

Company [Frontier Mining Ltd](#)
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Frontier Mining Ltd
(“Frontier” or “the Company”)

Interim Results (Unaudited) to 30 June 2006

Projects Update to 24 September 2006

Naimanjal Gold Mine and Satellites

- Identification of over 100 new exploration targets
- Recommendation received from State Reserve Committee for Pilot Production at Baritovy satellite deposit
- Revised gold production target for 2006 of 10,000 ounces

Other Gold Exploration Highlights

- Koskoduk exploration programme results to be used in updated resource estimate
- Baltimir exploration programme identified potential resource of narrow high grade vein material

Copper Highlights

- Beschoki breccia pipe trench intercepted 28 metres grading 4.87 g/t gold and 0.66% oxide copper
- Baltimir – reprocessed magnetic data indicates copper mineralisation is closely associated with a 1.2 kilometre long and up to 400 metre wide magnetic high
- Yubileiny – all phases of core drilling have intercepted economic oxide copper grades over mineable widths

Corporate Highlights

- Debt free with US\$6.1 million of cash at 30 June 2006
- In discussions with international banks for project finance

Post Period Highlights

- Naimanjal operations became cash flow positive as of August 2006
- Stacked 9,650 ounces of gold to 24 September 2006

Brian Savage, CEO of Frontier commented, "We continue to make good exploration progress across our project portfolio and I am delighted to report that Naimanjal, the first gold project we have brought into production, is now cash flow positive. We have worked hard to mitigate the delays we have encountered and look forward to reporting on successful developments in due course."

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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 2006. I am delighted to report that we became cash flow positive from operations at Naimanjal during August 2006. Since listing on AIM on 2 September 2004, just over two years ago, we have brought the Naimanjal gold mine into production, become cash flow positive, and have received approval for four commercial discoveries. We are very happy with the progress we have made to date which has been achieved through the hard work, dedication, and enthusiasm of our employees and consultants.

Behre Dolbear & Company, (USA) Inc. ("Behre Dolbear") and SRK Exploration Services Ltd. ("SRKES") have provided oversight and advised on our exploration programmes. We have implemented a Quality Assurance / Quality Control ("QA/QC") protocol for our exploration programmes that was developed by SRKES. This quality control programme is independent of the assay laboratories internal QA/QC and involves the insertion of certified reference standards, quality control blanks and staged duplicates into each batch of samples. SRKES have reviewed the assay results for the samples taken during the 2006 exploration programme and confirm that sample preparation and assaying has been of a high standard. I am pleased to report continued encouraging results across all of our projects.

Naimanjal gold mine

We recommenced operations at Naimanjal in mid-April 2006, following a harsh winter, using a combination of contractor and company owned equipment due to delays in the arrival of our new fleet of mining equipment. Unfortunately the mining boom globally has caused severe shortages of equipment and we are not exempt from the supply delays which continue to beset the entire industry. By the end of the second quarter 2006 our new fleet had arrived, we had commissioned a 225 tonne per hour ("tph") crushing circuit and installed an additional 150 tph screening circuit. By the end of June, mining and stacking operations reached about 65% of our target rate of 4,000 tonnes per day ("tpd"). From 1 September through 24 September, mining operations averaged 95% of our target rate and stacking operations averaged 80% of our target rate. Both mining and stacking operations continue to increase on a daily basis and have exceeded our target rate on a number of occasions.

Due to the issues outlined below, we have revised our gold production target for 2006 and now expect to stack 550,000 tonnes of ore containing 20,000 ounces of gold of which 15,000 ounces are recoverable and produce 10,000 ounces of gold. Our previously stated objective was to produce 25,000 ounces of gold in 2006. The remaining 5,000 ounces of recoverable gold will be produced during the first quarter 2007. We are implementing our winter programme and plan to continue mining and leaching during the winter months. We have been working with Behre Dolbear and believe these forecasts are achievable. The revised production target is the result of lower ore tonnage stacked, lower grade, and lower precipitation of gold and silver from the Merrill Crowe circuit than initially forecast. The

shortfall in tonnage is due primarily to procurement and customs delays that held up the delivery of our equipment fleet, crusher, certain critical consumables, and spare parts. The shortfall in grade is due to lower than forecast grades in the near surface saprolite clays at Naimanjal and we have not been able to blend higher grade ore from the Baritovy satellite deposit as we are still waiting for final approval for Pilot Production. The shortfall in ounces produced is due to the above issues and lower than forecast precipitation of gold and silver from solution in the Merrill Crowe circuit. While we have not fully resolved this issue to date, we are working with Behre Dolbear to achieve forecast recoveries from the Merrill Crowe circuit. In addition, we are installing a carbon circuit that should be online by the end of October and we anticipate that this will increase gold production. We are currently reviewing our gold production targets for next year, and anticipate mining and stacking 1,000,000 tonnes of ore, compared to our initial 2006 mine plan of 896,000 tonnes of ore.

