



frontierAlt Funds Management Limited

Interim Management Report of Fund Performance

frontierAlt Resource Capital Class Fund

March 31, 2008

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Interim Management Report of Fund Performance frontierAlt Resource Capital Class Fund As at March 31, 2008

This Interim Management Report of Fund Performance contains financial highlights but does not contain either interim or annual financial statements of the Fund. You can get copy of the interim or annual financial statements at your request, and at no cost, by calling (866) 745-5545 ext. 3173, by writing to us at frontierAlt Funds Management Limited, 350 Bay Street, Suite 1300, Toronto, Ontario, M5H 2S6 or by visiting our website at www.frontieralt.com or SEDAR at www.sedar.com.

Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Forward-Looking Information

This Interim Management Report of Fund Performance contains forward-looking information and statements relating, but not limited to, anticipated or prospective financial performance and results of operation of the Fund. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievement expressed or implied by the forward-looking information. For this purpose, any statements that are contained herein that are not statements of historical fact may be deemed forward-looking information. Without limiting the forgoing, the words "believes", "anticipates", "plans", "intends", "will", "should", "expects", "projects", and similar expressions are intended to identify forward-looking information.

The Manager of the investment fund believes it has a reasonable basis for making the forecasts or projections included in this Interim Management Report of Fund Performance, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, the forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predictions, forecasts and other forward-looking statements will not occur. These factors include, but are not limited to, those associated with the performance of the equity securities market, expectations about interest rates and factors incorporated by reference herein as risk factors.

Any forward-looking information presented in this Interim Management Report of Fund Performance is solely the view of the Manager of the investment fund at March 31, 2008, and is subject to change at any time without notice as markets and events warrant.

Management Discussion of Fund Performance

Investment Objectives

The Fund's aim is to achieve long-term capital appreciation by investing primarily in the equity securities of Canadian resource issuers.

The fundamental investment objectives of the Fund may only be changed with the approval of a majority of securityholders at a meeting called for that purpose.

Investment Strategies

The Fund will initially invest in shares of resources issuers engaged in oil and gas or mining exploration, development or production or energy production, including alternative energy production such as from wind, and that

- (i) have experienced management;
- (ii) have a strong exploration program in place;
- (iii) may require time to mature; and
- (iv) offer potential for future growth.

It is anticipated that the resource issuers will include a significant number of junior resource issuers. The Fund may also invest in corporate debt, government bonds (capital preservation) or small exposures to small capitalization companies (high growth) throughout the world, including Canada and the U.S.

Risk

Please see the simplified prospectus for a full discussion of the overall risk. The financial period saw no material changes affecting the overall level of risk.

Results from Operations

The frontier*Alt* Resource Capital Class Fund was established on June 7, 2007. The Fund comprises the first fund within frontier*Alt* Capital Class Limited, a mutual fund corporation. On November 30, 2007, assets of the frontier*Alt* Resource 2005 Flow-Through Limited Partnership were transferred on a tax-deferred basis to the fund. \$6.3 million in assets were transferred.

Portfolio Manager Commentary

March ended with the TSX-Venture Energy index closing at 357.23 which was reflective of a more volatile month than the steady incline from just under 300 to over 370 so far in 2008. The volatility during the month isn't reflected in the month closes which were nearly identical – 357.71 at the end of February to 357.23. Both crude oil and natural gas prices continued to show strength over the period with crude oil remaining resilient while natural gas has been the bigger growth story with a long-awaited and substantial improvement.

Oil prices at \$110 per barrel tend to focus the attention and grab the headlines. But for the Canadian oil-patch, natural gas price recovery is the big story. Conflicting factors continue to muddy the outlook for natural gas prices. Liquefied natural gas (LNG) cargoes appear to be going elsewhere with US import volumes anticipated to be 1.5 to 2.0 bcf/d lower in 2008 vs. 2007. Canadian production is down 6% after a year of low drilling levels. Technology is expediting reservoir depletion for short term gain

On the precious metals side, gold began to lose some of its strength towards the end of the period falling below the \$1000 per ounce mark. Gold stocks should continue to see strength especially the junior companies as anywhere over \$800 per ounce is positive territory.

The bull market for gold does not appear to be over. There is simply too much pressure for higher inflation and a weaker US dollar for gold not to rise. A dreadful day (or week or month, or even a season) for gold doesn't negate the overall structural problems in the US economy, which over-time will translate into a strengthening gold price. The Federal Reserve hasn't stopped printing money; the U.S. government hasn't balanced its budget, we may see the "stimulus package" exasperate the deficit; and the US dollar's foreign exchange value hasn't fallen nearly enough to cure the U.S. economy's enormous trade deficit. To summarize, the general state of the US economy should allow gold companies to benefit for the foreseeable future.

