

Regulatory Announcement

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Company [Frontier Mining Ltd](#)
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Headline Interim Results
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30 September 2005

Frontier Mining Ltd (“Frontier” or “the Company”)

Interim Results (Unaudited) to 30 June 2005

Projects Update to 30 September 2005

Gold Highlights

- Commenced gold and silver production at the Naimanjal gold mine
- New high grade gold discovery - Beschoki
- Naimanjal & Satellite prospects commercial discovery and exploration extensions approved
- Koskoduk resources increased, commercial discovery and exploration extensions approved
- Baltemir prospect exploration license extended 2 years.

Copper Highlights

- Baitimir confirmed as copper porphyry deposit
- Baitimir commercial discovery and exploration extensions approved
- Beschoku and Yubileiny commercial discovery and exploration extensions approved
- Beschoku and Yubileiny leach test work confirms oxide copper ore amenable to SXEW technology
- Preparing to undertake pre feasibility studies on oxide copper deposits

Corporate Highlights

- £4.375 million raised by placing 17,500,000 ordinary shares at £0.25 per share
- £1.650 million raised from exercise of warrants at £0.165
- £90,856.35 raised from Numis Securities Limited’s exercise of warrants at £0.15 per share
- Project Financing negotiations with International and Kazakhstan banks ongoing
- Evaluating options for acquisition of several uranium projects
- Net cash of approximately US\$2m at end September

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Chairman's Statement

On behalf of Frontier's Board of Directors, I am pleased to present our unaudited interim results for the six months ending 30 June 2005. We are currently analysing the results of the copper exploration programme and will be providing a comprehensive update on copper and our other projects before the end of October 2005. I want to provide a brief update on Naimanjal, our new gold discovery, Beschoki, and the status of the uranium projects at this time.

Naimanjal gold mine

The Company retains independent consultants to perform work on its ore resources and reserves, its metallurgical test work and process design. However, in certain circumstances some of the data set out below has been compiled by the Company's own employees.

We continue to stack and leach ore at our Naimanjal gold mine and anticipate stacking over 80,000 tonnes of ore with an average grade of 1.14 grams per tonne of gold and 8.48 grams per tonne of silver by 15 November 2005. There is a 120 day leach cycle and we expect to recover approximately 50 kilogrammes of gold and approximately 230 kilograms of silver by the end of 2005. We anticipate recovering approximately 70% of the contained gold and approximately 60% of the contained silver over the 120 day leach cycle which extends into 2006.

The average gold grade of ore stacked to 15 November 2005 is lower than the average gold grade (1.44 gpt) expected to be delivered to the heap leach pads in the future from the Naimanjal deposit due to stacking of lower grade ore extracted when opening up of the pits. We expect the average grade delivered to the heap leach pads to increase as we blend in higher grade ore from our satellite deposits, specifically Baritovy, where we stacked approximately 6,300 tonnes of stockpiled Baritovy ore with an average grade of 3 gpt.

The saprolitized nature of initial Naimanjal ore did not require crushing, which facilitated the fast startup. We will be installing a crushing circuit before the end of the year which will have the capacity to crush up to 1.2 million tonnes of ore per year, double the requirement for the initial target rate of 25,000 ounces of gold production per year, and in accordance with our plan for expanding production capacity.

We are currently evaluating the decision to continue to stack ore through the winter or cease stacking operations during the winter months and start up again in March 2006. While a benefit for early startup, the requirement to agglomerate saprolitized ore makes stacking during the winter problematic as the agglomerate will not have a chance to cure and we could risk freezing the pad. Therefore, unless we can stack ore that does not require agglomeration, we will cease stacking operations during the winter. Also included in the decision to operate during the winter is the purchase of our own mining equipment fleet to minimize blasting costs and improve mining efficiencies.

