KENTOR GOLD LIMITED
AND ITS SUBSIDIARIES
ABN 52 082 658 080

Financial statements for the half-year ended 30 June 2011

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ABN 52 082 658 080

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2011

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KENTOR GOLD LIMITED AND ITS SUBSIDIARIES
ABN 52 082 658 080

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2011

DIRECTORS' REPORT

The directors of Kentor Gold Limited submit herewith the financial statements of the consolidated entity consisting of Kentor Gold Limited and the entities it controlled for the half-year ended 30 June 2011.

Directors

Kentor Gold directors during the half-year and up to the date of this report were:

Director	Position Held
John Barr	Non-Executive Chairman
Andrew Daley	Non-Executive Director
Simon Milroy	Managing Director
Hugh McKinnon	Executive Director
John Taylor	Non-Executive Director

Principal Activity

The principal activity of the consolidated entity during the period was exploration and development of gold and base metals projects in the Kyrgyz Republic and Australia.

Review of Operations

In the six months ended 30 June 2011, Kentor Gold acquired three advanced gold, copper and silver projects in Australia with the expectation of commencing gold production in mid-2012, while the Andash Gold-Copper Project in the Kyrgyz Republic awaited local approval for site access.

At Andash, in the Kyrgyz Republic, the pre-construction phase of the gold-copper project was well advanced during the half year and is currently waiting on finalisation of geotechnical investigations for the design of building foundations and the tailings dam.

Andash is planned to produce at a rate of 70,000 oz gold and 7,400 tonnes copper a year over an initial six-year mine life, with high potential opportunities to expand and extend the operation.

At a total cost of US$29/oz, Andash will be one of the world's lowest cost gold mines. The project is scheduled for commissioning approximately 12 months after completion of geotechnical investigations, which will be completed as soon as access is gained to the site. To achieve this, the Company is seeking to overcome some minority local opposition based largely on misinformation about the project's environmental impact.

The agreed, off-market takeover of Jinka Minerals Limited provided Kentor Gold with a significant diversification and expansion into Australia. The Jinka assets comprise the Burnakura Gold Project and the Gabanintha Gold-Copper Project, both former gold mines in Western Australia, and the Jervois Multi-Commodity Project in the Northern Territory.

Within two months of concluding the acquisition in May 2011, Kentor Gold had established substantial Inferred Resources of gold, copper and silver – 516,000 oz gold at Burnakura, 203,000 oz gold at Gabanintha, and 113,000 t copper and 7.6Moz silver at Jervois.

At Burnakura, a feasibility study was commenced with the aim of bringing the operation back into production in June 2012. The CIP processing plant can be recommissioned and expanded to include ore from the Gabanintha gold-copper project which is 25km east of Burnakura. Additional plant and equipment was acquired from the Indee Gold Mine and will be moved to Burnakura to facilitate the fast and cost effective re-start at an expanded capacity. A throughput of 250,000 tpa is being targeted as stage one of the expansion. Drilling programs were planned for both Burnakura and Gabanintha to upgrade and expand the Resources.

DIRECTORS' REPORT

Review of Operations (continued)

Jervois has the potential to be a significant mining operation. The resource at Jervois extends over four bodies of mineralisation over a 12km strike. Upon acquisition, Kentor Gold initiated a Resource estimation and an exploration drilling program. The initial copper-silver Resource was limited to a depth of 200 metres. However, the first results of the recent drilling confirm that high grade copper mineralisation is present at least 150 metres below the 200-metre base of the current Resource. An updated Resource estimate will be prepared as soon as the full program of drilling is completed and the assay results are known.

Kentor Gold also initiated a pre-feasibility study into an open pit mine that would feed a flotation plant to produce a copper concentrate.

Financial Position

For the half year ended 30 June 2011, the Kentor group recorded losses from continuing operations after taxation of $933,549.

Kentor Gold accepted an offer of US$50M in debt finance from Macquarie Bank Limited. This followed a successful $73.1M equity raising in the previous year.

Consideration paid for acquiring Jinka Minerals, excluding acquisition costs and statutory charges, was $12.8M, comprising $7.8M in cash payment to equity holders and $4.95M in loan repayments.

The Kentor Gold cash reserve as at 30 June 2011 was $43.7M. Notwithstanding the expenditures during the half year on acquiring and advancing the Australian assets and on the Andash project, the Company retained the capacity to fund the current anticipated development cost of the Andash project from the proceeds of the equity raising and the undrawn debt facility.

