



## **18 November 2010**

*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 and is targeted to annually produce 70,000 oz gold and 7,400 tonnes copper in concentrate.*

## **Contact**

*Simon Milroy - Managing Director  
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## **GENERAL MEETING ADDRESSES**

The attached address and presentation will be given by the Chairman and the Managing Director of Kentor Gold Limited (ASX: KGL) at today's General Meeting of shareholders.



**Chairman' Address.**

**Kentor Gold Limited at the General Meeting of the Company, Thursday 18 November 2010**

The progress of Kentor Gold towards the development of the Andash gold-copper project has been well documented recently. However, let me take this opportunity to summarise the current position.

On the first of November, we were pleased to announce the decision of the Board to proceed with the full-scale development of Andash. This is an outstanding project which will lift Kentor Gold to the ranks of gold-copper producers with one of the lowest cost gold mines in the world.

Annual production is planned to average 70,000 oz gold and 7,400 tonnes copper for an initial six years, while the results of exploration at several nearby deposits and prospects present high potential opportunities to expand and extend the life of the operation. An extremely low gold cash cost of US\$29/ oz after copper credits is forecast, including all production, treatment, transport and refining charges, and royalties.

Andash was acquired as a project that was already well advanced. A mining lease had already been issued. A comprehensive mobile construction and mining fleet went with the acquisition and has now been commissioned for use. Initial development is under way on the project which we plan to bring into production early in 2012. We expect to obtain the final permits – approval by the local village council and an update of a previously issued environmental and social permit – by the end of this year.

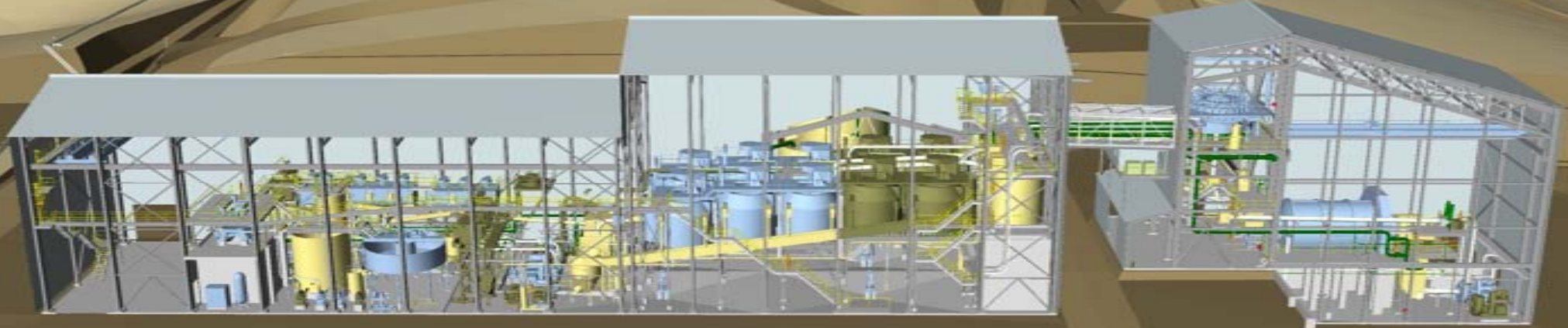
Kentor's long established presence in the Kyrgyz Republic has enabled the Company to build an intimate understanding of the business environment. Following the political upheaval earlier this year, the country, under the interim government of President Roza Otunbayeva, engaged in successful parliamentary elections last month and a coalition government is now being negotiated. All five major parties recognise foreign investment as important to economic development in the country where mining has long been significant.

In the wake of the change of government, a dispute over the ownership of the minority ownership of Andash has recently been before the Kyrgyz courts, but without impacting on the security of Kentor's 80% interest

With the capital cost of the Andash project estimated at US\$96 million, project financing has been structured as a mix of debt and equity. Macquarie Bank was appointed last month to arrange the US\$50 million debt component. A few days ago, we completed the equity funding and were delighted at the strongly positive investor reaction. The placement, raising gross proceeds of A\$13.4 million, was significantly oversubscribed. A rights issue was announced at the same time to raise a gross A\$51.8 million, and its success is already assured due to commitments by investors to take up any shortfall.

This structure has been aimed at giving shareholders the opportunity to participate in the Company's growth through good value equity investment while at the same time containing the extent of dilution of their interests.

