



## 28 May 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 which is under development is targeted to annually produce 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.*

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### Issued capital:

393 million ordinary shares  
56.6 million unlisted options

### Market Capitalisation

(28 May. 2010): \$35 million

### Contact

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## ANNUAL GENERAL MEETING

Attached are the Chairman's and Managing Director's addresses to be given at today's Annual General Meeting

For further information, visit the Kentor website at [www.kentorgold.com.au](http://www.kentorgold.com.au) or contact:

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## **CHAIRMAN'S ADDRESS TO THE ANNUAL GENERAL MEETING OF KENTOR GOLD LIMITED, MELBOURNE, 1 P.M. 28 MAY 2010**

Ladies and gentlemen, it is my pleasure to report to you on the remarkable progress of Kentor Gold Limited over the past 12 months and on the schedule of activity now before us to achieve the status of a mid-sized, mid-tier gold-copper company.

When we met a year ago, your company had a market capitalisation of approximately \$4 million. Today, it is around \$35 million.

Also since that meeting, Kentor Gold has acquired the Andash Gold-Copper Project in Kyrgyzstan. Kentor Gold was able to take advantage of its strong position in the Kyrgyz Republic to acquire 80% of the Andash project for US\$10 million when it became available, together with an already assembled mobile fleet of construction and operating equipment for a further US\$5 million. Early development activity is already in progress. That we have done this during the constraints of the Global Financial Crisis is all the more remarkable.

Aligned with the acquisition of the Andash Project, the years of creating an on-the-ground presence in the Kyrgyz Republic, in establishing a permanent, Russian speaking management team, building relationships, engaging in exploration and acquiring high potential assets, all of these should now begin to deliver enhanced value and a meaningful return to Kentor Shareholders.

While the project was virtually development-ready, complete with bankable feasibility study and government approvals, we immediately set in-train an update of the study which, when completed in March 2010, did confirm the project's high grade, low cost profile and also provided us with a better understanding of its metallurgical performance.

Andash emerged strengthened from that process, a project for which we are now targeting production at the annual rate of 60,000 ounces of gold and 6,800 tonnes of copper, with low costs due to good grade, shallow open cut mining in easy topography, and available infrastructure in an accessible location. The project's favourable economics are highlighted by the projected total cash cost of gold production of US\$38 an ounce when copper credits and royalty payments are taken into account. Let me put that US\$38 an ounce cost in the context of the current gold price which is more than US\$1200 an ounce.

As we now progress towards development at Andash, we have recruited key corporate and project personnel to work under the leadership of Managing Director Simon Milroy and, in the Kyrgyz Republic, our resident Executive Director Hugh McKinnon. We now have an impressive and highly competent team who bring together the necessary skills and experience required to financing, to build and to operate the Andash project.

Capital raising to acquire Andash and meet early development costs was well supported last year; a \$28 million share placement was heavily oversubscribed in December.

We are now preparing a financing strategy in order to fund adequately development of the Andash project.

Now a word on the political situation in Kyrgyzstan. You will no doubt be aware of a popular uprising in Kyrgyzstan which occurred in early April. This uprising resulted in the ousting of former president Bakiev. Following his deposition, an interim government lead by Ms Rosa Otambaeva was formed. Espousing the principles of democracy, fairness, openness and transparency, the interim government will put a new constitution to a referendum next month, and elections will be held in October.

It is pleasing to report however that the recent change of government in the Kyrgyz Republic has not had a significant impact on our activities. All of the banks with which we have been discussing project financing have maintained a working relationship with us throughout this period. However and inevitably, the fund raising process has been slowed as international investors and lenders take stock of the political situation.

28 May 2010



We are fortunate to have Hugh Mc Kinnon with us for today's meeting, and Hugh will be available to answer any questions you may have on the situation in the country.

However it is pleasing to report that Ms Otunbaeva seems to be well committed to mining development describing mining as "the wings of the development of the country". Furthermore she has already issued an interim government decree guaranteeing the protection of foreign investment.

Our long standing presence in the country has undoubtedly helped us to understand the complex issues which are inevitably involved in such a change of government. I should add that Hugh McKinnon has lived in the Kyrgyz Republic for many years and is currently Chairman of the Kyrgyz International Business Council. We are well aware of the challenges that the interim government faces in implementing its reform agenda. However, we are encouraged by what we see in the new political direction of the country and look forward to working with the new government. We believe that any impact of government change in the development timetable for Andash should only be minimal.

