



**frontierAlt Funds Management Limited**

## **Semi-Annual Financial Statements**

frontierAlt Opportunistic Bond Fund  
(formerly frontierAlt All Terrain Bond Fund)

frontierAlt Opportunistic Global Fund  
(formerly frontierAlt All Terrain World Fund)

frontierAlt Resource Capital Class Fund

**March 31, 2008**

## frontierA/t Resource Capital Class Fund

### Statement of Net Assets

As at March 31, 2008 (unaudited) and September 30, 2007

	2008	2007
<b>Assets</b>		
Investments, at market value	\$ 3,833,065	\$ 603,035
Cash	37,886	871,005
Subscriptions receivable	-	500
Receivable for investments sold	-	1,287
Interest receivable	160	-
	<u>3,871,111</u>	<u>1,475,827</u>
<b>Liabilities</b>		
Accrued expenses	15,570	8,683
Redemptions payable	7,983	12,897
	<u>23,553</u>	<u>21,580</u>
<b>Total net assets and shareholders' equity</b>	<b>\$ 3,847,558</b>	<b>\$ 1,454,247</b>
Total net assets and shareholders' equity, Series A	\$ 3,847,558	\$ 1,454,247
Net asset value per share, Series A	<u>\$ 9.77</u>	<u>\$ 10.68</u>

(See accompanying notes to financial statements)

Approved on behalf of the Board of frontierA/t Funds Management Limited

(signed) **M. Asif Khan** \_\_\_\_\_

Director

(signed) **Kurankye Sekyi-Otu** \_\_\_\_\_

Director

**frontierA/t Resource Capital Class Fund**  
**Statement of Operations**  
**For the Six Months Period Ended March 31 (unaudited)**

**2008**

**Investment Income**

<b>Income</b>		
Dividends	\$	7,113
Interest		134
		<u>7,247</u>

**Expenses**

Management fees		39,801
Audit fees		16,834
Custodial fees		10,738
Legal fees		318
Filing fees		4,905
Administration fees		32,255
Other expenses		283
		<u>105,134</u>
Expenses waived or absorbed by the Manager		<u>(5,648)</u>
<b>Net investment loss</b>		<u>(92,239)</u>

**Realized and unrealized gain (loss) on investments**

Net realized gain on sale of investments		44,570
Unrealized depreciation in value of investments		(229,697)
Transaction costs		(33,376)
<b>Net loss on investments</b>		<u>(218,503)</u>

**Decrease in net assets from operations** \$ (310,742)

Decrease in net assets from operations, Series A \$ (310,742)

Decrease in net assets from operations per security, Series A \$ (1.62)

*(see accompanying notes to financial statements)*

**frontierA/t Resource Capital Class Fund**  
**Statement of Changes in Net Assets**  
**For the Six Months Period Ended March 31 (unaudited)**

	<b>2008</b>
<b>Net assets at the beginning of the period</b>	\$ 1,454,247
<b>Increase in net assets from operations</b>	(310,742)
<b>Capital transactions</b>	
Proceeds from the issuance of shares	6,420,891
Payment for redemption of shares	(3,716,835)
Units issued on reinvestment of distributions	59,997
<b>Distributions to shareholders:</b>	
realized gains on portfolio assets sold	(60,000)
<b>Net assets at the end of the period</b>	<b>\$ 3,847,558</b>
<b>Net assets at the beginning of the period, Series A</b>	\$ 1,454,247
<b>Increase in net assets from operations, Series A</b>	(310,742)
<b>Capital transactions, Series A</b>	
Proceeds from the issuance of shares	6,420,891
Payment for redemption of shares	(3,716,835)
Units issued on reinvestment of distributions	59,997
<b>Distributions to shareholders:</b>	
realized gains on portfolio assets sold	(60,000)
<b>Net assets at the end of the period, Series A</b>	<b>\$ 3,847,558</b>

*(see accompanying notes to financial statements)*

**frontierAlt Resource Capital Class Fund**  
**Statement of Cash Flows**  
**For the Six Months Period Ended March 31 (unaudited)**