Directors would like to reinforce our sincere appreciation to shareholders for their continuing support for the Company. These are exhilarating times for Kentor. We are moving towards the full-scale development of our first mine at a time of strong gold and copper prices and a strong Australian currency that is working clearly in favour of our capital raising and procurement. We have proven technical, financial and commercial experience within the Company. In these favourable circumstances, we look forward to establishing a profitable operation at Andash on which to build a significant mining company in Central Asia.



# Kentor Gold

EGM Presentation

18 November 2010

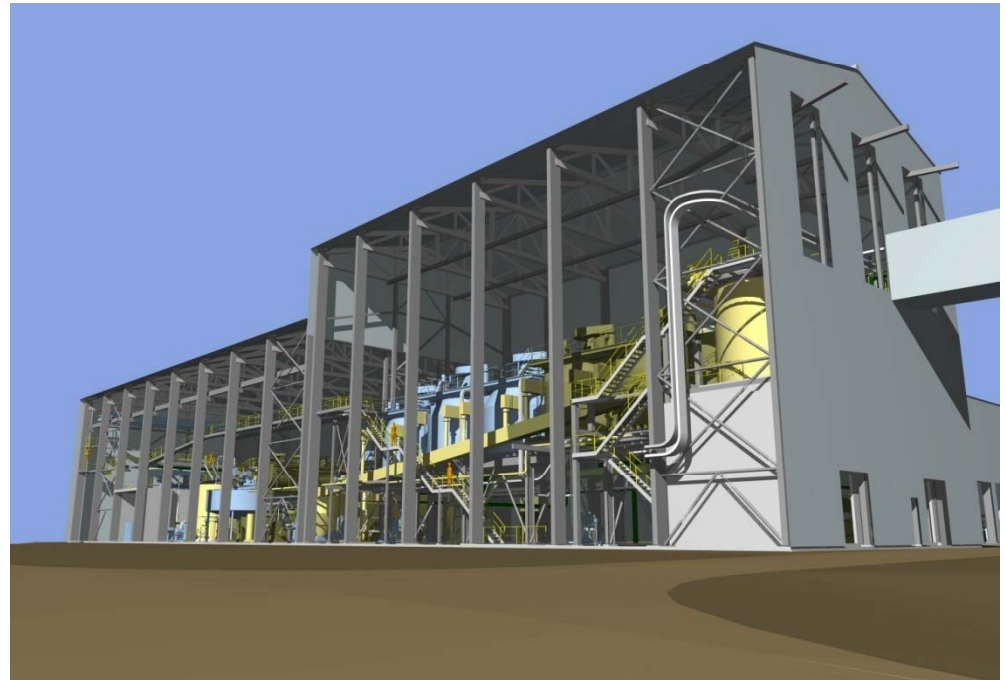
# KGL Share Price Chart





# Feasibility Study Results March 2010

- 1.6mtpa to 3.2mtpa throughput
- Simple and conventional open pit and flotation plant
- 3 stage crush, grind, float process
- Average annual production:
  - 70,000 oz Au and 7,400t Cu
  - High grade concentrate  
24.5% Cu and 72 g/t Au
- No deleterious elements
- Initial mine life 6 years
- Resource/reserve expansion likely to significantly increase mine life



# Project Economics (KGL 80%)

- Cash cost US\$29/oz Au (after Cu credits and royalty)
- Capital Cost US\$96m
- Base Case NPV US\$130m
  - US\$1,000/oz Au & US\$2.75/lb Cu
- Base Case NPV increases by 56% by adding additional 6.0 mt of ore (2 years)
- Strong AUD reduces capital cost in AUD terms
- Court orders issued on transfers of minority ownership