The strong focus of activity at Kentor Gold now is, of course, the development of Andash. As negotiations on project financing continue, work is proceeding on several other fronts including detailed engineering design, the sourcing of items of equipment with long lead times, and the identification of appropriate markets for the Gold-copper concentrate for which there is strong demand.

The change of government has delayed the Andash community consultation process which was well underway at the time of the popular uprising. The change of government has also caused a delay in the commencement of a major drilling program at Andash. We now expect this drilling to commence in July in the high grade gold prospects which surround Andash and which have the potential to increase production and to extend the initial six and a half year mine life.

I should add that we have not forgotten our other project interest in Kyrgyzstan. A drilling program is also planned at Savoyardy, designed to increase the current high grade but small gold resource with the objective of establishing a substantial economic mining project. Exploration work is also continuing at both Kurgan and Bashkol where last year's work produced encouraging results.

I believe that 2009 has been a seminal year for Kentor Gold, and, it would be remiss of me, and also on behalf of the board, not to acknowledge the fine work of Simon Milroy our Managing Director, Hugh McKinnon, our Executive Director in Bishkek and their competent staff both in Australia and Kyrgyzstan for their individual and collective contributions to the Company.

I also believe that as an Australian Company we are well entitled to take pride in the technical, financial and project development expertise which we are now capable of demonstrating internationally.

Finally, directors would like to extend our appreciation and thanks to shareholders for their ongoing support of the Company.

On the subject of the Rudd government's proposed Resources Super Profits Tax and, although having our concerns about the possible implementation of such a tax, we take considerable comfort in the fact that this recently announced tax on profits from mining companies will not apply to our international activities. As a matter of interest, it is pleasing to report that in Kyrgyzstan company tax rate of 10%.

In conclusion, let me re-iterate that we are now focussing our efforts at Andash on the early development of a high grade low cost gold-copper project at a time of high gold prices and continuing strong demand for our mine product. We operate in a country which we know well and in which we are highly regarded, where the political climate is improving and stabilising, and where international investment, especially in the resources sector, is much welcomed.

I would now like to call on Simon Milroy to report further on the activities of the Company.



# Kentor Gold – Andash



KENTOR GOLD LTD

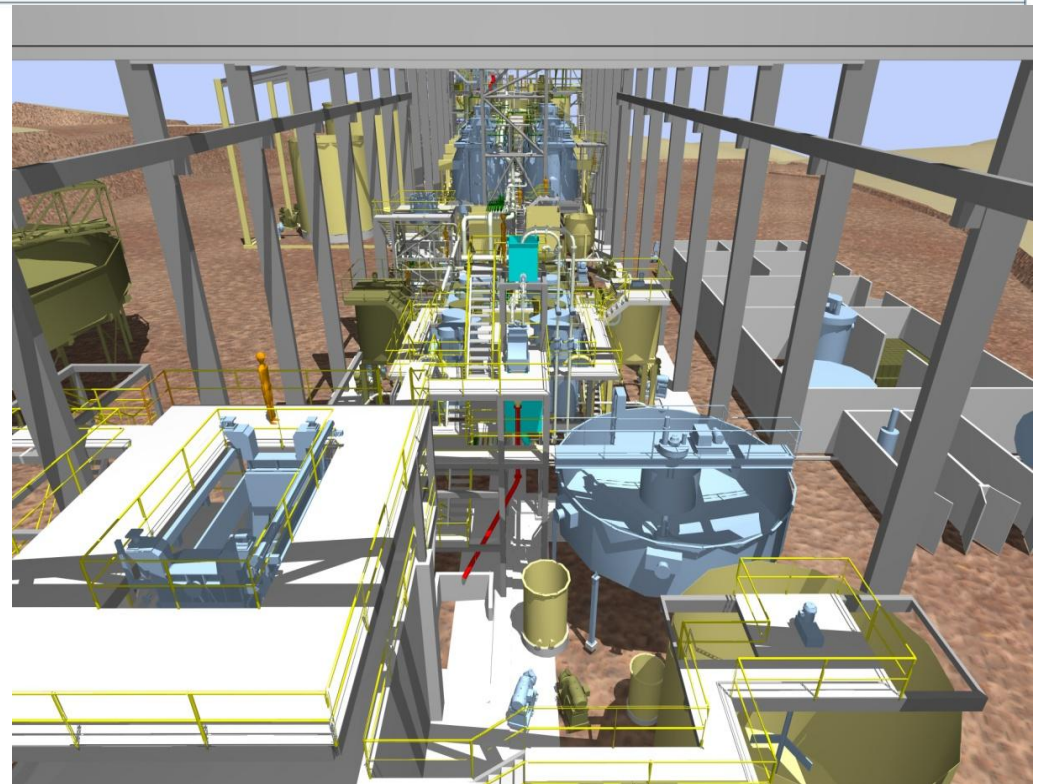
Simon Milroy, Managing Director of Kentor Gold  
AGM May 28th 2010





