



13 October 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

12 October 2010: \$103 million

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UPDATE ON ANDASH GOLD-COPPER PROJECT

The successfully conducted national parliamentary elections in the Kyrgyz Republic on 10 October provide an appropriate occasion for Kentor Gold Limited (Kentor or the Company) to update shareholders and the market on government and community developments with respect to the Company's Andash Gold-Copper Project. Kentor is moving towards the full development phase of Andash, with first production targeted for early 2012.

Parliamentary Elections

Following a popular uprising against the government last April, an interim government under the leadership of the internationally respected Roza Otunbaeva set the Kyrgyz Republic on the road to full parliamentary democracy. Two major milestones were a referendum on 27 June to adopt a new constitution and parliamentary elections on 10 October. Both have now been achieved following the successful parliamentary elections last Sunday.

While counting has yet to be completed, the Kyrgyz Central Elections Commission has reported a 54% turnout of eligible voters in an election free of serious violations. Reuters reported that the Kyrgyz people had voted to create the first parliamentary democracy in Central Asia. The elections were scrutinised by local and international observers. The main international observer body, the Organisation for Security and Cooperation in Europe (OSCE) reported

"The OSCE Chairmanship welcomes the peaceful conduct of the parliamentary elections in the Kyrgyz Republic, and urges all parties to work toward long-term political stability and public consent in the country,".

"Timely and consolidated efforts of the OSCE, the UN and the EU have contributed significantly to the normalization of the situation, a spectacular example of the effective co-operation between the world community structures during the hardest political crisis in Kyrgyzstan"



Five parties secured better than 5% of the national vote required to qualify for a seat in the parliament. The five parties are closely ranked, with 18, 23, 25, 26, and 28 seats each of the 120 seats in total. In order to secure government, the parties will now have to form coalitions for which negotiations are underway. In their election platforms, all five successful parties recognised the need for foreign investment for development of the Kyrgyz economy, and the need to improve the investment climate to achieve this.

In April, President Otunbaeva espoused the principles of democracy, fairness, openness and transparency and committed to foreign investment within a market economy, describing the mining industry as the “wings of development in the country”. With elections now successfully completed, the Kyrgyz Government is in a position to encourage further economic development of the country. With additional foreign investment required to meet national development objectives, the key to increasing foreign investment and economic activity is to fast track the development of the mining industry.

The Government is in the process of forming a commission tasked with creating the appropriate conditions for accelerated development of the mining industry. The commission will be headed by a Deputy Prime Minister, and have full representation at ministerial level with participation of industry representatives.

Andash Project Final Approvals

The Company has been steadily progressing the development of the Andash project. The feasibility study is fully updated, the mobile fleet acquired, the ball mill secured and other procurement under way, detailed engineering nearing completion, the debt financing mandated and the balance of the project funding now being progressed.

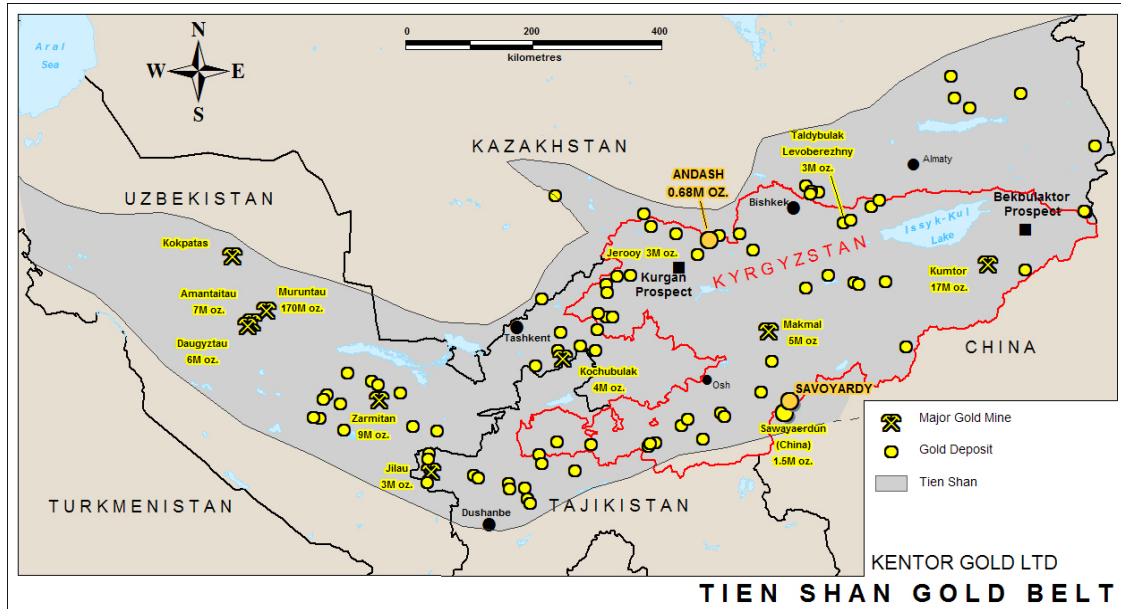
The core government approval, the mining licence, has been issued. The remaining permits to be obtained are:

- Renewed environmental and social permit (OVOS). The permit was granted in 2007 but has now expired and requires updating. The permit is now being revised to account for minor changes in the project layout since 2007
- Local approval required by the Kopuro Bazaar village council relating to project development. Lack of engagement at the local level by the interim national government has slowed local negotiations while the government has been focussed on establishing parliamentary democracy. However, Kentor has continued to build local relationships and considers it has become accepted as a responsible member of the community. While the issue has the potential to delay the project, Kentor expects the speed of local permitting to improve following the successful national parliamentary elections.

Both of these permits are expected to be in place by the end of the year.

Kentor's Managing Director Simon Milroy said:

“The Kyrgyz Republic has made great strides towards stability and a fully transparent democratic government since the events of April this year. The new government is committed to accelerating development of the mining industry as a national priority, and Kentor looks forward to working with the government for the rapid and successful development of Andash.”



Location of the Andash Project

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

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