Beschoki gold deposit

We are very excited about the discovery of a new gold deposit called Beschoki on the 25-kilometre copper trend. Four holes were drilled as part of the copper exploration programme and returned the following:

Drill Hole	Interval	Average gold grade
BCH-22	39.5 metres	8.87 gpt
BCH-23	20.2 metres	9.29 gpt
BCH-24	33.2 metres	3.81 gpt
BCH-25	23.3 metres	1.81 gpt

While the results are preliminary, we are very encouraged with the initial results.

Uranium projects

We continue to evaluate our options for the acquisition of several uranium projects. The Company will update the market on the outcome of these evaluations in due course.

About Frontier

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 and other countries of the Commonwealth of Independent States. Through its subsidiaries and affiliates, Frontier locates, evaluates, acquires, explores and develops mineral properties.

Frontier currently has two licenses, over a total area of 4,326 km², owned by its wholly owned subsidiaries in Kazakhstan. They are the Naimanjai exploration and mining license, held by FML Kazakhstan, and the Baltemir exploration license, held by Baltemir LLP. Frontier is currently focused on three gold projects with more than two million ounces of oxide and sulphide gold resource (JORC, C1, C2, P1 and management estimates) and two copper/gold projects with more than 5 billion pounds of contained copper resource (P1 management estimates).

Frontier was admitted to trading on AIM on 2 September 2004. Frontier has 89,209,917 ordinary shares issued and 10,723,747 outstanding options and warrants, giving 99,933,664 ordinary shares on a fully diluted basis.

Frontier Mining Ltd.

Interim Summarised Consolidated Financial Statements

Consolidated Balance Sheet

For period ended June 30, 2005

In US Dollars

	Notes	Jun 30, 2005 (unaudited)	Jun 30, 2004 (unaudited)	December 31, 2004
ASSETS				
Non-current assets				
Property and equipment	3	1,064,964	113,724	182,556
Exploration and development cost	4	4,511,073	1,969,142	3,210,726
CIP, Naimanjal complex	3	1,919,767	-	-
Intangible assets		31,026	5,167	47,329
Cash restricted for restoration expenses	6	96,392	-	-
		<u>7,623,222</u>	<u>2,088,033</u>	<u>3,440,611</u>
Current assets				
Trade and other receivables	5	716,845	62,747	100,246
Inventory		1,271,240	-	-
Cash and cash equivalents	6	5,471,971	572,377	2,650,743
		<u>7,460,056</u>	<u>635,124</u>	<u>2,750,989</u>
TOTAL ASSETS		<u>15,083,278</u>	<u>2,723,157</u>	<u>6,191,600</u>
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	7	887,522	18,428	610,509
Additional paid-in-capital		22,928,999	4,882,720	12,139,942
Retained earnings		(8,380,992)	(6,363,007)	(6,287,754)
Net loss		(1,920,925)	(1,774,478)	(2,093,238)
		<u>13,514,604</u>	<u>(3,236,337)</u>	<u>4,369,459</u>
Site restoration provision	8	112,000	98,402	112,000
		<u>112,000</u>	<u>98,402</u>	<u>112,000</u>
Current liabilities				
Short term debt	9	449,629	4,757,598	861,735
Notes payable		-	513,024	-
Trade accounts payable		441,929	511,178	201,340
Other current liabilities		565,116	79,292	647,066
		<u>1,456,674</u>	<u>5,861,092</u>	<u>1,710,141</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		<u>15,083,278</u>	<u>2,723,157</u>	<u>6,191,600</u>

Frontier Mining Ltd.

Consolidated Statements of Operations For 6 months period ended June 30, 2005

In US Dollars

	Notes	6 month period ended June 30, 2005 (unaudited)	6 month period ended June 30, 2004 (unaudited)	the year ended December 31, 2004
General and administrative expenses		1,362,087	1,732,560	2,172,797
Finance cost		-	-	56,977
<u>Loss from operations</u>		<u>1,362,087</u>	<u>1,732,560</u>	<u>2,229,774</u>
Foreign exchange (gain)/loss, net		558,838	-	(136,536)
<u>Loss before taxation</u>		<u>1,920,925</u>	<u>1,732,560</u>	<u>2,093,238</u>
Taxation		-	-	-
<u>Consolidated Net Loss</u>		<u>1,920,925</u>	<u>1,732,560</u>	<u>2,093,238</u>

Frontier Mining Ltd.

