



21 March 2011

Kentor Gold Limited (ASX: KGL) is an Australian-based company formed in 1998 as a specialist gold explorer. The Company was listed on the Australian Securities Exchange in 2005 and has diversified into exploration and development of gold, geothermal energy and base metals in Central Asia where it has highly regarded, established local management. Kentor Gold owns 80% of the Andash Gold-Copper Project which is under development in the Kyrgyz Republic and is targeted to produce annually 70,000 oz gold and 7,400 tonnes copper in concentrate.

Issued capital:

1,061.6 million ordinary shares
59.6 million unlisted options

Market Capitalisation

(18 Mar. 2011): \$143 million

Andash Gold-Copper Project Update

- **Macquarie Bank Offer of Debt Finance Accepted**
- **Update on Commission Review**

Kentor Gold Limited (Kentor Gold or the Company) is pleased to announce that Macquarie Bank Limited (Macquarie or the Bank) has now provided a Committed Letter of Offer for a US\$50M debt facility, which the Company has accepted, to assist with the construction of the Andash Gold-Copper Project in the Kyrgyz Republic.

The debt facility completes the major funding for the development of the Andash project. The project financing was structured as a combination of debt and equity. The debt facility and the Company's successful \$65M equity raising late last year more than cover the estimated US\$96M capital cost of developing Andash.

The major features of the debt facility are:

- US\$50M amortising project loan with scheduled repayments over 3 years;
- interest margin of 4.75% over LIBOR;
- non-mandatory hedging facility of US\$6M for the purchase of gold or copper put options;
- copper production based fee to provide the Bank with a pre-determined return on equity;
- political risk insurance (PRI) cover for the facility.

Kentor Gold Managing Director Simon Milroy said: "We are delighted that Macquarie has confirmed the substantive commercial terms upon which the Bank was originally mandated in October 2010. It underlines the viability of Andash and the confidence in Kentor Gold to deliver the project. Maximum exposure to future upside in both gold and copper prices has been maintained for shareholders, with no compulsory hedging required under the terms of the facility."

Amongst other conditions, the facility is subject to the usual routine legal, financial and technical requirements for facilities of this nature prior to drawdown, which is currently scheduled for Q4 2011. However, specific conditions relating to the status of court proceedings and the Commission of Inquiry must also be satisfied.



As an interim outcome, the Commission of Inquiry has requested Kentor re-establish communications with the local community. It is Kentor's intention to also re-commence its community development programs. It is anticipated that the final determination of the Commission will be issued in the coming weeks. Kentor is hoping that site access will be obtained in the months following the Commission's determination; construction will be finalised 12 months following granting of access.

Key features of the Andash project are:

- Average annual production of 70,000 oz gold and 7,400 tonnes copper for an initial six years with strong extension and expansion potential
- An exceptionally low forecast gold cash cost of US\$29/oz after copper credits and royalty, placing Andash well inside the lowest quartile of costs on a global basis
- Construction will be completed 12 months from the date of site access.

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