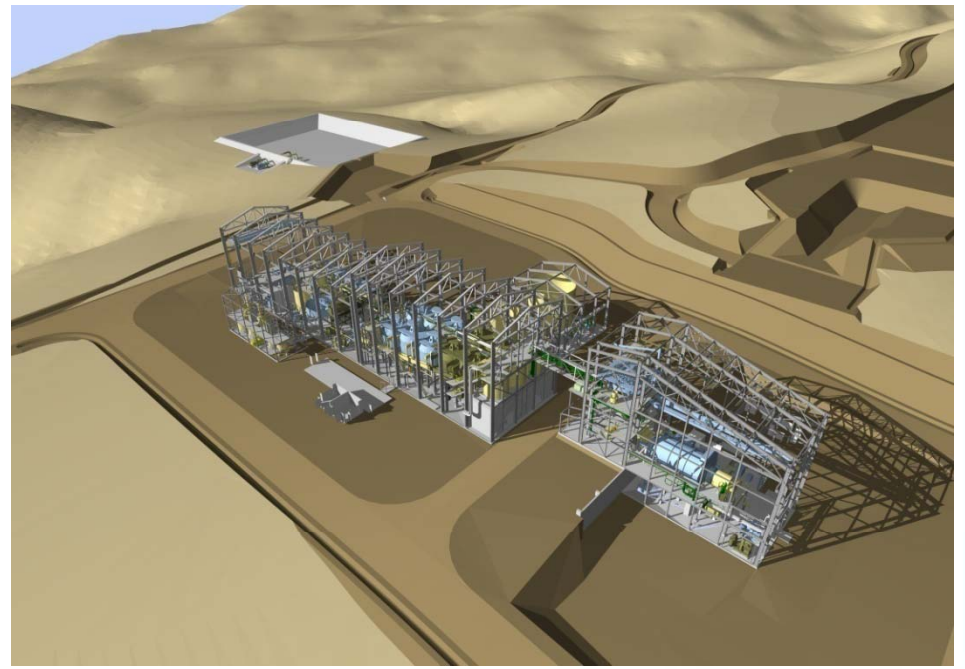
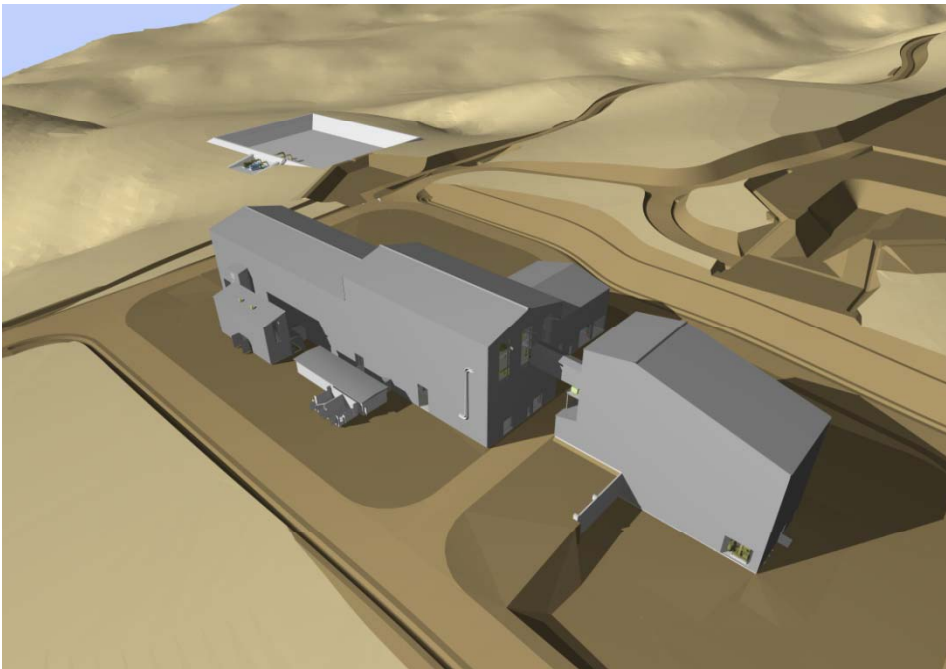
Cost component (US\$/t)	Phase 1 (1.5mtpa)	Phase 2 (3mtpa)
Mining	3.46	3.46
Processing	8.62	7.09
G&A	3.38	1.69
<b>Total</b>	<b>15.46</b>	<b>12.24</b>

## Project NPV (US\$)

Gold Price (US\$/oz)	Copper Price (US\$/lb)				
	2.25	2.75	3.25	3.75	4.25
800	56	83	110	138	165
1,000	103	130	157	185	212
1,200	150	177	204	231	258
1,400	197	223	251	278	305
1,600	243	271	298	325	352