**2008**

**Operating activities**

Net investment income(loss)	\$ (92,239)
Net realized gain on sale of investments	11,194
	<u>(81,045)</u>

**Change in operating assets and liabilities**

Increase in deposits with broker	(3,459,727)
Increase (decrease) in liabilities	1,973
Decrease (increase) in receivables	1,624
	<u>(3,456,130)</u>
Net cash from(used in) operating activities	(3,537,175)

Cash received on issue of units	6,420,891
Cash paid on redemption of units	(3,716,835)
	<u>2,704,056</u>
Increase (decrease) in cash and short-term investments during the period	(833,119)

Cash and short-term investments balance beginning of period	871,005
Cash and short-term investments balance end of period	<u>\$ 37,886</u>

*(see accompanying notes to financial statements)*

## frontierA/t Resource Capital Class Fund

### Statement of Investment Portfolio

As at March 31, 2008 (unaudited)

SECURITY	SHARES HELD	AVERAGE COST	MARKET VALUE
<b>CANADIAN EQUITIES (99.6%)</b>			
<b>Materials (68.6%)</b>			
Adanac Molybdenum Corporation	315,790	\$ 300,000	\$ 180,000
Adroit Resources Inc. Warrants	416,667	1	1
Atlanta Gold Inc.	99,666	39,866	64,782
Atlanta Gold Inc. Warrants	55,556	1	1
Bravo Venture Group Inc. Warrants	20,833	1	1
Carpathian Gold Inc.	200,000	102,763	77,999
Donner Metals Ltd.	1,086,957	565,217	358,695
Donner Metals Ltd. Warrants	543,478	1	1
First Narrows Resources Corp. Warrants	416,666	12,499	1
Gallery Resources Limited	1,666,666	1	1
Houston Lake Mining Inc.	859,611	738,401	532,958
Intrepid Mines Limited	250,000	60,000	51,249
La Quinta Resources Corporation	56,000	38,640	11,760
Mawson Resources Limited Warrants	32,500	17,224	1
Mountain Boy Minerals Ltd. Warrants	166,666	1	1
Platinex Inc.	535,273	198,051	144,523
RX Exploration Inc.	666,667	100,000	266,666
Romios Gold Resources Inc.	500,000	200,000	175,000
Solid Resources Ltd.	116,200	55,776	15,105
Sparton Resources Inc. Warrants	166,666	28,332	1
Strateco Resources Inc.	100,000	308,000	215,000
Temex Resources Corp.	500,000	340,000	285,000
Tres-Or Resources Ltd. Warrants	400,000	1	1
Viking Gold Exploration Inc.	555,555	77,777	41,666
Wildcat Exploration Ltd.	750,000	165,000	105,000
Yukon Zinc Corporation	833,334	100,000	116,666
Yukon Zinc Corporation Warrants	416,667	1	1
		<u>3,447,554</u>	<u>2,642,080</u>

## frontierA/t Resource Capital Class Fund

### Statement of Investment Portfolio

As at March 31, 2008 (unaudited)

SECURITY	SHARES HELD	AVERAGE COST	MARKET VALUE
<b>Energy (31.0%)</b>			
Canadian Phoenix Resources Corp.	514,000	\$ 48,830	\$ 87,380
Emerald Bay Energy Inc.	1,000,000	140,000	70,000
Grand Banks Energy Corporation	100,000	110,000	216,000
Greentree Gas & Oil Ltd.	1,951,000	282,895	273,139
Junex Inc.	93,700	65,590	59,967
Knight Resources Ltd.	500,000	150,000	97,499
Knight Resources Ltd. Warrants	500,000	1	1
Nordic Oil and Gas Ltd.	600,000	102,000	318,000
Nordic Oil and Gas Ltd. Warrants	300,000	1	68,999
		<u>899,317</u>	<u>1,190,985</u>
<b>TOTAL INVESTMENT PORTFOLIO (99.6%)</b>		4,346,871	3,833,065
<b>Cash (0.9%)</b>		37,886	37,886
<b>Other Assets less Other Liabilities (-0.5%)</b>		<u>(23,393)</u>	<u>(23,393)</u>
<b>NET ASSETS (100.0%)</b>		<u>\$ 4,361,364</u>	<u>\$ 3,847,558</u>

