



**30 September 2009**

**FRONTIER MINING LTD  
("Frontier" or "the Company")**

**Interim Results for the six months to 30 June 2009 and Operational Update**

Frontier Mining Ltd (AIM: FML), the AIM listed gold and copper exploration and development Company focused in Kazakhstan, announces its unaudited interim results for the six months ended 30 June 2009.

**Highlights:**

- \$14 million financing completed comprising \$4m equity placement and \$10m debt facility
- Erlan Sagadiev appointed as Chairman and Chief Executive Officer of Frontier
- 29 holes totalling over 5,000 metres drilled under infill drilling program at Benkala.
- Technical and regional authority approval for electricity connection, site infrastructure and construction foundation works obtained for Benkala project
- Extended pilot production license at Naimanjal complex.
- Submitted application for commercial production at Naimanjal Complex and application for pilot production at Koskuduk, Beschoku and Yubileiny.

**Post-Period End:**

**Corporate**

- £5m additional funding secured with YA Global Master SPV LTD, via a Standby Equity Distribution Agreement
- Cash balance of \$1.2m in bank as at 30 September 2009

**Benkala**

- Construction begun on electricity connection and site infrastructure
- Infill drilling program now totals 54 holes with 6,700 metres drilled and over 4000 samples sent for assay

**Naimanjal**

- Year-to-date income of US\$1,570,000 from sale of 1,499 ounces of gold and 4,886 ounces of silver
- 109,004 tonnes of ore stacked at an average grade of 1.2 g/t as at 30 September (containing approx 4,050 ounces gold and 72,000 ounces of silver)
- Pilot production licences approved at local authority level

Erlan Sagadiev, Chairman & CEO of Frontier, commented: *"The Company's financing activities in the first six months of 2009 have laid a firm foundation for Frontier to concentrate on progressing development at its Benkala joint venture and continue further developing the Company's income*

*generating assets at Naimanjal. I am confident that the Company's plans will continue to build significant shareholder value in the short to medium term and beyond."*

## **Notes to Editors:**

### **About Frontier Mining Ltd:**

Frontier Mining Ltd. is a mineral exploration and development Company that was incorporated in the state of Delaware, USA, on 5 August 1998 for the purpose of exploring and developing gold and copper deposits in the Republic of Kazakhstan. Through its subsidiaries and affiliates, Frontier locates, evaluates, acquires, explores and develops mineral properties.

Frontier currently owns two licenses in Kazakhstan. They are the Naimanjal exploration and mining licence, held by FML Kazakhstan, and, 50% of U.S. Megatech BVI which holds the Benkala licence. FML Kazakhstan is a wholly-owned subsidiary of Frontier Mining Ltd. Frontier has one producing gold mine, Naimanjal; one pre-feasibility stage gold project, Koskuduk; and the recently acquired 50% interest in the Benkala copper mine.

Frontier also has a potential copper porphyry deposit with associated gold and molybdenum, Baitimir; and several copper/gold prospects along a 25-km trend including both VMS and porphyry types. Metallurgical tests on its Beschoku and Yubileiny copper projects confirm the oxide copper ore is amenable to extraction using low cost SX-EW technology.

Frontier owns a 50% interest in KazCopper LLP, the joint venture company that owns the Benkala copper-molybdenum-gold deposit located in north-western Kazakhstan within the Urals gold/copper ore belt. A Competent Persons Report ("CPR") on the Benkala project completed by Wardell Armstrong International ("WAI") in March 2007 estimated 47.75 Mt at an average grade of 0.36% Copper ("Cu") for the oxide mineralization, and 873.75 Mt at an average grade of 0.30% Cu for the sulphide mineralisation, representing some 2.8 million tonnes of contained copper, and at a 10% Discount Rate and a \$1.5/lb Cu price, the Benkala Project has an NPV approaching \$500M. A conceptual study team and advisory team have both been appointed to fast track the development of this project forward towards a pre- feasibility study, with a view to beginning production in 2011.

### **Issued Share Capital**

Frontier Mining's shares are traded on the AIM market of the London Stock Exchange.