# Project Funding

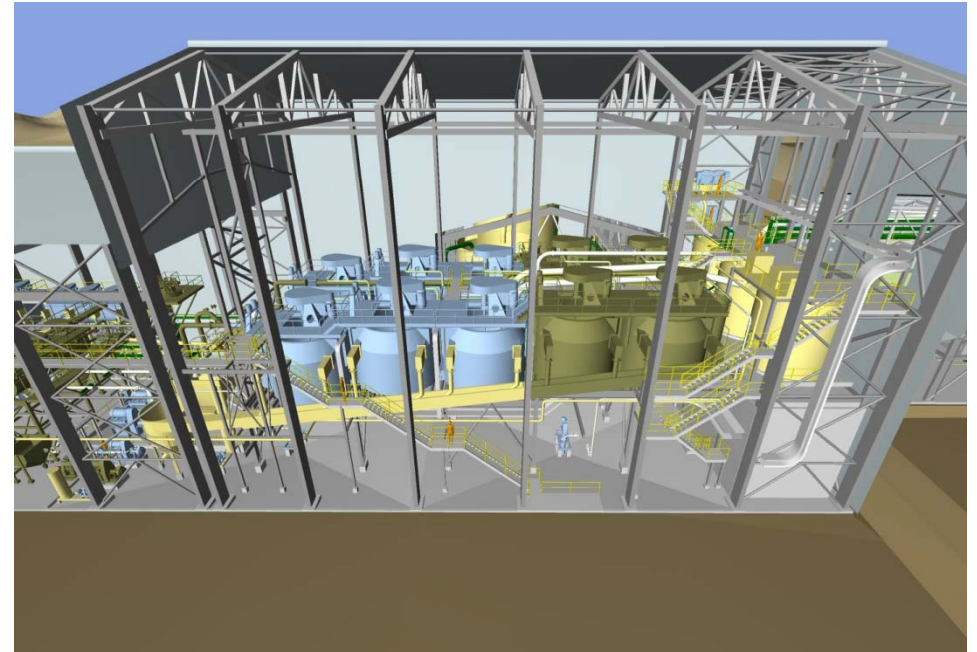
- Project Capital Cost US\$96m
- Mandated Macquarie Bank to provide project debt of US\$50m
- No compulsory hedging