Consolidated Statements of Cash Flows For the six months period ended June 30, 2005

In US Dollars

	Period ended June 30, 2005 (unaudited)	Period ended June 30, 2004 (unaudited)	December 31, 2004
Cash flows from operating activities:			
Loss before income tax	(1,920,925)	(1,528,686)	(2,093,238)
Adjustments for:			
Depreciation	25,117	39,904	44,150
Finance costs	-	41,918	52,428
Loss from disposal of property and equipment	-	-	46,105
(Recovery of) provision for bad debts	-	44,555	-
Operating (loss) profit before working capital changes	(1,895,808)	(1,402,309)	(1,950,555)
Changes in operating assets and liabilities:			
Decrease (increase) in trade accounts receivable	(629,592)	(48,726)	(86,494)
Increase in inventory	(1,271,240)	-	-
Increase in site restoration provision	(96,392)	-	21,015
Increase (decrease) in trade accounts payable	240,589	303,125	112,746
Increase (decrease) in other current liabilities	(81,950)	175,017	1,109,598
Net cash flows used in operating activities	(3,734,393)	(972,893)	(793,690)
Cash flows from investing activities:			
Increase in exploration and development costs	(1,300,347)	(675,484)	(1,902,068)
Purchase of property and equipment	(2,810,989)	(98,887)	(215,030)
Net cash flows from (used in) investing activities	(4,111,336)	(774,371)	(2,117,098)
Cash flows from financing activities:			
Capital contributions, net of direct issue cost	11,079,063	661,062	4,360,217
Proceeds received from convertible notes	-	2,350,258	2,306,126
Repayment of short term debts	(412,106)	-	(552,894)
Repayment of notes payable	-	(693,942)	(495,823)
Interest paid	-	-	(56,977)
Net cash used in financing activities	10,666,957	2,317,378	5,560,649
Net increase/(decrease) in cash and cash equivalents	2,821,228	570,114	2,649,861
Cash and cash equivalents at the beginning of year	2,650,743	2,263	882
Cash and cash equivalents at the end of year	5,471,971	572,377	2,650,743

Notes to the Accounts

1. General

Frontier Mining Ltd. (“Frontier” or the “Company”) is a mineral exploration and development company that was incorporated in the state of Delaware, USA, on August 5, 1998 for the purpose of exploring and developing gold and copper deposits in the Republic of Kazakhstan. Through its wholly owned subsidiaries and affiliates, FML Kazakhstan LLP (“FMLK”) and Baltemir LLP (“Baltemir”), Frontier holds interest in, or is the beneficial owner of one producing gold and several non-producing gold and copper properties in Kazakhstan. Frontier is actively exploring its wholly owned Naimanjal and Baltemir contract and license areas.

2. Basis of preparation

The interim Financial Statements have been summarised in accordance with the accounting policies set out in the Company’s audited financial statements for the year to December 31, 2004.

3. Property and Equipment and Construction-in-Progress (“CIP”) Naimanjal Complex

The movement of property, plant, and equipment for the period ended June 30, 2005 was as follows:

	Machinery & equipment	Transport	Other	CIP on Naimanjal Complex	Total
Cost:					
At December 31, 2003	37,919	-	57,944	-	95,863
Additions	29,824	31,224	121,571	-	182,619
Disposal	-	-	(55,677)	-	(55,677)
At December 31, 2004	67,743	31,224	123,838	-	222,805
Additions	752,288	28,941	112,502	1,919,767	2,813,498
Disposal	-	-	-	-	-
At June 30, 2005	<u>820,031</u>	<u>60,165</u>	<u>236,340</u>	<u>1,919,767</u>	<u>3,036,303</u>
Accumulated Depreciation:					
At December 31, 2003	(6,074)	-	(24,714)	-	(30,788)
Charge for the year	(1,846)	(2,478)	(14,709)	-	(19,033)
Disposal	3,037	-	6,535	-	9,572
At December 31, 2004	(4,883)	(2,478)	(32,888)	-	(40,249)
Charge for the year	-	(11,323)	-	-	(11,323)
Disposal	-	-	-	-	-
At June 30, 2005	<u>(4,883)</u>	<u>(13,801)</u>	<u>(32,888)</u>	<u>-</u>	<u>(51,572)</u>
Net Carrying Amount:					
At December 31, 2003	<u>31,845</u>	<u>-</u>	<u>33,230</u>	<u>-</u>	<u>65,075</u>

At December 31, 2004	<u>62,860</u>	<u>28,746</u>	<u>90,950</u>	<u>-</u>	<u>182,556</u>
At June 30, 2005 (unaudited)	<u>815,148</u>	<u>46,364</u>	<u>203,452</u>	<u>1,919,767</u>	<u>2,984,731</u>

4. Exploration and Development Costs

The movement of exploration and development assets for the period ended June 30, 2005 was as follows:

Cost:	
At December 31, 2003	1,308,658
Additions	<u>1,902,068</u>
At December 31, 2004	3,210,726
Additions	<u>1,300,347</u>
At June 30, 2005 (unaudited)	<u>4,511,073</u>

5. Trade and Other Receivables

As of June 30, 2005 trade and other receivables comprised:

	June 30, 2005(unaudited)	2004
Prepayments for works and services	354,246	49,298
Trade receivables	-	24,845
Security deposit on office rent	10,845	2,468
Due from employees	29,145	7,228
VAT Receivables	330,648	-
Rent prepaid	<u>4,954</u>	<u>16,407</u>
	<u>729,838</u>	<u>100,246</u>

6. Cash And Cash Equivalents

As of June 30, 2005 cash and cash equivalents comprised the following:

	June 30, 2005	2004
GBP current bank account	3,931,055	2,465,042
US Dollars current bank account	1,367,084	113,011
KZT current bank account	141,230	67,410
RUR current bank account	5,712	-
Cash restricted for restoration	-	-
Cash on hand	<u>26,890</u>	<u>5,280</u>
	<u>5,471,971</u>	<u>2,650,743</u>

7. Share Capital

As of June 30, 2005, the Company's authorized capital comprised 100,000,000 ordinary shares of US \$0.01 par value each. (December 31, 2004: 100,000,000 shares at US \$0.01 par value each)

Movements in the share capital for the period ended June 30, 2005 was as follows:

	Number of shares and outstanding	Nominal amount	Treasury stocks	Additional paid in capital	Total
December 31, 2003	1,599,500	15,995	(67)	3,931,766	3,947,694
Shares granted to Directors and Management	200,000	2,000	-	598,000	600,000
Capital contributions in cash	10,000	100	-	29,880	29,980
Conversion of operating liabilities to equity	40,000	400	-	119,600	120,000
Total before split	1,849,500	18,495	(67)	4,679,246	4,697,674
Stock Split: 10 for 1	16,645,900	166,459	(603)	(165,856)	-
Total shares after split	18,495,400	184,954	(670)	4,513,390	4,697,674
Short term debt conversion and shares granted to Directors and Management	5,993,526	59,935	-	1,138,770	1,198,705
Share granted to convertible loan notes holders	158,984	1,590	-	27,378	28,968
Conversion of loan notes to equity	12,656,657	126,567	-	2,179,559	2,306,126
AIM placing	23,333,330	233,333	-	4,096,904	4,330,237
Shares granted to employees	480,000	4,800	-	183,941	188,741
December 31, 2004	61,117,897	611,179	(670)	12,139,942	12,750,451
Placing shares on open market	17,500,000	175,000	-	7,812,897	7,987,897
Exercise of warrants	10,201,259	102,013	670	2,989,586	3,091,166
June 30, 2005	88,752,156	887,522	-	22,942,425	23,829,514

On 1 January 2005 43,310 options were exercised to purchase 43,310 ordinary shares of US\$0.01 each at a price of US\$0.30 providing the Company with US\$12,993.