# Andash Gold Copper Project

- Purchased on 28<sup>th</sup> December 2009
- Definitive Feasibility Study completed
- Detailed engineering commenced
- Mining equipment commissioned
- Ball Mill acquired
- Key Personnel Appointed



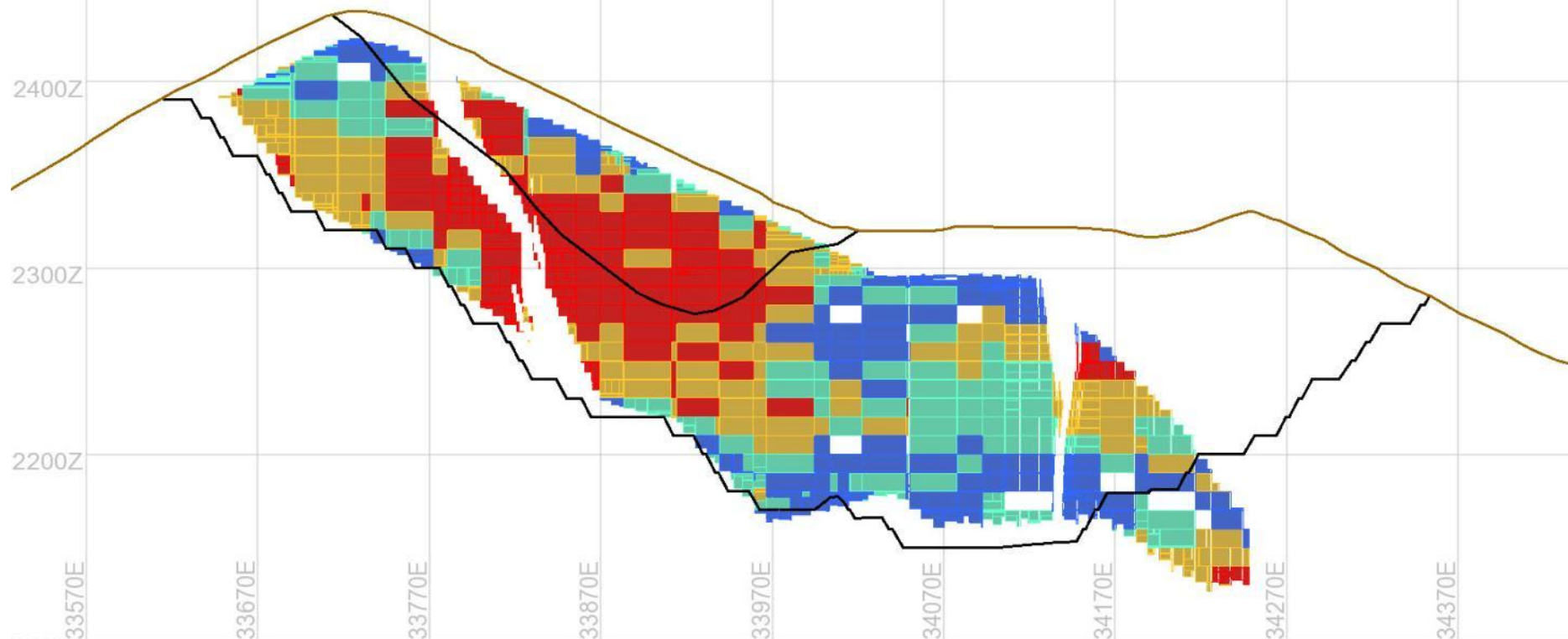
# Feasibility Study Results Mar 2010

- 1.5mtpa to 3mtpa ore throughput
- Simple and conventional open pit and flotation plant
- 3 stage crush, grind, float process
- Average annual production:
  - 60,000 oz Au, 6,800t Cu
  - High grade concentrate 24% Cu, 65 g/t
- No deleterious elements