Frontier currently has 509,795,789 issued and 21,812,009 reserved and outstanding options giving 531,607,798 fully diluted ordinary shares. In addition, there are 407,540,430 Warrants issued and outstanding pursuant to the financing agreement announced on 30 April 2009.

For further information please visit; [www.frontiermining.com](http://www.frontiermining.com)

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## **Chairman's Statement**

On behalf of Frontier Mining Ltd's Board of Directors, I am pleased to present our unaudited interim results for the six months ending 30 June 2009 and provide shareholders with an operational update. In a difficult global economic climate Frontier has successfully secured its finances during the first six months of 2009, restarted production at Naimanjal and continued to progress development at Benkala.

## **Financing**

In April this year the Company announced that it had secured a \$10 million financial facility with Zere Group JSC of Kazakhstan. This is a drawdown Facility and has been granted for a period of two years and bears interest at a rate of 15 per cent per annum. At 30 June 2009 the Company had drawn down a total of \$3.7m against the facility.

Frontier also received additional funding in April through a \$4 million share subscription by Sokol Holdings Inc. This funding was immediately used to redeem \$4 million of an outstanding \$7.7 million loan note that the Company has with Coville Intercorp Ltd. At the end of June the amount outstanding on the Coville loan note was \$2.4million and full payment of the note is due to be concluded by the end of the year.

On the 25 August 2009 the Company entered into a £5,000,000 Standby Equity Distribution Agreement ("SEDA") with YA Global Master SPV LTD. This agreement enables the Company, at its discretion and subject to certain conditions being met, to obtain funding from Yorkville at any time during the next 30 months by way of subscription for new shares in the Company at a price defined in the terms and conditions of the agreement.

## **Operational Review**

### **Benkala**

The Benkala Project ("Benkala"), a copper-molybdenum-gold deposit, is Frontier's flagship asset and is managed through KazCopper LLP, the 50% joint venture between Frontier and Coville Intercorp Ltd. Benkala is located in north-western Kazakhstan in the Urals gold/copper ore belt, north east of Aktobe Oblast and 100km south east of the Zhetikara Mountains, an area close to the Russian border with a long regional mining history. Benkala is in an attractive position for mine development given that it already contains developed infrastructure, including a main line railway, an all weather highway and excellent power supply to the site.

In September 2008, KazCopper mobilized three drill rigs and commenced an infill drilling programme. This programme is continuing with 54 infill holes totalling over 6,700m having been drilled at the end of September 2009. For Kazakhstan Ministry of Energy and Mineral Resource reserve calculations, 8 holes totalling 800m remain to be completed. Over 4,000 samples (1.5m cores) have now been sent for assay at the Geoplazma certified laboratory in Aktobe with independent sampling checks to be carried out by the Alex Stewart Laboratory in Kyrgyzstan.

An additional 39 holes totalling approximately 5,000m remain to be completed for the JORC resource statement. The resultant JORC compliant resource statement for the oxide/supergene zone is now anticipated to be completed early in the second quarter of 2010.

KazCopper LLP has received technical and regional authority approval to connect electricity to the Benkala site. Construction work on the power supply has begun and is expected to be completed by November. A 70 person camp has also been purchased with delivery and installation to commence at the end of October. Capital expenditure to date on these projects is approximately \$300,000.

Benkala remains the key driver in bringing the Company into significant revenue streams in the short to medium term. The management of KazCopper is focused on progressing towards full feasibility, production and near term-cash flow on the oxide/supergene and mixed sulphide ores at Benkala in 2011. The Company continues to explore funding options to accelerate the development of this site which could enable production within a shorter time scale.

### **Naimanjal Complex**

The Naimanjal Complex is a highly mineralized Commercial Discovery Area of about 170 square kilometres and the existing Naimanjal mine represents a small part of that area. The Naimanjal Complex also includes 6 identified satellite prospects and more than 100 exploration targets. The Measured, Indicated, and Inferred resource at the Naimanjal deposit using a cut-off grade of 0.3 g/t gold equivalent totals 11,803,332 tonnes at an average grade of 0.67 g/t gold and 18.46 g/t silver containing 252,648 ounces of gold and 7,007,175 ounces of silver.

