



9 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.

Issued capital:

*577 million ordinary shares
59.6 million unlisted options*

Market Capitalisation

8 November 2010: \$106 million

Contact

*Simon Milroy - Managing Director
+61 (0)7 3121 3206*

ANDASH PROJECT UPDATE

Kentor Gold Limited (ASX Code: **KGL**) (**Kentor** or the **Company**) provides shareholders with this update on a number of outstanding items relating to the Andash Gold-Copper Project.

1. Kyrgyz Government

The Kyrgyz Republic's Central Election Commission has now announced the final results of the country's successful parliamentary elections held last month. With no one political party obtaining a clear majority, negotiations are currently underway among the five eligible parties to form a coalition government. President Roza Otunbayeva, whose care-taker government has moved the country towards full parliamentary democracy, has publicly stated her plans to increase foreign investment and economic activity and to fast track the development of the mining industry.

The process to obtain approval from the local council of the Kopuro Bazar village, located near the Andash Project site, to enable the Andash Project to proceed is still ongoing. Kentor, believes that as soon as the new central government is established, this will assist in obtaining the necessary approval from the local council of the Kopuro Bazar village. Kentor remains optimistic that its current development schedule can be maintained.

Kentor has also been active in seeking the engagement of the local community and, as part of its community development program, is in the process of establishing a Micro-Finance Scheme (MFS) to assist villagers in sustainable development. To date a majority of households in the village have signed up to this MFS and the Company continue to build support for the Project across a broad front.

The Company has also planned to provide a 1% royalty to community development projects in the local village, district and province. This has been included in the financial model.

Processing of routine renewals and amendments to terms of Exploration Permits and Mining Licences are also awaiting the formation of the new government. Under the Kyrgyz Sub-Soil Law, Exploration Permits must be renewed annually and permits relating to the Andash Exploration Licence are due for renewal as of 31 December 2010. Additionally, Andash Mining Company is seeking to obtain an amendment to the terms of its Mining Licence. Currently the Mining Licence requires the commencement of production in 2011. Kentor has requested this be amended to match the scheduled production in 2012.



Kentor remains hopeful that all of the outstanding items can be completed by the end of the year, which will allow Kentor to remain on target to commission the Andash project in Q1, 2012.

2. Minority Interest

Kentor advised the market on 28 October that the Talas Interdistrict Court had made a finding in relation to the 20% minority interest in the Andash Mining Company LLC (**AMC**), not held by Kentor.

Kentor has now obtained a copy of the official documents lodged by the General Prosecutor's Office (GPO) that relate to transactions between the minority holders in AMC.

The GPO sought, and the court found in favour of the GPO, to invalidate transactions between Aurum Mining plc (Aurum) and Investcenter Talas, LLC (ICT) on the basis that those parties did not appear to have complied with the Strategic Objects legislation. This decision will result in the ownership of the 20% minority interest in AMC reverting to Kaldora Company Limited (a 100% subsidiary of Kentor Gold Limited). Kaldora will then be required to offer the Kyrgyz Government 20% of AMC on the same terms of the initial transfer, namely 50,000 SOM (approximately AUD\$1,000).

The official findings of the Court are yet to be published. However, Aurum and ICT have already expressed to Kentor their discontent with the orders made by the Court and with the fact that documents relating to these transfers were provided by Andash Mining Company LLC to the Deputy Prime Minister at his request.

3. Exploration

Kentor has reported progressively on the potential to extend and expand the initial Andash gold-copper project by exploration. Kentor is continuing to review historical Soviet era exploration results on Aktash, Zone 2, Zone 3 and the five other prospects within the Andash exploration licence and is planning an aggressive drilling programme which will commence immediately on obtaining the local council approval. The results of this drilling will be evaluated and are expected to add substantially to the gold and copper resources defined for the project.

The historical drilling on these prospects is in excess of 15,000m and Kentor's aim is to convert these historical results to JORC compliant resources.

For further information contact:

Mr Simon Milroy

Managing Director

Phone: (07) 3121 3206 or 0448 851575

Email: info@kentorgold.com.au