



### 3 April 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 studies into developing the high grade copper-silver resource with potential for gold, magnetite and other base metals.

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#### Issued capital:

106.2 million ordinary shares

2.7 million unlisted options

#### Market Capitalisation

2 April 2012: \$140 million

## Scoping study finds strong financial returns for Kentor Gold's Jervois Copper-Silver-Gold Project

- **Proceeding immediately to feasibility study.**

A scoping study by Kentor Gold ("Kentor Gold" or "the Company") has found that its 100%-owned Jervois Copper-Silver-Gold Project in the Northern Territory will be a robust project producing strong financial returns.

The scoping study examined annual processing rates of 1.5 Mtpa, 2 Mtpa and 2.5 Mtpa with the key results shown in Table 1.

The completed scoping study indicates

- Life-of-mine cash operating costs range from \$1.79/lb\* of payable copper at a 1.5 Mtpa throughput to \$1.61 at a 2.5 Mtpa throughput, after by-product credits
  - Pre-production capital cost estimate of \$230 million, including \$32m of contingency for 1.5 Mtpa through to \$310m for a \$2.5 Mtpa throughput
  - Open pit mining for the first three years, underground mining years 3 to 7
  - Metallurgical recovery of copper 94%
- \*Assumed US\$ = A\$ throughout announcement

Announcing the results of the completed study, Kentor Gold Managing Director, Simon Milroy, said:

"The scoping study produced a strong result based on mining the current Inferred Resource. It is likely that further drilling will increase the size of the resource and hence further the project's economics.

"The scoping study has justified our confidence in Jervois as a significant Australian multi-metals mine, and we will proceed immediately to a feasibility study."



Table 1. Key Parameters for projected throughput

		<b>1.5 Mtpa</b>	<b>2.0 Mtpa*</b>	<b>2.5 Mtpa*</b>
Total Ore processed	Mt	9.8	13.0	16.3
Copper Produced	kt	108.8	145.1	181.4
Capex (pre-production)	\$m	234.2	273.5	309.7
Total Revenue	\$m	1,191	1,588	1,985
Free Cash Flow	\$m	132.4	250.7	388.6
NPV @ 8%	\$m	36.5	110.4	198.7
C1 Cash Cost	\$/lb	1.79	1.71	1.61
IRR	%	12	19	25

\*Note: The 1.5Mtpa case is based on mine designs for existing resources. The 2.0Mtpa and 2.5Mtpa cases assume additional tonnage from exploration potential identified at Reward and Bellbird adjoining the current resource.

A diamond drilling programme commenced in March to generate samples for further metallurgical test work that forms part of the feasibility study. When this program is complete the diamond rigs will join an additional RC drill that is mobilising to site this week to infill and extend the current resources. The drilling is designed to increase the confidence in the inferred resource to the measured and indicated categories to be used in the feasibility study.

The four known areas of mineralisation in the current resource Reward, Green Parrot, Bellbird and Bellbird North all remain open at depth and along strike (Figure 1).

