

Fundamental

Research Corp.

Investment Analysis for Intelligent Investors

Siddharth Rajeev, B.Tech, MBA
Analyst

Martha Buckwalter-Davis, BA (Geology)
Senior Research Associate—Mining

Kevin Liu, BBA, BSc
Research Associate

May 21, 2008

Frontier Pacific Mining Corporation (TSX-V: FRP) – Initiating Coverage; Eldorado offer 30% below fair value, Low Cost Gold Project in Greece in Final Stages of Permitting

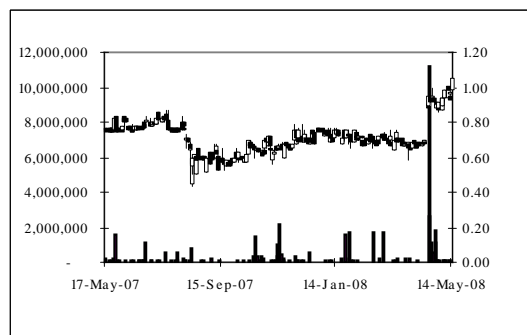
Sector/Industry: Junior Mining/Gold

www.frontierpacific.com

Market Data (as of May 20, 2008)

Current Price	C\$1.00
Fair Value	C\$1.30
Rating*	BUY
Risk*	5 (Highly Spec)
52 Week Range	C\$0.44 – C\$1.05
Shares O/S	164,567,154
Market Cap	C\$164.57 mm
Current Yield	N/A
P/E (forward)	N/A
P/B	3.89
YoY Return	33.3%
YoY TSXV	-20.4%

*see back of report for rating and risk definitions



Investment Highlights

- Frontier Pacific's primary asset is the Perama Hill gold project in Greece, which is in the final stages of permitting and is expected to be a low cost, open pit producer.
- The company is in the final stages of receiving permitting for the project, which has prevented them from pursuing exploration and development. This permitting is expected in Q2-2008.
- On April 21, 2008, Eldorado Gold (AMEX: EGO; TSX: ELD) made an unsolicited takeover bid for Frontier Pacific, which values them at \$0.90 per share. Frontier Pacific's board responded to the offer by advising Eldorado that the offer does not represent fair value to Frontier's shareholders.
- The company is actively exploring for uranium in the emerging Macusani district of southeastern Peru. This district contains large tonnages of low-grade uranium near surface, which could potentially be amenable to low cost, open pit extraction and inexpensive leaching.
- The company is also exploring for gold at an early stage prospect in southeastern Colombia.

Risks

- The success of further development and exploration is a significant factor for the company's long-term prospects.
- Permitting may be delayed further due to factors beyond the company's control.

Key Financial Data (FYE - December 31) (C \$)

	2005	2006	2007
Cash+Short-term Inv+Marketable Securities	3,535,696	14,180,740	18,709,887
Working Capital	3,439,044	13,824,731	18,328,689
Mineral Assets + PP&E	17,575,423	19,282,791	27,650,410
Total Assets	21,276,611	33,590,171	47,966,536
Net Income	(1,736,182)	(2,770,128)	(4,732,805)
Earnings per share	(0.02)	(0.02)	(0.03)

Frontier Pacific is focused on developing the Perama Gold deposit in Greece, and is also exploring for uranium in Peru and gold in Colombia. The Perama deposit has a NI 43-101 compliant resource estimate of 1.36 million ounces of gold and 3.1 million ounces of silver in the indicated category. This deposit is attractive due to its low costs and low stripping ratio. Permitting is the final step to bringing this project into production, and the company believes that permitting will be received in Q2-2008.

- Company Overview** Frontier Pacific is focused on developing the Perama Gold deposit in Greece, and is also exploring for uranium in Peru and gold in Colombia. The Perama deposit has a NI 43-101 compliant resource estimate of 1.36 million ounces of gold, and 3.1 million ounces of silver, in the indicated category. This deposit is attractive due to its low costs and low stripping ratio. Permitting is the final step to bringing this project into production, and the company believes that permitting will be received in Q2-2008. Eldorado Gold recently announced an unsolicited takeover bid for the company, valuing it at \$0.90/share.
- Corporate History** Frontier Pacific was initially focused on resources. They switched their focus to technology in 2000, and operated as a technology company before switching back to focus on their resource properties in 2001. The company's present management team was formed during this time. The Perama Hill property was acquired in November 2003.
- Mining Outlook-Greece** There are presently no operating gold mines in Greece. Although historically gold was mined in Greece, there is no modern production currently, and only a few companies are active in gold exploration/development. Several proposed projects in Greece have been hindered by lack of community/government support. The company has devoted extensive time and energy to building community relations. Most importantly, they have fostered a sense of transparency by educating the community on mining and being clear and forthright regarding their plans for the project. They have achieved great success. Previously, the region was opposed to mining. However, public opinion polls conducted by the Greek government, in conjunction with permitting, have indicated that the majority are now in favor of mining.
- Takeover Bid** On April 29, 2008, the company announced an unsolicited takeover bid from Eldorado Gold. Under the terms of the offer, Eldorado offered 0.1220 shares of Eldorado and \$0.0001 cash for every share of Frontier Pacific, valuing Frontier Pacific at \$0.90 per share. The company does not feel this offer accurately represents the value of Frontier Pacific and is recommending that shareholders reject the offer. They have also reported that Eldorado has been contacting Greek government officials requesting meetings with officials assuming the successful takeover of Frontier Pacific. They company has also adopted a shareholder rights plan since Eldorado's announcement.
- Perama Gold** **Property Overview:** The Perama Hill project is located in north-eastern Greece and was significantly advanced when acquired by the company. The project has an indicated resource of 1.36 million ounces of gold, and 13.1 million ounces of silver, readily amenable to very low cost open pit heap leach extraction. Estimated cash costs are \$172/oz of gold, making this a very attractive target.



Source: Frontier Pacific Mining Corporation

Ownership: The company purchased 100% interest in the Perama Hill project through the acquisition of all outstanding shares of Thracean Gold Mining S.A., a private mining company incorporated in Greece, owned by Newmont Mining Corporation (NYSE: NEM) and S&B Industrial Minerals S.A. Thracean Gold Mining is now a wholly owned subsidiary of Frontier Pacific. The company paid \$12 million in cash to purchase Thracean Gold Mining. A cash payment of US\$3 million upon commencement of commercial production, and a net smelter return royalty of 2.5% were part of the terms of the agreement.

