

Central Asia Gold

INTERIM REPORT DATED AUGUST 29, 2007

Central Asia Gold AB (publ) Six month Interim report for the period 1 January – 30 June 2007 (NGM: CAG)

- **Total CAG group gold production during the period of January – August 2007 amounted to 620 kg (20,000 oz). During the first six months of 2007 gold production reached 246 kg (7,900 oz), none of which was produced during the first quarter. Of this, 106 kg was sold during the reporting period.**
- **The new Tardan processing plant is now working satisfactorily. Gold concentrate production from the plant amounted to 57 kg during the second quarter of 2007.**
- **The CAG alluvial production units are in the middle of their production season. Weather problems in Irkutsk will reduce the production in Artelj Lena to between 600 - 700 kg of gold this season, against the original projection of 800 kg. Full year 2007 CAG group gold production target is now some 1,100 kg (approximately 35,000 oz).**
- **Central Asia Gold has, after the end of the reporting period, won a privatization auction in relation to the whole Tardan mining district. The licence comprises an area of 520 square kilometres surrounding the existing Tardan and Kopto deposits. Strategically this is a very important licence.**
- **The first tranche of external financing for the Kopylovskoye project is now being invested in the project.**
- **Recently obtained test results prove that heap leaching can be used also for the high grade gold tailings at Tardan. This means that the continuous tank leaching facility no longer needs to be constructed, saving considerable capital expenditure this year.**
- **Consolidated revenues for the six month period amounted to TSEK 31,571 (TSEK 9,983). For the quarter April – June 2007 revenues were TSEK 25,562 (TSEK 4,233)**
- **The net result after tax for the period January – June 2007 was TSEK**

-26,037 (TSEK -12,672). This is on target with the original plan and is due to the seasonal gold production. For the quarter April – June 2007 the same net result amounted to TSEK -9,863 (TSEK -11,098)

- **EPS was SEK -0.066 for the reporting period (SEK -0.055). For the last quarter EPS was SEK -0.025 (SEK -0.048).**

Background

Central Asia Gold AB (CAG AB) is a Swedish mining company with operations in Eastern Siberia, Russia. The group structure consists of the Swedish joint stock parent company, which currently controls three wholly-owned subsidiaries, of which two are in Russia. The Russian subsidiaries are of the limited liability type. The subsidiary OOO Tardan Gold also owns five sub-subsidiaries in Russia. The operations involve exploration and production of gold primarily in the Tyva and Irkutsk regions in Russia.

The group's main assets comprise a large number of mineral licences held by the various subsidiaries. The licences, as at early January 2007, encompass 747,000 troy ounces (oz) (1 oz = 31.1 g) of gold reserves according to the Russian C1+C2 categories, as well as 1,055,000 oz of P1 gold resources and 5,765,000 oz of P2 gold resources. CAG AB was publicly listed on the Swedish NGM Nordic Growth Market stock exchange on March 29, 2005. The number of shareholders is currently approximately 5,000.

Results – the Group

For the six month period ended June 30, 2007 the group reports a net result after tax of TSEK -26,037 (TSEK -12,672) which corresponds to SEK -0.066 per share (SEK -0.055). For the last quarter of the reporting period the net result after tax was TSEK -9,863 (TSEK -11,098). This corresponds to EPS of SEK -0.025 (SEK -0.048).

Consolidated gold sales revenues were TSEK 12,277 (TSEK 1,210) during the financial period. For the quarter April – June 2007 gold sales amounted to TSEK 10,555 (TSEK 1,210).

In addition, a revenue component of TSEK 7,217 (TSEK 1,789) is included in the consolidated P/L account relating to services performed by the transportation subsidiaries of the group, providing transportation services, partly to external clients. The transport revenues were TSEK 4,447 during the last quarter of the reporting period (TSEK 1,168).

The change in stock of finished and semi-finished goods amounted to TSEK 9,106 (0). During the last quarter the same change was TSEK 8,065 (0).

According to previous statements the Tardan mine is considered to be operational as from 1 January, 2007 and, therefore, only limited costs have been capitalized at Tardan. During the reporting period total costs of TSEK 2,971 were capitalized at subsidiary level. In the corresponding six month period of 2006 TSEK 6,984 was capitalized as mining permits. For the quarter April – June 2007 the capitalization component amounted to TSEK 2,495 (TSEK 1,855).

