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RL03/2005 – Narrawa Creek

Annual Report to May 12th 2008.

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(Exploration Manager – Tasmania),
Frontier Resources Ltd.
May 6th, 2007

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Summary

The Annual Report for RL03/2005 details Frontier's work progress during the year to 12th May, 2008. No field work was undertaken due to Frontier's company commitments in Papua New Guinea and South West Tasmania. Regardless, a JORC compliant resource calculation (DRAFT Inferred 192,284tonnes at 2.72g/t Au, 1.59% Pb, 1.21% Zn and 24g/t Ag), metallurgical testing and related activities were undertaken.

A significant resource upgrade and exploration program is planned for the immediate future, commencing late June, 2008. This is being funded from the current rights issue. Pending work will entail approximately 800m of drilling at the Higgs Gold Mine and ~300+m in proximal prospects.

Introduction

The following report details Frontier Resources Ltd.'s work on RL03/2005 during the tenure year to 12th May 2008. No field work was undertaken by Frontier Resources Ltd. within RL03/2005 during the 2006/7 field season, the work being postponed while a significant exploration commitment was underway in Papua New Guinea and South West Tasmania. Planning for drilling planned to commence in late June is underway with approval for work to be sought soon.

Location, Access and Land Use

RL03/2005 is located in the central north of Tasmania, south of Sheffield. The terrain is rugged and forested, but accessible via sealed roads and numerous all-weather 4-wheel drive tracks. The RL lies in Crown Land, being mostly classified as State Forest, with MDC Informal Reserve lying in the northern and eastern sectors, and with a narrow sliver of Land Vested in the HEC/Aurora forming the north eastern margin.

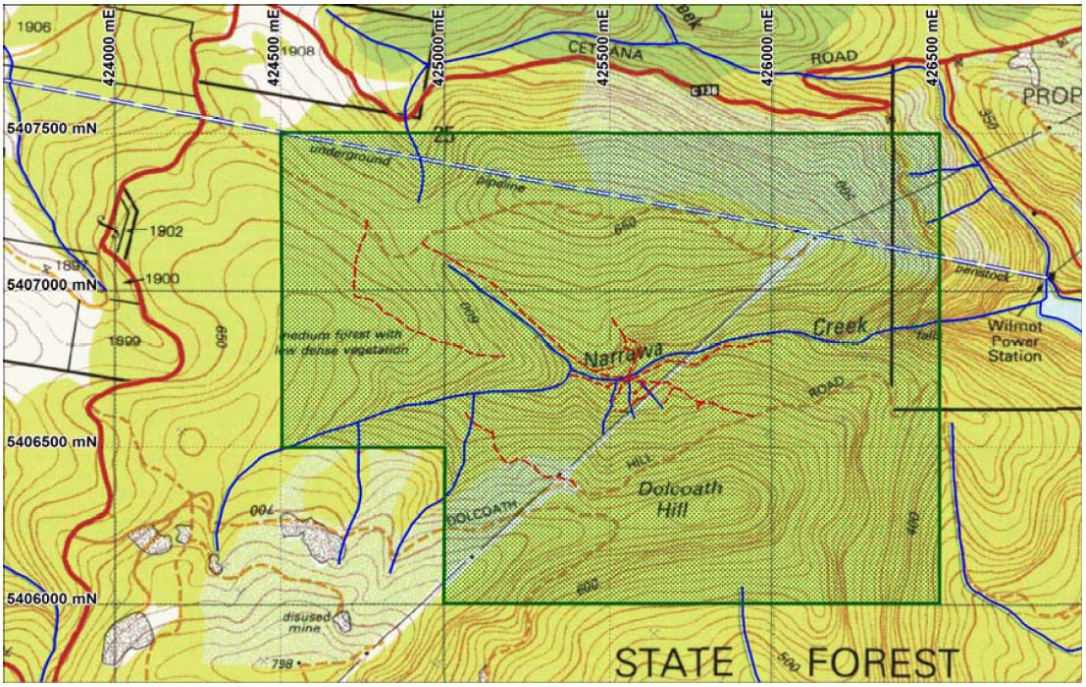

Figure 1: Location of the Narrawa Creek Retention Licence 3/2005 (Datum AGD66, AMG Zone 55)

Tenure

RL3/2005 (Narrawa Creek), granted 12/5/2006 covering 3square kilometres (Figure 1) was formed as part of the retained area (also including RL4/2005 – River Lea) when EL29/2003 was relinquished. EL29/2003 was initially granted to TasGold Ltd. following a successful ERA tender in 2003. NB: TasGold Ltd. became Frontier Resources Ltd. in 2006.

Expenditure Commitments

Current Mineral Resources Tasmania expenditure commitment is $100,000 over the first 2years of tenure to 12/5/2008.

Expenditure to – date totals $48, 836, with a further ~$14800 to be incurred very soon for metallurgical sampling. This plus minor salaries and incidental costs, brings the total to ~$65,000. The outstanding ~$35,000 is expected to be readily adsorbed in the imminent drilling program planned to commence late June 2008. This will also cover a significant proportion / all of next years commitment, with planned work expected to cost in the order of $150,000.

Environmental Concerns

No on ground work has been undertaken this reporting year and as such no environmental concerns are reported.

In general, all equipment (including quad bikes) are washed down prior to mobilisation to minimise the threat of phytophthora infection. All activities are undertaken within the guidelines outlined in Mineral Resources Tasmania's Mineral Exploration Code of Practice.

Work Completed

Frontier did not complete any field work on RL03/2005during the 2007/8 tenure year, where work over past seasons has focused upon extending the Higgs Gold Mine base-metal sulphide resource. In total, Frontier have drilled 25 drill holes for 1362.8m on RL03/2005.

Work undertaken (detailed below) involved core sampling and specific gravity determinations, with a resource calculation, economic review and metallurgical test work being undertaken by consultants.