(see accompanying notes to financial statements)

**frontierAlt Funds**  
**Notes to the Financial Statements**  
**For the Six Months Period Ended March 31, 2008 (unaudited) and the**  
**Year Ended September 30, 2007**

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**1. The Funds**

The frontierAlt Opportunistic Bond Fund (the “Opportunistic Bond Fund”), and the frontierAlt Opportunistic Global Fund (the “Opportunistic Global Fund”) (collectively the “Trust Funds”) are open-ended mutual fund trusts formed under the laws of the Province of Ontario by Declarations of Trust, executed by the Trustee of the Funds at the following dates: October 21, 1988, as amended and restated November 21, 1995, April 20, 2006 and January 31, 2008 with regards to the Opportunistic Global Fund (formerly frontierAlt All Terrain World Fund); August 27, 1998, as amended and restated April 20, 2006 with regards to the All Terrain Canada Fund (formerly Orbit Canadian Equity Fund); and April 20, 2006 and January 31, 2008 for the Opportunistic Bond Fund (formerly frontierAlt All Terrain Bond Fund).

On January 29, 2008, a majority of the unitholders of the frontierAlt All Canada Fund and the frontierAlt All Terrain World Fund approved the merger of the frontierAlt All Terrain Canada Fund into the frontierAlt All Terrain World Fund.

The frontierAlt Resource Capital Class Fund (the “Resource Capital Class Fund”) is a class of shares of frontierAlt Capital Class Fund Limited (the “Corporation”); a mutual fund corporation formed under the Business Corporations Act (Ontario) (the “OBCA”) by articles of incorporation dated April 27, 2007, as amended June 6, 2007. The Corporation was established, in part, to facilitate exchange transactions pursuant to which the assets of existing resource flow-through limited partnerships established by the Manager are transferred to the Corporation in exchange for shares of the Corporation. The shares of the Corporation issued to a frontierAlt Limited Partnership on a Mutual Fund Rollover Transaction was distributed to the limited partners of the frontierAlt Limited Partnership on the winding-up of the affairs of such partnership.

The funds are referred to individually as a “Fund” and collectively as the “Funds”. frontierAlt Funds Management Limited is the Manager (the “Manager”) and the Trustee of the Funds.

## **2. Regulatory Changes**

On April 1, 2005, the Canadian Institute of Chartered Accountants (“CICA”) issued Section 3855, “Financial Instruments – Recognition and Measurement” of the CICA Handbook – Accounting, which established standards for the fair valuation of investments as well as the accounting treatment of transaction costs. Section 3855 applies to fiscal years beginning on or after October 1, 2006. Additionally, Section 14.2 of National Instrument 81-106 (“NI 81-106”), issued by the Canadian Securities Administrators in 2005, requires the daily net asset value of an investment fund to be calculated in accordance with Canadian generally accepted accounting principles (“GAAP”). The adoption of Section 3855 would result in the use of different valuation techniques for certain investments.

Canadian securities regulatory authorities granted interim relief to investment funds from complying with Section 3855, for the purpose of calculating and reporting of net asset value (other than for financial reporting purposes) for up to a one year period ending September 30, 2007. On June 1, 2007, securities regulatory authorities proposed amendments to NI 81-106 which will remove the requirement to calculate the NAV in accordance with GAAP and replace it with a requirement to fair value assets and liabilities. The proposed amendments will permit investment funds to have two different NAVs: one for financial statements (the “GAAP NAV”) and another one for all other purposes (the “Transactional NAV”). The proposed amendments require reconciliation between the two NAVs, and disclosure of how the valuation principles and practices differ. On September 28, 2007, the interim relief was extended to September 30, 2008 or such earlier time as these proposed changes to NI 81-106 could be made.

A reconciliation of between Transactional NAV and GAAP NAV has been provided in note 9 of these financial statements.

## **3. Significant Accounting Policies**

These financial statements have been prepared in accordance with GAAP. The following is a summary of the significant accounting policies of the Funds.