Auditor's Independence Declaration

A copy of the independence declaration by the lead auditor under section 307C is included on page 4 to this director's report.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by

John Barr

WHJ BARR AM
Chairman
02 September 2011

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2011

Competent Persons Statements

The information in this report that relates to mineral resource estimation for Burnakura and Gabanintha is based on work completed by Mr Jonathon Abbott who is a full time employee of Hellman & Schofield Pty Ltd and a member of the Australian Institute of Mining and Metallurgy. Mr Abbott 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 Abbott consents to the inclusion in the report of the matters based on his information in the form and contact in which it appears.

The information in this report that relates to mineral resource estimates for Jervois is based on information evaluated by Mr Simon Tear who is a full time employee of Hellman & Schofield Pty Ltd and a member of the Australian Institute of Mining and Metallurgy. Mr Tear 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'(the "JORC Code"). Mr Tear consents to the inclusion in the report of the matters based on his evaluation in the form and contact in which it appears.

The data regarding the extension of the Jervois mineralisation is based on information compiled by Mr Rudy Lennartz, who is a member of the Australian Institute of Mining and Metallurgy and a full time employee of Kentor Gold Limited. Mr Lennartz 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 Lennartz consents to the inclusion in the report of the matters based on his evaluation in the form and contact in which it appears.

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DECLARATION OF INDEPENDENCE BY ANTHONY WHYTE TO THE DIRECTORS OF KENTOR GOLD LIMITED

As lead auditor for the review of Kentor Gold Limited for the half-year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Kentor Gold Limited and the entities it controlled during the period.

BDO Audit (QLD) Pty Ltd

Anthony Whyte
Director
Brisbane, 02 September 2011

KENTOR GOLD LIMITED AND ITS SUBSIDIARIES
ABN 52 082 658 080

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2011

Statement of comprehensive income
for the half-year ended 30 June 2011

	Notes	Consolidated	
		Half-year ended 30 Jun 2011 $	Half-year ended 30 Jun 2010 $
Revenue		**838,390**	252,276
Foreign exchange gains		**11,758**	8,076
Employment benefits expense		**(860,919)**	(1,114,084)
Corporate expenses		**(863,981)**	(428,956)
Depreciation expenses		**(21,732)**	(9,028)
Due diligence costs and facility costs		**-**	(266,569)
Impairment of exploration and evaluation costs		**(37,065)**	-
Loss before income tax expense		**(933,549)**	(1,558,285)
Income tax expense		**-**	-
Net loss for the half year		**(933,549)**	(1,558,285)
Other comprehensive income			
Loss on cash flow hedges		**(1,732,831)**	-
Foreign currency translation differences		**(815,207)**	78,449
Other comprehensive income for the half year, net of tax		**(2,548,038)**	78,449
Total comprehensive income for the half year		**(3,481,587)**	(1,479,838)
Net loss attributable to:-			
Non-controlling interests		**(29,809)**	(45,662)
Owners of Kentor Gold Limited		**(903,740)**	(1,512,623)
		(933,549)	(1,558,285)
Total comprehensive income attributable to:-			
Non-controlling interests		**(192,860)**	(45,662)
Owners of Kentor Gold Limited		**(3,288,727)**	(1,434,174)
		(3,481,587)	(1,479,838)
Basic and diluted earnings per share (cents per share)		**(0.09)**	(0.40)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position
as at 30 June 2011

	Note	Consolidated	
		30 Jun 2011 **$**	31 Dec 2010 $
Current Assets			
Cash and cash equivalents		**43,752,339**	71,371,022
Trade and other receivables		**1,768,181**	1,189,259
Inventories		**383,703**	380,484
Total Current Assets		**45,904,223**	72,940,765
Non Current Assets			
Deposits		**747,000**	-
Property, plant and equipment	**3**	**37,135,049**	16,890,407
Exploration and evaluation assets	**4**	**18,302,598**	12,773,258
Other non-current assets		**155,320**	524,691
Total Non-Current Assets		**56,339,967**	30,188,356
TOTAL ASSETS		**102,244,190**	103,129,121
Current Liabilities			
Trade and other payables	**5**	**(4,434,011)**	(1,984,116)
Total Current Liabilities		**(4,434,011)**	(1,984,116)
TOTAL LIABILITIES		**(4,434,011)**	(1,984,116)
NET ASSETS		**97,810,179**	101,145,005
Equity			
Issued capital	**6**	**122,053,434**	122,109,423
Reserves		**(2,748,262)**	(566,025)
Accumulated losses		**(23,217,870)**	(22,314,130)
Total parent entity interest		**96,087,302**	99,229,268
Non-controlling interests		**1,722,877**	1,915,737
Total Equity		**97,810,179**	101,145,005

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of cash flows
for the half-year ended 30 June 2011