Geochemistry

Sampling and re-sampling various drill hole intervals was undertaken in areas where sampling stopped in mineralization, where the element suite analysed was incomplete and where no analysis existed for projected lode envelopes. Arsenic in particular was missing as an analyte from Jervois drill holes and silver was missing from early TasGold drill holes. A total of 75 samples were submitted to Burnie Research Laboratory (see Appendix 4).

Results were favourable, with significant gold analysis extending mineralized envelopes. Significant gold was returned from the 100 Lode south eastern projection (Appendix 4), with NC29 returning 2m at 1.65m from 32m.

Further examination of core for un-sampled intervals though likely to carry Au, due to favourable alteration and mineralization will be undertaken in the near term.

Metallurgical Test Work

A 25kg sample from the Higgs Gold Mine, comprising mostly representative mineralised quarter drill core and one ~4kg rock saw cut fresh ore sample was submitted to AMDEL (Welshpool, WA) for metallurgical test work in February, 2008. A conventional flotation program is being undertaken, focusing on grind size sensitivity initially and then optimisation of reagents, dosages and float times etc. Results were not available at the time of reporting, but are expected soon.

Specific Gravity Determinations

Numerous specific gravity determinations were undertaken for mineralized intervals and marginal wall rock to assist with the Geostats resource calculation. Results are appended. An average S.G. of 2.96g/cm^3 was used for the GeoStats Inferred Resource.

Resource Calculation

Geostats were engaged to compile a JORC compliant resource for the Higss Gold Mine within RL3/2005. Results to March 2008 (Table 1) do not incorporate additional re-sampling and whilst the final result is not anticipated to change significantly, the resource stated is considered to be a draft and of inferred classification at present (pers. comm. F Muller, GeoStats). Previous comparative resource estimates are shown in Table 2.

The final resource report from GeoStats will not be completed until recent additional analysis are incorporated into the model. This is anticipated to occur within the next 6weeks, but will be an on going iterative process given that Frontier are setting up to commence a new round of drilling planned to start late June.

Lode	Volume	Tonnes	Au g/t	Pb %	Zn %	Ag g/t	Cu %	As %
100	37,703	111,601	2.80	1.41	1.12	24	0.05	0.00
200	23,094	68,358	2.94	1.91	1.34	19	0.09	0.01
300	4,164	12,326	0.66	1.45	1.38	27	0.16	0.02
TOTAL	**64,961**	**192,284**	**2.72**	**1.59**	**1.21**	**22**	**0.07**	**0.01**

Table 1: Draft Narrawa Creek JORC Compliant Inferred Resource – March 2008; see Figure 2 for visualisation of lode locations.

Author/Model Date	Tonnes	Au g/t	Pb %	Zn %	Ag g/t	Method
McKenna Model (2003)	215,000	3.50	1.50	1.30	23	Weight average of NC6 & 12
TasGold Model (2005)	205,000	2.70	1.38	1.07	41	2D sectional resource

Table 2: Previous Narrawa Creek Inferred Resource Models

GeoStats Notes:

3D wireframes used for delineation of resource

Inverse distance squared interpolation used for resource estimation (Surpac)

Resource is reported outside current underground workings and below topography surface

SG of 2.96 used for all lodes

Top-cuts used for all elements within selected lodes (apart from Cu)

As & Cu not recommended to be included in resource as not all holes sampled for As, resulting in large uninformed areas within lodes and poor model/composite reconciliation. Cu% grades v. low