# Andash Long Section through Block Model

- Low Strip Ratio
- High resource to reserve conversion ratio
- High grade starter pit



# Project Economics (KGL 80%)

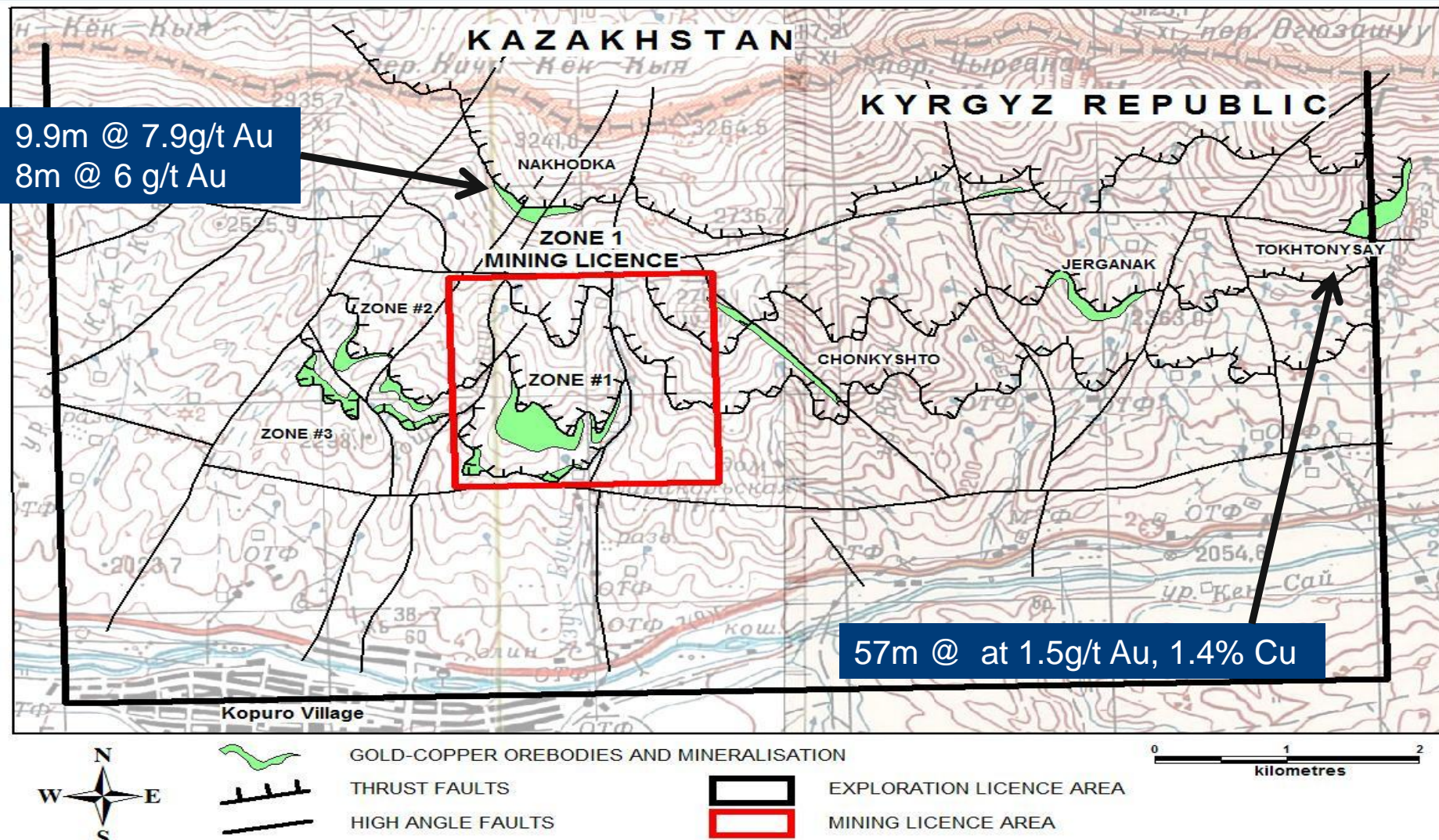
- Cash cost US\$38/oz Au (after Cu credits and royalty)
- Capital Cost US\$102.3m
- Base Case NPV US\$107m  
(US\$1000/oz Au & US\$2.75/lb)
- At current Prices NPV US\$165m
- Initial mine life 6.5 years
- NPV increases by 56% by adding additional 6mt of ore

Table of Project NPV (US\$)