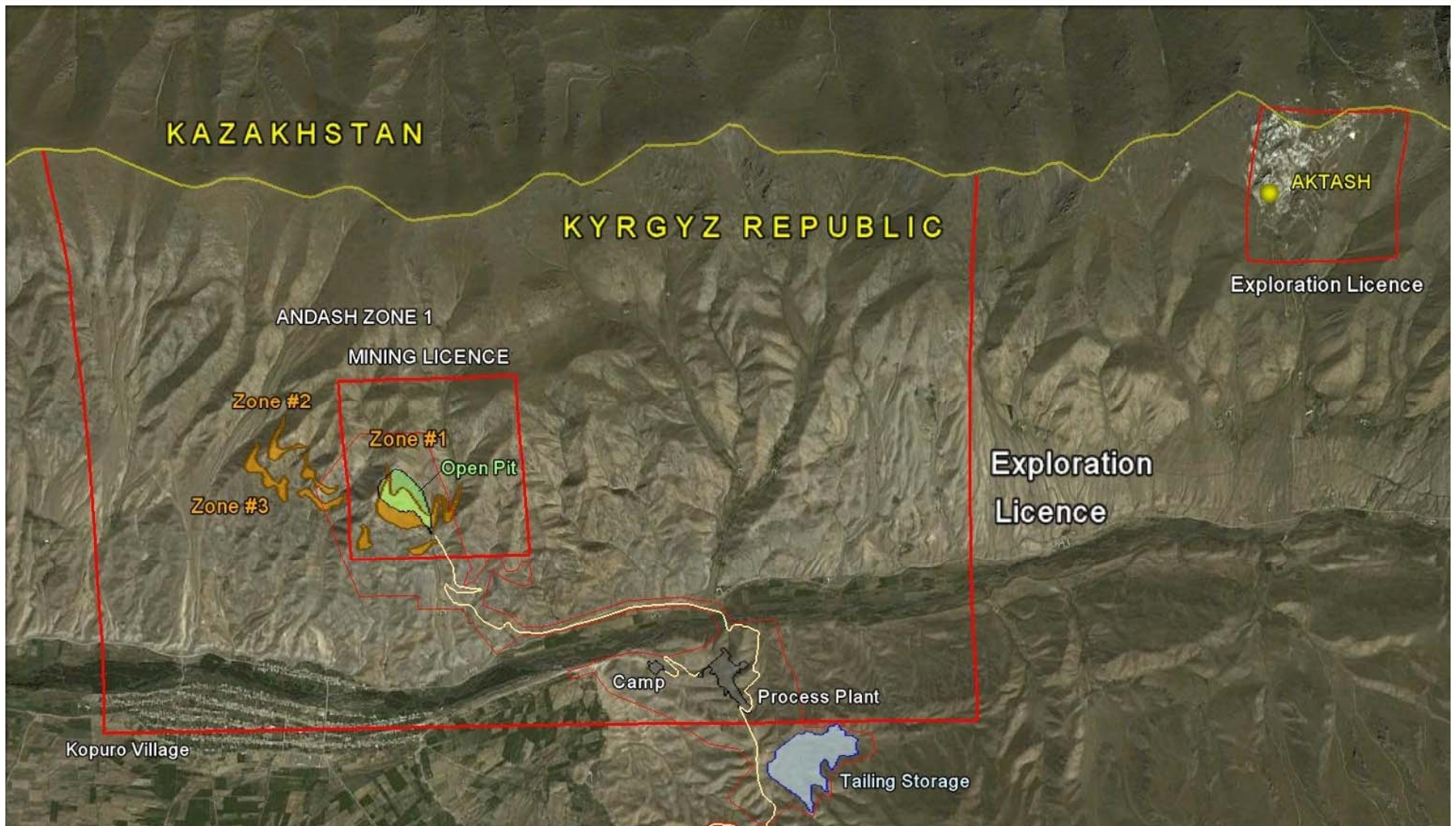
# Engineering

- Detail engineering 60% complete
- 6 MW Ball mill ordered
- Long lead time items ordered



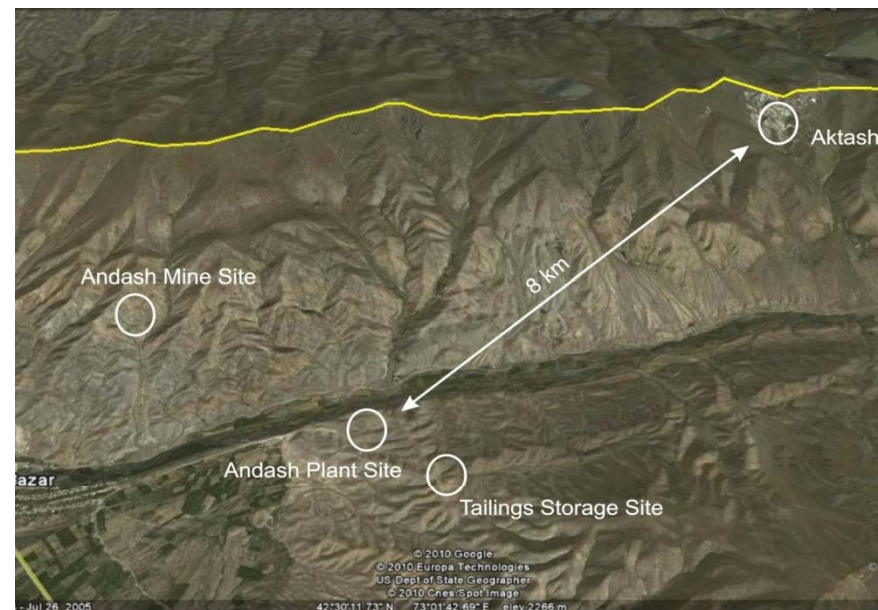


# Andash and Aktash



# Aktash

- 18 month exclusive option
  - US\$200k for first year
  - US\$200k for last six months
- KGL obliged to drill 1,500 metres
- KGL to complete JORC resource estimate
- Payment to exercise option to acquire 100%
  - US\$19 per ounce of gold
  - US\$105 per tonne of copper
  - US\$0.30 per ounce of silver
- 11,000 metres of drilling to date
- 3 adits developed by Soviets, totalling 2,500m of underground workings
- JORC Exploration target of 2 to 5Mt @ 2 to 3.5g/t Au, 0.3 to 0.7% Cu and 8 to 12g/t Ag\*
- \* The potential quantity and grade of the Exploration Target are conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.