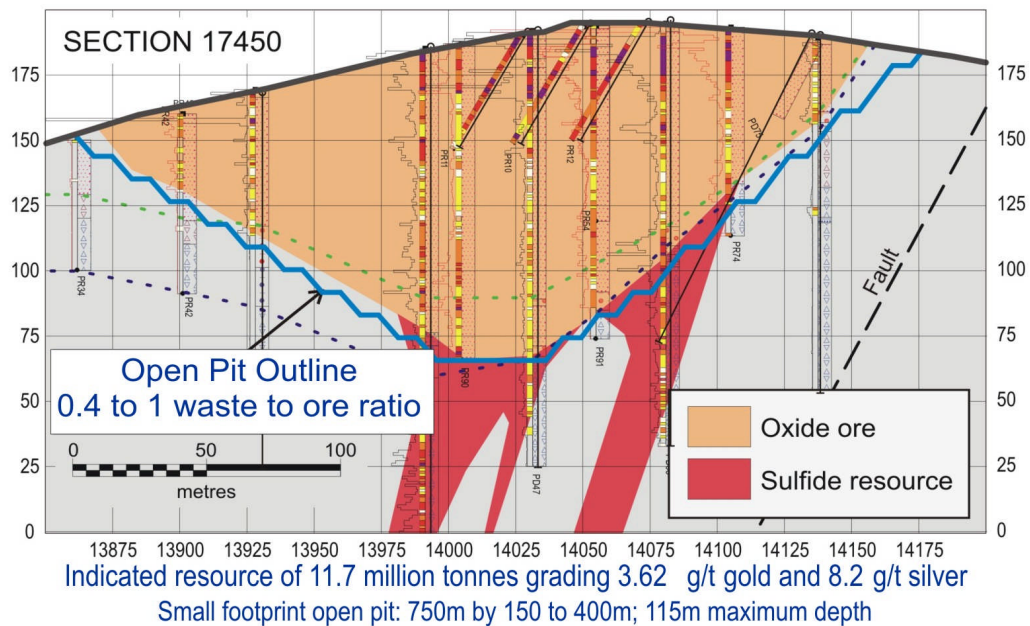
Historic Exploration/Production: The Perama South deposit was discovered in 1994 by following up on a stream anomaly identified through regional surveys, and the Perama Hill deposit was discovered in 1995. The project was developed by a joint venture looking for middle-sized gold deposits. They sold it to Newmont Mining, who turned around and sold it to Frontier Pacific. Over 18,000 meters of drilling has been completed since that time for resource evaluation and condemnation purposes. The last drilling completed on the property was in 2000.

The company has not completed any exploration on the property since its acquisition, choosing instead to focus on permitting, engineering, procurement, and economic studies.

Accessibility and Infrastructure: The project is located 30 kilometers from Alexandroupolis in northeastern Greece, in a sparsely populated, hilly region. The village of

Perama, population 120, is located 1 kilometer south of the deposit.

Geology and Mineralization: The Perama Hill deposit is a high sulphidation epithermal deposit with a low sulphidation overprint. The resource estimate as it stands presently is solely related to the “oxide” material located near surface. The “sulfide” material, which is primary ore at depth believed to be related to feeder structures for the oxidized mineralization, was previously believed to be uneconomic due to lack of metallurgical processing options. Therefore, no resource exists for this zone although it has been drilled with excellent grades. The company is revisiting processing options for the “sulfide” material and plans to focus their exploration efforts on evaluating the potential of this zone as soon as permitting is granted.



Source: Frontier Pacific Mining Corporation

Exploration Targets: The company has a number of priority exploration targets on the property, including Perama South. Perama South has been drilled extensively and preliminary work in the 1990s suggested the potential for several million tonnes of material grading a few grams per tonne gold. At this time, no NI 43-101 compliant resource estimate exists for the project.

The oxide resource expansion potential is small, however there is potential to expand the sulfide resource and delineate resources on the Perama South deposit and other exploration targets on the property.

Metallurgy: The oxide mineralization is readily amenable to conventional milling and cyanidation using carbon in leach/carbon in pulp. The expected recoveries are 90% for gold and 60% for silver. The underlying sulfide mineralization is refractory, meaning that the

gold is locked within the structure of pyrite compounds, and recoveries using conventional processing were very poor at less than 10%. Newmont completed metallurgical studies suggesting that gold recoveries from the sulfide mineralization could be increased to 73% using tank biooxidation, but further testing is required. According to management, they are focused on identifying further sulfide resources as they believe better processing options exist for the sulfide resource.

Economic Studies: This deposit has been extensively explored and has been subject to several economic studies between 1999 and 2003. These studies estimated 11 million tonnes of oxide material in a reserve category grading 3.71 g/t gold and 8.3 g/t silver. Other parameters of the 2003 study are outlined in the table below.

Capital Cost	US\$72.6 million
Operating Cost	US\$136/ounce
Stripping Ratio	0.4: 1 – a stripping ratio of less than 1 is very good
Operating Rate	1.25 million tonnes/year using conventional carbon in leach
Mine Life	9 years

Since its acquisition, the company has completed a revised capital cost estimate. The 2006 estimate for capital cost is US\$90.923 million. This is a cost increase of 15% from the 2003 estimate. The capital cost estimate is highly affected by the currency exchange rate between the Euro and the US Dollar. (The 2006 capital cost estimate uses an exchange rate of 1 Euro=1.275 US\$.)

The company is expecting a bankable feasibility study in July 2008.

Current Status: The company is awaiting the final Environmental Term of Reference document from the Greek government, which is believed to be in its final stages of approval and is expected by the end of Q2-2008. During the time they were awaiting permitting, the company suspended exploration of the Perama property due to sensitivities surrounding the permitting process. Upon receipt of this final document, the company plans to commence exploration around the proposed open pit to optimize the pit design for their renewed knowledge of the geology of the deposits. Mine planning construction, development, and procurement will proceed as well.

Resource Estimates: The following resource estimate was completed in May 2004. It was calculated at a 1.0 g/t gold cut-off. According to the technical report, there is potential to increase the indicated oxide resource by 5 to 10% by infill drilling the inferred resources and drilling the areas along the western and eastern margins that are not completely closed off yet. The company plans to pursue aggressive exploration of the sulfide resource in light of potential processing options that may make the sulfide resource economic. There are many

other exploration targets on the project besides Perama south, and Perama Hill, that are longer term priorities for exploration.

Resource Category	Tonnage (tonnes)	Grade (g/t gold, g/t silver)	Content
Indicated	11.7 million	3.62 g/t gold, 8.3 g/t silver	1.36 million ounces of gold 3.12 million ounces of silver
Inferred	330,000	2.58 g/t gold 4.5 g/t silver	0.03 million ounces of gold 0.05 million ounces of silver

Development Timeline: Upon receipt of permitting, the company estimates a 16-18 month development timeframe commencing in the middle of 2008, with production expected in Q2-2010.

Macusani Uranium

Property Overview: The company owns 50% of 45,000 hectares of property in the Macusani deposit in southern Peru, which is an emerging bulk tonnage low-grade uranium district. Frontier Pacific and their partner Solex Resources (TSXV: SOX), are the most advanced explorers in the region as they are near resource estimates on several of their projects.



Source: Frontier Pacific Mining Corporation

Ownership: The company entered into an option agreement with Solex Resources in 2005 to earn 50% interest in the project. Frontier Pacific finalized their 50% earn-in in January 2008, by paying US\$50,000 and 1.5 million shares over 4 years, and spending US\$4 million on exploration over four years. Frontier Pacific acts as the operator of the joint venture.

