

Regulatory Announcement

Company Frontier Mining Ltd
TIDM FML
Headline Placing and Acquisition
Released 08:57 29-Nov-07
Number 7529I



29th November 2007

AIM:FML

Frontier Mining Ltd.

Frontier Completes Benkala Acquisition and Placing

Frontier Mining Ltd ("Frontier" or "the Company"), the AIM listed Kazakhstan focused gold mining and exploration company, is pleased to announce that it has today completed its acquisition of a 50% interest in a joint venture company with rights to the Benkala copper-molybdenum-gold deposit located in northwestern Kazakhstan within the Urals gold/copper ore belt ("Benkala", or "the Benkala Project") and a concurrent placing at a placing price of 10p ("Placing Price").

Acquisition

In light of the registration of the Benkala subsoil use contract which was announced on 19 November 2007, the acquisition by Frontier of a 50% interest in a joint venture company with rights to the Benkala Project has closed.

Pursuant to the acquisition, 6,250,000 new shares of Frontier common stock were issued to the vendor, Coville Intercorp Ltd. ("Coville"). Also, Frontier issued a \$7.7 million convertible note to Coville in lieu of the final cash payment to acquire the 50% interest in the Benkala Project. This note is convertible at 14 pence per share for a period of 12 months from the registration of the SUC and, if not converted, is payable at the end of that period.

Accordingly, the aggregate consideration paid to Coville for the interest in Benkala is US\$21 million comprising US\$10.8 million paid in cash in advance, the issue of a US\$7.7 million convertible note, and the issue of the 6,250,000 new shares of Frontier common stock.

Aggregate value of shares issued

The aggregate value of the various share issuances made or to be made in connection with the acquisition and the Placing is \$28,400,000 from the issue of 85,538,495 new shares of Frontier. This will represent approximately 39% of the enlarged share capital. The aggregate number of shares will be 218,120,082 following admission to AIM on 5 December 2007.

Cash Raised

The Placing raised a total of US\$7.4 million cash, which will be used to service the working capital requirement of the Benkala programme and costs related to the acquisition and placing.

Immediate Share Issuances

36,540,000 new shares are being issued at the Placing Price in connection with the \$7.4 million cash element of the Placing. As noted above, 6,250,000 shares are being issued to Coville representing 2.9% of the enlarged share capital on a non diluted basis and 42,748,495 shares are being issued at the Placing Price to Sokol Holdings Inc ("Sokol"), in satisfaction of a debt of \$8,806,190 owing from Frontier to Sokol. This represents 19.6% of the enlarged share capital on a non diluted basis.

Convertible Instruments

As noted above, Frontier has issued to Coville a \$7.7 million convertible note.

Following the announcement on 6 September 2007 where Frontier issued a \$2.0 million convertible note to Sokol. This 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.

Related Party

Sokol, a company registered in the state of Delaware, United States, is a related party to Frontier as Brian Savage (CEO of Frontier) and Thomas Sinclair (CFO of Frontier) are shareholders holding 50% each.

Following the announcement on 6 September 2007, the independent non-executive directors of Frontier consider, having consulted with ZAI, that the terms of the related party transaction are still fair and reasonable so far as Frontier's shareholders are concerned.

Information on the Benkala Project

The Benkala Project, a porphyry copper project, is situated in northwestern 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 a highly 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 of core drilling on a 200 metre by 200 metre and 200 metre by 100 metre grid, some to a depth of 700 metres with core recovery between 70% and 75%. Metallurgical test work was conducted between 1973 and 1979 and determined that that the near surface chalcocite ores were amenable to heap leaching using sulphuric acid as well as flotation. The sulphide ores were amenable to 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.

CREST Admission

The shares to be placed pursuant to the Benkala Acquisition will not be eligible for settlement through the CREST system for at least 12 months from the Placing. The 85,538,495 new shares to be admitted to AIM on 5 December 2007 are deemed "restricted securities" under the US Securities Act of 1933.

Brian Savage, CEO of Frontier, commented “Benkala is a key strategic acquisition and we believe it will contribute very positively towards the growth of Frontier Mining. We were delighted to have recently secured the registration of the Benkala contract, and following that, to have completed this placing. We now look forward to implementing our development program which will focus on confirming resources and reserves to a JORC standard with the intent of progressing Benkala towards production as soon as possible”.

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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 in Kazakhstan. They are the Naimanjal exploration and mining licence, held by FML Kazakhstan, and the Baltemir exploration licence, held by Baltemir LLP. Both companies are wholly-owned subsidiaries of Frontier Mining Ltd. 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. Prior to the completion of the Placing, 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. Following completion of the Placing, the enlarged share capital will be 218,120,082 and 6,057,091 reserved and outstanding options giving 224,177,173 fully diluted ordinary shares.

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

www.frontiermining.com

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