Total operating costs in the group during the reporting period amounted to TSEK

57,938 (TSEK 16,144). It should be emphasized that installation and start up costs relating to the Tardan processing plant amounting to TSEK 9,600 have been charged directly to the P&L account in this period. They do not relate to the gold production for this year. For the quarter April – June 2007 the operating costs were TSEK 33,751 (TSEK 9,258).

Net financial items were TSEK 977 for the reporting period (TSEK -6,501). For the last quarter of the reporting period the net financial items were TSEK -1,031 (TSEK -6,067)

The tax cost for the reporting period was TSEK -647 (TSEK -10) and the minority share of the net result was TSEK 137 (TSEK 41). For the quarter April – June 2007 the tax cost amounted to TSEK -643 (TSEK -6), and the minority share was TSEK 395 (TSEK 6).

Two of the Group's three producing subsidiaries during 2007 are alluvial producers, with production taking place only during the warm part of the year (May – October). The majority of the group's planned production for the whole of 2007 of 1,100 kg (35,000 oz) will, therefore, be produced and sold during the second half of the year.

Mining operations

Tardan

General overview

Tardan is a medium sized gold deposit, which was privatized in a public auction in the summer of 2003. The officially established Russian reserves (C1/C2) and P1 resources, most recently updated in the early 1990s, amount to 413,000 oz of gold. In addition, Tardan is estimated to contain 4,354,000 oz of P2 gold resources (Russian classification standards). The appraisal work has so far only been conducted to a depth of about 100 m.

Approximately thirty ore bodies exist within a 3.3 square kilometer area of the licence block, which lies 80 km to the east of the region's capital Kyzyl. The average gold grade of the reserves is 10.7 grams/tonne (g/t).

A considerable exploration programme involving core drilling, trenching and construction of underground drifts and shafts was carried out in the Soviet time and has been supplemented by new data gathering in 2004 – 2007.

The processing plant

The gravimetric processing plant was assembled during 2006. The calibration of the plant began towards the end of 2006 and continued during the first quarter of 2007. The crushers were tested first, then the mills and the other equipment. The extraction of the gold concentrate did not take place until April when the Canadian centrifuges were finally connected.

The work done so far has produced positive results. In the gravimetric stage, the plant yields the predicted efficiency with an extraction coefficient so far of around 50%. This means that the gravimetric process is functioning well. However, initial bottlenecks were identified in the centre of the plant, principally in the form of the

bolters that were imported from abroad. This has resulted in the plant working at 50 – 60% of full capacity during the spring and summer. The utilized capacity has been increased gradually as a result of the technical staff improving the functionality. As from mid-August the plant is working at nearly full capacity.

The actual gold production commenced from the second quarter. The processing capacity of the plant is 100,000 tons of ore per year or approximately 8,000 tons of ore per month. During the quarter April – June 2007 11,000 tons of ore were processed, which resulted in approximately 57 kg of gold concentrates in the gravimetric stage with an extraction coefficient of more than 50%. The amount of gold concentrates produced from the Tardan plant during 2007 is currently estimated to be 200-230 kg.

During the reporting period OOO Tardan Gold sold 70 kg of gold concentrate including gold in stock at the beginning of the year.

Leaching stage – change in planning and reduced capital expenditure

The planning of the leaching plant at Tardan has been revised. Recently obtained results from heap leaching tests show that heap leaching of the tailings from the high grade ore bodies gives very satisfactory results. The economic analysis shows that the marginally higher recoveries due to tank leaching as compared to heap leaching do not warrant a separate construction of a tank leaching unit.

This means that the heap leaching plant originally planned only for the low grade ores can also be used for the high grade ores at Tardan. This results in a considerable saving in capital expenditure that was originally planned for the second half of 2007. Instead, the plans are now to prove the low grade ore reserves on the licence block (see below) as soon as possible and, thereafter, to start constructing the heap leaching unit. It is now believed that the new ore reserves will be proved (by the Russian State Committee on Mineral Reserves) sometime after the end of 2007. Thereafter, construction permits can be obtained and the construction work may be initiated. This implies the Tardan gravimetric processing plant will have to function without an associated leaching facility during the whole of 2008.