Historic Exploration/Production: When the company acquired the property, over 60 uranium showings and anomalies had been identified by the Peruvian Institute of Nuclear Energy. None had been explored in any detail. Several companies are active in the region, although Frontier and Solex are the most advanced. Cameco Corp. (NYSE: CCJ), one of the world's premier uranium companies, is funding exploration of the district along with their partner Vena Resources (TSX: VEM)

Accessibility and Infrastructure: The primary land use in the region is agricultural. The company has established surface rights agreements with the communities in the area, allowing them to have access to the land.

Geology and Mineralization: The company is targeting very near surface (top 100 meters) uranium mineralization contained within facies of volcanic ignimbrite units approximately 5-10 meters thick. The uranium mineralization is found disseminated throughout the deposit as well as filling fractures and coating mineralized structures. Uranium mineralization is naturally outcropping. The company uses radiometric surveys with great success to identify priority targets for exploration.

Metallurgy: The joint venture has completed preliminary metallurgical studies in 2006 suggesting that high uranium recoveries (+95%) could be achieved using agitation leaching. This is a low cost processing option that could make these low-grade deposits economically viable in large tonnages. The company has commenced further testing which is expected to be completed in Q3-2008. This testing will consist of column leach and yellowcake precipitation tests on various crush sizes of ore from Calvario I, Calvario III, and Sayana Central.

Current Status: The company has drilled 24,000 meters to date with good success. A number of good prospects have been identified with consistency of grades and mineralization. The company is focused on shallow, potentially open pit deposits. An extensive exploration program is planned for 2008 to continue delineating resources at their best prospects. This program has an estimated cost of \$2.5 million (10,000 m drill program).

Resource Estimates: The joint venture recently finalized an extensive drill program to establish NI 43-101 compliant resource estimates at several prospects. At Calvario I, the company has determined an area of 350 meters by 325 meters with a thickness of 7.0 meters containing a weighted average grade of 0.041% U_3O_8 (0.82 pounds per ton). This represents 50% of the target in plain view. At Calvario II, the company has determined an area of 200 meters by 150 meters with a thickness of 3.0 meters containing a weighted average grade of 0.01% U_3O_8 (0.21 pounds per ton). At Sayana Central, the company has determined an area of 800 meters by 150 meters with a thickness of 3.5 meters containing a weighted average grade of 0.053% U_3O_8 (1.06 pounds per ton). At Puncopata, the company has determined an area of 800 meters by 150 meters with a thickness of 4.0 meters containing a weighted average grade of 0.055% U_3O_8 (1.1 pounds per ton). All of these target areas remain open.

Development Timeline: It is too early to estimate a development timeframe for this project, as resources have not been established yet. A large tonnage will have to be proved up and the

economics must be favorable to make this district viable, due to its low uranium grades. A viable low cost processing option has already been established, which is very important for the long-term success of the project. After that, it becomes a question of whether Peru wants to establish uranium mining in their country, as uranium mining is especially sensitive due to its radioactive properties.

Taraira Gold

Property Overview: In September 2007, the company acquired 51% interest in the 9,973 hectare Taraira gold project in southeastern Colombia. The remaining 49% interest is held by Cosigo Resources Inc., a private company incorporated in British Columbia. Although Colombia is a politically turbulent place to work, the company believes that the geologic potential is good.



Source: Frontier Pacific Mining Corporation

Ownership: The Taraira gold concession is owned by Cosigo Frontier Mining Corp. and was granted by the Colombian Institute of Geology and Mines for a period of 30 years with an option to extend the contract for an additional 30 years. The company is required to spend US\$2 million on exploration over three years to retain 51% ownership in Cosigo Frontier Mining Corp.

Historic Exploration/Production: According to management, artisanal mining is active on the property, mining near surface gold deposits.

Accessibility and Infrastructure: This project is very remote and is not accessible by road at this time. There is no power either. According to management, the onsite access is good

and they will be bringing in a drill rig by plane that can be dragged around the project using heavy machinery.

Geology and Mineralization: The Taraira property covers the Taraira gold belt in southeastern Colombia and northwestern Brazil. In this region, placer (remobilized, non hard rock) deposits in conjunction with hydrothermal gold-bearing quartz veins are the predominant style of gold mineralization. Gold mineralization is hosted in quartz veins within haematite altered quartzite units. There are a number of gold exploration targets located along the Serrania Machando ridge, a prominent feature comprised of hard quartzite and preferentially resistant to erosion.

Current Status: Mapping, sampling, and geochemistry are underway. The company has sent a reverse circulation drill rig to Colombia and is currently clearing customs. They plan to drill the Cerro Rojo prospect, a gold rich geochemical anomaly that is also the site of present day artisanal mining activity. The company plans to spend \$2.1 million (20,000 m drill program) on exploration at Taraira this year.

Resource Estimates: This property is very early stage and does not have any historic or NI 43-101 compliant resource estimates at this time.

***Management &
Board of
Directors***

Frontier has a strong management team and board of directors with extensive experience in exploration and operations. Brief biographies of the management team, and the board of directors, as provided by the company, follow.

Peter F. Tegart, P. Geo - Director, President and Chief Executive Officer

Peter Tegart joined the board of Frontier Pacific in mid-2001 and was appointed CEO in September 2002. He received a Bachelor of Science degree from the University of British Columbia in 1971 and is a registered Professional Geologist in the Province of British Columbia. Mr. Tegart is an accomplished professional geologist with over 45 years experience in the exploration, development and mining of several precious-metal and base-metal deposits which include the world-class Tambo Grande Deposit in Peru, the Lawyers Gold Mine in British Columbia and the Morris Gold Mine in Mexico. He has also managed several junior and senior mining companies during his career. He is a director of Nortec Ventures Corp. (TSX.V - NVT).

Brian Lock - Executive Vice President

Brian Lock joined Frontier Pacific in early 2006. He received his HNC in Electrical Engineering from Durham College in England in 1971. Mr. Lock has over 30 years of experience in the operations, feasibility, design engineering and construction of numerous precious metals and base metal mining projects around the world. Initially Mr. Lock held senior positions with a major international mining consortium and two major engineering companies, before, in 1985 forming and becoming President of Proton International Engineering Corporation, a Canadian engineering and construction company devoted to the development of small and medium sized mining projects. Mr. Lock has managed and/or served as a Director of several Canadian public and private companies.

Mohan R. Vulimiri, P. Geo - Director, Chairman and Chief Geologist

Mohan Vulimiri has been an officer and director of Frontier Pacific since 1996. He has a bachelor's honors degree in Applied Geology from the Indian Institute of Technology, Kharagpur India and graduated with a Master of Science degree in Economic Geology from the University of Washington in 1975. He is a registered Professional Geologist in the Province of British Columbia and a member of The Society of Economic Geologists and The Society of Mining Engineers. Mr. Vulimiri has 30 years of public company experience, having been involved in the management of junior and established companies. Mr. Vulimiri's experience includes the exploration and delineation of ore deposits with emphasis on structural controls and modes of occurrence of mineral zones. He is the President of Nortec Ventures Corp. (TSX.V - NVT).