	Consolidated	
	Half-year ended 30 Jun 2011 $	Half-year ended 30 Jun 2010 $
Cash flows from operating activities		
Payments to suppliers and employees	**(1,845,897)**	(2,989,382)
Other receipts	**-**	45,016
Interest received	**989,977**	252,276
Net cash used in operating activities	**(855,920)**	(2,692,090)
Cash flows from investing activities		
Payments for exploration and evaluation assets	**(9,126,311)**	(4,482,006)
Payments for property, plant and equipment	**(15,082,632)**	(179,289)
Payments for deposits	**(747,000)**	-
Net cash used in investing activities	**(24,955,943)**	(4,661,295)
Cash flows from financing activities		
Share issue costs relating to prior period	**(73,989)**	-
Net cash used in financing activities	**(73,989)**	-
Net (decrease)/increase in cash and cash equivalents	**(25,885,852)**	(7,353,385)
Cash and cash equivalents at the beginning of the period	**71,371,022**	13,094,590
Effect of exchange rate changes on cash and cash equivalents	**(1,732,831)**	78,449
Cash and cash equivalents at end of period	**43,752,339**	5,819,654

The above statement of cash flows should be read in conjunction with the accompanying notes.

KENTOR GOLD LIMITED AND ITS SUBSIDIARIES
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FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2011

Statement of changes in equity for the half year ended 30 June 2011	**Contributed Equity $**	**Accumulated losses $**	**Foreign Currency translation reserves $**	**Share-based payments reserve $**	**Hedge Reserve $**	**Parent entity interest $**	**Non-controlling interest $**	**Total equity $**
Balance at 1 January 2010	**49,041,310**	**(15,917,688)**	**(1,518,954)**	**3,019,308**	**-**	**34,623,976**	**2,453,800**	**37,077,776**
Loss for the half year	-	(1,512,623)	-	-	-	(1,512,623)	(45,662)	(1,558,285)
Foreign currency translation	-	-	78,449	-	-	78,449	-	78,449
Total comprehensive income for the half-year	-	(1,512,623)	78,449	-	-	(1,434,174)	(45,662)	(1,479,836)
Share-based payments	-	-	-	155,294	-	155,294	-	155,294
Balance at 30 June 2010	**49,041,310**	**(17,430,311)**	**(1,440,505)**	**3,174,602**	**-**	**33,345,096**	**2,408,138**	**35,753,234**
Loss for the half year	**-**	(4,883,819)	-	-	-	(4,883,819)	(45,603)	(4,929,422)
Foreign currency translation	-	-	(1,865,639)	-	-	(1,865,639)	(446,798)	(2,312,437)
Loss on cash flow hedges	-	-	-	-	(434,483)	(434,483)	-	(434,483)
Total comprehensive income for the half-year	**-**	**(4,883,819)**	**(1,865,639)**	**-**	**(434,483)**	**(7,183,941)**	**(492,401)**	**(7,676,342)**
Issue of share capital	77,843,611	-	-		-	77,843,611	-	77,843,611
Cost of share capital issue	(4,775,498)	-	-	-	-	(4,775,498)	-	(4,775,498)
Balance at 1 January 2011	**122,109,423**	**(22,314,130)**	**(3,306,144)**	**3,174,602**	**(434,483)**	**99,229,268**	**1,915,737**	**101,145,005**
Loss for the half year	-	(903,740)	-	-	-	(903,740)	(29,809)	(933,549)
Foreign currency translation	-	-	(652,156)	-	-	(652,156)	(163,051)	(815,207)
Loss on cash flow hedges	-	-	-	-	(1,732,831)	(1,732,831)	-	(1,732,831)
Total comprehensive income for the half-year	**-**	**(903,740)**	**(652,156)**	**-**	**(1,732,831)**	**(3,288,727)**	**(192,860)**	**(3,481,587)**
Issue of share capital	18,000	-	-	(18,000)	-	-	-	-
Cost of share capital issued in prior years	(73,989)	-	-	-	-	(73,989)	-	(73,989)
Share-based payments	-	-	-	220,750	-	220,750	-	220,750
Balance at 30 June 2011	**122,053,434**	**(23,217,870)**	**(3,958,300)**	**3,377,352**	**(2,167,314)**	**96,087,302**	**1,722,877**	**97,810,179**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the financial statements for the half-year ended 30 June 2011

Note 1. Summary of significant accounting policies

Statement of compliance

The half-year consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting.

Kentor Gold Limited is a listed public company, incorporated and domiciled in Australia.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2010 and any public announcements made by Kentor Gold Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

In the current period, the Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2011. The adoption of these new and revised Standards and Interpretations has resulted in no changes to the Group's financial results.