*Location of Aktash Deposit in relation to Andash*



# Aktash



View from  
Aktash Project



# Aktash



Entrance to  
Aktash Adit



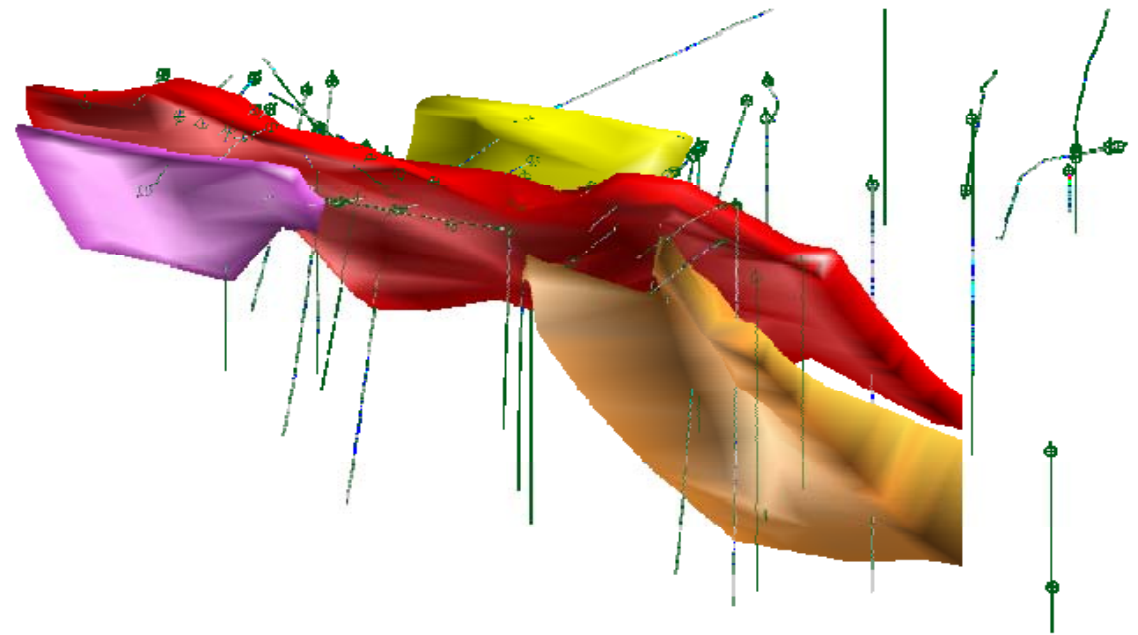
# Aktash



Copper in  
underground adit  
at Aktash

# Andash Zone 2 and 3

- Explored by adits
- 30 diamond drill holes
- Located 1 km west of Andash Zone 1
- Exploration target of 5 to 10 mt of ore @ 1 to 1.5 g/t gold\*



\* The potential quantity and grade of the Exploration Target are conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

# Offer Details

- **Placement and Rights Issue to raise up to a total of A\$65.2 million**
- **Placement**
  - Issue of up to 86.5 million shares at A\$0.155 to raise up to A\$13.4 million (subject to EGM on 18 November 2010)
  - 24.4% discount to closing price of A\$0.205 on 10 November 2010
- **Rights Issue**
  - 3 for 5 non-renounceable rights issue of approximately 398.1 million shares at A\$0.13 to raise up to A\$51.8 million
  - 36.6% discount to closing price of A\$0.205 on 10 November 2010
  - Top-up Facility for shareholders to apply for additional shares (if available)



# Sources and Uses of Funds

Sources	US\$M
Current cash balance	13.1
Macquarie Bank debt facility	50.0
November equity raising (net costs)	62.0
<b>Total</b>	<b>125.1</b>

Uses	US\$M
Andash capital cost (inc. contingency)	94.7
Andash exploration & other costs	3.2
Aktash option	7.0
Corporate and overheads	6.8
Creditors	2.1
Working capital & cash reserves	11.3
<b>Total</b>	<b>125.1</b>



**This raising will complete the equity financing component of the Andash Copper Gold Project**



# For more information contact

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or visit [www.kentorgold.com](http://www.kentorgold.com)

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**Forward-Looking Statements:**

This presentation includes certain “Forward-Looking Statements”. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding forecast cash flows and potential mineralisation, resources and reserves, exploration results and future expansion plans and development objectives of Kentor Gold Limited are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

**Competent Persons Statement:**

The Exploration Targets in this report is based on information compiled by Simon Tear, who is a member of the Australasian Institute of Mining and Metallurgy and a full time employee of Hellman and Schofield. Mr. Tear 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. Tear has consented to the inclusion of this information in the form and context in which it appears in this report.