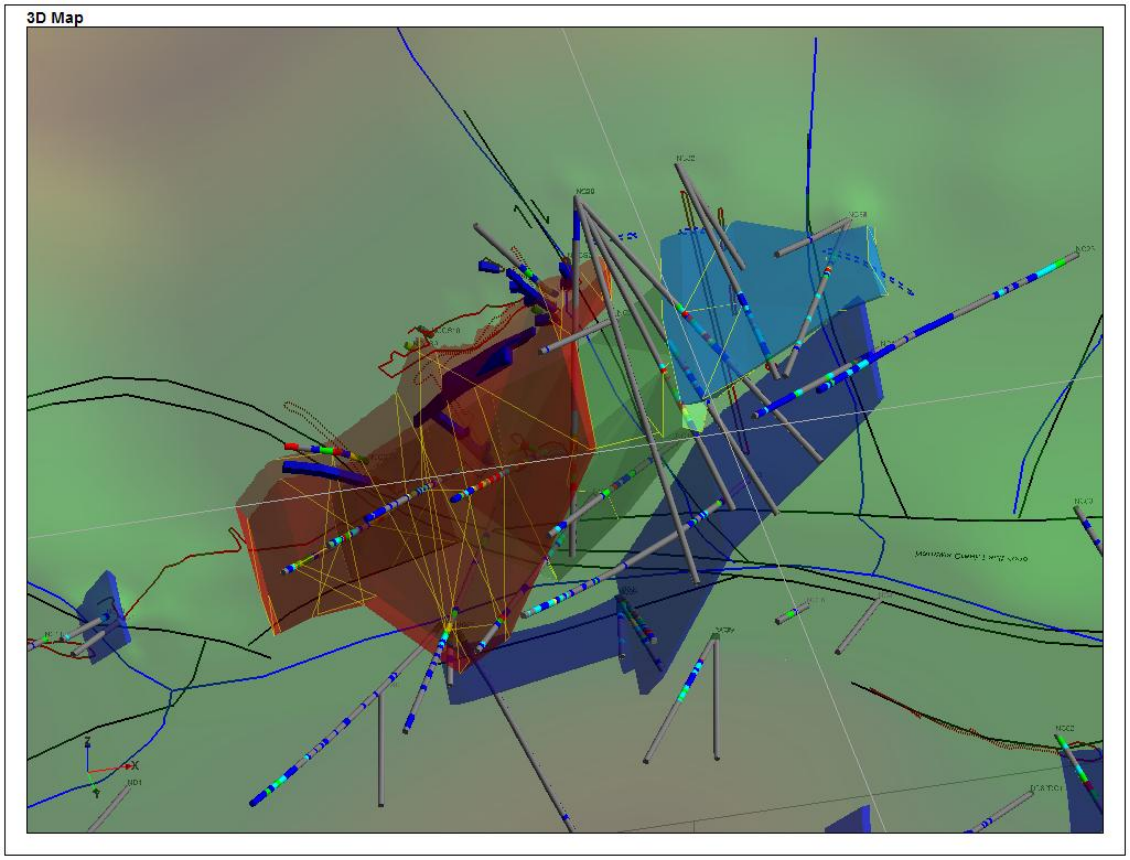

Figure 2: A 3D view of the Higgs Gold Mine looking NW from beneath; dark blue = historic workings, red = 100 Lode, green = 200 Lode, light blue = 300 Lode and blue = 400 Lode (NB: 400 Lode is poorly defined and not included in resource calculations)

Higgs Gold Mine Economic Review

A basic economic review was undertaken during the last reporting period by Alistair Campbell (Consulting Mining Engineer; Reid and Campbell, 2005). This report detailed various requirements and potential treatment strategies for the Higgs and Stormont (on nearby RL4/2005) Prospects, but did not define any specifics in terms of likely financial outcomes.

This reporting period, David Swain of Swain and Associates was engaged to undertake a further study, finding that the project was cash flow positive, given a number of assumptions reported in Appendix 2. The results of the study are based upon a non JORC compliant 2D sectional resource calculation (Reid and Campbell, 2005), which differs little from current draft JORC compliant resource figures recently generated by GeoStats (see above).

Swain (2008) states "The Mineralised Resource at Higgs Gold Mine (refered to as "Higgs Resource") shows a positive cash flow at current metal prices based on the Inferred Resource contained in the RL. The criteria used for validity is that cash flow is positive at an NPV of 10%".

Work Program 2008 Field Season

The current resource calculation defines the Higgs Gold Mine resource to inferred status. Frontier intend to upgrade this to at least indicated with a drilling program to commence in late June, 2008.

Approximately 700m of drilling (~10 to 12holes) will focus upon resource upgrade and extension drilling; mostly comprising drill hole fans located as ~12.5m section infill, particularly in the core block of the resource.

A further 200m of drilling (~2 to 3holes) is planned to test prospectivity in other areas of the RL. Principal areas of interest include the extensive 32m at 1.2g/t Au mineralization beneath Narrawa Creek to the immediate NE of the Higgs Workings, as well as the West Higgs area.

Other work is likely to involve review and sampling of unsampled drill core, as well as further detailed (<10cm spaced) ground magnetics to add to and expand the existing coverage.

Further data capture includes full digital compilation of the Goldfield's channel sampling. This data to-date has been captured only for sampling crossing perpendicular to the lodes. Additional rock chips from Goldfields work at Higgs and in the surrounding RL area will also be incorporated into the database.

References

Reid, R. O., and Campbell, A., 2005, RL application derived from EL29/2003. Report to Mineral Resources Tasmania; by Tasgold Ltd

Reid R. O., and McDougall J., 2005. EL 29/2003-Gowrie Park Annual Report to September 23, 2005. Tasgold Ltd. Tasmanian Company Report.

McKenna, D., and Partners Pty. Ltd, 2003. Final Report on Dolcoath EL 37/97 Tasmania. J. G. Purvis and Associated Proprietry Ltd.; Jervois, Tasmanian Company Report (TCR 03_4846)

Appendices

Appendix 1: Digital Data

List of appended digital data files:-

RL032005_200805_01_Digital_Files.txt
RL032005_200805_02_Report.pdf
RL032005_200805_03_SG.csv
RL032005_200805_04_Analysis20080304.csv

Appendix 2: Swain and Associates Economic Review

SWAIN ASSOCIATES

Consulting Mining Engineers

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RL03/2005 – Narrawa Creek

INTRODUCTION

Frontier has acquired the above tenement RL3/2005. An Inferred Resource statement for Higgs Gold Mine was included in the Application for this RL following an initial exploration drilling programme.

This study contains a financial appreciation of Higgs Gold Mine using order of magnitude costs applicable at this time. The criteria used for validity is that cash flow is positive at an NPV of 10%.

Whilst Gowrie Park shows many interesting sample results, only Higgs Gold Mine has been explored sufficiently for Frontier to state a Mineralised Resource which can be classified under the JORC Code.

FINANCIAL RESULTS

The Mineralised Resource at Higgs Gold Mine (refered to as "Higgs Resource") shows a positive cash flow at current metal prices based on the Inferred Resource contained in the RL. These findings are indicative only due to absence of any metallurgical analysis. Consequently, assumptions have been necessary concerning recovery, reagent consumption and BWI. The mineralised material from Higgs Resource is assumed to be non refractory.

Metal prices used in the study are as follows

Metal Prices USD (LME January 08)

Silver	**$15/oz**
Gold	**$850/oz**
Zinc	**$2300/t**
Lead	**$2600/t**

The ROM material will be processed by flotation at site producing a concentrate which will be trucked to Rosebery (direct road to the West Coast Highway from Gowrie Park) for smelting and refining into saleable metal. The flotation process is well known and general parameters are available for a ballpark estimate of recovered metal for calculation of gross revenue. Other methods are mentioned in the text but without results from metallurgical testing, these are not considered at this stage.