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Prior period correction

At 30 June 2010, administration expenses of $435,961 and depreciation expenses of $163,984 relating to the Andash Mining Project in the Kyrgyz Republic were expensed, but were subsequently capitalised into mine development for the year ended 31 December 2010. Comparative financial information in this half year report has been adjusted accordingly, the net effect reducing the comprehensive income for the half year ended 30 June 2010 by $599,645 and increasing non-current assets at 30 June 2010 by $599,645.

Significant accounting judgments, estimates and assumptions

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events.

In addition to the significant accounting judgments, estimates and assumptions disclosed in the 31 December 2010 financial statements, the following new judgments have been applied in the preparation of the 30 June 2011 half year financial report.

1. *Accounting for the acquisition of Jinka Minerals*

AASB 3 Business Combinations identifies a 'business' as consisting of both inputs and processes, capable of creating outputs.

Through the Jinka Minerals acquisition, the Company acquired the rights to intangible assets (reserves and resources) as well as the physical assets of a former operating mine (currently on care and maintenance) which meet the definition of 'inputs'.

However, there were no existing 'processes' which were purchased with the assets (e.g. operating systems, employees, OH&S systems, etc), as the former operating assets were on care and maintenance (Burnakura project) or were undeveloped exploration projects (Jervois and Gabanintha projects).

Therefore the directors have assessed that the acquisition of Jinka Minerals is not a business combination as defined, and is in fact an asset purchase. The consideration paid and the associated acquisition costs have been capitalised and allocated to the class of assets acquired, which are included in the financial statements in their respective categories at cost.

Notes to the financial statements for the half-year ended 30 June 2011

Note 1. Summary of significant accounting policies (continued)

Significant accounting judgments, estimates and assumptions (continued)

2. *Continued recognition of non-controlling interest in relation to Andash Mining Corporation*

In October 2010 the Talas Inter-district court ruled that Aurum Mining Plc and Invest-centre Talas LLC's (ICT) ownership in Andash Mining Company LLC (AMC) were invalid due their failure to comply with the Strategic Objects legislation in the Kyrgyz Republic. On 19 January 2011, a subsequent appeal to the Talas Oblast Court by both parties was dismissed. In compliance with the court decision AMC was re-registered with Kaldora Company Limited, a subsidiary of the Group, as the sole participant, and an offer made to the Kyrgyz Government for their purchase of 20% of AMC. Before the transfer to the Kyrgyz Government could be effected, a further appeal to the Supreme Court of the Kyrgyz Republic was lodged on the 25 February 2011.

On the 22 April 2011, the Supreme Court of the Kyrgyz Republic sent the case to the Chu Inter-District Court, a court of first instance, for re-hearing. The Chu Inter-District Court upheld the original ruling of the Talas Inter-District Court. Subsequent to the ruling, Tryden International Limited, a wholly owned subsidiary of Aurum Mining plc, lodged another appeal. This appeal was heard in the Chu Oblast Court on the 24 August 2011. The company is waiting on the written ruling to be handed down by the Chu Inter-District Court.

As a result of these on-going court hearings, the Group has continued to recognise a non-controlling interest of 20% of AMC's comprehensive income for the year and net assets, as the Group does not have the right to exercise control over the 20% which has been re-registered with Kaldora Company Limited and subsequently offered to the Kyrgyz Government.

3. *Consideration of asset impairment for Andash mining project*

On 4 February 2011, Kentor was advised that the Kyrgyz Government was to establish a Commission of Enquiry for the Andash mining project, with a view to expediting the approval process. Kentor agreed to suspend on-site activities whilst this review is undertaken. The Commission was due to deliver its final report to the Standing Committee on Energy and Minerals on 21 June 2011. The Standing Committee adopted a resolution to be put to the plenary session of parliament which recommended that the Andash deposit not be developed until an understanding was reached between the local population and Andash Mining Company LLC.

On 24 June 2011, the last day of parliament before the break for the northern summer, a private member put a motion to the house recommending to Government that the licences and rights of Andash Mining Company LLC be cancelled. The motion was adopted in controversial circumstances. The Kyrgyz Government is currently considering how to respond to the Parliamentary resolution.

On 28 June 2011, the Minister for Natural Resources issued a letter that Andash Mining Company LLC's licences are, and remain, in good standing.

The directors have considered a detailed risk assessment of the project's likely development at the half year, considering the developments in the last six months, and are confident that the project is still highly likely to proceed. Therefore, no impairment losses have been recognised at 30 June 2011.

4. *Application of cash flow hedge accounting to the development project for Andash Mining Corporation*

In light of the directors' belief that the development of the Andash mining project is still a highly probable outcome, the Group has continued to apply hedge accounting to effective cash flow hedges at the half year, recognising the unrealised net gain/loss on the hedges outstanding at reporting date through the hedge reserve in equity.

