



8 October 2009

**KENTOR GOLD LTD**

ACN 082 658 080

## **KYRGYZ GOVERNMENT DECLINES PRE EMPTIVE RIGHT TO PURCHASE THE ANDASH GOLD COPPER PROJECT**

- **Major step towards targeted 2011 production start-up**

Kentor Gold Limited (ASX code: KGL) (Kentor or the Company) is pleased to announce that the Government of the Kyrgyz Republic has declined to take up its pre-emptive right to acquire the Andash gold copper project. This clears the way for the Kentor Gold to exercise the option to purchase 80% of the Andash project from Aurum Mining Plc.

The high grade, low cost project is targeted for production in 2011 at the average annual rate of 60,000 oz gold and 5,000 tonnes copper for eight years.

The Kyrgyz Republic is a significant gold producer from mining operations that include the world class Kumtor mine.

Welcoming the Government decision, the Managing Director of Kentor, Simon Milroy, said:

“This decision of the Kyrgyz Government is a crucial step in the development of the Andash Gold-Copper Project and the progress of Kentor Gold from explorer to producer.

“For the Kyrgyz Republic, it is an important advance in the growth of the Kyrgyz mining industry and the expansion of the Kyrgyz Republic’s economy.

”We look forward to the successful development of the Andash Project through the application of our extensive technical, financial and regional experience and expertise.”

Andash is located in the Tien Shan Gold Belt, one of the world’s major gold provinces spanning central Asia. Kentor holds an option to purchase an 80% interest in Andash.

As a result of extensive financial, technical and legal due diligence, the Kentor Board has decided to exercise the option, due by December 2009, subject to the approval of shareholders of Kentor and the vendor company Aurum Mining Plc, and the arrangement of suitable funding.

A mining licence has already been issued for the project and environmental studies completed.

The purchase price of US\$10M for the Project under the option equates to approximately US\$10/oz gold equivalent. A separate option has been secured to purchase an already assembled mining and construction fleet for US\$5M.

Encouraging results from initial exploration near the current Resource indicate the potential for considerable expansion and mine life extension.

Situated in the gold-rich Talas region, the Andash project will benefit from extensive existing infrastructure, including low cost power and an available workforce. The near-surface deposit has a proposed strip ratio of 0.8:1, and the ore is metallurgically simple to process.

As a result, a bankable feasibility study completed in 2007 estimated the cash cost of production at a low US\$223/oz gold equivalent.

**About the Company:**

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 is working towards the development of two gold mines in the Kyrgyz Republic:

- Andash, targeted for production in 2011 at the currently planned rate of 60,000 oz gold and 5,000 tonnes copper per year for eight years - Kentor has an option to purchase an 80 per cent interest; and
- Savoyardy, proposed to commence in 2010 at the initial rate of 10,000 oz gold per year for a minimum three years subject to final decision later this year - Kentor has an option to purchase 100 per cent of the project.

**For further information contact:**

Mr Simon Milroy

Managing Director

Phone: (07) 3121 3206 or 0448 851575

Email: [info@kentorgold.com.au](mailto:info@kentorgold.com.au)