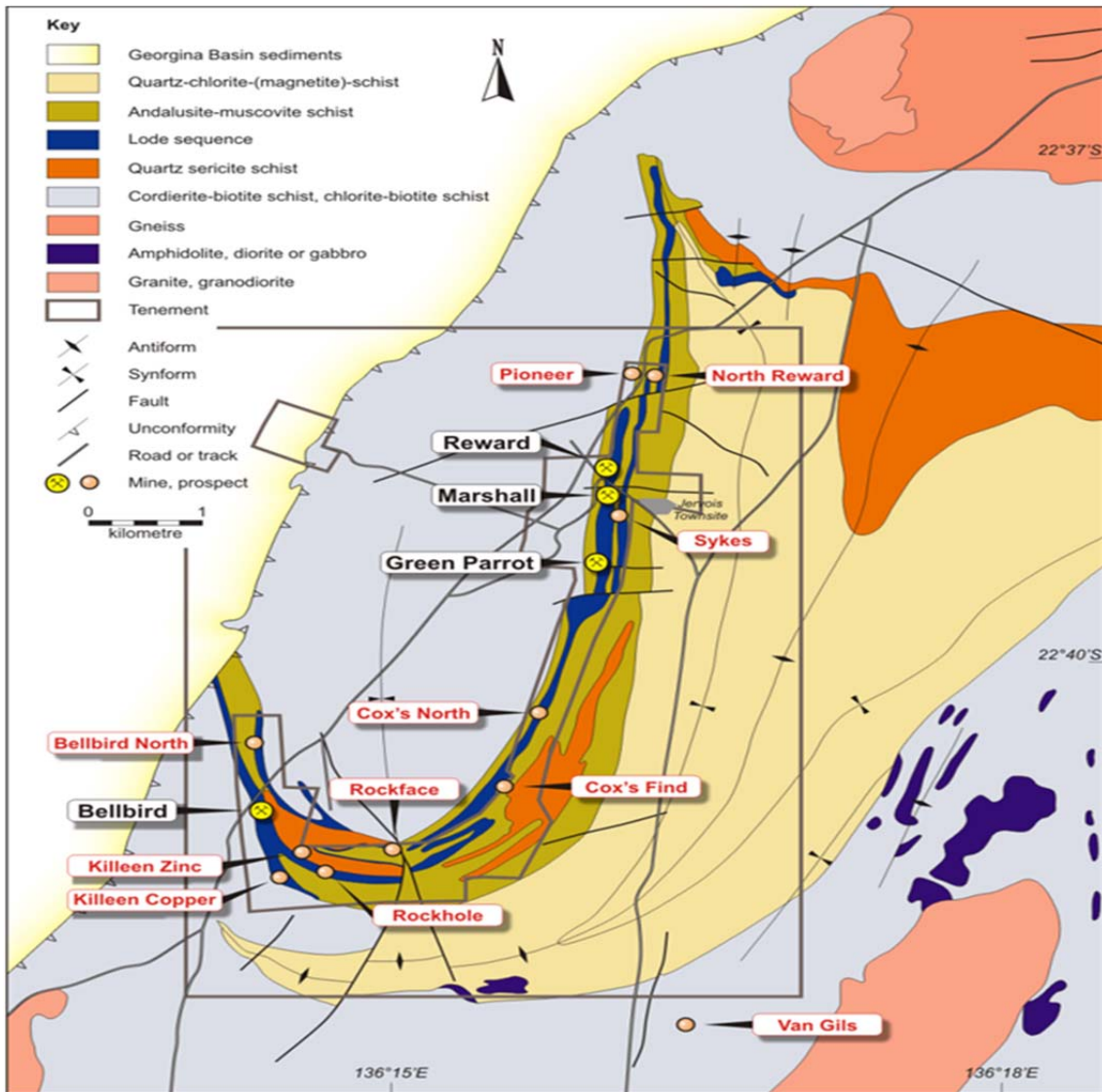


Figure 1. Geology plan of Jervois showing prospects



The 1.5 Mtpa throughput has an estimated capital cost of \$234m as shown in Table 2.

**Table 2. Capital Cost Breakdown**

Construction Indirects	\$14.9m
Process Plant Costs	\$59.1m
Reagents & Plant Services	\$10.7m
Infrastructure	\$70.1m
Mining	\$5.8m
EPCM	\$26.6m
Owner's Costs	\$10.2m
Contingency	\$36.8m
<b>TOTAL</b>	<b>\$234.2m</b>