Note 2. Segment Information

Operating segments have been determined based on reports reviewed by the chief operating decision makers being the executive directors. This has resulted in the recognition of the following reportable segments:

Notes to the financial statements for the half-year ended 30 June 2011

Note 2. Segment Information (cont'd)

Development Projects – Kyrgyz Republic
This segment consists of projects that are in the process of being developed. The Andash mining project was the only project in this reportable segment for the half year to 30 June 2011.

Development Projects – Australia
This segment consists of projects that are in the process of being developed. The Burnakura project was the only project in this reportable segment for the half year to 30 June 2011.

Exploration Projects - Kyrgyz Republic
This segment consists of projects in the Kyrgyz Republic that are still in the exploration and evaluation phase.

Exploration Projects - Australia
This segment consists of projects in Australia that are still in the exploration and evaluation phase.

Information Provided to the Executive Directors

Segment information provided to the executive directors for the half year to 30 June 2011 is as follows:

	Development Projects - Kyrgyz Republic	Exploration Projects - Kyrgyz Republic	Development Projects - Australia	Exploration Projects - Australia	Total
Half-year ended 30 June 2011	$	$	$	$	$
Segment Result					
Net profit/(loss) for the period	208	1,158	-	-	1,367
Assets at 30 June 2011					
Segment assets	40,272,013	802,344	7,717,099	7,217,928	56,009,384
Half-year ended 30 June 2010					
Segment Result					
Net loss for the half year	(127,535)	(100,775)	-	-	(228,310)
Assets at 31 December 2010					
Segment assets	29,880,575	1,408,678	-	-	31,289,253

Reconciliation of segment net profit/(loss) for the half year to total loss for the half year.

	Half-year ended 30 Jun 2011	Half-year ended 30 Jun 2010
	$	$
Segment profit/ (loss)	1,367	(228,310)
Interest	837,023	243,485
Foreign exchange gains	11,758	-
Employment related costs	(860,919)	(1,114,084)
Corporate expenses	(863,981)	(183,779)
Depreciation expense	(21,732)	(9,028)
Exploration impairment expense	(37,065)	-
Due diligence and facility costs	-	(266,569)
Net loss for the half year	**(933,549)**	(1,558,285)

Note 3. Property, plant and equipment

	Consolidated					
	Plant & Equipment 2011	**Mine Development 2011**	**Total property plant and equipment 2011**	Plant & Equipment 2010	Mine Development 2010	Total property plant and equipment 2010
Half year ended 30 June 2011 (31 December 2010)	**$**	**$**	**$**	$	$	$
At the start of the half year, net of accumulated depreciation	**5,601,713**	**11,288,694**	**16,890,407**	6,469,069	5,775,847	12,244,916
Additions	**1,565,477**	**10,641,773**	**12,207,250**	128,768	4,733,816	4,862,584
Transfers from plant and equipment	**(1,248,267)**	**1,248,267**	**-**	-	-	-
Transfers from exploration (*)	**-**	**4,522,743**	**4,522,743**	-	779,031	779,031
Disposals	**(43,100)**	**-**	**(43,100)**	(6)	-	(6)
Acquisitions through asset purchase (**)	**3,569,625**	**-**	**3,569,625**	-	-	-
Effect of movement in exchange rates	**9,856**	**-**	**9,856**	(961,014)	-	(961,014)
Depreciation	**(21,732)**	**-**	**(21,732)**	(35,104)	-	(35,104)
At the end of the half year, net of accumulated depreciation	**9,433,572**	**27,701,477**	**37,135,049**	5,601,713	11,288,694	16,890,407

	Consolidated					
	Plant & Equipment 30 Jun 2011	**Mine Development 30 Jun 2011**	**Total property plant and equipment 30 Jun 2011**	Plant & Equipment 31 Dec 2010	Mine Development 31 Dec 2010	Total property plant and equipment 31 Dec 2010
	$	**$**	**$**	$	$	$
Cost	**9,739,959**	**27,701,477**	**37,441,434**	5,894,871	11,288,694	17,183,565
Accumulated depreciation	**(306,387)**	**-**	**(306,387)**	(293,158)	-	(293,158)
Net carrying amount	**9,433,571**	**27,701,477**	**37,135,049**	5,601,713	11,288,694	16,890,407

(*) In the current period, exploration and evaluation assets of $4,522,743 relating to the Andash Mining project were transferred from exploration and evaluation assets to mine development (2010: $779,031).