Ian Laurent, M.EconGeol, MAIG - Vice President of Exploration

Ian Laurent has fifteen years of experience in mineral exploration and resource development on four continents. Since 2002, Mr. Laurent has been part of Bolnisi Gold N.L managerial team responsible for the exploration and resource development of all of Bolnisi Gold's assets in northern Mexico, in particular the Palmarejo property in southern Chihuahua State, Mexico. From 1997 to 2000, Mr. Laurent was Project Geologist for Viking Gold Corporation, designing and managing the exploration programs that discovered the Svartliden Gold Project. While working at Svartliden, Mr. Laurent also completed his Masters of Economic Geology at the University of Tasmania on the synthesis of the geology and geophysics of the Svartliden Au deposit, Sweden. Prior to 1997, Mr. Laurent has actively explored in Guinea and Mali, West Africa; Turkey and the Eastern Goldfields of Western Australia. Mr. Laurent brings with him a diversity of experience, geological and technical knowledge that will be beneficial to the requirements of advancing the company's projects to a bankable feasibility study.

Adam Kniec, CA, CPA - Chief Financial Officer

Adam Kniec is a Canadian Chartered Accountant and a US Certified Public Accountant (Illinois), with over 10 years of accounting and financial reporting experience with Canadian and US publicly trading companies. He was a manager with Staley Okada & Partners Chartered Accountants and a senior manager with PricewaterhouseCoopers Chartered Accountants until August 2007. Currently he is providing accounting, CFO and related financial reporting services to public and going public entities. He commenced providing consulting services to Frontier Pacific Mining Corporation and Nortec Ventures Corp. in September 2007, and he became a CFO of these two companies in October 2007.

Stewart L. Blusson, Ph.D. - Director

Dr. Stewart Blusson is one of Canada's most successful exploration geologists. He has been a director of Frontier Pacific since 2002. Dr. Blusson received his doctorate from the University of California (Berkeley) in 1964. Together with fellow geologist Chuck Fipke he discovered Canada's first diamond deposit, now operating as the Ekati Mine in the Northwest Territories. His authoritative knowledge of Canadian and global geology led him to conclude that conditions for the occurrence of diamonds in Canada were favourable, and accordingly, he developed an exploration plan using highly refined scientific methods. He is the President of Archon Minerals Ltd., a Vancouver-based diamond exploration company (TSX.V - ARC).

Victor H. Bradley - Director

Victor Bradley is a Chartered Accountant with 40 years experience in the minerals industry. He joined the board of Frontier Pacific in 2004. His experience includes 15 years with Cominco Ltd., where he held a wide variety of financial positions including Corporate Controller. He is the founder and Chairman of Yamana Gold Inc., a Toronto-based company listed on the Toronto (TSX- YRI), American and London AIM stock exchanges and is also Executive Deputy Chairman of Nevoro Inc another Toronto based TSX listed company. Mr Bradley also serves on the Boards of Nortec Ventures, Castillian Resources, Osisko Exploration and AIM Resources (Chairman).

G. Ross McDonald, C.A. - Director

Ross McDonald is a chartered accountant with Smyth Ratcliffe Chartered Accountants in Vancouver, providing accounting, audit and tax services to small and medium sized businesses. He has been a member of the board of Frontier Pacific since 2002. Mr. McDonald received his Bachelor of Commerce Degree from the University of British Columbia in 1964 and has been a member of the Institute of Chartered Accountants of British Columbia since 1968. The majority of his clients are related to the resource sector and include public companies, mining professionals, exploration service companies and consultants. He is a director of Corriente Resources Inc. and Fjordland Explorations Ltd.

Giovanna Martino - Corporate Secretary

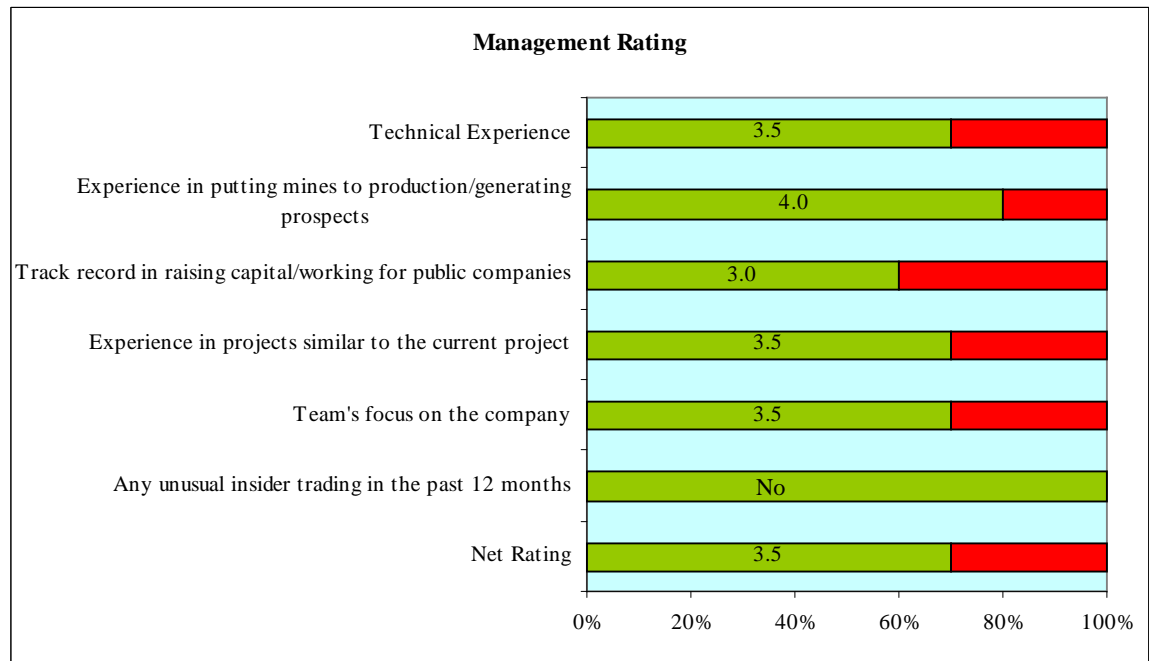
Giovanna Martino joined Frontier Pacific in April 2006 and was appointed to the office of Corporate Secretary in August 2006. Ms. Martino received her paralegal training at B.C. Institute of Technology in Burnaby B.C. and Douglas College in New Westminster B.C. Ms. Martino has fifteen years experience as a legal secretary and executive assistant with a small Vancouver law firm and, more recently, with a TSX Venture Exchange resource company. Ms. Martino is responsible for all aspects of Frontier Pacific's corporate administration, documentation and regulatory filings.

George Markopoulos – General Manager, Thracean Gold Mining S.A.