Table 1 Copy of Resource Statement from Retention Licence Application

Frontier – Higgs Resource : Classification; Inferred Resource		
Length	115	From 5875m to 5987.5E extends >6000mE =130m
Thickness		Variable 5m to 20m
Depth		Variable 25m to 60m
SG	3.1	Assumes 17% sulphides (inc.2% galena & 1% aphalerite)
Grade		Sectional analysis utilising Mapinto add on Discover
Total		209,000tonnes @ 2.7/g/t Au, 1.38% Pb, 1.07% Zn + 41g/t Ag
Less	4000t	Maximum estimate of past mining (Jerviois)
Total		205,000tonnes @ 2.7g/t Au, 1.38% Pb, 1.07% Zn + 41g/t Ag

These results compare well with previous work by Jervois.

Basic Parameters for the Higgs Project are listed below in Table 2. They are self explanatory.

Table 2 Basic Parameters

Waste : Ore Ratio	>0.5t Waste to 1.0t Ore
Mining Dilution	10%
Grade of Rock	Silver 41.0g/t
	Gold 2.45g/t
	Zinc 1.07%
	Lead 1.38%
Floatation Reagent Costs	$8.0/t in Rougher stages
Reagents Other Costs	$3/t in Cleaner stages
Power Cost	$5/kWhr, 2MWhr Generation Capacity
Transport to Rosebery	Included in the 'Smelting/Refining' Costs
State Royalty	5% of metal Value
Smelting/Refining Charges (Rosebery)	10% of metal value
Capital Investment	See Table 7

Case 1 in Table 3 shows that an investment of $12,000,000 which includes provision of $2,000,000 for contingencies and items which may have been omitted but found necessary for the success of the project, shows a positive cash flow of $6M at a cash operating cost of $91/tonne ROM mineralised material mined.

Case 2 in Table 3 which is an extrapolation of Case 1 where the Gross Revenue and Operating Costs have been adjusted by a factor of 200% and Capital Investment increased to account for a greater throughput at the process plant shows a much higher cash surplus of $17M.

Table 3 Financial Results

	Capex	Discount	NPV
Case I : Results per Report	- 12,000,000	10%	$6,000,000
Case 2 : Results per report x 200%	- 18,000,000	10%	$17,000,000

Conclusion

Higgs Resource is a low tonnage resource and whilst a positive cash flow is indicated in Case 1 above, the promising result in Case 2 demonstrates the marginal nature of the result in Case 1. Our visit in early December indicated that there is a potential for discovery of further ore at Gowrie Park in the vicinity of Higgs Open Cut.

The results demonstrate also that a simple operation utilising local workforce and contractors mining and processing a larger Mineral Resource of about 500,000t of similar grade and within similar operating parameters could prove to be a satisfactory source of income to Frontier Resources Ltd. and its shareholders.

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EL29/2003 - GOWRIE PARK

MINING

Higgs Resource is particularly suited to open pit mining techniques. The old workings have remained open for 20 years without serious deterioration which indicates good competent rock. The old workings are situated on a hillside which dips to the North in the Narrawa Creek Valley. The Creek flows NE and Higgs Resource is situated orthogonally to the Creek mainly to the East side. A small open cut (Higgs Open Cut) already exists and a tunnel system, situated in the floor of the pit along strike is connected to an adit which enters from the North (downslope from the workings). The average depth of mineralisation delineated by the exploration drilling programme varies between about 25m to about 35m below surface.

The slope is moderate and the shallow depth of the resource allows for a steep wall cut on the contact of the mineralisation with the waste rock. As long as there is a safety berm and the batters can be made safe within the reach of the bucket of the loading machine, then mining regulations are met. At Higgs open cut, operating benches will be 10m in depth with a 5m berm. On this basis, Waste Ore Ratio will be about 0.5.

The mining programme will commence with careful clean up of the sidecast from the old Higgs Open Cut on the North slope below the open cut perimeter. This material may be mineralised and purchase of a portable XRF machine is recommended which will enable direct readout of the grade in the field. When mineralised material is identified, it can be picked up by an excavator and stockpiled for later processing.

Upon completion of clean up of the sidecast material, a flat surface will be cut into the mineralised material comprising the Higgs resource using tractors and blasting as necessary. The elevation of the surface will be coincident with the downslope perimeter (hanging wall) and will extend South to the footwall and along strike (130m in the floor of the excavation) exposing the mineralised resource in full out to the final perimeter of the pit. A decision will be made about the location of the hanging wall perimeter drain and these earthworks will be modified accordingly.

As the slope is orthogonal to strike, the remaining ore depth from the flat surface will be about 20m. Consequently, only two entrance levels (-10m and –20m from the flat surface) will be required during the life of mining to access the mineralisation. These entrances can be constructed from ramps external to the pit envelope and due to the limited depth of the structure, the pit walls will be coincident with the boundaries of the mineralised envelope. The access levels will be adjusted as necessary.

Narawa Creek passes over part of the Higgs Resource and will need to be diverted before mining. After discussions with Mr R Reid, the volumes of water in the wet season are not great due to the slope of the ground ensuring high velocity and therefore, low cross section of the creek in full flood. The diversion is anticipated to be a simple channel cut by a tractor. It is anticipated that there will be sufficient water for the demands of a process plant at Higgs Resource.

A perimeter drain which falls to the Narrawa Creek will be cut on the south side (upslope) of the open pit to catch/divert water from flowing over the crest where it may cause a wash out and danger tp operators. A Safety Bund created by construction of the drain will be located on the open pit (North) side of the drain to prevent persons and water entering the open pit. A Safety fence will be located on the bund.

Mining will use the services of a mining contractor selected, if the quotation is satisfactory, from a local source thereby minimising/removing accommodation costs (night watchman only) as the operators will live in their own homes and travel to work each day.

