



Kentor Gold Ltd

Highlights of interview....

- **Commission of Enquiry to expedite project**
- **Project development on track**
- **Corrects the incorrect reporting in media**
- **Improved project economics, debt mandate proceeding well**
- **Government support for project**

Record of interview:

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Kentor Gold Ltd (ASX code: KGL) gave an update on the Andash Gold-Copper Project on 4 February. The update focused on the Kyrgyz Government's establishment of a Commission of Enquiry for the Project, with a view to expediting the approval process. Can you provide some further details regarding the commission?

Managing Director Simon Milroy

Andash has the support of the Kyrgyz central government. We are pleased that the commission has been established as it will openly and transparently deal with some community environmental misconceptions regarding the development that are in the minds of some of the local people.

The Andash project is a clean and safe project involving flotation to produce a concentrate. There will not even be the need to release any water from the project due to the negative water balance on the site.

The Andash development will create 450 full time jobs and will also generate income to the government through the payment of royalties and taxes. We have also committed to paying the local community a 1% royalty which equates to approximately US\$1m per year.

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To what extent have these events impacted the schedule? Is the project still on schedule?

Managing Director Simon Milroy

The Commission has been given a tight, one month period to submit its findings. This timing fits within the current development schedule for the project. As long as we can proceed with

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“MD Milroy Updates Progress at Andash”

the full scale construction in March as scheduled, we are still on track to commission the Andash Project in March 2012.

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It was reported in the Media that work on the project has been suspended, will this affect the project schedule?

Managing Director Simon Milroy

This is incorrect reporting. The Andash project has not been suspended. The Minister has asked us to suspend the on site activities such as the community support we have been providing in the local village for one month while the commission is in progress. This does not affect any of the off site activities associated with the project such as finalizing the engineering and procurement, building the team, training the staff and negotiating construction contracts. I can't emphasise this enough.

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Are the major project parameters and project economics affected? Can you give an update?

Managing Director Simon Milroy

The economics of the project have continued to improve as gold and copper prices increase. At current copper prices, the forecast gold cash cost will be better than negative US\$300/oz.

The equity funds that Kentor is holding have been transferred to the correct amounts of both US dollars and Euro needed to build the project. This was done to ensure that the Company is not exposed to future currency fluctuations. Very attractive rates were achieved for this with the transfer to United States dollars completed with the Australian dollar in excess of parity.

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What are concerns of the local people?

Managing Director Simon Milroy

Approximately 50 people held a meeting with Government Ministers last week in Bishkek, the capital city of the Kyrgyz Republic. They raised a number of concerns relating to the environment. The concerns that have been raised include the use of cyanide and the presence of uranium at Andash. These are easy to address as there will be no use of cyanide at Andash and elevated levels of uranium do not exist at the project.

The local population has now formed a pro-Andash initiative group and we have been told that they have now collected approximately 1,500 signatures in support of the project going ahead. Hence we are confident that we have the support of the vast majority of the local community.

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In general, what support are you receiving from the central Kyrgyz Government as well as locally? What approvals remain before mining can commence?

Managing Director Simon Milroy

The central government has been very supportive and we have received strong support from the new Minister of Natural Resources. The development of the mining industry is one of the key policies of the new government.

The only outstanding approval we need to develop Andash is the OVOS which is the environmental and social licence from the central government. The land required to develop the project has already been awarded to Andash and we already have the mining licence.

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You've successfully raised the equity component of the project financing. Can you update progress on the debt mandate you've given Macquarie?

Managing Director Simon Milroy

We are currently working closely with Macquarie Bank on the due diligence for the debt. No major issues have arisen and it is going smoothly. I expect that this will be completed this month.

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What does this all mean for exploration?

Managing Director Simon Milroy

We are confident that we will be able to increase Resources at Andash and the nearby Aktash, to lift production and extend mine life at Andash. We plan to start drilling with two rigs working at Andash and two at Aktash as soon as possible.

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Thank you Simon.

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