George Markopoulos became the General Manager of Thracean Gold Mining S.A., a wholly owned subsidiary of Frontier Pacific, in 2004. He graduated from the National Technical University of Athens in 1982. He is a mining Engineer with 22 years of experience in the Greek mining industry. His career encompasses working in underground and open pit bauxite mines, and also in bentonite mines. Later he was appointed as a Community Acceptance Manager for gold projects in Greece.

Management Rating

We believe that the most important aspect of a junior mining company is its management. Therefore, we have developed a management rating system as a quantitative way to rate management based on a number of factors, including technical experience, the ability to raise financing, and management's time commitment to the company. We also analyzed trading records to identify for evidence of unusual trading by management. **Our net rating for Frontier Pacific (see below) was 3.5 out of 5.0, which we have rated above average.** We believe Frontier Pacific has a strong management team experienced in economic geology and the development of mining projects.



Strength of Board

The Toronto Stock Exchange recommends that the Board of Directors of every company include independent or unrelated directors who are free of any relationship or business that could materially interfere with the director's ability to act in the best interest of the company. An unrelated/independent director can be a shareholder. In this report, we introduce our strength of board rating for Frontier Pacific Mining Corporation, which uses information available from the company's annual "Management Information Circular", to ensure that the company has an independent Board of Directors, Audit Committee, and Compensation Committee. This report also identifies any non-arms length transactions and management's compensation.

Frontier Pacific Mining's Board of Directors is made up of 5 individuals: Peter F. Tegart, Mohan R. Vulimiri, G. Ross McDonald, Stewart L. Blusson, Victor H. Bradley. None of the directors have filed for personal bankruptcy. All directors hold shares in the company. The related/non-independent directors are Peter F. Tegart and Mohan R. Vulimiri, as they are executive officers of the company and receive compensation. The Audit Committee is made up of G. Ross McDonald, Stewart L. Blusson, Victor H. Bradley. The Compensation Committee is made up of G. Ross McDonald, Stewart L. Blusson, Victor H. Bradley. In addition, we note the following event that is related to one of the company's directors. On October 25, 2003, Archon Minerals Ltd. (ACS) was suspended from trading by a cease trade order by the TSX Venture Exchange for failing to file a Comparative Financial Statement by May 31, 2003. On January 30, 2004, the Executive Director of the BC Securities Commission revoked the cease trade order to permit trading of ACS's securities. During the cease trade order period, Stewart Blusson was an officer and director of ACS.

Outlook on Gold

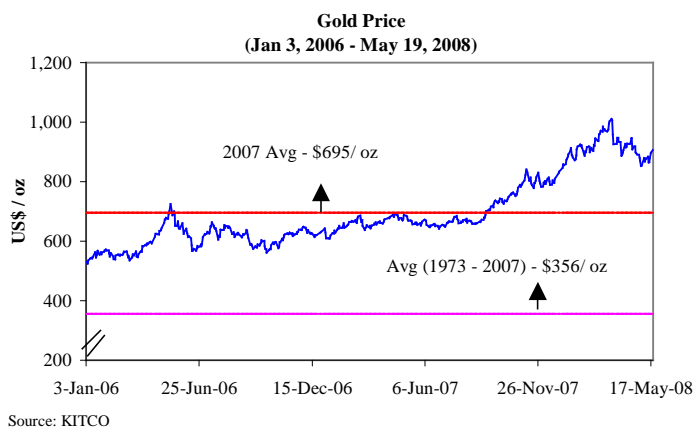
Supply and Demand: The chart below shows supply and demand data from the World Gold Council and GFMS Ltd. Global demand for gold increased by 4% YOY in 2007 (3.40

million tonnes to 3.55 million tonnes), as supply dropped by 3% YOY (3.58 million tonnes to 3.47 million tonnes). The increase in demand and drop in supply led the gold market to move from a supply surplus of 182 tonnes in 2006, to a supply deficit of 79 tonnes in 2007.

	2005	2006	2007	% ch 2007 vs 2006
Supply				
Mine production	2,550	2,481	2,447	-1
Net producer hedging	-86	-373	-400	...
Total mine supply	2,464	2,108	2,047	-3
Official sector sales	662	367	485	32
Old gold scrap	886	1,107	937	-15
Total Supply	4,012	3,582	3,489	-3
Demand				
Fabrication				
Jewellery	2,707	2,283	2,426	6
Industrial & dental	431	458	465	2
Sub-total above fabrication	3,138	2,741	2,891	5
Bar & coin retail investment	412	421	441	5
Other retail investment	-26	-22	-36	...
ETFs & similar	208	260	251	-4
Total Demand	3,731	3,400	3,547	4
"Inferred investment"	280	182	-79	...
London PM fix (US\$/oz)	444.45	603.77	695.39	15

Source: World Gold Council and GFMS Ltd.

The chart below shows gold prices since January 2006. Gold is currently trading at about US\$922/oz.



Although gold prices have risen considerably in the second half of 2007, and early 2008, and have achieved record highs, we have maintained our positive outlook on gold. We believe global demand growth will exceed supply growth in 2008, due to the following macro economic conditions.

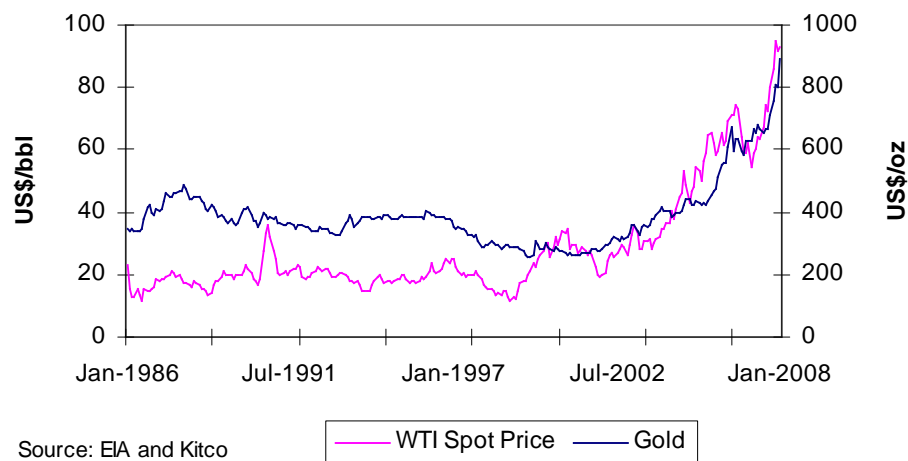
- a) **The US\$ is expected to continue to depreciate with respect to other global currencies**, based on an expected slow down in the U.S. economy, relatively lower

- real interest rates in
b) the U.S., and persisting inflationary expectations.