(**) In the current period, Kentor Gold Limited acquired property, plant and equipment though the acquisition of Jinka Minerals Limited on the 27 April 2011, totalling $3,569,625 (2010: nil)

Notes to the financial statements for the half-year ended 30 June 2011

Note 4. Exploration and evaluation assets

	Consolidated	
	30 Jun 2011	31 Dec 2010
	$	$
Deferred exploration and evaluation assets	**11,045,339**	5,515,999
Exploration tenements	**7,257,259**	7,257,259
	18,302,598	12,773,258

Deferred exploration and evaluation assets		
Balance at beginning of the half year	**5,515,998**	10,097,999
Additions	**473,960**	1,318,490
Transfers to mine development (*)	**(4,522,743)**	(779,031)
Acquisition through asset purchases (**)	**9,610,315**	-
Impairment of area of interest	**(37,065)**	(4,043,260)
Effect of movement in exchange rate	**4,874**	(1,078,200)
Balance at end of the half year	**11,045,339**	5,515,999

(*) In the current period, exploration and evaluation assets of $4,522,743 relating to the Andash Mining project were transferred from exploration and evaluation assets to mine development (2010: $779,031).

(**) In the current period, Kentor Gold Limited acquired mining tenements and mining information though the acquisition of Jinka Minerals Limited on the 27 April 2011, totalling $9,610,315 (2010: nil)

Ultimate recovery of the exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Note 5. Trade and other payables

	Consolidated	
	30 Jun 2011	31 Dec 2010
	$	$
Trade payables	**1,741,062**	1,816,744
Trade payables relating to Andash mine development	**1,136,387**	-
Payables relating to Jinka Minerals Limited acquisition	**1,378,649**	-
Employee benefits	**177,913**	167,372
	4,434,011	1,984,116

(i) Trade payables are non-interest bearing and are usually settled on 30 day terms.
(ii) Contractual cashflows from trade and other payables approximate their carrying value.

Note 6. Contributed equity

		30 Jun 2011	31 Dec 2010
		Number	Number
(a)	Ordinary shares fully paid	**1,062,092,950**	1,061,592,950

(b) Movements in shares on issue

Details	30 Jun 2011 Number of Shares issued	30 Jun 2011 Issued capital $	31 Dec 2010 Number of Shares issued	31 Dec 2010 Issued capital $
Beginning of the half year	**1,061,592,950**	**122,109,423**	393,011,481	49,041,310
Movements during the half year				
Rights issue on 29 July 2010	**-**	**-**	127,989,487	8,319,317
Ordinary share issue on 4 August 2010	**-**	**-**	54,951,722	4,231,283
Share options exercised 6 October 2010	**-**	**-**	1,000,000	126,205
Rights issue on 15 November 2010	**-**	**-**	398,097,356	51,752,656
Ordinary share issue on 19 November 2010	**-**	**-**	86,542,904	13,414,150
Less: costs of share issues	**-**	**-**	-	(4,775,498)
Share options exercised on 29 April 2011	**500,000**	**18,000**	-	-
Less: costs of share issues in prior year	**-**	**(73,989)**	-	-
Closing balance	**1,062,092,950**	**122,053,434**	1,061,592,950	122,109,423

(c) Options granted during the half year

2011	No. of options	Date granted	Date vested	Expiry date	Weighted average exercise price $	Fair value at grant date $
S Milroy	1,000,000	1 June 2011	1 June 2011	1 June 2016	0.1218	0.0791
S Milroy	1,000,000	1 June 2011	1 June 2011	1 June 2016	0.1462	0.0749
K Anderson	500,000	1 June 2011	1 June 2011	1 June 2016	0.2078	0.0667
K Anderson	500,000	1 June 2011	1 June 2011	1 June 2016	0.2493	0.0623

The fair value of the options were determined using a Black-Scholes model.

Key inputs used in the calculation of the value of options issued during the half-year ended 30 June 2011 are:

Spot price	$0.120
Grant date	1 June 2011
Expiry date	1 June 2016
Volatility	78%
Risk free rate	4.75%

Expected volatility was determined based on historic volatility adjusted for any expected changes to future volatility based on publicly available information.

2010		Date granted	Date vested	Expiry date	Weighted average exercise price $	Fair value at grant date $
Guy Cordingley	500,000	4 June 2010	4 June 2010	4 June 2015	0.183	0.0386
Guy Cordingley	500,000	4 June 2010	4 June 2010	4 June 2015	0.219	0.0352
Gerard Kelly	500,000	4 June 2010	4 June 2010	4 June 2015	0.157	0.0415
Gerard Kelly	500,000	4 June 2010	4 June 2010	4 June 2015	0.188	0.0381
Kelvin Russell	500,000	4 June 2010	4 June 2010	4 June 2015	0.160	0.0411
Kelvin Russell	500,000	4 June 2010	4 June 2010	4 June 2015	0.192	0.0377
John Taylor	1,000,000	24 June 2010	24 June 2010	24 June 2015	0.130	0.0392

Note 7. Related party transactions

1. In 2010, Kentor committed to purchase two 6MW Ball Mills from Outotec Pty Limited for €4,656,790 and €4,613,210 respectively. Mr John Taylor, a non-executive Director of Kentor was previously the Managing Director of Outotec (Australasia) Pty Ltd. This transaction occurred based on normal commercial terms. The first ball mill was fully paid for during the period. At 30 June 2011, the commitment remains for the secondary mill of €4,613,210 to be paid in full by October 2012.

