

ASX / MEDIA RELEASE

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KENTOR GOLD LTD

ACN 082 658 080

PRE-DEVELOPMENT WORK AT SAVOYARDY GOLD PROJECT TO PROCEED FOLLOWING POSITIVE PRE-FEASIBILITY STUDY

- **Late 2009 development decision expected - 2010 mine start-up targeted**
- **Exploration program to increase gold Resource and extend mine life**
- **Kentor Gold has option to acquire 100% of Savoyardy project**

Kentor Gold Limited (Kentor Gold or the Company) has decided to proceed with the pre-development works for the Savoyardy Gold Project in the Kyrgyz Republic. This will include further metallurgical test work, further drilling designed to increase the resource, negotiating firm contracts for the mining, and finalising arrangements for the transport, processing and sale of the gold. This work is expected to cost approximately US\$500,000 and will be completed by October 2009.

Subject to successful results, the Company expects that it will be in a position to make a decision to proceed with development of the mine, late in 2009, with a view to commencing gold production in 2010.

Initial production is likely to be at the rate of approximately 10,000 oz a year for three years, based on the current Resource, (details of which are available in the Company's ASX announcement dated 8 January 2009) with ongoing work also designed to extend the Resource base and thus the mine life.

Kentor Gold has signed an option agreement with Manas Resources Limited to acquire 100% of the Savoyardy project, having previously agreed to earn a 70% interest by 2012.

Announcing the pre-development decision and timetable to production, Managing Director Simon Milroy said:

"This week's decision is a major step towards Kentor Gold joining the ranks of gold producers next year."

"The pre-feasibility study confirms Savoyardy as a promising gold project with

- low capital cost
- low operating costs
- existing underground access to ore bodies
- early start to production
- high grade ore with good potential to expand the Resource through exploration
- good metallurgy for high gold recoveries and concentrate grade."

"We are well established in the Kyrgyz Republic with an experienced local management. The country has a long history of mining and mineral processing, and the necessary skills, experience, equipment and technology are available locally."

"The agreement to acquire 100% of Savoyardy underlines the Company's confidence in the project not only as an initial revenue generator but also as a potentially long term, larger scale investment."

“Establishing production at Savoyardy will provide the base and the cash flow to fully explore the rest of the Savoyardy licence area which contains known surface gold occurrences identified during the Soviet era.”

Pre-Feasibility (PFS) Outcomes

The PFS examined a number of scenarios for mining and processing of the ore at Savoyardy. The optimum scenario involves underground mining, taking advantage of the extensive drives developed during the 1970’s for exploration and trucking the high grade ore to an existing processing facility located at Haidarkan for processing to a gold concentrate. The gold concentrate will then be railed either to China or Kazakhstan for sale to a third party BIOX plant or roasting facility.

The Haidarkan mercury mining and processing complex is situated on the main road 160 km west of Osh in Batken Oblast of the Kyrgyz Republic (370 km from Savoyardy). Haidarkan has been in operation since 1942 and is owned by the Kyrgyz state property trust. Currently at Haidarkan, ore is fed directly to the roasters without concentration and hence the concentrator facilities are not in use. These processing facilities include crushers, ball mills, flotation cells, thickeners, filters and a tailings dam with sufficient capacity to process the Savoyardy ore.

The Haidarkan option has several advantages over establishing new processing facilities at the Savoyardy site including less capital cost, reduced environmental impacts, less permitting, a shorter development schedule and an existing trained work force at Haidarkan. The Haidarkan plant is connected to grid power which is cheaper than using diesel generators at the Savoyardy site.

The Haidarkan plant also has roasting facilities available. Additional metallurgical test work is currently underway to determine if roasting of the gold concentrate followed by leaching will result in a high recovery of gold from the concentrate. If this is successful, then a gold dore could be produced at Haidarkan which would significantly enhance the economics of the project due to the reduction in concentrate transport costs and improved payment terms for the gold.

The key findings of the PFS are as follows:-

- Gold production of approximately 10,000 oz per year.
- Initial three-year mine life.
- Capital cost of approximately US\$1.2m to reach production.
- Operating costs of approximately US\$370/oz gold.
- Metallurgical recovery of 90% to concentrate grading 50 g/t gold.
- Likely payment terms for the gold in concentrate of approximately 75% results in an attractive economic return for the project.

Forward Work Program

The board has approved a pre-development work program to advance the project and expects to be in a position to formally go ahead with the project’s development before the end of 2009. The Project is expected to be in production within eight months of a go ahead decision.

The work program over the next 5 months consists of:-

1. Concentrate roasting test work.
2. BIOX amenability testing.
3. Intensive leaching test work on the roasted concentrate.
4. Completion of the Environmental Impact Assessment
5. Progressing all other required permitting.
6. Surface Diamond Drilling Program.
7. Underground Diamond Drilling Program.
8. Negotiating contracts for mining, processing, transport and the sale of gold.

Expansion of the Savoyardy resource through exploration is considered likely. The planned exploration program consists of surface and underground diamond drilling designed to delineate additional resources to the south west of the existing resource.

Purchase of 100% of Project

Kentor Gold has been granted an option by Manas Resources Limited to purchase 100% of the project for US\$1.25m. Previously Kentor Gold had the right to earn 70% of the project by spending US\$6m before 2012. Under the terms of the option, subject to its exercise, Kentor will pay USD\$500,000 at the end of March 2010 and USD\$750,000 12 months later. A production based royalty will also be payable to Manas Resources. The purchase of 100 % of the project will simplify the project and deliver the best return to shareholders.

About Kentor Gold

Kentor Gold Limited (ASX Code: KGL) is an Australian-based company formed in 1998 as a specialist gold explorer. The Company was listed on the Australian Securities Exchange (ASX) in March 2005 and has diversified into exploration for gold, geothermal energy and base metals in Central Asia where it has highly regarded, established local management.

Kentor Gold has completed a pre-feasibility study to examine the potential for bringing the Savoyardy gold project in to early production.

Kentor Gold has an option to purchase 100% of the Savoyardy project from Manas Resources Limited.

For further information contact:

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Competent Persons Statement:

The exploration results in this report are based on information compiled by Simon Milroy, who is a member of the Australian Institute of Mining and Metallurgy and a full time employee of Kentor Gold Limited. Mr. Milroy has sufficient experience which is relevant to the style of the mineralisation and the type of deposit under consideration and to the activity to which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. Milroy has consented to the inclusion of this information in the form and context in which it appears in this report.