The International Monetary Fund (IMF) expects U.S. GDP to grow at 1.5% in 2008, versus 2.2% in 2007, and the Federal Reserve predicts unemployment rates to increase YOY from 4.6% to 5.2% in 2008. The U.S. Fed cut interest rates from 5.25% to 2.25% in their last seven meetings. These rate cuts imply that there is a possibility that real interest rates in the U.S. could go negative, which is very unfavorable for the US\$. The rate cuts in turn, we believe, will add to inflationary pressures and simultaneously depreciate the value of the U.S.\$. The Fed raised their forecasts for inflation in 2008, from 1.8 – 2.1% to 2.1 – 2.4%.

b) High Oil Prices: We have also noticed a positive correlation between gold and oil prices in times of high oil prices. High oil prices create inflationary expectations among investors and lead them to drift towards gold. The chart below shows oil and gold prices since 1986. We noticed that the positive correlation between monthly log changes in oil and gold prices increased during January 2006 – January 2008, when oil prices were high, from the historic correlation (1986 – 2006) of 0.18 to 0.53, which is a significant jump.

Oil Vs Gold Prices



Source: EIA and Kitco

Oil is currently trading close to US\$123/bbl, and prices are expected to stay above \$80/bbl through at least 2010, which we believe will also have a positive effect on the demand for gold.

c) Investment demand continue to stay strong: As of May 19, 2008, total ETG (exchange traded gold) assets held by the New York Stock Exchange (NYSE) and the London Stock Exchange (LSE) were up 24% YOY. We believe continued strength in investment demand reflects the fact that gold continues to hold its status as a ‘capital preservation asset’.

Therefore, based on a depreciating U.S dollar, high oil prices and strong investment demand, we continue to be bullish on gold prices. The average consensus forecasts for gold prices are US\$940/oz in 2008, and US\$915/oz in 2009.

Outlook on Uranium

Uranium prices have been exceptionally volatile and have dropped by 56% to US\$60/lb after achieving a record high of US\$136/lb. However, uranium prices are still up 60% since January 2006, when prices were US\$37.5/lb. The table below shows uranium prices since 1970. Note the steep fall in prices after July 2007.



We have maintained our long-term outlook on Uranium prices based on the following factors.

- Nuclear power accounts for about 16% of the world's electricity generation. Nuclear power generation does not emit greenhouse gas, and therefore, it is considered as one of the cleanest methods of producing electricity. We believe increasing concerns about global warming and high oil prices will lead to increased demand for nuclear power plants going forward.
- According to the World Nuclear Association (WNA), global uranium requirements are estimated to grow at 2% per annum through 2030, based on global nuclear generating capacity growth of 1.5% per annum.
- Demand for nuclear energy is expected to grow across the world, as several major nations, including the UK, Russia, China, India and South Africa, are planning to increase their nuclear power consumption. According to the WNA, there are currently 439 operating nuclear reactors in the world. About 34 new reactors are under construction, and 93 have been proposed. China (35), India (16), Russia (15), S. Korea (8), USA (7), and Japan (13), combined, will account for 74% of the new nuclear reactors.

Although we do not expect a sharp increase in nuclear consumption worldwide in the short-term, the increase in nuclear generating capacity suggests that demand for uranium will increase in the long-term. Global consumption of uranium is about 180 million pounds a year versus production of about 100 million pounds; the deficit is filled up by stockpiles. Since stockpiles are not expected to last forever, uranium primary production has to increase from current levels to keep up with demand in the long-term.

The top 12 uranium mines in the world represented 72.6% of global uranium production in 2006. The McArthur mine is the top producer, accounting for 18.3% of global production. Although production at the Cigar Lake mine (at full-scale production of 18 million lbs of U3O8 per year, this mine will account for more than 15% of current global production) is not expected to start until 2011 – 12, additional supply from Kazhak (the world's third-biggest uranium producer is expecting to increase uranium output fivefold within a decade, and overtake Canada as the largest supplier of nuclear fuel), Canada and South Africa in 2009, we believe, will provide relief to the supply side of the market. Additional supply in the market is expected to come from Paladin's Langer Heinrich mine (which commenced production in late 2006) their project in Kayelekera in Malawi, Uranium One's Dominion Reefs mine and Rio Tinto's Rossing. In addition to that, Kazakh producer Kazatomprom, recently announced that their shortage of sulphuric acid will be resolved by May 2008, while Uranium One announced that they have secured supplies of acid by investing in a Russian plant.

Forecasts: In the short-term, we believe that prices will be very sensitive to shocks. Although we do not expect prices to go higher from current levels in the short-term, we believe the supply-sensitive uranium market will keep the metal's prices at current price levels. Our long-term outlook on prices is positive, based on rising demand and the projected shortage in long-term supply.

Financials

At the end of 2007, the company had \$18.71 million in cash, short-term investments and marketable securities, and \$18.33 million in working capital. Marketable securities include an investment of 2 million shares in Solex Resources Corp. valued at \$0.80 million. As of May 12, 2008, the investment had a fair value of \$0.53 million (2 million shares at \$0.265 per share). Frontier also has a long-term investment of 3.5 million shares and 3.5 million warrants in a private company, Cosigo Resources Inc., valued at \$0.88 million. Cosigo's shares are expected to be listed on the CNQ in 2008. The table below shows the company's cash and liquidity position at the end of FY2007.

	2005	2006	2007
Working Capital	3,439,044	13,824,731	18,328,689
Current Ratio	14.5	30.1	17.6
LT Debt / Assets		-	-
Cash from Financing Activities	7,015,172	14,251,277	12,352,039
Monthly Burn Rate (incl. exploration expenses)	(237,486)	(300,519)	(612,324)

The company currently has no debt. As of May 12, 2008, the company had 164.57 million shares outstanding. Management and Directors own approximately 19%, while institutions hold approximately 40% of the total number of outstanding shares.

Frontier reported a net loss of \$4.73 million (EPS: -\$0.03) in FY2007 (12 month period ended December 31, 2007) versus \$2.77 million (EPS: -\$0.02) in FY2006. The net loss increased in FY2007, as the company recorded \$3.49 million in future income taxes offset by increases in foreign exchange gains and interest income. Also, the company wrote off \$1.08 million of its mineral assets in FY2006, versus nil in FY2007.

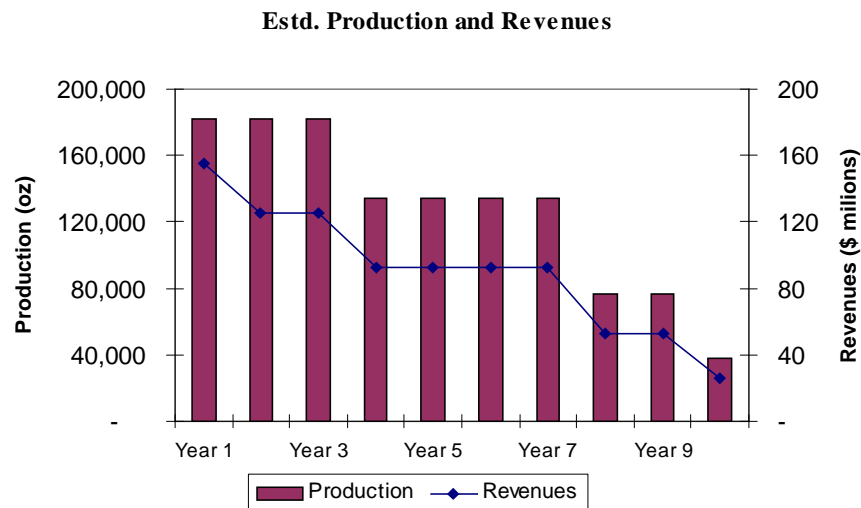
We estimate the company had a burn rate (including exploration expenses) of \$0.61 million per month in FY2007, versus \$0.30 million in FY2006. The company expects to spend a total of \$6.5 million on exploration in 2008, which includes \$2.5 million on the Macusani project, \$2.1 million on the Taraira project, and \$1.9 million on the Perama Hill project.