Dry hire is recommended so that Frontier will purchase all fuel and lubricants for the power house and contract minering plant and equipment thereby avoiding contractors mark up. (Check with the ATO about this proposal). The contractors will require an area for maintenance which should be close to the process plant thereby minimising the number of areas damaged by the operation. The cost of Fuel and Lubricants is included in the cost of mining Ore and Waste.

The contractor will work dayshift only whilst the plant will operate 24 hours per day. All mining plant and equipment will be supplied by the mining contractor and it is assumed that the contractor will bring his own demountable units to site for office, ablutions and maintenance. It is recommended that a meal is provided each shift at crib time for all personnel at site. will need to purchase the following as follows

Table 4 Capital Expenditure for Management/Mining Supervision

Items delivered to site	**$**
6 room Office, ablutions (demountable units) say	150,000
Air conditioning	50,000
4 wheel drive Toyota Tray tops x 4 for supervision	150,000
Office equipment, furniture, computers etc	100,000
XRF Machine for analysis of samples at site	50,000
Other	50,000
Total	$550,000

METALLURGICAL PROCESSING

The metallurgical characteristics of the oxide and sulphide ore from Higgs Resource have not been established and any cost structure is based on assumptions.

1. The gold is not significantly refractory.
2. Reagent consumption is moderate.
3. Recoveries are adopted as follows based on industry experience (Table 4) from which an estimate of gross revenue is calculated (Table 5)

Table 5 Overall Recoveries

Silver	**85%**
Gold	**85%**
Zinc	**90%**
Lead	**90%**

Table 6 Estimate of Gross Revenue is as follows

Estimated In-Situ Tons			**205,000t**				
Mining Dilution			**10%**		**AUD1.0**	**= USD0.85**	
Possible Diluted Tons			**226,000t**		**LME**		
	Grade		**In Situ**	**Estimate of**	**Value**	**Net Revenue**	
	In Situ	**Diluted**	**Metal**	**Metal Recovered**	**USD**	**USD**	**AUD**
Silver	41.0g/t	37.3g/t	8.41t	6.72t (85%)	480,000/t	3,430,000	4,034,000
Gold	2.70g/t	2.45g/t	0.554kg	0.470kg (85%)	27,331/kg	12,858,000	15,128,000
Zinc	1.07%	0.97%	2,193t	1,974..2 (90%)	2,300/t	4,541,000	5,342,000
Lead	1.38%	1.25%	2,829t	2,546.1t (90%)	2,600/t	6,620,000	7,788,000
					Total	**27,500,000**	**32,292,000**

	Total Metal Content	5,031t	4,527t	**Value/t**	**USD 5,500/t**	**A$6,460/t**
	Estimated Concentrates		**8,104t**	**Value/t**	**USD 3,070/t**	**A$3,610/t**

NB Estimates rounded off (Metallurgical Recovery%)

Due to the isolated location of Higgs Open Cut, it Is necessary to reduce the volume of material exported from site and reduce transport costs by processing at site. Processing can follow three routes which are outlined below.

1. **Crushing and Milling of the ore followed by flotation to produce a concentrate** which contains Silver Gold Lead and Zinc metals. This route produces tailings which must be contained in a tailings dam at site. Processing will be carried out in Tasmania at a site yet to be determined but most likely be Rosebery about 100km distant.
2. **Crushing and Milling of the ore followed by processing in a reactor.** This device, recently developed, produces each metal being Silver Gold Lead and Zinc as a separate item. Tailings are produced which must be contained in a tailings dam at site. The volume of metals is less than half the volume of concentrates and can be exported to the market or sold as a powder direct to Risdon Refinery.
3. **Recovery of the metals by hydrometallurgical techniques (heap leach methods)** ROM mineralised material will be crushed and incorporated into a heap leach. This method produces each metal being Silver Gold Lead and Zinc as a separate item by electrolysis and chemical means. The volume of metals is less than half the volume of concentrates and can be exported to the market or sold as a powder direct to Risdon Refinery. There are no tailings produced but leached material will remain as heaps of leached materia on the leasel after processing.

Process routes 1 and 2 require crushing and grinding of the material before processing. Typically, preparation of mineralised material for the heap leaching requires crushing before incorporation into the heap leach structure. Note, although a cheap method of recovery of pure metal by elactrolysis of the liquors, the rate of recovery is low probably taking some years for completion of leaching to a satisfactory level of recovery.

At this stage, recovery by flotation (process route 1) is certain. Availability of process route 2 has yet to be confirmed. Process route 3 has to be fully tested before adoption. In all cases, the mineralised material has to be subjected to appropriate metallurgical testing to determine suitability in terms of the cost of crushing and grinding (Power consumption - BWI), reagent usage, recovery of each metal into concentrate form and the cost of off-site processing for completion of the processing of the metals into a saleable state.

For the purposes of this report, previous information assembled for evaluation of a lead, silver, gold mineralised resource has been used for a first pass cost estimate of the economics of this project. The results are indicative at this stage as no metallurgical work has been completed to date.

Description of the Proposed Process

A conventional process plant will receive the ROM material at the Primary Bin which has a 50t capacity. A brute force feeder onto a conveyor belt for transport will draw off material to the SAG Mill. The outflow is pumped to an elevated DSM Screen and the correct size underflow is transferred by a launder to a Conditioner Storage Vessel. The overflow is transferred by launder to the SAG Mill for reprocessing. A Regrind Mill is included in the Capex list in case to ensure complete grinding of all components of the ROM feed to the desired size range.

Crushed ROM material reduced to the correct size for liberation of metals is then transferred from Classification to the Conditioning Vessel. Reagents are added in the vessel ready for flotation. The Flotation circuit contains three stages being Roughing, Cleaning and Scavenging. The circuit is simple with recycling of underflow between stages as necessary to enhance recovery of all metals.

