



28 June 2011

Kentor Gold Limited (ASX: KGL) is an Australian-based company that is engaged primarily in the exploration and development of gold, base metals and geothermal energy 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. Kentor Gold is also targeting early production at gold-copper projects in Western Australia and the Jervis multi-metals project in the Northern Territory.

Issued capital:

*1,062.1 million ordinary shares
58.1 million unlisted options*

Market Capitalisation

28 June, 2011: \$97 million

Updates on Andash Project

Kyrgyz Parliamentary Resolution concerning Andash

Kentor Gold Limited (Kentor) advises that a resolution appears to have been adopted in the Kyrgyz Parliament relating to the Andash Project. Although it is believed that the Kyrgyz Government will reject the Parliament's resolution, it does call for the suspension of all activities related to the development of the Andash gold-copper project, revocation of all permits and cancellation of the land use permit

The Department of Natural Resources has written to Kentor today stating that at present it "...has no information on and sees no causes for early cancellation of the license." Mining licences and land use permits are the responsibility of the Executive Government through the Department of Natural Resources.

By way of background, Kentor advises that on 24 June 2011 a private Member of Parliament, Akylbek Japarov, proposed the resolution.

Mr Japarov, who has no connection with the Parliamentary Commission on Andash or the Parliamentary Standing Committee on Mines and Energy, is reported to have alleged in his submission that Kentor "does not intend to take any efforts to ensure environmental safety", and was further quoted as stating that Kentor plans to "pour industrial waste" into the drinking water of the population of Talas Oblast. Mr. Japarov did not have any discussions with the Andash Mining Company prior to proposing



this resolution and it appears that it was based on a single visit to the village of Kopurer Bazaar, located near the Andash project. Kentor has not been advised of the resolution. However, Kentor has investigated media reports and sought advice on the parliamentary procedures, and it now appears that the resolution was adopted by the Parliament. Under the separation of powers in the 2010 Kyrgyz Constitution, Parliament does not have the right to revoke mineral licences or revoke land use permits. Licences are the responsibility of the Executive arm of Government through the Ministry for Natural Resources, and can only be revoked in the event of certain clearly specified conditions.

. A letter from the Ministry of Natural Resources, received today and signed by the Minister, confirms that “Andash Mining Company complies with all legal requirements to and standards of license activity in the Kyrgyz Republic”.

The Minister went on to say in this letter that, “At the end of 2011, based on reporting provided, the Ministry of Natural Resources of the Kyrgyz Republic will give the consideration to the work plan and issues related to fulfillment of the conditions under license agreement. For the moment, the Ministry of Natural Resources has no information on and sees no causes for early cancellation of the license.”

Kentor has a long established presence in the Kyrgyz Republic, and has communicated widely its intention to use world’s best environmental management practices for the development of the Andash Project. The Andash project has the required mining licence. The project is expected to create 450 jobs and contribute approximately \$200 million to the national budget of the Kyrgyz Republic over the initial six year life.

Andash is scheduled for commissioning within 12 months of site access.

Talas Court Case

The Talas court case relating to the minority ownership of the Andash Mining Company (AMC) has been heard by the Chui Inter-district court. Although the written findings are yet to be received, Kentor’s representatives at the hearing have advised that the court has found in favour of the General Prosecutor. This will result in Kentor, through its holding company Kaldora Company Limited, having its ownership of AMC increased from 80% to 100%. The former minority holders in AMC (Invest-center Talas and Aurum Mining plc) have 30 days to appeal the decision. However, Kentor plans to proceed with its previous offer to the Kyrgyz Government of 20% of the Andash project.

For further information contact:

Mr Simon Milroy
Managing Director
Phone: (07) 3121 3206
Email: info@kentorgold.com.au