



30 April 2009

AIM: FML

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

**\$14 million Financing Completed**

The board of Frontier (the "Board") is pleased to announce the completion of a \$14 million financing agreement.

This announcement follows the earlier announcement by the Company on 16 February 2009, that it had signed heads of terms with a lender to provide a \$10 million debt facility. Additional funding through the subscription of US\$4 million in cash for new shares has also been agreed. Further details of this financing are set out below.

**Financing**

Frontier announces the completion of a \$10 million debt facility (the "Facility") with Zere Group JSC (the "Lender"), a company that is controlled by Erlan Sagadiev, the CEO of Frontier. The Facility has been granted for a period of two years and bears interest at a rate of 15 per cent per annum. The Board believes that the drawdown of the Facility will provide the Company with sufficient working capital for the foreseeable future in order to advance its projects at Benkala. The Company has already drawn down \$2 million to date from the Lender to fund working capital requirements.

Under the terms of the Facility, the Lender has been granted warrants ("Warrants") to subscribe for 407,540,430 ordinary shares of US\$0.01 each in the Company ("Shares") representing 50.1 per cent of the share capital of the Company (as enlarged by the issue of Shares to Sokol Holdings detailed below) at an exercise price of 1.5p per Share. In addition, the Lender and Mr. Sagadiev have entered into a relationship deed with the Company which will become effective if the Lender and Mr. Sagadiev hold an aggregate interest in excess of 30 per cent of the Company's issued share capital, confirming that all dealings between the Company and the Lender, Mr. Sagadiev and their connected entities shall be made on an arm's length basis and on normal commercial terms.

The Facility is deemed to be a related party transaction under Rule 13 of the AIM Rules as Zere Group JSC is controlled by Mr Sagadiev who is CEO and Chairman of the Board. The Board, with the exception of Mr Sagadiev, considers having consulted with its Nominated Advisor, that the terms of the Facility are fair and reasonable insofar as the Company's shareholders are concerned.

In addition, following the completion of the Facility, arrangement fees will become payable by the Company to the Lender for an aggregate of 100 million Shares, which were agreed when the heads of terms were signed with the Lender on 16 February 2009. The Lender and Mr. Sagadiev have agreed to a lock-in period of 6 months during which they will not dispose of their interests in the issued share capital of the Company. The Lender and Mr. Sagadiev have also agreed to orderly market arrangements for a period of 6 months thereafter.

## **Coville Intercorp Ltd (“Coville”) and share subscription by Sokol (Holdings) Inc. (“Sokol”)**

With respect to the \$7,693,810 Coville Loan Note (the “Loan Note”) due for repayment on 31 May 2009, simultaneous to the completion of the Facility, Sokol has completed a subscription of US\$4 million in cash for 187,793,427 new Shares at a price of 1.5p per Share (“the Subscription”). The proceeds of the Subscription have been used to redeem \$4 million of the Loan Note. In addition, \$450,000 of the \$2 million drawn down from the Lender has been paid to Coville against the note. Coville has agreed that the repayment of the remaining \$3,243,810 of the Loan Note will then be repaid by the end of 2009.

The Subscription is deemed a related party transaction under Rule 13 of the AIM Rules as the shareholders of Sokol are corporate entities controlled by Brian Savage and Tom Sinclair. The Board, with the exception of Messrs. Savage and Sinclair considers, having consulted with its Nominated Advisor that the terms of the Subscription are fair and reasonable in so far as the Company’s shareholders are concerned. As part of the Subscription, Sokol has directed that 93,896,714 of the Shares being subscribed are issued to BMF International Limited and 93,896,713 to Teratorn International Limited being the shareholders in Sokol.

Accordingly, as a result of the Subscription, Mr. Savage is interested in an aggregate of 111,885,997 Shares, representing 27.6 per cent of the issued share capital of the Company. Mr Sinclair is interested in an aggregate of 109,605,6974 Shares representing 27.0 per cent of the issued share capital of the Company. In view of the level of such interest, Messrs. Savage and Sinclair have entered into a relationship deed with the Company confirming that all dealings between the Company, themselves and their connected entities shall be made on an arm’s length basis and on normal commercial terms. Messrs. Savage and Sinclair have also agreed to a lock-in period of 6 months during which they will not dispose of their interests in the issued share capital of the Company, as well as an orderly market arrangement for a period of 6 months thereafter.

Commenting on these developments, Thomas Sinclair, Frontier’s CFO, said: *“We are pleased to have agreed the \$10 million debt facility, the various terms of which, are preferable to previous possibilities that we examined. In light of the very difficult economic environment in which we all find ourselves today, this financing represents a major step forward for the Company and its joint venture partner, providing a strong foundation for the continued development of the Company’s existing assets, as well as establishing a solid platform from which to implement future growth through acquisition.”*

### **Enquiries:**

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### **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 estimates 47.75 Mt at an average grade of 0.36% 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 at the end of 2010.

### **Issued Share Capital**

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

As a result of the Subscription referred to above the number of Shares in issue, and the total number of voting rights, will be 405,913,522.

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