The concentrate is dewatered on a drum filter and then dried in a cyclone drier using hot exhaust gasses from the power plant. The dried concentrate is allowed to cool in a weatherproof hopper and then drawn off into Bulka bags which are sealed for transport from site direct to the smelting/refining facility.

Production is about 40t/day and it is proposed that owns its own trucks for transport of Bulka Bags to Risdon and supplies to site. Note that road Transport regulations regarding axle loadings are very strict in Tasmania. Table 6 contains a list of possible process equipment for conventional flotation of the mineralised material into a saleable concentrate.

Table 7 Installed Cost of Process Equipment

Item	**AUD x 1.0M**
Primary Bin + Conveyor 50t	0.150
Jaw Crusher 150mm x 150mm + Conveyor	0.450
SAG Mill or Ball Mill 100tph	1.000
Regrind Mill 25tph	0.500
Mill Recirculation Pumps	0.100
Classification Screen (DSM)	0.050
Conditioner/Storage Vessel 400t	0.300
Flotation Circuit 50tph capacity	0.500
Filter/Dryer Cyclones	0.150
Storage Shed with hopper and bagging appliance	0.200
Support Steelwork/pipework/Valves	0.400
Building & Offices/Facilities (Laboratory) + Portable XRF	0.400
Diesel Power plant say 1.5MWhr installed	1.000
Electrical Switchgear & Distribution	0.400
Concrete 500/m^3 Delivered \$300/m^3	0.150
Water Supply and Pipeline (gravity supply)	0.020
Tailings Dam and Pipeline	0.050
Site Preparation	0.100
Access Road upgrade	0.100
Design Construction Supervision	1.200
Diesel powered forklift	0.150
Prestart Wages for 20 days	0.200
2 x 30t Trucks : Concentrates + General supplies	0.800
Total	**AUD 9.0 M**

Messing only + Laundry + Changerooms

Prefabricated Mess for 50 persons + 10 ancillaries being guests, caterers, etc. Heated by hot water circulated in radiators from Power Plant. Laundry, Drying Room, etc (Including concrete pad).

0.200

Total say AUD 9.2M

Mining Capex (from Page 4) AUD 0.55M

Funds for items not included or omitted **AUD 2.0M**

Total Capex, Mining & Process say AUD 12M

PROCESSING OF CONCENTRATES

Due to the complex polymetallic nature of the mineralised material, Toll Processing is likely to be expensive. A charge of 10% of the value of the metal is deducted from gross revenue as a royalty and to meet costs of smelting and refining and losses. The charge includes the cost of transport to Rosebery.

PROCESS PLANT LABOUR REQUIREMENTS

The process plant will work continuously achieving a 20 hours of production per day. Process time is based on a finite life of 220 days at 50t/hr. Based on experience at other operations, 9 men per 12 hour shift will be sufficient to operate the process plant. There will be 3 teams each working a 14 day on/7 day off shift regime with one team changing each week. As the duration of the project is less than one year, no provision is made in the manning structure for absence due to annual leave.

Work up of 20 days is a period of time during which a series of lectures on safety and procedures followed by wet operation of the process plant using mineralised material from development of the flat surface and recovery of mineralised sidecast material. The Mechanic/Fitter can check bearing temperatures, alignments etc and correct as necessary before serious production commences. All motors and switchgear will be selected from common size(s) and connected to the power supply by plugs and sockets. If a motor or switch unit fails then it can be changed out by the mechanic/fitter without an electrician.

Table 10 Manpower ; 20 days work up + 220 days Processing

	Allow	20	days Work up the Concentrator Crew		
	Production	Continues for	200	days	
	Position	Number	Salary/annum	Total	
	General Foreman	1	140,000	140,000	
	Primary Crusher	1	110,000	110,000	
	Concentrator	2	110,000	220,000	
	Tailings			0	
	Mechanic/Fitter	1	120,000	120,000	
	TA	2	110,000	110,000	
	Metallurgical	1	150,000	150,000	
	Analytical	1	120,000	120,000	
		9	$	970,000	
	+Insurance/Taxes etc	+17%		1,200,000	
	Rotation teams	3			
		27	Annual Wages $	**3,600,000**	

MANAGEMENT

A management team will commence work to establish the concrete works for all buildings in cooperation as applicable with the Process Plant construction group and for the Generator enclosures, offices etc.. Construction of these buildings provides weatherproof workspace for opefration of the plant

a. Installation of skid mounted power plant (in covered modules) and electrical distribution.
b. Construction of the process plant and power plant.
c. Mark out of the open cut using contract suyrveyors.

Table 11 : Management say 334 days at site

Position	Number	Salary/annum	Total
Manager	1	250,000	250,000
General Foreman	1	150,000	150,000
Contract Surveyor	1		250,000
Assistant	1		
Truck Drivers	3	120,000	360,000
Management	**7**	Annual Wages $	**1,000,000**

The process plant will constructed by the construction company nominated for design and construction.

After all mineralised material has been processed the management team will remain to remove all equipment from site and rehabilitate any damage or continue operations in another part of the lease. Rehabilitation will require heavy earthmoving equipment.

HEAD OFFICE COSTS

The following costs are attributed to/administered by Head Office in Hobart.