Low grade gold mineralization (Block 2) – heap leaching

The work on the low grade ore block number 2 on the Tardan deposit is coming closer to the planned gold production stage. In total 2,490 m of core drilling has now been completed on this block and 2,489 core samples have been retrieved and sent for analysis. More than 900 of these samples have already been completed. Together with the old data from the Soviet time and also other data from surface trenches dug last year, the geologic department of Central Asia Gold is now preparing for the compulsory reserve review by the Russian State Committee on Mineral Reserves (GKZ).

A positive heap leaching test of a five ton ore sample has also been completed, paving the way for the review by the authorities, which is necessary for obtaining production approvals for the heap leaching operation. Central Asia Gold is working as fast as possible and the reserve review is now scheduled for the winter period 2008, probably during the second quarter of the year. At the same reserve review occasion, Central

Asia Gold intends to submit new reserve data relating to the high grade ore bodies on the Tardan deposit and anticipates an increase of the ore reserves last reviewed and approved in 1994.

Kopto

Continuous operation at the Kopto plant stopped at the end of the year 2006. In the future the plant will be used to perform test enrichment of ore samples.

Kopylovskoye deposit in Irkutsk

Kopylovskoye is a gold deposit that holds 7 tons of gold reserves as per Russian geological standards (some 240,000 oz). The project's potential reserve base, however, is significantly larger and hence a comprehensive appraisal programme will have to be carried out to realise this.

An Extraordinary General Meeting of Central Asia Gold in spring 2007 approved selling out a 25% ownership interest in the licence company for a consideration of the equivalent of MUS\$ 10. As a part of this transaction the licence company (OOO Kopylovsky containing the licence) has been legally transferred from the Russian subsidiary OOO Tardan Gold to a newly established Swedish subsidiary named Kopylovskoye AB. This legal work has been completed after the end of the reporting period and the first half of the external financing (MSEK 35) is now in an escrow account waiting to be invested into the Swedish vehicle. The second part of the external financing is expected later in autumn 2007.

On the ground in Irkutsk the geological work has started. Project documentation is being submitted, the camp for the workers has been prepared and certain equipment ordered. Drilling will start in the next few months along with other appraisal work. The geologic department of Central Asia Gold has confidence in the future of this project.

Alluvial gold production:

The placer deposit Sivo Pravy Uval

This placer deposit held by the subsidiary OOO GRK Tomano (Tomano) is located in the Buryatiya region of Russia, which borders on the Tyva region. It holds 19,000 oz of Russian C1 gold reserves. In March 2005 Central Asia Gold concluded a joint venture agreement in respect of the future development of the deposit. The joint venture partner, the Russian company OOO GRK Oreol (Oreol), is the operator of the project and will secure the financing. So far, no major development activity has yet been conducted on the licence block.

The subsidiary gold placer producers OOO Artelj Tyva (Tyva) and OOO Artelj Lena (Irkutsk)

The acquisition of OOO Artelj Lena was completed in late spring 2007. A provisional acquisition analysis has been done on consolidation and has resulted in the equity base of Artelj Lena being the same as the acquisition price of MUS\$ 9.

The subsidiary is consolidated in the group accounts as from the very end of the second quarter. Thereby the balance sheet of Artelj Lena, but not the profit and loss account, is consolidated in this interim report. The acquisition of OOO Artelj Tyva was completed at the end of 2005.

During May 2007 both companies commenced gold production. Necessary working capital has been secured by loans from Russian banks. During May – June Artelj Lena and Artelj Tyva produced 130 kg and 59 kg of gold, respectively. During July – August 2007 the combined alluvial gold production from both companies increased further to 540 kg. So far, Artelj Tyva has experienced a normal production season. Artelj Lena is located in Irkutsk and the very dry summer there has created problems with the availability of water in the vicinity of the placer deposits. This has limited the production cycle. It is therefore estimated that full year gold production for Artelj Lena will be between 600 - 700 kg (instead of the projected 800 kg).

During the reporting period Artelj Tyva and Artelj Lena sold 12 kg and 24 kg of gold, respectively.

Investments, Liquidity and Financing

Net investments into material and immaterial fixed assets during the first six months of 2007 amounted to TSEK 77,484 (TSEK 31,158).

Cash on group accounts was TSEK 33,079 at the end of the period (TSEK 45,241).

Employees

The group companies, on average, employed 1,050 persons during the first half of 2007 (390). This figure includes the new subsidiary OOO Artelj Lena.

