the operating loss after income tax to the net cash flow from operations		
Operating loss after income tax	(552,096)	(1,883,073)
Adjustment for non cash items:-		
- Exploration and development costs written off (relates to investing activities)	1,013,371	1,128,772
- Loss/(Gain) on disposal of fixed assets	(32,787)	3,177
- Loss/(Gain) on disposal of WIP assets	-	(41,519)
- Depreciation and amortisation expense	128,969	120,997
- Non-cash employee benefit expense – share-based payments	-	476,278
- Net exchange differences	5,577	(79,001)
Change in operating assets and liabilities:-		
- Accounts payable and provisions	(86,256)	128,003
- Amounts receivable	(863)	47,986
- Asset WIP	51,655	83,678
- Prepayments	-	97,957
- Exploration and evaluation	-	999,301
Net cash inflow / (outflow) from operating activities	(485,801)	(2,274,670)

7. COMMITMENTS AND CONTINGENT LIABILITIES

Exploration Expenditure Commitments

In order to maintain rights of tenure to exploration tenements the company and the consolidated entity are 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	670,588	747,000
Later than 1 year but not later than 2 years	791,176	40,000
	1,461,764	787,000

Administration Agreement Commitments

Administration agreement fees are payable as follows:

Not later than 1 year	-	73,500
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