Table 12 : Head Office Costs

Item of Expenditure	Cost per Annum $
Office Consumables	20,000
Computer/Word Processor	15,000
Power/Heating/Air Conditioning	50,000
Provision for rental of housing for 4 married staff	120,000
Administration, Office Rent, Tel.	100,000
Country Rates, Elliot Bay	50,000
Partial Salaries Expenses etc.	500,000
Total Head Office Costs	**855,000**

Appendix 3: Specific Gravity Determinations

Frontier Resources Ltd. - Specific Gravity Determinations
(Water Displacement Method)

Hole No.	Sample Depth (m)	WAD (g)	WWS (g)	WAS (g)	SG
NC08	9.4	434.2	274.2	434.4	2.71
NC08	10.6	385.5	307	485.8	2.16
NC08	12.4	449	282.5	449.2	2.69
NC08	13.8	597.8	375.8	597.9	2.69
NC08	15.5	521.3	326.1	521.6	2.67
NC08	17.1	439.6	273.6	440.3	2.64
NC12	7.1	340.8	226.4	341.3	2.97
NC12	7.5	648.6	452.1	649.1	3.29
NC12	8	375.6	238.6	375.9	2.74
NC12	9.2	548	348.2	548.9	2.73
NC12	9.5	476.4	303.8	477.3	2.75
NC12	12.9	444.7	282.1	445.4	2.72
NC12	13.2	496.3	331.1	496.4	3.00
NC12	15.3	387.1	245.7	387.3	2.73
NC12	18.1	531.8	338.5	532.2	2.75
NC12	19.5	559.5	398.9	559.8	3.48
NC12	20.9	469.3	293.7	469.9	2.66
NC12	21.3	722	457.9	722.5	2.73
NC12	22.8	387.2	263.7	387.5	3.13
NC12	23.2	623.4	441.4	623.6	3.42
NC12	24.4	765.9	517.5	766.3	3.08
NC12	25.9	515.6	331.8	515.8	2.80
NC12	27.2	543.4	365.2	544.2	3.04
NC12	29	652	440.5	652.5	3.08
NC12	30	503.1	328.3	503.4	2.87
NC12	30.9	646.1	445	646.6	3.20
NC12	32.6	567.1	359.5	567.5	2.73
NC12	34.3	571.1	365.1	572.7	2.75
NC17	34.2	164.4	96.7	166.1	2.37
NC17	36.1	146.7	92	153.3	2.39
NC17	36.8	566.4	376.4	569.6	2.93
NC17	37.7	394.8	260.9	400.1	2.84
NC17	50.2	300.3	183.7	301.9	2.54
NC17	51	729.5	467	734.1	2.73
NC17	52.1	583.2	364.1	584	2.65
NC18	27.3	371.6	236.4	371.8	2.74
NC18	34.1	433.6	280.9	433.5	2.84

Hole No.	Sample Depth (m)	WAD (g)	WWS (g)	WAS (g)	SG
NC19	28.2	483	319.5	483.2	2.95
NC19	29.3	238	166.6	238.1	3.33
NC19	55.6	273.2	174.9	273.4	2.77
NC19	56.3	454	290.2	454.1	2.77
NC19	57.1	266.4	173.9	266.6	2.87
NC20	41.4	390.8	248.1	391.9	2.72
NC20	58.1	409.8	255.6	411.1	2.64
NC22	51	517.6	340.4	518	2.91
NC22	52.3	316.7	207.2	317	2.88
NC22	53.95	348.8	236.3	349.1	3.09
NC22	55.5	703.9	581.6	705.1	5.70
NC22	58.1	399.6	279.2	400.5	3.29
NC22	59.9	502.7	357.9	503.4	3.45
NC22	62.4	493.1	332	494.5	3.03
NC22	65.6	234	145.7	242	2.43
NC22	71.5	219.2	137.1	219.4	2.66
NC23	27.9	379.9	247	381.1	2.83
NC23	28.9	469.5	327.4	470.8	3.27
NC23	29	318.7	206.1	320.4	2.79
NC27	40.1	225.6	141.5	227.3	2.63
NC27	41.1	230.9	145.4	231.9	2.67
NC27	42.3	284.3	179.4	288.4	2.61
NC27	44.9	339.6	208.4	342.4	2.53
NC27	49.3	412.7	268.1	413.5	2.84
NC27	51.2	304.2	198.4	305.2	2.85
NC27	52.7	362.9	233.2	367.5	2.70
NC27	55.6	323	200.6	323.5	2.63
NC28	35.5	540.1	384.9	540.8	3.46
NC28	36.1	768	523.3	769.2	3.12
NC28	36.7	559.6	388.5	560	3.26
NC28	37.6	541.9	393.8	542.4	3.65
NC28	39.1	478.4	329.5	480.1	3.18
NC28	42.4	748.5	523	750.4	3.29
NC28	45.5	302.5	195	312.8	2.57
NC28	46	530.9	346.3	532.1	2.86
NC28	50	436.5	277.1	437.8	2.72
NC28	52	728.3	469.7	730	2.80
NC29	42	359.3	222.9	363.7	2.55
NC29	45.1	441.1	304.4	445.8	3.12
NC29	48.3	414.8	283.5	416.7	3.11
NC29	53.1	400.8	264.6	414.5	2.67
NC29	55.8	672.8	461	680.3	3.07

Hole No.	Sample Depth (m)	WAD (g)	WWS (g)	WAS (g)	SG
NC32	32.9	197.2	127.2	199.5	2.73
NC32	33.9	370.3	231.4	372.9	2.62
NC32	35	248.8	159.1	250.8	2.71
NC32	36.2	342.9	210.3	345.8	2.53
NC32	39.5	435.3	280.6	450.7	2.56
NC32	41.5	337.9	207.9	339.6	2.57
NC34	6.9	769.6	483.7	770.9	2.68
NC34	7.2	368.8	241.1	378.3	2.69
NC34	9.2	307.4	192.6	307.6	2.67
NC34	12.2	555.5	363	556.2	2.88
NC34	12.9	559.6	378.7	560.1	3.08
NC34	14	641.3	415.5	641.6	2.84
NC34	17.4	393.7	255.4	393.9	2.84
NC34	18.1	508.1	331	508.9	2.86
NC34	19.3	441.2	308.2	441.5	3.31
NC34	20.1	672.8	436.2	673.9	2.83

