



21 November 2012

Kentor Gold enters agreement with Geodynamics

Australian-based **Kentor Gold Limited (ASX: KGL)** has entered the ranks of operating gold mining companies in 2012. The Company is progressing a pipeline of advanced projects in Australia and the Kyrgyz Republic.

The Murchison Gold Project in Western Australia - commenced production in mid-2012, with the potential to add gold-copper production from the neighbouring Gabanintha deposit.

The high grade, very low cost **Andash Gold-Copper Project** in the Kyrgyz Republic – development-ready, awaiting site access and targeting production at 70,000 oz gold and 7,400 tonnes copper pa for an initial six years, with high potential for expansion.

The Jervois Copper-Silver-Gold Project in the Northern Territory – targeting 2014 start-up following current studies into developing the high grade copper-silver resource with potential for gold, magnetite and other base metals.

Issued capital:

140.04 million ordinary shares
 5.8 million unlisted options

Market Capitalisation

\$63 million (at 20/11/2012)

Kentor Gold Ltd (ASX: KGL) is pleased to announce today that it has entered into a two stage earn-in and joint operating agreement with Geodynamics Limited (ASX: GDY), for GDY to acquire up to 70% interest in Kentor's conventional geothermal power supply project in the Solomon Islands.

Under the terms of the agreement, Geodynamics is entitled to earn an initial 25% interest in the Savo Island Geothermal Power Project ("Project") following the completion of initial geophysical studies to determine target locations for a drilling program. GDY has the right to earn an additional 45% interest through exploration drilling and the completion of a feasibility study for the Project.

The Project is located on the island of Savo, 14 km off the north coast of Guadalcanal where a volcanic based geothermal resource has been identified. Preliminary exploration studies indicate that the island could host a substantial geothermal reservoir at temperatures in excess of 260°C and at depths of 500 - 1,500 m.

Honiara, capital city of the Solomon Islands has a current maximum demand of 14 MW. Local electricity supply is high cost diesel based resulting in consumers having to pay among the world's highest prices for power, currently around AUD0.80 per kWh*. Additional customer demand for the geothermal project is possible through supply to the Gold Ridge Mine, recently acquired by St Barbara Limited.

The project has strong support from the local community on Savo Island, as well as the Central Province Assembly and the Solomon Islands Government. A Surface Access Agreement has been signed and is in place with customary landowners on Savo to undertake initial fieldwork and surveying.

A 3D MT (Magneto-Telluric) survey was completed in October by Fugro Ground Geophysics Pty Ltd. Geodynamics is targeting release of a maiden inferred resource statement and scoping study for the project by end June 2013.

* Source: Solomon Islands Electricity Authority: Tariff as at 4th Quarter 2012.



Mr Simon Milroy, Managing Director of Kentor, said, “Geodynamics is a leading geothermal exploration company with the resources and expertise to explore and develop this project making the Company an ideal partner for Kentor. We look forward to building a strong partnership.”

Mr Geoff Ward, Geodynamics’ Managing Director and CEO, said, “The Savo Island Geothermal Power Project presents a high quality conventional geothermal development option for Geodynamics. The preliminary exploration work gives us significant confidence that a high temperature resource can be proven at Savo which will be an economically attractive option for Honiara.”

“The provision of reliable renewable energy in place of more expensive, unreliable diesel supply will bring many benefits to the Solomon Islands through lowered costs to business and consumers and the opportunity to provide access to power to more people in the Honiara area.”

Key Terms of the Agreement

The agreement comprises two stages. Stage One grants Geodynamics the opportunity to earn an initial 25% interest in the Savo Island Geothermal Power Project by expending a sum of \$350,000 to conduct initial exploration activities including geothermal mapping and a geophysical analysis. The Stage One activities will produce an estimate of the geothermal resource compliant with the Australian Geothermal Reporting Code and a scoping study for the development of the geothermal project, and is required to be completed before September 2013. Geodynamics will assume operatorship of the Project at the completion of Stage One.

Stage Two allows Geodynamics to earn a further 45% (to take its interest to 70%) by expending an additional amount of \$4.65 million, to undertake exploration drilling and completion of a feasibility study for the development of a first stage geothermal power plant.

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About Geodynamics

Geodynamics is the leading Australian geothermal exploration and development company. Geodynamics possesses some of the best geothermal resources in the world and is rapidly developing technology to exploit the resource. Geothermal energy has the potential to be a critical element of Australia’s future power generation and Geodynamics is at the forefront of development.