



14 April 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. The Andash Gold-Copper Project (Kentor Gold 90%) is targeted to commence production in late 2011 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

(7 Apr. 2010): \$47 million

Contact

Simon Milroy - Managing Director
+61 (0)7 3121 3206
+61 (0)448 851 575

CHAIRMAN'S LETTER TO SHAREHOLDERS ANDASH GOLD-COPPER PROJECT AND CHANGE OF GOVERNMENT IN KYRGYZ REPUBLIC.

Dear shareholder,

I am taking this opportunity to write to you to provide an update of the situation in the Kyrgyz Republic (Kyrgyzstan) where Kentor Gold has been active for several years, and, in particular, to convey the ongoing confidence of Kentor Gold directors in the Andash gold-copper mining project which the Company is planning to develop there.

As you may be aware, an interim government has been formed in the Kyrgyz Republic (Kyrgyzstan) following a popular uprising against the regime of President Kurmanbek Bakiev. In events overnight, it has been reported that the deposed President Bakiev has stated that he could resign if his safety can be guaranteed and the turmoil that followed the uprising can be calmed.

By way of background, the Kyrgyz Republic gained independence in the early 1990's following the dissolution of the USSR. Kentor Gold has built up a strong on-the-ground presence there over several years, attracted by the country's mineral potential. One of the world's largest gold provinces, the Tien Shan Gold Belt, runs through the Kyrgyz Republic which is already a substantial gold producing nation where international investment in mining and exploration has always been welcomed.

Mr Bakiev was elected President in elections that followed a previous, bloodless, uprising in 2005. The discontent leading to the 2005 uprising, and the resignation of the then President Askar Akaev, arose from perceptions of nepotism, corruption and other abuses of power.



Sadly, the optimism that resulted from the 2005 change faded to disillusionment over the next few years as Mr Bakiev was criticised for centralising and cementing his grip on power and favouring family and clan members in government appointments. There was particular criticism of the President's son Maksim Bakiev for using his position in government as head of a development agency to promote his business interests which included the privatisation of electricity and telecom services and the subsequent increase in user charges.

Following growing unrest, including protests against the price increases, the opposition parties agreed to unite, appointed Roza Otunbayeva as head of the united opposition and called for peaceful protest rallies throughout the country on 7 April.

When on 6 April, authorities in the city of Talas refused such a request to hold a rally, the local Governor was taken hostage, two demonstrators were killed and visiting Cabinet Ministers were beaten by the crowd.

The next day, thousands of demonstrators protested in Bishkek. Amid further tragic loss of life, opposition leaders were released from custody and the Bakiev family evacuated the presidential White House, flying to the south of the Kyrgyz Republic after having been refused sanctuary in neighbouring countries.

Order was restored in Bishkek within 24 hours.

The interim government acted immediately to re-establish confidence, dissolving the presidential administration and the controversial development agency while honouring existing international agreements including American military use of Manas Airport. Ms Otunbayeva and her government undertook to put a revised constitution to referendum and hold elections within six months. The constitution which is now modelled on the US presidential system will be changed to a Westminster-type parliamentary system designed to prevent the recurrence of power being concentrated in too few hands.

The Russian Federation was quick to recognise the interim government. Germany has shown strong support short of official recognition. Several major countries are believed to be withholding recognition because Mr Bakiev has not yet resigned. Given Mr Bakiev's most recent conditional offer to resign, this situation could be resolved in the coming days.

Ms Otunbayeva is a respected political leader and former diplomat, highly regarded as a leading moderate. Following the change of government in 2005, Ms Otunbayeva served in the Bakiev cabinet but subsequently opposed his regime and entered parliament where she led the Social Democratic opposition Party. A fluent English speaker, she is a former Foreign Minister and former ambassador to each of the United States and the United Kingdom.

The Kyrgyz people, a family and clan based society, have shown for the second time in five years that paradoxically they will not tolerate nepotism in government. Our view, based on Kentor Gold's long established position in the country, and that of many observers, is that Kyrgyzstan now has the right people in place to lead the country into a more democratic and progressive future.



Taking the Andash Gold-Copper Project forward

As Kentor Gold reported to the ASX on 9 April, there has been no impact on the activities of the Company.

We have now almost completed the commissioning of the mobile fleet of construction and mining equipment for the Andash project. Site works are scheduled to commence next month.

Kentor Gold has had a management team permanently resident in Bishkek for many years under Executive Director Hugh McKinnon, as well as a recently appointed senior management group for the Andash project led by General Manager Operations, Guy Cordingley. Several of the recently joined executives are experienced in the Kyrgyz Republic and are known and respected within the relevant government departments.

Inevitably, the change of government in the Kyrgyz Republic, and particularly the accompanying violence, have generated concern in many quarters. However, we are encouraged by the decisive actions of the interim government in maintaining business as usual while presenting a clearly articulated political reform program.

The Board and senior management of Kentor Gold believe that Kentor Gold can proceed with confidence with the Andash gold-copper project, initiating early site works, continuing with the detailed engineering design, commencing procurement, finalising project financing arrangements, that will enable us to proceed with full-scale development, and undertaking exploration to extend mine life. Through Andash, we plan to lift your Company to a mid-tier gold and copper producer by late 2011.

Yours Faithfully,

John Barr AM
Chairman

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

Mr Simon Milroy
Managing Director
Phone: (07) 3121 3206
or 0448 851575

Email: info@kentorgold.com.au

Mr David Waterhouse
Investor Relations
Ph (03) 9670 5008