Appendix 4: Geochemical Analysis

Sample	Hole_ID	From	To	Cu (ppm)	Pb (ppm)	Zn (ppm)	Ag (ppm)	Au (ppm)	Job No.
08140150	NC8	14	15	94	47	116	1	0.48	20080304
08150160	NC8	15	16	151	79	67	1	0.53	20080304
08160170	NC8	16	17	169	43	62	1	0.31	20080304
19270282	NC19	27	28.2	477	59	134	2	0.23	20080304
19282292	NC19	28.2	29.2	125	43	267	1	0.47	20080304
19556571	NC19	55.6	57.1	352	2228	3289	8	1.68	20080304
19571586	NC19	57.1	58.6	233	1940	2941	7	0.14	20080304
20385404	NC20	38.5	40.4	93	48	73	<1	0.1	20080304
2043448	NC20	43	44.8	289	86	125	1	1.2	20080304
2044846	NC20	44.8	46	875	31	60	2	0.87	20080304
27170180	NC27	17	18	36	134	59	<1	<0.01	20080304
27180190	NC27	18	19	7	66	65	<1	<0.01	20080304
27190200	NC27	19	20	18	105	452	2	<0.01	20080304
27200210	NC27	20	21	14	89	171	2	<0.01	20080304
27210220	NC27	21	22	16	98	61	<1	<0.01	20080304
27220230	NC27	22	23	6	79	100	<1	<0.01	20080304
27230240	NC27	23	24	12	91	157	1	0.36	20080304
27240250	NC27	24	25	12	61	112	1	0.02	20080304
27250260	NC27	25	26	9	65	41	<1	<0.01	20080304
27260270	NC27	26	27	7	68	110	<1	0.04	20080304
27270280	NC27	27	28	9	69	101	<1	<0.01	20080304
27280290	NC27	28	29	9	50	104	<1	<0.01	20080304
27290300	NC27	29	30	9	52	56	<1	<0.01	20080304
27300310	NC27	30	31	8	91	77	<1	<0.01	20080304
27310320	NC27	31	32	4	74	64	<1	<0.01	20080304
27320330	NC27	32	33	7	79	76	<1	<0.01	20080304
27330340	NC27	33	34	4	68	94	<1	0.03	20080304
27340350	NC27	34	35	4	88	84	<1	<0.01	20080304
27350360	NC27	35	36	4	44	144	<1	<0.01	20080304
27360370	NC27	36	37	9	50	242	1	<0.01	20080304
27370380	NC27	37	38	23	44	186	2	0.03	20080304
2882590	NC28	8.25	9	50	59	46	<1	<0.01	20080304
2890100	NC28	9	10	54	62	39	<1	<0.01	20080304
28100110	NC28	10	11	27	28	38	<1	<0.01	20080304
28110120	NC28	11	12	19	29	44	<1	<0.01	20080304
28120130	NC28	12	13	16	65	61	<1	<0.01	20080304
28130140	NC28	13	14	71	114	104	<1	<0.01	20080304
28140150	NC28	14	15	79	259	214	<1	<0.01	20080304
28150160	NC28	15	16	11	76	115	<1	<0.01	20080304
28160170	NC28	16	17	15	79	93	<1	<0.01	20080304
28170180	NC28	17	18	113	83	220	<1	<0.01	20080304
28180190	NC28	18	19	60	102	318	<1	<0.01	20080304
28190200	NC28	19	20	36	94	202	<1	<0.01	20080304
28200210	NC28	20	21	36	60	63	<1	<0.01	20080304
28210220	NC28	21	22	4	56	76	<1	<0.01	20080304
28220230	NC28	22	23	22	114	271	<1	<0.01	20080304

Sample	Hole_ID	From	To	Cu (ppm)	Pb (ppm)	Zn (ppm)	Ag (ppm)	Au (ppm)	Job No.
28230240	NC28	23	24	10	299	272	<1	<0.01	20080304
28240250	NC28	24	25	7	129	128	<1	<0.01	20080304
28250260	NC28	25	26	10	72	106	<1	<0.01	20080304
28260270	NC28	26	27	7	90	79	<1	<0.01	20080304
28270280	NC28	27	28	7	58	102	2	0.02	20080304
28280290	NC28	28	29	9	69	97	2	0.02	20080304
28290300	NC28	29	30	8	81	109	2	<0.01	20080304
28300310	NC28	30	31	7	77	89	2	<0.01	20080304
28310320	NC28	31	32	8	89	95	2	0.02	20080304
28320330	NC28	32	33	6	76	98	2	1.28	20080304
28330340	NC28	33	34	7	286	87	3	2.02	20080304
29240250	NC29	24	25	3	97	120	<1	0.03	20080304
29250260	NC29	25	26	2	86	78	<1	<0.01	20080304
29260270	NC29	26	27	6	311	128	<1	<0.01	20080304
29270280	NC29	27	28	12	201	122	<1	<0.01	20080304
29280290	NC29	28	29	7	170	72	<1	<0.01	20080304
29290300	NC29	29	30	54	360	250	<1	<0.01	20080304
29300310	NC29	30	31	10	189	87	<1	0.03	20080304
29310320	NC29	31	32	33	182	141	<1	<0.01	20080304
29320330	NC29	32	33	17	197	109	<1	<0.01	20080304
29330340	NC29	33	34	5	131	67	<1	<0.01	20080304
29340350	NC29	34	35	5	158	97	<1	0.02	20080304
29350360	NC29	35	36	64	225	181	1	0.13	20080304
29360370	NC29	36	37	243	212	264	2	0.4	20080304
29370380	NC29	37	38	112	338	243	2	0.26	20080304
29380390	NC29	38	39	266	586	418	5	0.33	20080304
29390400	NC29	39	40	147	378	212	3	0.25	20080304
29400410	NC29	40	41	161	527	472	2	0.03	20080304
29410420	NC29	41	42	67	1960	1367	4	0.02	20080304