



12 March 2012

Australian-based Kentor Gold Limited (ASX: KGL) is entering the ranks of 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 - scheduled to commence high grade gold mining at the Burnakura plant 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 2013 to commence 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 feasibility studies into developing the high grade copper-silver resource with potential for gold and other base metals.

Issued capital:

106.2 million ordinary shares

2.7 million unlisted options

Market Capitalisation

9 March 2012: \$155 million

Kentor advances geothermal power supply project in Solomon Islands

➤ Geothermal Prospecting Licence Granted

Kentor Gold Limited (Kentor Gold or the Company) is pleased to announce its 100% subsidiary Kentor Energy Pty Ltd has been granted a 3-year Prospecting Licence for geothermal energy by the Solomon Islands Government.

The Licence is centred on the island of Savo, a dormant volcano with vigorous geothermal activity about 35km from Honiara.

Kentor previously investigated geothermal energy resources in Central Asia. The work was discontinued due to the low power prices prevailing in the region. Consequently, a review was conducted of South Pacific opportunities for conventional, volcanic related projects in locations with high cost diesel power generation.

Previous geoscience results indicate that a substantial geothermal reservoir at a temperature of 260-300°C may exist beneath Savo, probably at conventional geothermal depths of less than 2,000 m. In Honiara, electricity is produced entirely by diesel generators resulting in consumers having to pay among the world's highest prices for power, currently around 62 cents per kWh.

Kentor plans to supply geothermal power to Honiara, capital city of the Solomon Islands, at significantly reduced cost.

The situation creates a compelling business opportunity in which geothermal power from Savo could replace diesel generation in the Honiara grid. This should significantly reduce consumer costs, enhance economic development and improve energy security in the Solomon Islands, while providing, for Kentor Energy, an attractive return on investment which is commensurate with the degree of risk and innovation in the project.



Kentor Energy plans to study the feasibility of constructing on Savo a geothermal power plant which will potentially supply the entire Honiara grid and provide future extensions to other demand centres on Guadalcanal. A legally-binding Surface Access Agreement has already been signed with customary landowners on Savo and initial fieldwork during 2012 will involve geothermal mapping and a 3D geophysics survey which will focus on identifying an Inferred Geothermal Resource under the *Australian Geothermal Reporting Code*. If successful this will be followed by exploration drilling and estimation of an Indicated Geothermal Resource. This estimate will provide the basis for a comprehensive technical, commercial and environmental feasibility study in 2013-early 2014 which should allow production drilling and construction of a first-stage 20 MW geothermal power plant in 2015-16.

Commenting on the project Kentor Managing Director Simon Milroy said:

"The Solomon Islands desperately needs cheaper and more reliable power and the country's development partners and international development banks are very keen to see significant infrastructure investments like this. The Solomon Islands Government and the people of Savo are providing great encouragement for the project."

When appropriate, Kentor Gold plans to divest Kentor Energy into a separate self-funded entity to add value for Kentor Gold shareholders.



Figure 1 Savo Island



Figure 2 Location of Savo Island



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Competent Person Statement

The information in this report that relates to Exploration Results, Geothermal Resources or Geothermal Reserves is based on information compiled by Dr Graeme Wheller, who appears on the Register of Practicing Geothermal Professionals maintained by the Australian Geothermal Energy Group Incorporated at the time of the publication of this Report. Dr Wheller is employed by Volcanex International Pty Ltd, an independent company that provides consulting services to Kentor. Dr Wheller has sufficient experience which is relevant to the style and type of geothermal play under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the Second Edition (2010) of the 'Australian Code for Reporting Exploration Results, Geothermal Resources and Geothermal Reserves'. Dr Wheller has consented in writing to the inclusion in the report of the matters based on his information in the form and context in which it appears.