On 4 March 2005, the Company placed 17,500,000 ordinary shares of US \$0.01 par value each ("New Ordinary Shares") with institutional investors in the United Kingdom at a price of 25 pence per ordinary share to raise £4.375 million before expenses (US \$8.122 million equivalent at the exchange rate in effect on that date). These New Ordinary Shares were admitted to trading on AIM on March 10, 2005.

On June 17, 2005 Numis Securities Limited exercised its option to purchase 605,709 ordinary shares of US \$0.01 each at a price of 15 pence per ordinary share (US \$0.27 equivalent at the exchange rate in effect on that date) providing the Company with £90,856 (US \$163,541.43 equivalent at the exchange rate in effect on that date).

As of June 30, 2005, 9,552,240 out of 12,656,657 warrants were exercised at a price of 16.5 pence per ordinary share providing the Company with £1.576 million additional proceeds (US \$2.993 million equivalent at the exchange rate in effect on that date). The ordinary shares issued upon exercise of warrants are admitted to trading on the AIM as soon as possible after their issuance.

8. Site Restoration Provision

As of June 30, 2005 environmental restoration provisions related to obligations to restore and make safe mines after use and the estimated costs of cleaning up any chemical leakage. Most of

these costs are expected to be incurred at the end of the mines' useful operations, approximately between the years 2025 to 2026. The extent and cost of future remediation programmes are inherently difficult to estimate. They depend on the estimated lives of the mines, the scale of any possible contamination and the timing and extend of corrective actions.

The Company placed \$96,392 on long term deposit with a Kazakhstani bank to cover site restoration expenses when they incurred.

9. Short-Term Debt

As of June 30, 2005 short-term debt comprised the following:

	June 30, 2005	2004
Debt to Degelen Company	-	412,106
Loans from Small World Associates Company ("SWA")	109,629	109,629
	<u>109,629</u>	<u>521,735</u>
Debt to the Trade Development Agency of the United States of America ("TDA")	340,000	340,000
	<u>449,629</u>	<u>861,735</u>

As of June 30, 2005 the debt to Degelen LLP, the former shareholder of Baltemir LLP, was fully repaid.

As of December 31, the grant from the Trade Development Agency of the USA was interest free and denominated in US Dollars. In accordance with the terms of the grant, the grant is refundable to the TDA when the Company succeeds in obtaining funding for the Naimanjai Project based on feasibility study that the grant was provided to finance.

10. Subsequent Events

Share Capital Increase

As of 30 September 2005, 447,761 additional warrants were exercised at a price of 16.5 pence per ordinary share providing the Company with £73,881 additional proceeds (US \$130,000 equivalent at the exchange rate in effect on that date). The ordinary shares issued upon exercise of warrants are admitted to trading on the AIM as soon as possible after their issuance.

In July 2005, 10,000 shares of stock were granted to an employee as a performance bonus.

Subsurface contracts & licenses

On 26 July 2005 regulatory approval for 21 year land utilization of the Naimanjai license and contract was received from Karaganda Regional Authority.

On 15 August 2005 regulatory approval for the 2005 mining plan was approved by CenterKazNedra.

On 18 August 2005 regulatory approval for the cyanide license was received from the committee of Industry and Scientific & Technical Development (a department of the Ministry of Industry of Trade).

On 27 August 2005 regulatory approval for 2½ year evaluation of commercial discoveries, pilot production and exploration extension at the Naimanjal license and contract from the Ministry of Energy & Mineral Resources was received.

Naimanjal Gold Mining Complex

The Company has spent approximately US\$4.5 million on capital expenditures for the Naimanjal Complex from start of construction in January 2005. The Company commenced gold production on 1 September 2005.

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