Stock Options and Warrants: Assuming that none of the outstanding options were exercised since the end of 2007, we estimate the company currently has about 9.35 million stock options outstanding with a weighted average exercise price of \$0.46 and maturity periods between March 2009 and January 2013. All outstanding options are currently ‘in-the-money’.

Conclusion: Based on our analysis, we believe the company is an excellent cash position to fund its exploration activities and working capital for the rest of the year.

Valuation

Perama Hill Project: Production and Revenues - The chart below shows our estimates for production and revenues from the Perama Hill Project. If the company receives their permit in Q2-2008, we estimate the Perama Hill project will be put into production in Q2-2010.



The following assumptions were used:

- **Long-term (2011+) gold and silver prices** of US\$600/oz and US\$11/oz, respectively.
- **Average annual production in the first three years:** 181,600 gold equivalent ounces (with an average Au grade of 4.92gpt and Ag grade of 8.25 gpt)
- **Average annual production during years 4 – 7:** 134,057 gold equivalent ounces
- **Average annual production during year 8 – 9:** 76,821 gold equivalent ounces
- **Production in year 10:** 37,796 gold equivalent ounces
- **Discount Rate of 12.49%** - 11.49% (discount rate for similar projects in a relatively risk-free country) + 1% (country risk premium for Greece) – The higher discount rate primarily reflects the potential risks associated with permitting. We believe risks will be significantly lowered as the company receives their final permit.

We valued the Perama Hill project based on a Discounted Cash Flow (DCF) model and a real options valuation model. Our DCF model gave a fair value estimate of \$166.10 million (\$0.98 per share), while our real options model gave a fair value of \$202.54 million (\$1.19 per share). A summary of our valuation models is shown below.

DCF Valuation Summary	
Resource (in tonnes)	11,865,000
Wt. average gold grade (gpt)	3.61
Wt. average silver grade (gpt)	8.25
Gold Recovery (%)	90.0%
Silver Recovery (%)	60.0%
Recovered gold (oz)	1,237,859
Recovered silver (oz)	1,887,619
Production Commencement	2010 (Q2)
Mill Processing (tpy)	1,250,000
Mine Life (in years)	9.5
Gold Price (US\$/oz)	\$600
Silver Price (US\$/oz)	\$11
Average Operating Costs (\$/oz)	\$175
Capital Costs	\$100,000,000
Cost of Capital	12.49%
Net Present Value	\$166,095,334
No. of Shares (diluted)	169,677,005
Value per share	\$0.98

Real Options Valuation Model					
	Resources (in tonnes)	Grade (g/t)	Contained Metal (in troy oz)	Price(US\$/oz)	Value (C\$)
Gold	11,865,000	3.61	1,375,399	600.00	854,122,961
Silver	11,865,000	8.25	3,146,031	11.00	23,878,375
Gold Recovery (%)	90%			Total Value (C\$)	\$878,001,336
Silver Recovery (%)	60%			Operating Costs (C\$)	\$257,266,581
C\$/US\$	1.15			Net Value (C\$)	\$620,734,755
Inputs relating to the underlying asset					
Estd. Mineral Resources (in tonnes)					11,865,000
Estd. Value of Minerals if extracted today					\$540,346,007
Annualized Standard Deviation of Mineral prices					19%
Capital Investment					\$100,000,000
Estd. Mine Life (years)					9.5
Riskfree Rate					3.60%
Output					
Stock Price	\$540,346,007			T. Bond rate	3.60%
Strike Price	\$100,000,000			Variance	0.04
Expiration (in years)	9.5			Annualized div yield	7.18%
d1 =	2.594				
N(d1) =	0.995			Value of Option	\$202,542,006
d2 =	2.009			No of outstanding shares (diluted)	169,677,005
N(d2) =	0.978			Value per share	\$1.19

The average valuation (based on our DCF and real options valuation) on the Perama Hill project is \$184.32 million, or \$1.09 per share.

Valuation on the Macusani Uranium project: We valued the company's Macusani Uranium project using the average ratio of enterprise value (EV) to mineral assets (book value) of peers. Although EV/mineral assets does not really capture the upside potential, we believe it is a good metric (and probably the only metric) to determine the fair value of very early stage exploration projects with no known resource estimates. The table below shows a list of companies with comparable projects and their EV/Mineral Assets ratio. All the companies that we have selected for this analysis primarily focus on uranium exploration.

Comparables Analysis						
	Company	Symbol	Price	Enterprise Value	Mineral Assets	EV/Min Assets
1	Purepoint Uranium Group Inc.	PTU	\$0.23	\$6,604,685	\$16,943,312	0.39
2	Triex Minerals Corporation	TXM	\$1.20	\$8,731,488	\$19,931,570	0.44
3	Anglo-Canadian Uranium Corp.	URA	\$0.14	\$2,808,762	\$4,890,697	0.57
4	Eso Uranium Corp.	ESO	\$0.22	\$8,812,615	\$15,007,262	0.59
5	Mesa Uranium	MZU	\$0.12	\$2,537,130	\$4,041,319	0.63
6	Canalaska Uranium Ltd.	CVV	\$0.28	\$23,503,572	\$26,457,044	0.89
7	Pacific Ridge Exploration Ltd.	PEX	\$0.12	\$7,664,643	\$6,729,904	1.14
8	Bluerock Resources Ltd.	BRD	\$0.55	\$19,479,839	\$10,646,345	1.83
9	Jourdan Resoures Inc.	JRN	\$0.07	\$2,666,969	\$1,067,379	2.50
					Average	1.00
					Fair Value	\$0.05

* Share prices are as of May 15, 2008

Based on an average EV/mineral assets ratio of 1.00 (as shown in the above table), our fair value estimate on the Macusani Uranium project, which has a book value of \$8.32 million, is \$0.05 per share.

Valuation on the Taraira Gold project: Since the project is in the very early stages of exploration, we have not assigned any value to this project at this time, for conservatism.

Valuation Summary: Adding the company's current working capital to our valuation on the Perama Hill and Macusani Uranium projects, we obtained a net fair value on the company of \$208.59 million, or \$1.23 per share.

Valuation Summary	Value	VPS
Perama Gold	\$184,318,670	\$1.09
Macusani Uranium	\$8,292,144	\$0.05
Working Capital - Debt	\$15,980,590	\$0.09
Net Fair Value	\$208,591,404	\$1.23
Shares(diluted)	169,677,005	

Our valuation is highly sensitive to our long-term gold price assumptions and discount rate. The table below presents a sensitivity analysis.