2. On 20 June 2011, a short-term unsecured interest-free loan of US$25,000 was provided to Hugh McKinnon, an executive director of Kentor Gold Limited. This loan is due for repayment in full by 31 December 2011.

Note 8. Commitments

	Consolidated	
	30 June 2011 $	31 Dec 2010 $
Capital expenditure commitments		
Not longer than 1 year (a), (b), (c), (d)	**629,756**	12,535,935
Between 1 and 5 years (a), (d)	**8,451,112**	-
Greater than 5 years (d)	**6,285,800**	-
	15,366,668	12,535,935
Operating lease commitments		
Not longer than 1 year (e), (f)	**902,763**	24,623
Between 1 and 5 years (e), (f)	**522,927**	-
Greater than 5 years (f)	**953,487**	-
	2,379,177	24,623

Capital Commitments

(a) In 2010, Kaldora Company committed to purchase two 6MW Ball Mills from Outotec Pty Limited for €4,656,790 and €4,613,210 respectively. Mr John Taylor, a non-executive Director of Kentor was the Managing Director of Outotec (Australasia) Pty Ltd. This transaction occurred based on normal commercial terms.

The first ball mill was fully paid for during the period. At 30 June 2011, the commitment remains for the secondary mill of €4,613,210 to be paid in full by October 2012.

(b) During 2010, Kaldora Company Limited signed an 18-month exclusive option agreement with Turan Metals LLC in regards to the Aktash Project in the Kyrgyz Republic. The option payments were US$200,000 for the first year (paid in full in 2010) and US$200,000 for the remaining period payable in October 2011.

In the current period, the Company announced that the second option would be allowed to lapse, and the amounts paid to date were refunded shortly after reporting date.

(c) During 2010, AMEC Minproc was engaged to provide engineering services for the Andash copper-gold project. A total of US$11,162,165 had been budgeted, with the remaining commitment at 31 December 2010 payable of US$7,029,622. This work has been fully completed in the current reporting period.

(d) During the period, the Company acquired interests in various mining and exploration tenements in WA and NT as part of the Jinka Minerals Limited acquisition. There are capital commitments on these tenements ranging from $4,360 to $100,000 per annum with expiry terms of between 1 to 19 years.

Note 8. Commitments (cont'd)

Operating lease commitments

(e) Operating lease commitments comprise leases over a rail siding storage facility and office space in the Kyrgyz Republic and the corporate office operating lease rental in Brisbane Australia. The annual rental commitments on these leases range from $13,686 to $194,808 per annum with expiry terms of between 1 month to 6 years.

(f) During the period, the Company acquired interests in various exploration tenements in WA and NT as part of the Jinka Minerals Limited acquisition. There are annual rental commitments on these tenements ranging from $44 to $15,000 per annum with expiry terms of between 1 to 19 years.

Note 9. Contingent liabilities and assets

(a) In October 2010 the Talas Inter-district court ruled that Aurum Mining Plc and Invest-centre Talas LLC's (ICT) ownership in Andash Mining Company LLC (AMC) were invalid due their a failure to comply with the Strategic Objects legislation in the Kyrgyz Republic. On 19 January 2011, a subsequent appeal to the Talas Oblast Court by both parties was dismissed. In compliance with the court decision Andash Mining Company LLC was re-registered with Kaldora Company Limited as the sole participant, and an offer made to Government for their purchase of 20% of Andash Mining Company LLC. Before the transfer to Government could be effected, a further appeal to the Supreme Court of the Kyrgyz Republic was lodged on the 25 February 2011.

On the 22 April 2011, the Supreme Court of the Kyrgyz Republic sent the case to the Chu Inter-District Court, a court of first instance, for re-hearing. The Chu Inter-District Court upheld the original ruling of the Talas Inter-District Court. Subsequent to the ruling, Tryden International Limited, a wholly owned subsidiary of Aurum Mining plc, lodged another appeal. This appeal was heard in the Chu Oblast Court on the 24 August 2011. The company is waiting on the written ruling to be handed down by the Chu Inter-District Court.

Kentor owns the remaining 80% of AMC through its subsidiary Kaldora Company Limited, and remains unaffected by this claim. Kentor complied fully with the requirements of the strategic objects legislation and Kentor is firmly of the belief that the action does not affect Kentor's holding in the project.

