



QUARTERLY ACTIVITIES REPORT Period Ending 31 March 2010

30 April 2010

About Kentor Gold

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. The Andash Gold-Copper Project (Kentor Gold 80%) is targeted to commence production at an annual rate of 60,000 oz gold and 6,800 tonnes copper in concentrate. At Savoyardy, Kentor Gold plans further intensive exploration to increase an existing high grade gold Resource for future mine development.

Issued capital:

393 million ordinary shares
56.6 million unlisted options

Market Capitalisation

(30 Apr. 2010): \$37 million

Contact

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Highlights

- Project advanced towards full development phase
- Senior managers for the Company and the project appointed
- Mobile construction and mining fleet re-commissioned.
- Definitive Feasibility Study confirms robust project
 - Very low total gold cash cost US\$38/oz including royalties after copper credits
 - Annual production: 60,000 oz gold, copper increased to 6,800t
 - Exploration expected to extend mine life beyond initial 6.5 years
- Savoyardy: planning of 2010 drill program following successful increase in gold Resource in 2009
- Kurgan: plans prepared to drill six newly identified gold-bearing lodes
- Bashkol: positive results of bedrock sampling announced

Focus on Andash Gold-Copper Project

Kentor Gold Limited (Kentor Gold or the Company) progressed on schedule with the planning and initial development of the Andash Gold-Copper Project, strengthened by a Definitive Feasibility Study which increased the project's copper production and confirmed its very low cost status.

The new interim government of the Kyrgyz Republic (Kyrgyzstan) has given reassurances of its commitment to mining development and foreign investment and political events have not had a significant impact on the Company's activities and the development timetable for Andash., However the completion of project financing will be extended beyond the scheduled June 2010 as international investors and lenders continue to assess the Kyrgyz situation.



Developments in Kyrgyz Republic

Despite the regrettable loss of life, the Company is now encouraged by the direction of political events which has been taken in the Kyrgyz Republic following the popular uprising earlier in April.

President Bakiev was deposed and his government replaced by an interim government led by Ms. Roza Otunbaeva, a respected moderate political figure and experienced former diplomat.

The interim government has announced the resignation of Mr Bakiev who is reported to have taken refuge in Belarus. The new government has now been recognised by Russia and international financing institutions including the World Bank and the IMF.

A referendum on a new constitution will be held on 27 June, and the election of a new parliament on 10 October when a presidential election may also be held.

Ms Otunbaeva has espoused the principles of democracy, fairness, openness and transparency. At an open meeting with business representatives on 23 April, she committed the government to the protection of private property and foreign investment within a market economy in which she sees the mining industry as “the wings of development of the country”.

On 26 of April the Interim Government announced that it has prepared a Decree on the protection of investments in the Republic. At the time of writing of this report, the text of the Decree is still awaited.



Executive Director of Kentor Gold and Chairman of the Kyrgyz International Business Council, Hugh Mc Kinnon, with the Leader of the interim government of the Kyrgyz Republic, Ms Rosa Otunbaeva, at the International Business Council meeting in Bishkek on 23 April 2010



Senior appointments

Kentor Gold made several senior appointments as planning for the Andash Project advanced. The Company has been fortunate to attract such experienced and highly qualified executives at the corporate level.

Guy Cordingley has taken up the position of General Manager Operations for the Andash Project following 10 years' senior management experience in mining projects with a strong focus on copper-gold flotation.

Gerard Kelly has joined Kentor Gold as Chief Financial Officer, following more than 20 years in international corporate finance including five years as Group Controller for Rio Tinto in south east Asia.

Kelvin Russell has been appointed General Manager Corporate Finance after many years' experience in banking in the UK and Australia and as a consultant to the mining and energy industry.

Other senior positions for the Andash Project filled during the quarter include Mining Engineer, Chief Geologist, Environmental Manager and Administration Manager.

Andash Gold-Copper Project (Kentor Gold 80%)

Central to the planning of the development and operation of the Andash Project is the Definitive Feasibility Study completed in March 2010. The study was a compilation of work performed by AMEC Minproc and other engineering organisations as well as Kentor Gold's owners team and represents a major update of a 2007 study by the previous owner.

The Study confirmed Andash as a technically and economically robust project with low operating costs and high margins. Key outcomes of the study include the following:

- Average annual production of 60,000 oz gold and 6,800 tonnes copper in a single concentrate over an initial mine life of six and a half years
- Initial capital cost of US\$102M; US\$28M for year 3 expansion
- Very low total cash costs (gold US\$38/oz including royalties after copper credits)
- Project NPV US\$107M (at US\$1000/oz gold and US\$2.75/lb copper) increasing by 60% to US\$171M (at US\$1100/oz gold and US\$3.50/lb copper)
- Well proven mining and processing methods
- Open pit mining with a very low average waste to ore ratio of 0.72 : 1
- Metallurgically easy ore, producing high quality concentrate
- Strong market demand for Andash gold-copper concentrate
- Study expects further, nearby, high potential exploration within the Andash exploration licence will increase Resources and extend mine life

During the quarter, detailed engineering design work proceeded and procurement of critical items was commenced.

A mobile fleet of construction and mining equipment that had been assembled in the Kyrgyz Republic was purchased with the project. Most of the equipment has now been commissioned.

The high quality of the Andash gold-copper concentrate and a shortage of feed for smelters ensured a continuing strong demand in discussions with smelters and international trading companies regarding future production and marketing. The project is close to smelters in Kazakhstan and China and is well connected by rail to Europe. With the Definitive Feasibility Study confirming the considerable potential to increase the gold Resource, exploration drilling is planned to commence within the Andash exploration licence during the current (June) quarter.