Recent Developments

Independent Review Committee

Under the provision of National Instrument 81-107 – Independent Review Committee for Investment Fund ("NI 81-107"), which came into force on November 1, 2006 is now required that all publicly offered investments funds, such as the Fund, establish an independent review committee ("IRC") to whom the Manager is to refer all conflict of interest matters in order to obtain a recommendation or approval, as applicable. NI 81-107 further mandates that the IRC be composed of at least three independent members and requires that they conduct assessments and regularly report to the Manager and unitholders in respect of its duties. The manager appointed its three persons IRC on May 1, 2007, but was not required to be in full compliance with NI 81-107 prior to November 1, 2007. The independent members of the Fund's IRC are Andrew Jones (Chair), Zareer Pavri and Michael Singer.

Accounting Policy Change

In the preparation of its financial statements from January 1, 2007 onwards, the Fund adopted CICA Handbook Section 3855, Financial Instruments-Recognition Measurement, which includes new requirements for both valuing securities and accounting for transaction costs such as brokerage commissions. The new requirements would also affect the calculation of the Fund's net asset value for investor transaction purposes. The Canadian Securities Administrators ("CSA") has proposed amendments to its regulations. If enacted, these amendments would allow the Fund to adopt Section 3855 without affecting the method by which the Fund's net asset values are calculated. In the meantime, the CSA has granted all investment funds a temporary exemption from adopting this new accounting standard, leaving the calculation of the net asset value unchanged.

Related Party Transactions

The following arrangements result in fees paid by the Fund to frontier*Alt* Funds Management Limited or to companies affiliated with frontier*Alt* Funds Management Limited:

Management Services

In consideration for management services, the Fund paid 2% per annum in management fees to frontier*Alt* Funds Management Limited. This management fee is based on the Net Asset Value of the Fund. It is accrued daily and paid at month-end as a percentage of the daily net assets.

Administration Services

The Fund paid \$26,920 to KeiData Back-office Solutions Inc. ("KeiData") for administration services. KeiData is an affiliate of frontier*Alt* Funds Management Limited.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. The information is derived from the Fund's audited annual financial statements.

Net Asset Value (NAV) per Share Series A	Mar. 2008	Sept. 2007
Net asset value, beginning of period	\$ 10.77	\$ 10.00
Increase (decrease) from operations:		
Total revenue	0.02	0.06
Total expenses	(0.27)	(0.18)
Realized gains (losses)	0.03	0.92
Unrealized gains (losses)	<u>(0.23)</u>	<u>0.08</u>
Total increase (decrease) from operations (1)	(0.45)	0.89
Distributions:		
From income (excluding dividends)	-	-
From dividends	-	-
From capital gains	(0.16)	-
Return of capital	<u>-</u>	<u>-</u>
Total distributions (2)	<u>(0.16)</u>	<u>0.00</u>
Net asset value, end of period	<u>\$ 10.13</u>	<u>\$ 10.77</u>

(1) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(2) Distributions were [paid in cash/reinvested in additional units of the Fund], or both.

Ratios and Supplemental Data

For the periods ended	Mar 2008	Sept 2007
Net assets Series A (000's) (1)	\$ 3,991	\$ 1,454
Number of shares outstanding	393,876	136,118
Management expense ratio (2)	5.39%	7.75%
Management expense ratio before waivers or absorptions (2)	5.70%	10.62%
Portfolio turnover rate (3)	364.49%	137.76%
Trading expense ratio (4)	1.81%	0.00%

(1) This information is provided as at period end of the year shown.

(2) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period

(3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

Past Performance

The following charts show the past performance of the Fund and do not necessarily indicate how the Fund will perform in the future.

Year by Year Returns/Annual Compound Returns: (N/A)*

*The frontierAlt Resource Capital Class Fund commenced operations in June 2007; there is no annual performance data available.

Summary of Investment Portfolio as at March 31, 2008:

<u>Sector Allocation</u>	<u>% of Net Assets</u>
Materials	68.6%
Energy	31.0%
Cash	0.9%
Other assets less other liabilities	-0.5%

Top 25 Investments

<u>Issuer</u>	<u>% of Net Assets</u>
Houston Lake Mining Inc.	13.9%
Donner Metals Ltd.	9.3%
Nordic Oil and Gas Ltd.	8.3%
Temex Resources Corp.	7.4%
Greentree Gas & Oil Ltd.	7.1%
RX Exploration Inc.	6.9%
Grand Banks Energy Corporation	5.6%
Strateco Resources Inc.	5.6%
Adanac Molybdenum Corporation	4.7%
Romios Gold Resources Inc.	4.5%
Platinex Inc.	3.8%
Yukon Zinc Corporation	3.0%
Wildcat Exploration Ltd.	2.7%
Knight Resources Ltd.	2.5%
Canadian Phoenix Resources Corp.	2.3%
Carpathian Gold Inc.	2.0%
Emerald Bay Energy Inc.	1.8%
Nordic Oil and Gas Ltd. Warrants	1.8%
Atlanta Gold Inc.	1.7%
Junex Inc.	1.6%
Intrepid Mines Limited	1.3%
Viking Gold Exploration Inc.	1.1%
Solid Resources Ltd.	0.4%
La Quinta Resources Corporation	0.3%
Adroit Resources Inc. Warrants	0.0%