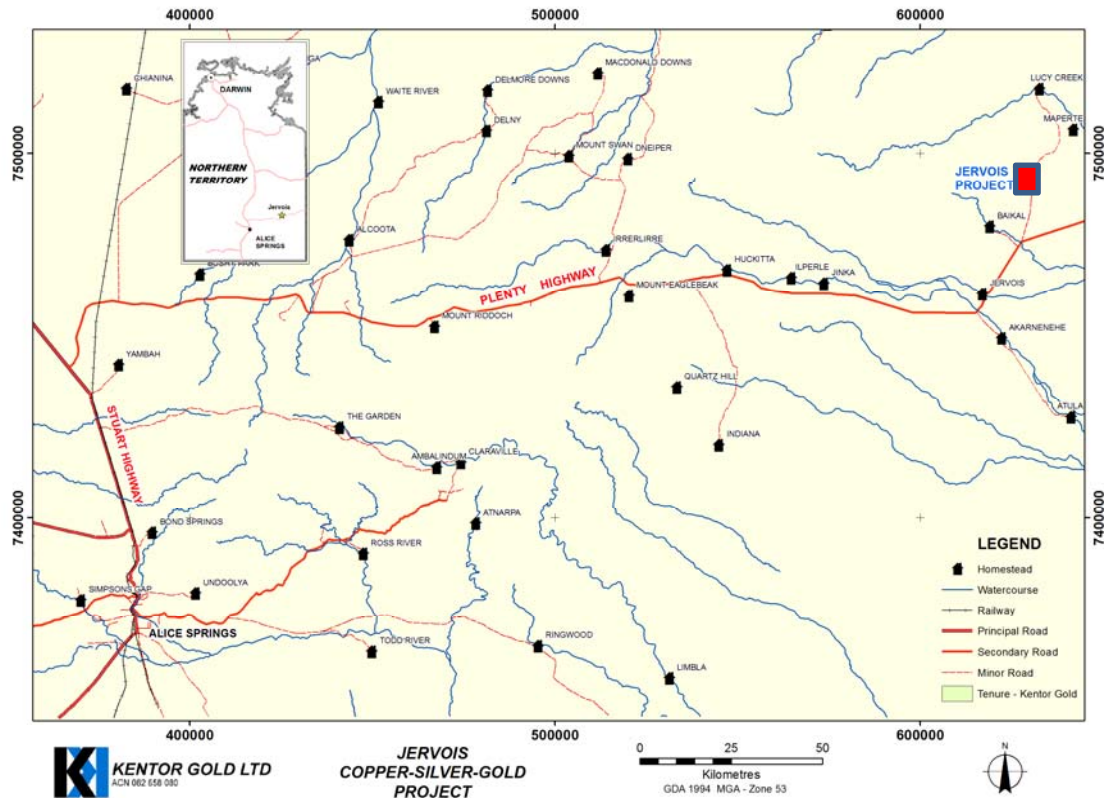
The operating costs for the 1.5 Mtpa throughput are shown in Table 3.

**Table 3. Operating Cost Estimates**

Mining	\$/t	23.54
Processing	\$/t	22.65
Royalties	\$/t	3.02
By-product Credits	\$/t	-(39.35)
TC/RCs	\$/t	4.83
Transportation	\$/t	23.94
<b>TOTAL</b>	<b>\$/t</b>	<b>38.64</b>

Note: Treatment and Refining Costs based on information from independent studies. Payability based on 1% deduction for copper (pay 100% balance), 96% for gold and for 90% for silver.

The Jervois Project is located approximately 270 km north-east of Alice Springs in the Northern Territory in Australia. Road access from Alice Springs is via the Stuart Highway and the Plenty Highway (see Figure 2.)



**Figure 2 Jervois Location Plan.**

The target commodity is copper with subordinate, silver and gold associated with a large, sediment hosted mineral system that has been the subject of substantial historical exploration. The project consists of a series of narrow, strata-bound, sub-vertical sulphide-rich deposits hosted by Proterozoic-aged metamorphosed sediments of the Arunta Inlier. The current Inferred Resources comprise estimates at the Reward, Green Parrot, Bellbird and Bellbird North deposits and are summarised in Table 4.

**Table 4. Inferred Mineral Resources**

Resource	M tonnes	Cu %	Cu Tonnes	Ag ppm	Ag Mozs	Cu cut off %
Reward +165mRL	4.5	1.3	60,000	30.6	4,40	0.5
Reward -165mRL	2.5	1.4	35,000	23.2	1.90	0.5
Bellbird +165mRL	3.7	1.2	44,000	7.5	0.90	0.5
Bellbird -165mRL	0.2	1.1	2,500	8.0	0.06	0.5
Green Parrot	0.7	1.0	7,000	93.5	2.10	0.3
Bellbird North	0.3	0.7	2,000	27.4	0.30	0.2
<b>Total</b>	<b>11.9</b>	<b>1.3</b>	<b>150,500</b>	<b>25.2</b>	<b>9.66</b>	-

A significant additional exploration target has been identified at Jervois. The Exploration Potential for the Reward and Bellbird deposits in areas adjoining the current Inferred Resource is 5 – 10Mt @ 0.75 to 1.25% copper and 10 to 25g/t silver at a 0.5% copper cut off (for 50,000 to 100,000 tonnes copper and



3 to 5Mozs silver). The deposits are open at depth and there are additional possibilities along strike from the deposits based on interpretation of the recently completed detailed conductivity survey.

