

**5 March 2012****About Kentor Gold:**

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

2 March 2012: \$150 million

Murchison Gold Project Update**Murchison Gold Project on track for mid-2012 production start-up**

- **Mining Contract Awarded**
- **Plant refurbishment on schedule**
- **Resource drilling continuing - follows high grade gold intersections in mine pit shell**

Kentor Gold Limited (“Kentor Gold” or “the Company”) is pleased to report that the Murchison Gold Project in Western Australia is on schedule for commissioning in June 2012. Production is due to commence at an initial rate of 24,000 oz gold per year at the Burnakura site where very high grade gold intersections were reported last week from drilling in the Lewis pit shell.

Open Pit Mining Contact

The open pit mining contract has been awarded to Minepower. Mobilisation of the mining equipment to the Burnakura site is now underway and mining is scheduled to commence on site in late March subject to final approvals.

The initial open pit mining fleet that is now either on site or mobilising to site over the next two weeks includes:

1 x Komatsu PC 1250 Excavator

3 x Komatsu 785 Trucks

1 x Caterpillar D9 Dozer

1 x Caterpillar 14M Grader

1 x Hino 6 Wheel Water cart

1 x Hino Service Vehicle



Figure 1 Murchison Gold Project General Manager Patrick Baldock inspects mining trucks at Burnakura



Figure 2 Excavator delivered to Burnakura site

Mining will commence at the Reward pit. After two months the mining fleet will be moved to the adjacent Lewis pit that now may offer the potential of much higher grade material following the drilling results detailed in the ASX announcement of 27th Feb 2012.



Figure 3 Primary crusher and ore conveyors

Plant Refurbishment

Refurbishment of the processing plant is on schedule and the crushing circuit is anticipated to be ready for commissioning by mid-March. Crushing of existing stockpiles will then commence which will provide a large stockpile of fine ore ahead of the planned commencement of milling in June.

All process and mechanical designs are now complete.

All major contracts have been let including

- Concrete works,
- Electrical installation
- Primary and secondary steel fabrication
- Plate-work and leach tanks fabrication
- New liners and lifters for the ball mill
- New tailings line piping (3.5km)

One of the three 1250kVA gensets is being overhauled in Perth. The remaining two gensets require only minor servicing on site.

The elution circuit is being refurbished by Interquip at that company's Perth workshop, and the gold room is being refurbished on site.

All conveyor belting has now been replaced or repaired.

Non-destructive testing has been successfully completed on the girth and pinion gears for the ball mill.



Figure 4 Installing new mill feed conveyor belting

Site Services

A direct microwave link to the fibre optic network in Meekatharra is now fully operational allowing high speed internet access. Wired and wireless network access has been deployed throughout the site and camp with site servers to be installed this week. Cabling of satellite TV access throughout the camp is now completed.

With the influx of construction and operation personnel, accommodation and catering services are now managed by Action Catering. A regular charter flight has commenced with Skippers Aviation to transfer personnel between Perth and Meekatharra.

A reverse osmosis (RO) water treatment plant has been installed and commissioned at the camp. Site offices are being refurbished and furnished.

Recruitment

Recruitment is progressing well. The key management roles of General Manager, Mine Manager, Processing Manager, Commercial Manager and Geology Manager were filled prior to December and this has been crucial in ensuring oversight of construction and development activities.

During February, the Purchasing and Warehouse roles were filled. The on-site laboratory is now fully staffed and this will be supervised by the Plant Metallurgist who commenced last week.

Interquip is conducting the refurbishment and construction of the plant and its experienced personnel will be on hand during commissioning to ensure a smooth start-up.

Four geologists are on staff in WA and are being supported by additional contract geologists as required.



The open pit mining contractor, Minepower, will be relocating 17 of its staff to Burnakura to operate and supervise the mining fleet.

Emergency Rescue Training commences this month for all mining and processing staff and contractors. Murchison Gold Project General Manager Patrick Baldock said: "While there is a lot of activity in the Murchison region, our project at Burnakura is the only large scale mine that will be in operation within 100 km. We are fortunate to have the regional Royal Flying Doctor Service base, hospital, fire station and ambulance only 50km away in Meekatharra. However, we still need to be ready to deal with any unforeseeable incident so we are putting a lot of effort into ensuring our people are well trained and well prepared."

Resource Drilling

In January, the Development Team completed 637m of Diamond HQ core for geotechnical assessment and 274m of PQ diamond core for metallurgical test work. Now that the assessment is complete all of this core will be cut and sent off for assay over the next few weeks.

The reverse circulation (RC) drill has now completed 7,250m of the planned 20,000m drilling program. The rig is achieving an average of 250m per day which is better than anticipated.

Grade control RC drilling has been completed at Reward and resource RC drilling has been completed at the Federal North, Lewis and Alliance pits.

As announced last week, two diamond holes were drilled 50m apart within the Lewis pit design and to the north of the existing pit where mining previously occurred. The results included:

- 5m @ 102.2g/t gold from 43m (incl. 1m @474.5g/t gold)
- 17m @ 9.6g/t gold from 43m (Incl. 1m @ 103 g/t gold)

The RC drilling program to define the extent of the high grade mineralisation at Lewis is complete with results from the laboratory now pending.

Resource drilling is now underway at New Alliance and is anticipated to be completed by mid-March. One week of sterilisation drilling is then planned covering proposed waste dump areas.

The rig will then move on to the NOA line of pits where some large gaps in historical drilling will be in-filled and extensions to the high grade mineralisation at NOA 7/8 will be tested before moving to the nearby Gabanintha tenements. Gabanintha drilling is designed to test a number of gold and copper targets recently identified in a HeliTEM survey, and to extend mineralisation adjacent to existing pits to further increase the resource.

While the RC rig is at Gabanintha, results from the Burnakura drilling campaign will be analysed in preparation for a further drilling campaign at Burnakura to follow up on potential extensions to mineralisation and additional infill and validation drilling at Federal City and Authaal deposits.

With mining to commence initially at the Reward and Lewis deposits, the priority for updating the resource estimation will be given to these areas. This work is expected to be completed in May. Updates on other resources drilled during the current drilling campaign are targeted for July 2012.



Figure 5 RC drilling rig at Reward deposit

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The information in this report that relates to exploration results for Burnakura is based on work completed by Mr Keith Mayes who is a full-time employee of Kentor Gold Limited and a Fellow of the Geological Society of London. Mr Mayes has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity 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'. Mr Mayes has consented to the inclusion of this information in the form and context in which it appears in this report.