Mining operations at Naimanjal restarted in June and to date 109,004 tonnes of ore with an average grade of 1.2 g/t has been stacked on the leach pads. Production has commenced and 1,499 ounces of Gold and 4,886 ounces of silver have been produced generating \$1,570,000 revenue to date. The Company now anticipates that an additional 2,000 ounces of gold will be produced in 2009.

Frontier has received local authority confirmation of both the extension of its pilot production license at the Naimanjal Complex and of approval to start pilot production at Koskuduk, Beschoku and Yubileiny with formal Ministry approval expected in October. As previously stated the Company has submitted its application for full commercial production at Naimanjal and this remains on track. The Company now anticipates receiving news on its application by the end of 2009.

With production restarted at Naimanjal, management will focus on bringing the Koskuduk deposit into production.

### **Koskuduk**

The Koskuduk Commercial Discovery Area is 15 sq km and there are at least three styles of mineralization present at Koskuduk. The first is a gold-dominant oxide mineralization occurring from surface to depths of approximately 50 metres. The second is gold-silver-lead-zinc and lesser lead mineralization associated with discrete veins and feeder zones. Third, relatively thick (>10 metre) lower grade gold-silver-zinc and lesser lead mineralization occur as disseminated stratigraphically controlled bodies. All styles of mineralization are potentially attractive.

The Company intends to prepare the Koskuduk deposit over the 2009/2010 winter period in order for production to commence in the second quarter of 2010. A crushing operation, leach pads and a production facility will be built on location with initial construction to begin in October 2009. Construction will continue through the winter period allowing a planned production start up in April 2010.

Additional mining fleet comprising 6 trucks and two crushers (total value of \$200,000) have already been purchased to complete the preparation works, begin initial stripping of the deposit and to be available for the start up of production.

### **Beschoku**

The Company continues to review options for the Beschoku deposit, to finalise processing technology with the goal of bringing it into production in late 2010/2011.

## **Financial Results**

As mining operations did not recommence until June no income was received in the six month period to June 30, 2009. However, post period and year to date, the Company has sold 1,499 ounces of gold and 4,886 ounces of silver generating \$1,570,000 (2008 \$737,074 for the same period).

Losses for the period total \$1.9m (\$1.4m for the prior period in 2008). However when non-operating costs are excluded, administration costs are approximately 19% lower than the comparable period last year.

## **Outlook**

The final quarter of 2009 will be a busy one for Frontier as the Company pushes forward with production at Naimanjal, development and construction at Koskuduk and the progression of regulatory approvals.

Continuing development on all fronts at Benkala remains the Company's key focus. With sufficient financing in place and cash flow from its Naimanjal assets, Frontier is confident it has the financial and operational resources required to turn Benkala into the Company transforming asset we believe it to be.

## Frontier Mining Ltd

### Interim Summarised Consolidated Financial Statements

#### CONSOLIDATED INCOME STATEMENT For the six month period ended June 30, 2009 (unaudited)

| US\$'s   | June 30,<br>2009 | June 30,<br>2008 | December<br>31,<br>2008 |
|--|------------------|------------------|-------------------------|
| Revenue  | -                | -                | -                       |
| Cost of sales                                  | -                | -                | -                       |
| <b>Gross profit</b>                            | -                | -                | -                       |
| Selling, general and administrative expenses   | 1,186,601        | 1,462,826        | 4,519,160               |
| Write-off of exploration and evaluation assets | -                | -                | -                       |
| <b>Operating loss</b>                          | 1,186,601        | 1,462,826        | 4,519,160               |
| Interest income                                | -                | -                | (16,976)                |
| Finance costs                                  | 611,064          | -                | 277,771                 |
| Other expenses                                 | (23,660)         | (37,683)         | 24,751                  |
| Foreign exchange loss                          | 131,123          | (5,353)          | 210,766                 |
| <b>Loss before taxation</b>                    | 1,905,128        | 1,419,790        | 5,015,472               |
| Taxation                                       | -                | -                | 304,174                 |
| Loss for the period                            | 1,905,128        | 1,419,790        | 5,319,646               |