### ***Use of Estimates***

The financial statements have been prepared by the Manager in accordance with GAAP. The preparation of financial statements require the Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting

periods. Significant estimates include valuation of investments. Actual results may differ from these estimates.

### ***Valuation of Investments***

- i. Securities listed upon a recognized public stock exchange are valued at their bid prices on the valuation date. Securities with no available bid prices are valued at the closing sale prices.
- ii. Securities not listed upon a recognized public stock exchange are valued using valuation techniques, on such basis and in such manner established by the Manager.
- iii. Short-term notes, treasury bills and bonds are valued at the average bid quotations from recognized investment dealers.

### ***Investment Transactions and Income Recognition***

Investment transactions are recorded on the trade date. Realized gains and losses from investment transactions and unrealized appreciation or depreciation of investments are calculated using the average cost basis.

Transaction costs are expensed and are included in "Transaction costs" in the Statements of Operations. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commission paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

Dividend income is being recorded on the ex-dividend date.

### ***Foreign Exchange***

Foreign currency amounts are expressed in Canadian dollars on the following basis:

- Market value of investments, other assets and liabilities at the Bank of Canada noon daily rate of exchange.
- Purchases and sales of investments, income and expenses at the rate of exchange prevailing on the respective transaction dates.
- Realized and unrealized foreign exchange gains and losses related to investment transactions are included in "Net realized gains (losses) on sale of investments" and "Change in unrealized appreciation of investments" respectively.

### **Valuation of Fund Units**

Net asset value per unit is calculated at the close of business on each day (a "Valuation Day") the Toronto Stock Exchange is open. The units of the Funds are issued and redeemable at the option of the holder, at the applicable net asset value per unit. The net asset value per unit is calculated by dividing the total market value of each Fund's net assets by the total number of units then outstanding.

### **Increase in net assets from operations per unit**

The increase or decrease in net assets from operations per unit presented in the Statement of Operations represents the increase or decrease in net assets from operations for the period, divided by the average number of units outstanding during the period.

## **4. Unitholders' and Shareholders' Equity**

Units/shares of the Funds are issued or redeemed on a daily basis at the net asset value per unit.

Summary of purchase/reinvestment and redemption of units/shares

Fund		Beginning of year	Purchase/reinvestment during year	Redemptions during year	End of year
Opportunistic Bond Fund - Series A	2007	252,055	2,202,568	425,332	2,029,291
	2008	2,029,291	146,394	447,805	1,727,880
Opportunistic Bond Fund - Series F	2007	168,671	703,257	343,902	528,026
	2008	528,026	61,846	200,908	388,964
Opportunistic Bond Fund - Series I	2007	-	53,584	-	53,584
	2008	53,584	1,754	458	54,880
Opportunistic Global Fund - Series A	2007	814,940	38,144	185,584	667,500
	2008	667,500	421,287	359,838	728,949
Opportunistic Global Fund - Series F	2007	4,400	35,763	5,015	35,148
	2008	35,148	68,900	16,189	87,859
Resource Capital Class Fund - Series A	2007	-	380,003	243,885	136,118
	2008	136,118	627,625	369,867	393,876

## **5. Fund Rollover & Merger**

Effective as of the close of business on the Rollover Date, as set out below, the Continuing Fund acquired the portfolio assets of the corresponding Terminated Fund

in exchange for units of the Continuing Fund. The value of the units of the Continuing Fund issued in connection with this rollover was equal to the fair value of the investments transferred.

Terminating Fund	Shares Issued	Fair Market Value of Net Assets Acquired	Rollover Date	Continuing Fund
frontier <i>Alt</i> Resource 2005 Flow-Through Limited Partnership	617,545	\$6,376,152	November 30, 2007	frontier <i>Alt</i> Resource Capital Class Fund
Continuing Fund	Shares Issued	Fair Market Value of Net Assets Acquired		
frontier <i>Alt</i> Resource Capital Class Fund	617,545	\$6,376,152		

The financial statements of the Continuing Fund do not include the operating results of the Terminated Fund for the period to the Rollover Date.