Sensitivity Analysis				
Discount Rate	8%	10%	12.49%	15%
Gold Price (SU\$/oz)				
\$400	\$0.73	\$0.68	\$0.63	\$0.59
\$500	\$1.06	\$1.00	\$0.93	\$0.87
\$600	\$1.39	\$1.31	\$1.23	\$1.16
\$700	\$1.73	\$1.63	\$1.53	\$1.44
\$800	\$2.07	\$1.95	\$1.83	\$1.73
\$900	\$2.40	\$2.27	\$2.13	\$2.01

As shown in the table, our valuation on the company ranges between \$0.59 per share to \$2.40 per share, as we change our long-term gold price and discount rate assumptions from US\$400/oz and 15% to US\$900/oz and 8%, respectively.

The table on the next page shows the sensitivity of our valuation to changes in our operating and capital cost estimates, and delays in the commencement of production.

Scenario Analysis	Value per share
Base - Case	\$1.23
Operating Costs + 20%	\$1.12
Operating Costs - 20%	\$1.34
Capital Costs + 20%	\$1.14
Capital Costs - 20%	\$1.32
1 year delay in commencement of production	\$1.12
2 year delay in commencement of production	\$1.02
3 year delay in commencement of production	\$0.93

Conclusions & Rating

Frontier Pacific's Perama Hill project offers excellent economics for an open pit gold deposit, with excellent exploration potential. The biggest risk and cause of delays at the project has been the status of permitting. We believe the company has made significant strides in dealing with the socioeconomic factors that affect the population of Greece's attitude towards the project. It appears that the company is in the final stages of receiving permitting, barring any unforeseen circumstances. The company has a strong exploration focus and their Macusani and Taraira projects offer interesting upside potential.

Based on our valuation models and analysis on the company's projects, we initiate coverage on Frontier Pacific with a BUY rating and a fair value estimate of \$1.30 per share, which clearly indicates that Eldorado Gold's bid of \$0.90 per share does not reflect the fair value of the company. Our fair value estimate reflects an upside potential of 26.2% from current price levels.

Risks

The following risks, though not exhaustive, will cause our estimates to differ from actual results:

- Like other junior exploration companies, the value of the company depends heavily on commodity (gold and uranium) prices.
- The success of further development and exploration is a significant factor in the company's long-term prospects.
- Permitting may be delayed further due to factors beyond the company's control.
- Our valuation is based on very preliminary assumptions and inputs. A significant change in actual costs, recovery and grades might put downward pressure on our valuation.

Fundamental Research Corp. Equity Rating Scale:

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

Hold – Annual expected rate of return is between 5% and 12%

Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

Disclaimers and Disclosure

The opinions expressed in this report are the true opinions of the analyst about this company and industry. Any "forward looking statements" are our best estimates and opinions based upon information that is publicly available and that we believe to be correct, but we have not independently verified with respect to truth or correctness. There is no guarantee that our forecasts will materialize. Actual results will likely vary. The analyst and Fundamental Research Corp. "FRC" does not own any shares of the subject company, does not make a market or offer shares for sale of the subject company, and does not have any investment banking business with the subject company. Fees of less than \$40,000 have been paid by FRP to FRC. The purpose of the fee is to subsidize the high costs of research and monitoring. FRC takes steps to ensure independence including setting fees in advance and utilizing analysts who must abide by CFA Institute Code of Ethics and Standards of Professional Conduct. Additionally, analysts may not trade in any security under coverage. Our full editorial control of all research, timing of release of the reports, and release of liability for negative reports are protected contractually. To further ensure independence, FRP has agreed to a minimum coverage term including an initial report and three updates starting with this report. Coverage can not be unilaterally terminated. Distribution procedure: our reports are distributed first to our web-based subscribers on the date shown on this report then made available to delayed access users through various other channels for a limited time. The performance of FRC's research is ranked by Investars. Full rankings and are available at www.investars.com.

The distribution of FRC's ratings are as follows: BUY (81%), HOLD (6%), SELL (4%), SUSPEND (9%).

To subscribe for real-time access to research, visit <http://www.fundamentalresearchcorp.com/subscribe.php> for subscription options.

This report contains "forward looking" statements. Forward-looking statements regarding the Company and/or stock's performance inherently involve risks and uncertainties that could cause actual results to differ from such forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, continued acceptance of the Company's products/services in the marketplace; acceptance in the marketplace of the Company's new product lines/services; competitive factors; new product/service introductions by others; technological changes; dependence on suppliers; systematic market risks and other risks discussed in the Company's periodic report filings, including interim reports, annual reports, and annual information forms filed with the various securities regulators. By making these forward looking statements, Fundamental Research Corp. and the analyst/author of this report undertakes no obligation to update these statements for revisions or changes after the date of this report. A report initiating coverage will most often be updated quarterly while a report issuing a rating may have no further or less frequent updates because the subject company is likely to be in earlier stages where nothing material may occur quarter to quarter.

Fundamental Research Corp DOES NOT MAKE ANY WARRANTIES, EXPRESSED OR IMPLIED, AS TO RESULTS TO BE OBTAINED FROM USING THIS INFORMATION AND MAKES NO EXPRESS OR IMPLIED WARRANTIES OR FITNESS FOR A PARTICULAR USE. ANYONE USING THIS REPORT ASSUMES FULL RESPONSIBILITY FOR WHATEVER RESULTS THEY OBTAIN FROM WHATEVER USE THE INFORMATION WAS PUT TO. ALWAYS TALK TO YOUR FINANCIAL ADVISOR BEFORE YOU INVEST. WHETHER A STOCK SHOULD BE INCLUDED IN A PORTFOLIO DEPENDS ON ONE'S RISK TOLERANCE, OBJECTIVES, SITUATION, RETURN ON OTHER ASSETS, ETC. ONLY YOUR INVESTMENT ADVISOR WHO KNOWS YOUR UNIQUE CIRCUMSTANCES CAN MAKE A PROPER RECOMMENDATION AS TO THE MERIT OF ANY PARTICULAR SECURITY FOR INCLUSION IN YOUR PORTFOLIO. This REPORT is solely for informative purposes and is not a solicitation or an offer to buy or sell any security. It is not intended as being a complete description of the company, industry, securities or developments referred to in the material. Any forecasts contained in this report were independently prepared unless otherwise stated, and HAVE NOT BEEN endorsed by the Management of the company which is the subject of this report. Additional information is available upon request. THIS REPORT IS COPYRIGHT. YOU MAY NOT REDISTRIBUTE THIS REPORT WITHOUT OUR PERMISSION. Please give proper credit, including citing Fundamental Research Corp and/or the analyst, when quoting information from this report.

Fundamental Research Corp is registered with the British Columbia Securities Commission as a Securities Adviser which is not in any way an endorsement from the BCSC. The information contained in this report is intended to be viewed only in jurisdictions where it may be legally viewed and is not intended for use by any person or entity in any jurisdiction where such use would be contrary to local regulations or which would require any registration requirement within such jurisdiction.