**CONSOLIDATED BALANCE SHEET  
AS OF JUNE 30, 2009 (unaudited)**

| US\$'s  | June 30,<br>2009  | June 30,<br>2008  | December<br>31,<br>2008 |
|---|-------------------|-------------------|-------------------------|
| <b>Assets</b>                                     |                   |                   |                         |
| <i>Non-current assets</i>                         |                   |                   |                         |
| Exploration and evaluation assets                 | 26,002,631        | 35,125,012        | 25,795,891              |
| Mine development costs                            | 17,066,416        | 6,241,675         | 16,405,755              |
| Property, plant and equipment                     | 4,739,295         | 6,838,051         | 4,649,712               |
| Intangible assets                                 | -                 | 30,106            | 20,886                  |
| Advances for long-term assets                     | -                 | -                 | 23,982                  |
| Value added tax receivable                        | -                 | 847,692           | -                       |
| Cash deposit                                      | -                 | 112,000           | 13,053                  |
| Deferred tax asset                                | 842,323           | 1,112,038         | 807,997                 |
| <b>Total non-current assets</b>                   | <b>48,650,665</b> | <b>50,306,574</b> | <b>47,717,276</b>       |
| <i>Current assets</i>                             |                   |                   |                         |
| Inventories                                       | 574,737           | 598,893           | 263,766                 |
| Trade accounts receivables                        | -                 | 26,453            | -                       |
| Prepaid expenses                                  | 297,470           | 159,830           | 65,582                  |
| Other receivables                                 | 282,318           | 79,560            | 138,467                 |
| Long-term assets held for sale                    | -                 | -                 | 31,400                  |
| Cash and cash equivalents                         | 29,593            | 382,516           | 14,768                  |
| <b>Total current assets</b>                       | <b>1,184,118</b>  | <b>1,247,252</b>  | <b>513,983</b>          |
| <b>Total assets</b>                               | <b>49,834,783</b> | <b>51,553,826</b> | <b>48,231,259</b>       |
| <i>Shareholders' equity and liabilities</i>       |                   |                   |                         |
| Share capital                                     | 4,259,135         | 2,181,201         | 2,181,201               |
| Additional paid-in-capital                        | 53,946,842        | 51,824,776        | 51,824,776              |
| Option premium on convertible notes               | 425,185           | 425,185           | 425,185                 |
| Equity settled employee benefits reserve          | 232,925           | 232,925           | 232,925                 |
| Accumulated losses                                | (25,800,724)      | (19,995,740)      | (23,895,596)            |
| <b>Total shareholders equity</b>                  | <b>33,063,363</b> | <b>34,668,347</b> | <b>30,768,491</b>       |
| <i>Non-current liabilities</i>                    |                   |                   |                         |
| Borrowings  | 6,029,260         | 2,112,963         | 2,096,299               |
| Site restoration provision                        | 699,353           | 624,423           | 699,353                 |
| Due to Government of the Republic of Kazakhstan   | 648,700           | 708,135           | 648,700                 |
| Due to US Trade and Development Agency            | 340,000           | 340,000           | 340,000                 |
| Deferred tax liability                            | 182,222           | 182,222           | 182,222                 |
| <b>Total non-current liabilities</b>              | <b>7,899,535</b>  | <b>3,967,743</b>  | <b>3,966,574</b>        |
| <i>Current liabilities</i>                        |                   |                   |                         |
| Trade accounts payable                            | 1,698,974         | 184,371           | 1,244,506               |
| Borrowings  | 2,209,430         | 7,129,630         | 7,129,630               |
| Due to Government of the Republic of Kazakhstan   | -                 | 64,120            | -                       |
| Other current liabilities                         | 4,963,481         | 5,539,615         | 5,122,058               |
| <b>Total current liabilities</b>                  | <b>8,871,885</b>  | <b>12,917,736</b> | <b>13,496,194</b>       |
| <b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b> | <b>49,834,783</b> | <b>51,553,826</b> | <b>48,231,259</b>       |