Further metallurgical test work conducted after the completion of the feasibility study has indicated the following improvements in the project:-



1. Flotation test work conducted at a higher pH has resulted in a 3.25% increase in gold recovery predicted over the life of mine.
2. The test work has also indicated that the average grade of the concentrate over the life of the mine will increase to 23.5% copper from the earlier 22 %.
3. The test work has also indicated that the regrind mill is not required at the start of operations as it only adds value in the high sulphide ores found later in the mine life. This will reduce the upfront capital required to commence operations.

Exploration

Kentor Gold continued to pursue other potential gold projects in the Kyrgyz Republic – at Savoyardy, Kurgan and Bashkol. The licence over the Akbel tenement expired in January 2010 and Kentor has elected not to seek renewal.

Savoyardy Gold-Antimony Project (Kentor Gold earning 70%)

Further exploration drilling is planned for 2010 at Savoyardy following the successful campaign in 2009 that resulted in a 15% increase in the gold Resource at the Rudny Prospect.

The Company aims to identify a larger Resource that will support a substantial mining operation.

During the quarter, road construction activities commenced which will provide improved access for drilling. The road construction was subsequently suspended due to heavy snow falls in the region and will be recommenced in the June quarter.

Rudny has the considerable advantage of existing access by adit and underground drives from previous exploration. However, known gold and antimony occurrences provide 10 other targets for exploration on the large 270km² exploration tenement.

Kurgan Licence Area(Kentor Gold 80%)

Preparations were made to drill six gold-bearing lodes identified at Kurgan during the 2009 exploration program, together with two adjacent areas showing anomalous geochemistry. The lodes average 4.5 metres in width and 150 metres in length. The best intersections from channel sampling at Kurgan were 3 metres @ 7.3 g/t gold, 5 metres @ 7.3 g/t gold, 17 metres @ 1.5 g/t gold and 5 metres @ 3.1 g/t gold.

Bashkol Licence Area (Kentor Gold 80%)

Field work was planned for 2010 at the Bekbulaktor Gold Prospect on the Bashkol Licence, following geophysics and sampling in 2009. The best intersections from bedrock sampling were 3 metres @ 11.6 g/t gold, 2 metres @ 3.0 g/t gold and 1 metre @ 4.6 g/t gold. As the best gold assays were located in fault zones, in 2010 it is proposed to sample all faults in the mineralised zone.

Geothermal energy (Kentor Gold 80%)

During 2009, a drill target was selected in the North Kyrgyz licence at Tuyuk less than 50km from Bishkek and adjacent to power lines at a nearby hydro-electric facility. Tuyuk is situated in a zone of low resistivity beneath an area containing a number of hot springs presenting a potential geothermal energy target.

Early in 2009, two initial applications to the World Bank's GeoFund for funding were successful in attracting invitations from the World Bank to make full submissions. The submissions were lodged proposing US\$3.5M to US\$4M for the drilling of two 500-metre deep holes in the Inylchek project in the Kyrgyz Republic, and a further US\$2 million for the evaluation of geothermal prospects and the drilling of a 2000-metre hole in Tajikistan. A decision on the submissions is awaited.

Information regarding geothermal projects in Tajikistan has been received and is now under review.



Subsequent to the end of the quarter, Panax Geothermal Limited advised Kentor of its intention to withdraw from the Joint Venture with Kentor in the Kyrgyz Republic.

Panax stated "that the decision is not a reflection of the quality of the geothermal potential, nor of the country risk". It is directly related to the early exploration stage of the geothermal prospects and the inherent exploration risks."

Corporate

Following the heavily oversubscribed \$28 million share placement in December 2009 to acquire the Andash project, Kentor Gold encountered positive expressions of interest from banks and other funding sources to providing project finance for Andash.

The Company planned to complete a debt and equity project financing during the current (June) quarter. However, the recent change of government in the Kyrgyz Republic could result in an extension of the completion time beyond June as international investors and lenders assess the situation in the country.

Kentor Gold is currently negotiating an agreement with Aurum Mining to purchase a further 10% interest in the Andash Mining Company.

Outlook

While the completion of project financing could be extended the Company currently believes that the impact on the development timetable for Andash should be minimal. Detailed engineering of the process plant and infrastructure is continuing Diamond drilling at Andash is scheduled to commence in the current (June) quarter 2010.

For further information, visit the Kentor website at www.kentorgold.com.au or contact:

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Investor Relations

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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 Australasian 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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Kentor Gold Limited

ABN

52 082 658 080

Quarter ended ("current quarter")

31 March 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a)exploration and evaluation	(97)	(97)
(b) development	(1,898)	(1,898)
(c) production	(686)	(686)
(d) administration	-	-
1.3 Dividends received	28	28
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Foreign Exchange differences	-	-
Due diligence on Andash Project	(0)	(0)
Net Operating Cash Flows	(2,653)	(2,653)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c) purchase options	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(2,653)	(2,653)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,653)	(2,653)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(2,653)	(2,653)
1.20	Cash at beginning of quarter/year to date	13,035	13,035
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	10,382	10,382

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	246
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Remuneration paid to executive and non-executive directors for the quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NA

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	677
4.2 Development	3,442
4.3 Admin	1,070
Total	5,189

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,375	535
5.2 Deposits at call	8,007	12,500
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	10,382	13,035

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	AP340 AKBEL	Exploration licence	80%	Nil
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	393,011,481	393,011,481		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	56,611,358	Unlisted Options	Exercise price	Expiry date
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter	2,500,000			
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~/does not*~~ (*delete one*) give a true and fair view of the matters disclosed.

Anderson

Sign here: Date: ...30/04/2010.....
(~~Director~~/Company secretary)

Print name: ...Kylie Anderson.....

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.