Behre Dolbear reviewed the mining equipment fleet and confirmed that this would have been sufficient for the mining requirements of 2006 had it been delivered on schedule. We have been actively working with our suppliers to ensure the prompt delivery of critical consumables and spare parts and will continue to closely monitor and improve our supply chain management. Behre Dolbear believe that during the process of saprolitisation, oxidation has freed most of the gold in the Naimanjal deposit, causing the re-distribution of gold in the saprolite profile. Generally, gold is depleted at the surface and forms a significant enrichment zone at a depth of 15 to 20 metres from the surface.

As mentioned, we are still waiting for the final approval of Pilot Production at Baritovy, one of the six satellite deposits located within the Naimanjal licence area. We have received the recommendation of the State Reserve Committee for Pilot Production and expect this approval very shortly.

2006 Naimanjal and Satellite Deposits Exploration

Behre Dolbear is overseeing and advising on the 2006 exploration programme for Naimanjal and its satellite deposits. To date, this programme has focused on areas where previous drilling or trenching had identified significant mineralisation, which lead to trenching along strike of known mineralisation, particularly where gold or silver in soil anomalies were present. Finally, the most recent trenching and Reverse Circulation ("RC") drilling has been undertaken in areas where gold or silver were identified in soil geochemistry and/or geophysical anomalies representing entirely new potential zones of mineralisation. As a result of this exploration programme we have identified over 100 exploration targets at Naimanjal and the satellite deposits.

The 2006 Naimanjal and satellite deposits exploration programme is ambitious and includes the following:

- 1,805 metres of core drilling at Naimanjal in 39 holes
- 6,112 metres of RC drilling at Naimanjal in 144 holes

- 282 metres of RC drilling at Jal in 7 holes
- 14,824 metres of trenching in 94 trenches at Naimanjal and Naiman
- 2,276 metres of trenching in 27 trenches at Baritovy, Jal, and Gypsovy (a newly discovered prospective anomaly)
- Induced Polarisation (“IP”) / Resistivity and magnetic surveys at Naimanjal, Baritovy, and Jal
- 1,453 soil samples collected at Naimanjal and Baritovy

Core drilling during April returned ore-grade and thickness intercepts from northwest of Naimanjal Pit 3, southeast of Naimanjal Pit 4, between Naimanjal Pits 1 and 2, Pits 2 and 3, and Pits 4 and 5, and immediately south of Naimanjal Pit 1. RC drilling during August returned ore-grade and thickness intercepts from Naimanjal Pit 6. The only hole drilled significantly west of Naimanjal Pit 6 also returned ore grades and thicknesses. RC drilling also returned ore-grade and thickness intercepts west of Naimanjal Pit 3. While we have not received assay results from the entire core and RC drilling programme, we are very encouraged that the initial results indicate the potential to expand our ultimate pit limits well beyond the initial pit boundaries.

Trench sampling from 18 exploration trenches scattered throughout the Naimanjal area returned strong anomalous gold, gold and silver, or silver assays. 13 trenches at Naimanjal have returned ore-grade assays.

IP anomalies were discovered over two kilometres south-southeast of Naimanjal Pit 4 and another IP anomaly was discovered approximately two kilometres northeast of Naimanjal Pit 1. An IP/ Resistivity anomaly approximately 2,800 metres long was also identified at the Jal satellite, about ten kilometres northwest of Naimanjal. Anomalous gold was returned from RC drilling. The IP anomaly related to the Baritovy satellite deposit, also about ten kilometres from Naimanjal, was traced hundreds of metres to the north and over one kilometre to the south. Another new anomaly, called Gypsovy, was discovered to the west of the Baritovy satellite deposit. Trenching at Gypsovy uncovered strong manganese/gypsum veins and returned three anomalous gold samples, but more work will be undertaken.