On January 31, 2008 units of the frontier*Alt* All Terrain Canada Fund merged into the frontier*Alt* All Terrain World Fund. The name of the continuing fund was also changed to frontier*Alt* Opportunistic Global Fund on the same date. Avenue Investment Management remains the portfolio advisor to the Fund and the investment objectives of the Fund have not changed.

Terminating Fund	Shares Issued	Fair Market Value of Net Assets Acquired	Merger Date	Continuing Fund
frontierAlt All-Terrain Canada Fund Class A	419,586	\$ 3,891,072	January 31, 2008	frontierAlt Opportunistic Global Fund Class A (formerly frontierAlt All Terrain World Fund Class A)
frontierAlt All-Terrain Canada Fund Class F	48,482	\$ 457,870	January 31, 2008	frontierAlt Opportunistic Global Fund Class F (formerly frontierAlt All Terrain World Fund Class F)

Continuing Fund	Shares Issued	Fair Market Value of Net Assets Acquired
frontierAlt Opportunistic Global Fund Class A (formerly frontierAlt All Terrain World Fund Class A)	419,586	\$3,891,072
frontierAlt Opportunistic Global Fund Class F (formerly frontierAlt All Terrain World Fund Class F)	48,482	\$457,870

## 6. Expenses

### Manager and management fees

frontierAlt Funds Management Limited is the Manager of the Funds. As such, the Funds are dependent on the Manager for administration and management matters relating to their operations.

Management fees are paid to the Manager on a monthly basis. The Manager is responsible for managing the business and affairs of the Funds pursuant to management agreements or trust indentures.

The Manager receives an annual percentage rate of the average net assets of the each series of Funds. The management fee is calculated based on the weighted net asset value on a daily basis using Transactional NAV. The management fees charged are as follows:

Opportunistic Bond Fund - Series A	1.35%
Opportunistic Bond Fund - Series F	0.85%
Opportunistic Global Fund - Series A	2.00%
Opportunistic Global Fund - Series F	1.00%
Resource Capital Class Fund - Series A	2.00%

The management fee with respect to Series I units, where applicable, is separately negotiated with the Manager of the Funds.

All transactions with the Manager, a related company, are measured at exchange amounts and occur within the normal course of business.

### Administrative Fees and Expenses

During the year, the Funds incurred administrative and accounting fees of \$128,360 (2007 - \$170,783) to KeiData Back Office Solutions Inc., a wholly owned subsidiary of frontierAlt Investment Management Corporation. The fees incurred by each Fund are as follows:

Year	frontierAlt Funds		
	Opportunistic Bond Fund	Opportunistic Global Fund	Resource Capital Class Fund
2007	\$ 97,007	\$ 61,586	\$ 12,190
2008	66,570	34,870	26,920

The transactions with KeiData Back Office Solutions Inc., related party, are measured at exchange amounts and occur within the normal course of business.

All fees and expenses applicable to the administration and operation of the Funds, including legal and audit fees, GST and withholding taxes, interest, expenses of financial and other reports, and expenses relating to regulatory compliance are the responsibility of the Funds. Brokerage commissions are also paid by the Funds.

The Manager has the discretion, from time to time, to waive or absorb expenses associated with the Funds. The amounts of the absorbed or waived expenses are reported in the statement of operations.

## **7. Income Taxes and Distributions**

### **(a) Taxation of Open-Ended Mutual Fund Trusts**

Each of the Trust Funds qualifies as mutual fund trusts under the Income Tax Act (Canada) and the Taxation Act (Québec). Each of these funds has a December 15 year-end for income tax purposes. The financial statements of the Trust Funds do not include a provision for income taxes because any net investment income, including capital gains, is paid regularly throughout the year to unitholders and is taxable in their hands. Income tax on capital gains not paid to unitholders is recoverable pursuant to a formula based upon redemption of units of the Fund. Any tax losses are not deductible by the unitholders but will be deductible by the Funds as permitted by the Income Tax Act (Canada) and the Taxation Act (Québec).

