

## Regulatory Announcement

**Company** Frontier Mining Ltd  
**TIDM** FML  
**Headline** Benkala Acquisition & Placing  
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### **Frontier Mining Ltd. (the “Company”) Frontier Acquires 50% Interest in Benkala Copper Deposit and attendant Placing**

#### **Acquisition**

Frontier Mining Ltd (“Frontier” or “the Company”), the AIM listed Kazakhstan focused gold mining and exploration company, announces that it has today entered into a conditional purchase agreement with Coville Intercorp Ltd (“Coville”) to acquire a 50 percent interest in the Benkala copper-molybdenum-gold deposit (“Benkala”, or “the Benkala Project”) located in north-western Kazakhstan within the Urals gold/copper ore belt. The aggregate consideration payable for the interest in Benkala is US\$21 million comprising \$18.5m payable in cash and the issue of 6,250,000 shares of Frontier common stock of US\$0.01 each (“Ordinary shares”).

Rights to the Benkala deposit were won in January 2006 by a subsidiary of Coville in an open government tender. Upon government approval, the contract will cover an area of 1.194 km<sup>2</sup> and will be effective for a 4 year exploration period followed by a 25 year mining licence.

Frontier and Coville have entered into a shareholders agreement relating to their joint ownership of the Benkala project.

#### **Placing**

The board of Frontier has authorised the issuance of an aggregate amount of 94,034,929 Ordinary Shares. 87,784,929 Ordinary Share have been placed at 14p to a combination of new and existing shareholders raising a total of \$25,317,174. In addition, 6,250,000 Ordinary Shares are to be issued to Coville as referred to above.

Frontier anticipate that the net proceeds available to the company will be approximately \$7.6 million to proceed through to the feasibility phase as indicated below.

The Placing is conditional on government approval on or before 21 September 2007 and admission of the placing shares to trading on the AIM market of the London Stock Exchange.

Frontier currently has 132,581,587 common shares issued. Following the transaction, the company will have 226,616,516 common shares issued.

#### **Related Party Transaction**

Sokol Holdings Inc., a Delaware corporation (“Sokol”), is a related party, as it is jointly owned and controlled by the Company’s two executive directors, Brian Savage and Tom Sinclair.

Sokol made certain advance payments, to secure the conditional purchase agreement with Coville, totalling \$10,806,190. Frontier agreed to repay that sum to Sokol. Sokol has agreed to participate in the placing in the amount of \$8,806,190, giving it a holding of 30,534,639 placing shares in the Company.

The balance of \$2,000,000 will be an interest free debt until 29 February 2008 and thereafter will bear interest of 8% per annum and will be convertible at Sokol's election at a price of 20p per share.

The independent non-executive directors of Frontier consider, having consulted with ZAI, believe that the terms of the related party transaction are fair and reasonable insofar as its shareholders are concerned.

### **Closing of the Acquisition and the Placing**

The acquisition and the placing are conditional on government approval occurring on or before 21 September 2007.

### **Information on the Benkala Project**

The Benkala Project, a porphyry copper project, is situated in north-western Kazakhstan in the Urals gold/copper ore belt, north east of Aktobe Oblast and 100km south east of the Zhitikara town, 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.

The property was discovered in 1968. Between 1976 and 1980, 70 holes totalling 21,800 metres were drilled, with depths of up to 700 metres and with core recovery between 70% and 75%. Metallurgical test work was conducted between 1973 and 1979 and determined that the oxide ores were amenable to heap leaching using sulphuric acid as well as flotation.

A Competent Person Report ("CPR") on the Benkala Project completed by Wardell Armstrong International ("WAI") in March 2007 estimates 47.75 Mt at an average grade of 0.36% Cu for the oxide mineralisation, and 873.75 Mt at an average grade of 0.30% Cu for the sulphide mineralisation.

Brian Savage, CEO of Frontier, commented "We are delighted to be acquiring a 50% stake in the exciting Benkala Copper project as its near surface oxide resource and good infrastructure should allow us to get into production quickly. We intend to get underway with a multidisciplinary team to confirm the near surface oxide resource base to a JORC standard, continue to test the deeper sulphide ore resource, and undertake additional metallurgical test work with the intent of putting Benkala into production as soon as possible. Benkala strengthens Frontier's portfolio of mining assets in Kazakhstan and positions us to take advantage of the ongoing strength in metal prices".

### **Enquiries:**

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## **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 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.

## **Issued and Fully Diluted Ordinary Shares**

Frontier shares are traded on the AIM market of the London Stock Exchange. Frontier has 132,581,587 ordinary shares issued and 6,057,091 reserved and outstanding options and warrants, giving 138,638,678 fully diluted ordinary shares.

Further company information may be accessed at the Frontier Mining Ltd. website at:  
[www.frontiermining.com](http://www.frontiermining.com)

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