Due to poor turnaround time on assay results, again a problem affecting many of our peers, an updated resource/reserve statement for Naimanjal is being delayed until the first quarter of next year to allow the incorporation of these assays in the updated resource/reserve statement.

Koskuduk Gold Deposit

SRKES are providing oversight and advising on the 2006 Koskuduk gold deposit exploration programme. To date, SRKES has verified and re-compiled the existing data set, re-logged the half-cut core from key Frontier drill holes and reprocessed the existing regional IP / Resistivity data. The reprocessed IP data indicates a well defined zone of chargeability which occurs coincident with the some of the better gold intercepts in existing drill holes.

This is consistent with evidence from diamond drill core, which clearly indicates an association between gold mineralisation and pyrite and arsenical pyrite.

On the basis of existing data SRKES assisted Frontier with the design of the 2006 exploration programme which included:

- 2,792 metres of core drilling in 38 holes
- 5,024 metres of Reverse C drilling in 96 holes
- 3,105 metres of trenching in 23 trenches
- Detailed IP / Resistivity and magnetic surveys

The core drilling programme was designed to test grade continuity in areas where previous drilling intercepted significant gold mineralisation (>1 g/t Au). Core holes were drilled at a dip of -60° at 40 metre intervals on lines spaced 80 to 160 metres apart. The deepest hole was 100 metres.

RC was used as a reconnaissance tool to test potential strike extensions of known mineralisation. Holes were drilled as fences of 'post-holes' normal to the strike of mineralisation. Each hole was drilled at a dip of -50° to a depth of 20 metres to provide bedrock geochemical samples.

Trenches were designed to target areas of known mineralisation in order to provide information of the width and grade of the oxide gold zone at surface and also to test the strike extensions of potential mineralisation.

All assay results are pending. Once available SRKES will compile and interpret all data in order to design the next stage of exploration. This will likely comprise infill drilling to provide additional information on grade continuity, ore type, and metallurgical test work on both oxide and sulphide ores.

Baltemir Gold Deposit

The 2006 Baltemir gold deposit exploration programme consisted of an internal review of all of the available data on the Baltemir project, an IP / Resistivity survey, a review of the available data and a site visit by Behre Dolbear.

Based on the available data, Behre Dolbear believe a small resource of narrow high grade vein material may be present at West Baltemir and have recommended a limited three phase exploration programme to test the potential of two targets. The exploration programme includes 990 metres of RC drilling in 33 holes, followed by a reserve driven core and RC drilling programme and additional trenching, and finally, metallurgical test work.

Beschoki Copper/Gold Deposit

The 2006 Beschoki copper/gold deposit exploration programme was designed to test the down dip and strike extension potential of the mineralised breccia pipe which was intercepted in four core holes drilled in 2005. The 2006 exploration programme comprised 15 angled core holes for a total of 1,743 metres and an 85 metre long trench.

The trench was excavated to the strike of mineralisation and was designed to provide geological and geochemical information on the near surface expression of the breccia body. Samples were collected at either one or two metre intervals in bedrock. The trench intercepted 28 metres at 4.87 g/t Au and 0.66 % Cu associated with a zone of oxidised breccia.

Assay results have only been received for two of the 2006 core drill holes. Hole BCH-42 tested the strike extension 50 metres to the northwest of the previously defined margin of the breccia pipe and intercepted 32 metres at 0.4 g/t Au and 0.60% Cu from a downhole depth of 68 metres. Hole BCH-46 was a 30 metre step-back of the 2005 hole BCH-22 and intercepted 4.0 metres at 3.0 g/t Au and 0.71% Cu and 10 metres at 0.26 g/t Au and 0.18% Cu from a downhole depth of 84 metres. The results from all other core holes are pending.

Baitimir Copper Deposit

A review of the Baitimir dataset was completed by SRKES during 2006 with the aim of better focusing ongoing exploration. IP and magnetic field data were reprocessed using different threshold values in order to create geophysical base maps on which soil geochemistry and drill hole results were overlaid. The reprocessed data indicates that copper mineralisation is closely associated with an elongated northwest-southeast trending magnetic high which is

approximately 1.2 kilometres long and up to 400 metres wide. The magnetic high is peripheral to a large chargeability anomaly that probably represents a pyritic halo associated with the emplacement of an early stage intrusive.

The recognition that copper-gold mineralisation is associated with the emplacement of a porphyry at the southern margin of the chargeability which has resulted in a coincident magnetic high, is a significant step towards targetting future drill holes at Baitimir better. Holes drilled into the magnetic anomaly by the Company in 2005 indicated that the porphyry contains copper mineralisation.

