



14 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

13 March 2012: \$149 million

Kyrgyz Government calls for Parliament to reconsider resolution against development of Andash

Summary

The Government of the Kyrgyz Republic has asked the country's Parliament to reconsider a resolution of last June against the development of the Andash Gold-Copper Project.

Following the request, made last week to a meeting of the Kyrgyz Parliamentary Committee on Development of Economic Sectors, the Committee has sought clarification of the Government position by 10 April.

Kentor Gold Limited ("Kentor Gold" or "the Company") owns 80% of the Andash project which, while development-ready and supported by the Kyrgyz Government, requires the formal approval of the local community. Upon receiving final approval and gaining site access, the Company will commence a 3 month geotechnical investigation program and then proceed with the construction program.

Kentor Gold Managing Director Simon Milroy welcomed the progress towards the project's development.

"It is good to see the Parliamentary Committee and the Government working together to resolve the issues with the development of the Andash deposit," Mr Milroy said.

"The clear articulation of their positions on the development of the project is required from both the Government and Parliament before the full support of the local community can be obtained."



At a meeting of the Kyrgyz Parliamentary Committee on Development of Economic Sectors held on 6 March, Government representatives distributed an official letter stating that the Government finds it

“necessary to initiate reconsideration of the resolution of the Jogorku Kenesh (Parliament) of the Kyrgyz Republic #802-V ‘On Andash Gold Deposit’ dated June 24, 2011.”

Parliamentary resolution #802-V recommended that the Government cancel the mining licence and land allotment of Andash Mining Company. (The resolution followed misinformed claims of potential environmental damage and impact on the local community, after which the Government asserted that the Andash project was in full compliance.)

The minutes of this meeting have now been released.

The meeting was attended by thirteen Members of Parliament, two members of Cabinet including the Minister for Economic and Antitrust Policy, representatives of Andash Mining Company, and the press. Most Committee members spoke in support of the development of Andash on the following grounds:

- Contribution to the national economy
- Contribution to the state budget
- Creation of employment
- Contribution to local development
- Speed of development
- Reputable investor with funds to hand
- Legal consequences of cancelling licence without adequate grounds
- Impact on the investment climate as a result of Government action or inaction
- Comprehensive social programme

Two Members of Parliament spoke against the project. One spoke on environment grounds but appeared to be confused on project details, for example stating that the mine is to be located 700m from the village of Kopuro Bazar, when it is actually 2.3 km from the nearest dwelling. A second spoke against the project on the grounds of anticipated difficulties in securing the unanimous support of local residents.

In a written resolution, the Committee noted that since the adoption of Parliamentary Resolution 802-V, Kentor Gold has made a number of additional proposals aimed at reaching a mutual understanding with the local community. Further, the Committee noted that delays in resolving the issue are contributing to social tension in the region, which is evidenced by numerous appeals from local residents presenting views for and against the development of the deposit.

In conclusion, the Committee resolved that the Government should clarify its position in relation to the future of the Andash deposit, and that it should undertake all appropriate measures necessary to inform the Committee by 10 April, 2012.

For further information contact:

Mr Simon Milroy
Managing Director
Phone: (07) 3121 3206
Email: info@kentorgold.com.au

Mr. David Waterhouse
Investor Relations
Phone (03) 9670 5008
Email: dwaterhouse@waterhouseir.com.au
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