**COSOLIDATED STATEMENT OF CASH FLOWS**  
**For the six month period ended June 30, 2009 (unaudited)**

| <b>US\$'s</b>  | <b>June 30,<br/>2009</b> | <b>June 30,<br/>2008</b> | <b>December<br/>31,<br/>2008</b> |
|--|--------------------------|--------------------------|----------------------------------|
| <i>Operating Activities</i>  |                          |                          |                                  |
| Loss for the period  | (1,905,128)              | (1,419,790)              | (5,319,646)                      |
| <i>Adjustments for non cash flow items:</i>  |                          |                          |                                  |
| Income tax expense/(benefit) recognised in profit or loss                          | (34,326)                 | -                        | 304,174                          |
| Depreciation of property and equipment   | 31,748                   | 84,736                   | 63,495                           |
| Amortization of intangible assets  | -                        | 5,937                    | 12,819                           |
| Foreign Exchange loss/(gain)   | 131,123                  | (5,353)                  | 229,159                          |
| Gain from disposal of property and equipment                                       | (69,045)                 | -                        | (10,925)                         |
| Provision for non-recovery of advances paid  | 67,898                   | -                        | 67,898                           |
| Provision for obsolete inventory   | -                        | -                        | 53,261                           |
| Provision for VAT receivable   | -                        | -                        | 688,057                          |
| Finance costs  | 611,064                  | -                        | 277,771                          |
| <b>Operating cash flows before movement in working capital</b>                     | <u>(1,166,666)</u>       | <u>(1,334,470)</u>       | <u>(3,633,937)</u>               |
| Decrease/(increase) in inventory   | (310,971)                | (176,430)                | 105,436                          |
| Decrease/(increase) in trade accounts receivable                                   | -                        | 15,309                   | 41,762                           |
| (Increase)/decrease in prepaid expenses  | (299,786)                | (23,245)                 | 3,105                            |
| (Increase)/decrease in other receivable  | (143,851)                | (39,822)                 | (98,729)                         |
| Increase in accounts payable   | 454,468                  | 66,915                   | 1,127,050                        |
| Increase/(decrease) in other current liabilities                                   | (158,577)                | 2,378,131                | 1,920,223                        |
| <b>Net cash provided by/(used in) operating activities</b>                         | <u>(1,625,383)</u>       | <u>886,388</u>           | <u>(535,090)</u>                 |
| <i>Investing Activities</i>  |                          |                          |                                  |
| Increase in exploration and evaluation assets                                      | (206,740)                | (2,904,603)              | (1,330,671)                      |
| Increase in mine development assets  | (660,661)                | (221,021)                | (1,809,511)                      |
| Cash proceeds from test production sales   | -                        | 192,432                  | 804,513                          |
| Purchase of property and equipment   | -                        | -                        | (89,081)                         |
| Proceeds from sale of property, plant and equipment                                | -                        | -                        | 654,983                          |
| Increase in advances for long-term assets  | 23,982                   | -                        | (23,982)                         |
| Cash deposit   | -                        | -                        | (1,053)                          |
| Withdrawal of cash deposit   | 13,053                   | -                        | 100,000                          |
| <b>Net cash used in investing activities</b>                                       | <u>(830,366)</u>         | <u>(2,933,192)</u>       | <u>(1,694,802)</u>               |
| <i>Financing Activities</i>  |                          |                          |                                  |
| Proceeds from share placement  | 4,200,000                | -                        | -                                |
| Proceeds from borrowings   | 3,321,897                | -                        | -                                |
| Repayment of borrowings  | (4,920,200)              | -                        | -                                |
| Increase in value added tax receivable   | -                        | (49,985)                 | -                                |
| <b>Net cash flows from financing activities</b>                                    | <u>2,601,697</u>         | <u>(49,985)</u>          | <u>-</u>                         |
| Net increase/(decrease) in cash and cash equivalents                               | 145,948                  | (2,096,789)              | (2,229,892)                      |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (131,123)                | 5,353                    | (229,292)                        |
| Cash and cash equivalents at the beginning of year                                 | 14,768                   | 2,473,952                | 2,473,952                        |
| <b>Cash and cash equivalents at the end of year</b>                                | <u><u>29,593</u></u>     | <u><u>382,516</u></u>    | <u><u>14,768</u></u>             |