(b) On the 24 December 2010, the Company was advised that a Statement of Claim (the Claim) has been lodged against Kentor Gold Limited and its subsidiary Kaldora Company Limited. The Claim has been issued by ICT, which recently had its non-controlling interest in Andash Mining Company LLC declared invalid by the Talas Inter-district court. The Claim requests that the Kaldora company, which hold Kentor's 80 % interest in the Andash Mining Company LLC (AMC), be excluded from AMC on the basis that Kaldora inflicted a material damage to the other members of AMC. The hearing date was set for April 2011, however ICT twice failed to appear at scheduled hearings and the case was dismissed.

(c) On the 27 April 2011, the Company obtained control of Jinka Minerals Limited through an agreed off-market takeover offer. Attached to the sale of the Burnakura mining tenements owned by Jinka Minerals Limited, is a royalty agreement with Royal Gold, Inc. The Group is contractually obliged to pay Royal Gold, Inc a royalty based on potential future extractions.

Notes to the financial statements for the half-year ended 30 June 2011

Note 10. Events subsequent to reporting date

a) Options granted after the 30 June 2011 half year

	No. of options	Date granted	Date vested	Expiry date	Weighted average exercise price $	Fair value at grant date $
Employee options	250,000	8 Aug 2011	8 Aug 2011	1 Jul 2016	0.1132	0.0554
Employee options	250,000	8 Aug 2011	8 Aug 2011	1 Jul 2016	0.1358	0.0522
Employee options	500,000	8 Aug 2011	8 Aug 2011	1 Jul 2016	0.1256	0.0533
Employee options	500,000	8 Aug 2011	8 Aug 2011	1 Jul 2016	0.1507	0.0500
Employee options	500,000	8 Aug 2011	8 Aug 2011	1 Jul 2016	0.1455	0.0507
Employee options	500,000	8 Aug 2011	8 Aug 2011	1 Jul 2016	0.1746	0.0474

The fair value of the options were determined using a Black-Scholes model.

Key inputs used in the calculation of the value of options issued after the half-year ended 30 June 2011 are:

Spot price	$0.09
Grant date	8 August 2011
Expiry date	1 July 2016
Volatility	78%
Risk free rate	4.75%

Expected volatility was determined based on historic volatility adjusted for any expected changes to future volatility based on publicly available information.

There were no other subsequent events after reporting date requiring disclosure.

Note 11. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b).

(i) Details of investment in foreign controlled entities are:

	Country of Incorporation	**30 June 2011 % Held**	31 Dec 2010 % Held
CJSC Kentor	Kyrgyz Republic	**80%**	80%
CJSC Kyldoo	Kyrgyz Republic	**80%**	80%
CJSC Epic	Kyrgyz Republic	**80%**	80%
Kaldora Company	British Virgin Islands	**100%**	100%
Tatianna Limited Company	British Virgin Islands	**100%**	100%
Andash Mining Company LLC	Kyrgyz Republic	**80%**	80%
Kentor Kazakhstan	Kazakhstan	**100%**	-

During the half year Kentor Gold Limited incorporated Kentor Kazakhstan in Kazakhstan, in order to pursue potential business opportunities in country. This company had minimal activities during the half year.

(ii) Details of investments in domestic controlled entities are:

	Country of Incorporation	**30 June 2011 % Held**	31 Dec 2010 % Held
Dunmarra Uranium Ltd	Australia	**100%**	100%
Jinka Minerals Ltd	Australia	**95.95%**	-

Kentor Gold Limited acquired control of Jinka Minerals Limited on 27 April 2011 through an agreed off market takeover. The compulsory acquisition of the remaining 4.05% share capital was completed on 4 July 2011.

Directors' Declaration

The directors of the company declare that in their opinion:

1. The financial statements, comprising the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and accompanying notes, are in accordance with the Corporations Act 2001 and:

   a) Comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

   b) Give a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the half-year ended on that date.

2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

WHJ BARR AM
Chairman

Brisbane
02 September 2011

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF KENTOR GOLD LIMITED

We have reviewed the accompanying half-year financial report of Kentor Gold Limited, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001, and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Kentor Gold Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Kentor Gold Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Kentor Gold Limited is not in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Emphasis of Matter

We draw attention to the disclosure in Note 1 to the financial statements regarding "Consideration of asset impairment for Andash mining project". The matters raised in this note are of such importance that they are fundamental to the users' understanding of the financial report. Our conclusion is not qualified in respect of these matters.

BDO Audit (QLD) Pty Ltd

BDO

A J Whyte
Director

Brisbane, 02 September 2011