### **(b) Taxation of Open-Ended Mutual Fund Corporation**

Under the Income Tax Act (Canada), the Corporation qualifies as a mutual fund corporation and computes its net income (loss) and net capital gains (losses) for income tax purposes as a single entity. The Corporation has a September 30 year-end for income tax purposes. A mutual fund corporation is subject to a special 33 1/3% tax on taxable dividends received from corporation's resident in Canada and to tax at normal corporate rates on other income and net taxable realized capital gains for the year. The special 33 1/3% tax is refundable on payments of taxable dividends to shareholders at the rate of \$1 for each \$3 of such dividends paid. All the tax on net taxable realized capital gains is refundable when the gains are distributed to shareholders as capital gains dividends or through redemption of shares at the request of shareholders.

(c) Losses Carried Forward

Net realized capital losses of the Funds may be carried forward indefinitely to reduce future net realized capital gains. Non-capital losses may be carried forward to reduce taxable income for up to seven years, with the exception of non-capital losses realized between March 22, 2004 and December 31, 2005, which may be carried forward up to ten years and non-capital losses arising in taxation years ending after 2005, which may be carried forward up to twenty years.

The losses, as at March 31, 2008 are as follows:

	Net Capital Losses	Non -Capital Losses, expiring in			
		2008	2009	2010	2027
Opportunistic Bond Fund	-	-	-	-	-
Opportunistic Global Fund	5,739,656	486,596	455,371	327,494	145,217
Resource Capital Class Fund	-	-	-	-	-

## 8. Brokerage Commissions

Total brokerage commissions paid in connection with securities transactions during the last two years were as follows:

	2008 \$	2007 \$
Opportunistic Bond Fund	-	-
Opportunistic Global Fund	23,929	9,287
Resource Capital Class Fund	33,376	3,347

## 9. Reconciliation of Net Asset Value

In accordance with the decision made by the Canadian securities regulatory authorities, a reconciliation between the Transactional NAV and the GAAP NAV of an investment fund is required as follows:

	Net Asset Value			Opening Section 3855 Adjustment	Net Asset Value per Share	
	Pricing NAV	Section 3855 Adjustment	GAAP NAV		Pricing NAV	GAAP NAV
Opportunistic Bond Fund Series A	17,752,612	-	17,752,612	-	10.27	10.27
Opportunistic Bond Fund Series F	3,910,013	-	3,910,013	-	10.05	10.05
Opportunistic Bond Fund Series I	550,422	-	550,422	-	10.03	10.03
Opportunistic Global Fund Series A	6,528,141	(440)	6,527,701	-	8.96	8.95
Opportunistic Global Fund Series F	802,674	(54)	802,620	-	9.14	9.14
Resource Capital Class Fund	3,991,240	(143,682)	3,847,558	-	10.13	9.77

## 10. Subsequent event

On November 27, 2007, the Limited Partners of frontierAlt Resource 2005 Flow-Through Limited Partnership (the "Partnership") approved the transfer and sale of all of the assets of the Partnership on a tax-deferred basis to Resource Capital Class Fund, in exchange for Series A shares of the Resource Capital Class Fund.

## 11. Financial Instruments

Financial instruments of the Funds include cash, subscriptions receivable, receivables for investments sold, dividends receivable, investments, payables for investments purchased, and accrued expenses. There are no significant differences between the carrying values of these financial instruments and their fair values. Investments are carried at their fair values as described in note 3.

## Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security of its issuer or factors affecting all securities in the market. All trading instruments are recognized at fair value and all changes in market conditions directly affect net assets from operations.

## Currency Risk

The assets and liabilities of both the Opportunistic Bond Fund and the Resource Capital Class Fund are predominately held in the functional currency which is the Canadian Dollar and are not exposed to significant foreign currency risks. The Opportunistic Global has investments denominated in currencies other than the Canadian Dollar, and is exposed to currency risk.

## Liquidity Risk

The Funds invest in publicly traded companies which are traded in an active market. The market values of the listed investments held can be impacted by trading volumes and restrictions, and the quoted market value may not be indicative of what the Funds could realize on the immediate sale as it may take a significant amount of time to liquidate positions without causing a significant negative impact on the market price. There can be no assurance that an active trading market for the investments will exist at all times, or that the prices at which the securities trade accurately reflect their values.