Yubileiny Copper Deposit

12 diamond drill holes totalling 1,296 metres of NQ core were drilled at Yubileiny in 2006 as part of an infill programme designed to test the grade continuity of mineralisation intercepted by drilling carried out in 2004 and 2005. Holes were drilled on a grid pattern at a dip of -60° on lines spaced 100 metres apart to a maximum depth of 106.9 metres. Core recovery was typically greater than 96% in mineralised zones.

Several holes intercepted significant oxide copper mineralisation including: YBC-38 with 20 metres of 0.54 % copper from surface, YBC-41 with 8 metres of 0.77% Cu from a downhole depth of 38.0 metres; and YBC-44 with 26 metres of 0.38% Cu from a downhole depth of 82 metres. All phases of diamond drilling have intercepted economic oxide copper grades over mineable widths.

Future Prospects

I would like to take this opportunity to thank our shareholders for their continued support. This year has been a challenging one for the Company in parts, but I am confident that we have dealt with the issues that have arisen. Our exploration and development programmes continue to excite and confirm our conviction that we have assembled a quality portfolio of gold and copper prospects. We believe that the markets for both commodities remain strong and that your company is well placed to grow and achieve good returns for shareholders going forward.

Brian Savage, Chairman

29 September 2006

Interim Summarised Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF OPERATIONS

For period ended June 30, 2006 (unaudited)

(in US Dollars)

	Period ends June 30, 2006	Period ends June 30, 2005	Year Ended 31 Dec 2005
Administrative expenses	1,213,659	1,650,795	3,383,264
Foreign exchange loss, net	(1,990,536)	468,056	886,431
Other Income	(105,418)	(1,648)	(270,372)
Other expenses	146,180	2,875	348,918
Loss before taxation			
Taxation	-	-	
Consolidated Net income	(736,115)	2,120,078	4,348,241

CONSOLIDATED BALANCE SHEETS

For period ended June 30, 2006 (unaudited)

(in US Dollars)

	Period ends June 30, 2006	Period ends June 30, 2005	Year Ended 31 Dec 2005
ASSETS			
Non-current assets			
Property Plant and equipment	7,889,710	1,913,498	5,049,560
Exploration and Development costs	9,919,725	5,744,373	6,883,607
Value-added-tax receivable	626,512	330,648	400,622
Cash restricted for restoration expenses	112,000	112,000	112,000
Total Non-current assets	18,547,947	8,100,519	12,445,789
Current assets			
Trade receivables	414,610	1,443,399	142,445
Other receivables	953,565	172,077	531,880
Inventory	2,095,283	5,775	934,835
Cash and cash equivalents	6,103,890	5,452,003	13,958,038
Total Current assets	9,567,348	7,073,254	15,567,198

assets		
Net cash flows used in investing activities	<u>(5,908,364)</u>	<u>(4,259,313)</u>
Cash flows from financing activities:		
Capital contributions	-	10,815,043
Proceeds from issuance of common stock	-	277,013
Repayment of short term debts	-	<u>(412,106)</u>
Net cash flows from financing activities	<u>-</u>	<u>10,679,950</u>
Net increase/(decrease) in cash and cash equivalents	(7,854,148)	2,913,260
Cash and cash equivalents at the beginning of year*	<u>14,070,038</u>	<u>2,650,743</u>
Cash and cash equivalents at the end of year*	<u>6,215,890</u>	<u>5,564,003</u>

* - includes \$112,000 restricted cash

About Frontier

Frontier Mining Ltd. 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 subsidiaries and affiliates, Frontier locates, evaluates, acquires, explores and develops mineral properties.

Frontier has two licenses owned by its wholly owned subsidiaries in Kazakhstan. They are the Naimanjal exploration and mining licence, held by FML Kazakhstan, and the Baltemir exploration licence, held by Baltemir LLP. Frontier has one producing gold mine, Naimanjal; one pre-feasibility stage gold project, Koskuduk; and one exploration stage gold prospect, Baltemir.

Frontier also has one 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 shares are traded on the AIM market of the London Stock Exchange. Frontier has 132,648,563 ordinary shares issued and 6,197,091 outstanding options and warrants, giving 138,845,654 fully diluted ordinary shares.

Further company information may be accessed at the Frontier Mining Ltd. website at: www.frontiermining.com