The potential quantity and grade of the Exploration Potential is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource

Significant gold assays have been recorded in drilling at the Reward deposit. With the additional drilling planned this year, it is anticipated that gold will soon be included in future Resource upgrades.

Sulphide ore will be processed via a conventional flotation processing facility. Based on metallurgical test work undertaken on the ore, the processing facility will comprise crushing, milling and classification circuits followed by flotation, de-watering and filtration to produce a clean 27% concentrate.

The mill flow sheet includes single stage crushing followed by closed SAG and ball milling. Ground product is directed to a copper rougher flotation stage, with associated concentrate regrind and one stage of cleaning. The copper concentrate will be thickened and filtered prior to storage in a concentrate storage shed and will be trucked from the site to a rail terminal for delivery to port for export. Tailings will be disposed of in a purpose built Tailings Storage Facility with water recovery to the mill.

Tests have indicated that the ore is moderately hard to grind and moderately abrasive. The grind size arrived at for suitable copper flotation was a P80 of 120 µm. At this grind size it was necessary to regrind the copper rougher concentrate before cleaning. Test work indicated that a regrind P80 size of 70 µm was adequate for good copper flotation response.

A separate lead-bismuth-silver concentrate can also be produced, thus reducing any bismuth penalty in the copper concentrate.

The scoping study also provides for a 12 MW dual fuel (diesel / natural gas) fired power station and a permanent camp for operations and maintenance personnel.

In addition to the gold and silver by-product credits, the test work has also shown that it is possible to produce a magnetite concentrate from the flotation tailings using magnetic separation. With a grind size of 80% passing 75 micron the magnetite concentrate grade is 69.3% Fe and 3.1% SiO<sub>2</sub>.



### Opportunities

Since commencing the scoping study Kentor has substantially increased the resource and identified potential for further significant increases. This provides the opportunity to increase throughput beyond the 1.5 Mtpa in this study to 2 Mtpa or 2.5 Mtpa. This will reduce unit processing costs, bring forward revenue and significantly improve the project economics.

Production of a marketable bismuth concentrate will potentially add to project revenues as will delineation of further high grade material intercepted in the northern part of Reward.

An increase in resources amenable to open pit mining including north of Bellbird will help reduce average mining costs.

The feasibility study will include a more detailed analysis of plant and infrastructure requirements where opportunities to reduce the capital cost will be pursued.

### Assumptions:

Gold Price \$1,500/oz

Copper Price \$3.50/lb

Lead Price \$1/lb

Silver Price \$30/oz

Magnetite Concentrate \$150/t

Treatment Charge \$70/t concentrate

Refining Charge \$0.07/lb



### **Competent Persons Statement:**

The data in this report that relates to Exploration Results is based on information evaluated by Mr Rudy Lennartz who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience 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 (the "JORC Code"). Mr Lennartz is a full-time employee of Jinka Minerals Limited and he consents to the inclusion in the report of the Exploration Results in the form and context in which they appear.

The data in this report that relates to Mineral Resource Estimates is based on information evaluated by Mr Simon Tear who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience 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 (the "JORC Code"). Mr Tear is a full-time employee of Hellman & Schofield Pty Ltd and he consents to the inclusion in the report of the Mineral Resource in the form and context in which they appear.

The data in this report that relates to cut off grades and mining assumptions is based on information evaluated by Mr Simon Milroy who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience 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 (the "JORC Code"). Mr Milroy is a full-time employee of Kentor Gold Limited and he consents to the inclusion in the report of the cut off grades and mining assumptions in the form and context in which they appear.

### **Forward Looking Statement**

Certain statements made during or in connection with this statement contain or comprise certain forward-looking statements regarding Kentor Gold's Mineral Resources and Reserves, exploration operations, project development operations, production rates, life of mine, projected cash flow, capital expenditure, operating costs and other economic performance and financial condition as well as general market outlook. Although Kentor Gold believes that the expectations reflected in such forward-looking statements are reasonable, such expectations are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance or achievements to differ materially from those expressed, implied or projected in any forward looking statements and no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, delays or changes in project development, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in metals prices and exchange rates and business and operational risk management. Except for statutory liability which cannot be excluded, each of Kentor Gold, its officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the material contained in this statement and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this statement or any error or omission. Kentor Gold undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events other than required by the Corporations Act and ASX Listing Rules. Accordingly you should not place undue reliance on any forward looking statement.