Gold Price	Copper Price (US\$/lb)					
(US\$/oz)	2.25	2.50	2.75	3.00	3.25	3.50
800	35	49	62	76	90	104
900	57	71	85	99	113	126
1,000	79	93	<b>107</b>	121	135	149
1,100	102	115	129	143	157	171
1,200	124	138	152	165	179	193
1,300	146	160	174	188	201	215



# Andash Licence Area





# Commissioning of Mining Equipment

- Komatsu Moscow maintenance contract
- 36 of 37 machines commissioned
- New oils and filters
- No major defects found



# Ball Mill Acquired

- New Outotec 6 MW Ball Mill
- US\$1.1m below DFS budget
- Already manufactured
- 6 piece shell and 3 piece heads
- ABB motor
- Good payment terms





# Project Improvements post the DFS

- Increased gold recovery by 3.5%
- Increased the concentrate grade from 22% Cu to 24.5% Cu
- Deferred the regrind mill to stage 2
- Larger mill than planned in the DFS – Higher throughput
- Optimising the mining schedule
- Improving the design

# Key Personnel Appointed

- Guy Cordingley – General Manager Operations
- Gerard Kelly – Chief Financial Officer
- Kelvin Russell – General Manager Corporate Finance
- Fred Huston – General Manager Administration

# 360° Movie from Plant Site





# Research Reports

- RBS Morgans Valuation 19<sup>th</sup> March 2010 \$0.23
- Green Leader Valuation 14<sup>th</sup> April 2010 \$0.24

1<sup>st</sup> April 2010  
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## KENTOR GOLD LIMITED

### RECOMMENDATION:

Speculative buy.

Andash promises to be a very manageable and low cost gold and copper producer, in a field of great opportunities.

### INVESTMENT DATA

Share price (last trade 1<sup>st</sup> April 2010): A\$0.13  
ASX Code: KGL

### ISSUED CAPITAL

FFO shares: 393 M  
Unlisted options: 59 M  
Market capitalisation (fully diluted): A\$59 M

### Major Shareholders

ANZ Nominees: 15.0%  
National Nominees: 9.6%

### DIRECTORS

John Barr Non Executive Chairman  
Simon Milroy Managing Director  
Hugh McKinnon Executive Director  
John Taylor Non Executive Director  
Andrew Dalry Non Executive Director

### KEY POINTS

- Kentor Gold Limited is planning to develop the Andash gold and copper project in the Kyrgyz Republic in 2010.
- The Andash feasibility study was completed in March 2010. Pending completion of financing for the US\$103 million construction cost, Kentor plans to commission a concentrator at Andash in 4<sup>th</sup> Qtr 2011.
- Andash reserves of 16 million tonnes at 1.05 g/t gold and 0.4% copper (540,000 oz of gold and 64,000 t of copper) lie within a pit reserve with a strip ratio of 0.7:1. Andash is 2 km from a road network and 8 km from a hydro generated mains power line.
- Average annual gold and copper production in concentrate at Andash is forecast at 60,000 ounces and 6,800 tonnes respectively. Net of copper credits the forecast average cash cost of gold production is minus US\$27/oz pre-royalties.
- Copper concentrate is currently in short supply. Andash's clean, high gold grade concentrate will be keenly sought by smelters in Europe, Kazakhstan and China.
- Kentor bought Andash in 2009 at the tail end of a turbulent period in the Kyrgyz Republic. A stable and economically attractive environment for foreign mining investment has emerged.
- Most of the historical drilling at Andash has focused on Zones 1, 2 and 3. Reports suggest previous exploration at the nearby Nakhodia and Tokhtonsay prospects was suspended on the verge of significant discoveries.
- Andash is likely to become the second major new minerals development in Kyrgyzstan, and the first in its region. Underexplored resources and active exploration prospects surround the Andash exploration licence.
- Kentor has maintained an in-country presence in the Kyrgyz Republic since 1998, and maintains a unique relationship with the state geological survey. Kentor believes success at Andash will open doors to further opportunities.
- Kentor's management and board of directors have relevant experience in the development of gold and copper operations.
- Kentor is valued here at 27 cents per share, diluted for an equity raising to part finance Andash. The undiluted valuation is 39 cents per share.



19 March 2010

Produced by: RBS Morgans Limited

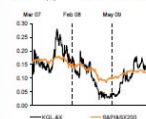
Equity | Australia | Metals & Mining

## Buy

Target price  
A\$0.23  
Price  
A\$0.12  
Short term (0-60 days)  
n/a

### Price performance

	(1M)	(3M)	(12M)
Price (A\$)	0.14	0.14	0.05
Absolute (%)	-17.2	-11.1	344.4
Rel market (%)	-20.8	-18.0	216.0
Rel sector (%)	-22.8	-14.6	131.4



### Market capitalisation

A\$47.10m (US\$43.55m)

### Average (12M) daily turnover

A\$0.12m (US\$0.11m)

Sector: BBO AP Mining  
RIC: KGL.AX, KGL.AU  
Priced A\$0.12 at close 19 Mar 2010.  
Source: Bloomberg

### Analyst

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## Kentor Gold Site works to start

KGL has extensive tenements in the Kyrgyz Republic. It is developing the Andash gold-copper project (80%) to produce 60koz gold and 5kt copper pa in concentrate, and it is evaluating other Soviet-era gold and copper prospects.

### Key forecasts

	FY07A	FY08A	FY09F	FY10F	FY11F
EBITDA (A\$m)	0.97	-1.63	0	0	11.6
Reported net profit (A\$m)	0.98	-0.24	0.13	0.13	10.6
Normalised net profit (A\$m) <sup>1</sup>	0.98	-0.23	0.13	0.13	10.6
Normalised EPS (c)	-1.6	-5.08	0.03	0.03	2.7
Normalised EPS growth (%)	n/a	217.5	n/a	0.1	7.886
Dividend per share (c)	0	0	0	0	0
Dividend yield (%)	0	0	0	0	0
Normalised P/E (x)	n/m	n/m	354	354.4	4.44
EV/EBITDA (x)	n/m	n/m	n/a	n/a	3.06
Price/net oper. CF (x)	10.2	-5.41	354	354.4	4.03
ROIC (%)	0	-30.8	0	0	126.8

1. Pre non-recurring items and post preference dividends  
Accounting standard: IFRS  
Source: Company data, RBS Morgans forecasts

### Andash Zone 1 gold-copper – the immediate focus (KGL 80%)

A 2007 feasibility study evaluated development of an open pit mine producing a sulphide concentrate containing 60,000oz of gold and 5,000t of copper per year. Well sited for logistics, power, water and workforce, the capital cost was estimated at US\$95.4m. Andash has been extensively drilled, and an adit driven through the deposit in Soviet times, providing a high degree of confidence in the reserve and process metallurgy. KGL owns the mining and production fleet, and the construction camp, with an estimated replacement cost of US\$8m. The projected site operating cost of US\$9.60/t ore translates into our estimate of US\$250/oz of gold equivalent, including marketing, transport and processing charges. AMEC Minproc is updating and optimising this study, due for delivery in the March-quarter 2010.

### The broader Andash tenement (KGL 80%)

The ML covering the Andash Zone 1 extends 2km by 1.5km within the Andash licence, which extends 10km along the prospective trend, and includes Andash zones 2 and 3, as well as four other Soviet-era discoveries. The Nakhodia gold deposit has reported intersections of 9.9m at 7.9g/t and 8.0m at 8.0g/t gold in trenches, while the other prospects are gold-copper. We expect exploitation of these deposits to extend the mine life well beyond 10 years, with a realistic expectation that the licence will support a larger-scale operation.

### The Kyrgyz Republic

In mid 2009, President Bakiyev, President of the Kyrgyz Republic since 2005, was re-elected with 76% of the vote, although international observers noted 'voting irregularities', and corruption is seen to be an issue. However Toronto-listed Centerra Gold's Kumtor mine, producing about 600,000ozpa of gold, has operated uninterrupted since 1997, with its updated resource base now 4.6moz of gold. After a period of dispute with the Kyrgyz Government, it now operates under a new tax regime with gross revenue taxed at 14%. We value the Andash ML at A\$0.28/KGL share, with a discount rate of 12.93%, which we have discounted by 25% for our valuation and target price of A\$0.23/KGL share.

Important disclosures can be found in the Disclosures Appendix.

KENTOR GOLD LTD

# For more information contact

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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 Results, Ore Reserves and Resource estimates in this report are based on information compiled by Dr. Phil Newall, who is a Chartered Engineer and Fellow of the Institute of Materials Minerals and Mining and a full time employee of Wardell Armstrong International. Dr. Newall 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. Dr. Newall has consented to the inclusion of this information in the form and context in which it appears in this report.