Issued shares

During May 2007 a directed share issue encompassing 10,013,147 shares was carried out. The issue price was SEK 2.03 per share. This issue was a part of the payment for the subsidiary OOO Kopylovsky. As at the date of this report, the number of shares outstanding in Central Asia Gold AB (publ) is, therefore, 412,210,070.

In addition to this an options programme directed at leading personnel in the group was approved by the Annual General Meeting of shareholders on June 12, 2007 in Stockholm. In total 14,500,000 options were issued in accordance with this programme. The term of the options is to the end of July 2009 and the strike price is 2.25 SEK per option corresponding to one underlying share. The options can only be exercised towards the end of the period. The allocation of options took place after the end of the reporting period.

Major events after the end of the reporting period

Central Asia Gold wins strategic privatization auction in the Tyva region

After the end of the reporting period a privatization auction, in respect of the so-called Tardan mining district, was conducted in the Tyva region. Central Asia Gold's subsidiary OOO Tardan Gold was one of the participants. The licence auctioned off is very interesting as it comprises the exploration and production rights in respect of all minerals found in the licence area, which has an acreage of 520 square kilometres.

The licence area comprises the whole valley where the Tardan and Kopto deposits are located. Today it houses a number of established gold occurrences such as Suruglugchem, Barsutche and Tardan II. These are located only a few kilometres from Central Asia Gold's Tardan mine. The occurrences currently contain 16 tons of gold resources with relatively high gold grades. Central Asia Gold has a strategic interest in this licence and in keeping competitors away. The Central Asia Gold geologic department knows the regional geology well and is confident of being able to prove considerable additional gold reserves on the licence block. OOO Tardan Gold was declared winner of the auction for a price of 4.8 million roubles equalling approximately USD 200,000.

Project financing of the Kopylovskoye-project

As stated above, the first MSEK 35 of external project financing agreed by an EGM of CAG AB held in spring 2007 has been received into an escrow account after the end of the reporting period. The money is expected to be transferred to Central Asia Gold during the next few weeks, while the remaining MSEK 35 is expected later in autumn 2007.

Next reports due

The next financial report due is the Interim report for Q3 2007 (January - September). It will be released on November 28.

Company information

The parent company's full name is Central Asia Gold AB (publ). It is a public limited company with the head office in Stockholm and the corporate identification number is 556659-4833. The address of the parent company is Brovägen 9, 182 76 Stocksund.

Central Asia Gold AB (publ)

org no 556659-4833

GROUP PROFIT

AND LOSS ACCOUNT

(all amounts in TSEK)

| | 3 months 2007-04-01 - 2007-06-30 | 3 months 2006-04-01 - 2006-06-30 | 6 months 2007-01-01 - 2007-06-30 | 6 months 2006-01-01 - 2006-06-30 | 12 months 2006-01-01 - 2006-12-31 |
|--|--|--|--|--|---|
| Net sales | 15 002 | 2 378 | 19 494 | 2 999 | 48 242 |
| Capitalised costs | 2 495 | 1 855 | 2 971 | 6 984 | 25 823 |
| Change in stock of finished and semi-finished goods *) | 8 065 | - | 9 106 | - | 14 011 |
| Total revenues | 25 562 | 4 233 | 31 571 | 9 983 | 88 076 |
| Operating costs | | | | | |
| External costs | -13 163 | -3 011 | -26 108 | -4 691 | -51 144 |
| Salary related costs | -15 098 | -4 936 | -23 005 | -8 996 | -31 889 |
| Depreciation of tangible and non-tangible fixed assets | -5 490 | -1 311 | -8 825 | -2 457 | -9 930 |
| | -33 751 | -9 258 | -57 938 | -16 144 | -92 963 |
| Operating result | -8 189 | -5 025 | -26 367 | -6 161 | -4 887 |
| Net financial items | -1 031 | -6 067 | 977 | -6 501 | -9 009 |
| Result after net financial items | -9 220 | -11 092 | -25 390 | -12 662 | -13 906 |
| The period's tax cost | -643 | -6 | -647 | -10 | -1 078 |
| Net result after tax for the period | -9 863 | -11 098 | -26 037 | -12 672 | -14 984 |
| Whereof attributable to the shareholders of the parent company | -10 258 | -11 104 | -26 174 | -12 713 | -14 798 |
| Whereof attributable to the minority | 395 | 6 | 137 | 41 | -186 |
| Earnings per share before dilution, SEK | -0,025 | -0,048 | -0,066 | -0,055 | -0,053 |
| Earnings per share after dilution, SEK | -0,025 | -0,048 | -0,066 | -0,055 | -0,053 |

| | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| Number of shares issued at period end | 412 210 070 | 236 752 479 | 412 210 070 | 236 752 479 | 366 196 923 |
| Average number of shares for the period | 408 093 554 | 231 285 812 | 399 145 239 | 230 816 687 | 278 073 163 |
| Average number of shares for the period after dilution | 408 093 554 | 231 285 812 | 399 145 239 | 230 816 687 | 278 073 163 |

*) As from 2007 CAG has altered the way of reporting the change in stock of finished and semi-finished goods. This does not have any impact on the result for the previous periods. The figures for the comparative periods in 2006 have not been re-grouped.

Central Asia Gold AB (publ)
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| GROUP BALANCE SHEET (all amounts in TSEK) | June 30, 2007 | June 30, 2006 | Dec 31, 2006 |
|---|--------------------------------|--------------------------------|-------------------------------|
| ASSETS | | | |
| FIXED ASSETS | | | |
| Intangible fixed assets | 161 951 | 63 887 | 155 976 |
| Tangible fixed assets | 154 525 | 64 789 | 83 016 |
| Financial fixed assets | 24 619 | 4 611 | 10 242 |
| Total fixed assets | 341 095 | 133 287 | 249 234 |
| CURRENT ASSETS | | | |
| Inventories | 60 566 | 27 584 | 23 989 |
| Current receivables | 99 694 | 21 247 | 103 853 |
| Cash and bank | 33 079 | 45 241 | 81 947 |
| Total current assets | 193 339 | 94 072 | 209 789 |
| TOTAL ASSETS | 534 434 | 227 360 | 459 023 |
| EQUITY AND LIABILITIES | | | |
| Total equity | 354 005 | 181 370 | 313 616 |
| Minority interest | 2 896 | 295 | 514 |
| Long term liabilities | 85 385 | 18 373 | 21 552 |
| Current Liabilities | 92 148 | 27 321 | 123 341 |
| TOTAL EQUITY AND LIABILITIES | 534 434 | 227 360 | 459 023 |
| ASSETS PLEDGED | | | |
| Bank accounts | - | 50 | 50 |
| CONTINGENT LIABILITIES | | | |
| | - | - | - |

Central Asia Gold AB (publ)

org no 556659-4833

GROUP CASHFLOW ANALYSIS

(All amounts in TSEK)

| | 6 months Jan - June 2007 | 6 months Jan - June 2006 | 12 months Jan - Dec 2006 |
|--|--------------------------------|--------------------------------|--------------------------------|
| Operating activities | -21 870 | -48 | -4 487 |
| Paid/received interest and similar items | -2 236 | -6 510 | -567 |
| Cash flow from operations before changes in working capital | -24 106 | -6 558 | -5 054 |
| Changes in working capital | -63 433 | -8 499 | 9 883 |
| Net cash flow used in operating activities | -87 539 | -15 057 | 4 829 |
| Net cashflow used in investing activities | -77 484 | -31 158 | -155 754 |
| Net cash flow from financing activities | 115 777 | 77 485 | 217 998 |
| Increase in cash and bank | -49 246 | 31 271 | 67 073 |
| Cash and bank at the beginning of the period | 81 947 | 17 128 | 17 128 |
| Translation difference in cash and bank | 378 | -3 158 | -2 255 |
| Cash and bank at the end of the period | 33 079 | 45 241 | 81 947 |

Central Asia Gold AB (publ)

org no 556659-4833

STATEMENT OF CHANGES IN EQUITY (GROUP)

| (Expressed in TSEK) | Share capital | Additional paid in capital | Other reserves | Retained earnings | Total equity capital |
|---------------------------------------|---------------|----------------------------|----------------|-------------------|----------------------|
| Equity as at December 31, 2005 | 45 722 | 68 032 | 358 | 3 263 | 117 376 |
| Translation difference | | | -6 773 | | -6 773 |
| The net result for the period | | | | -14 984 | -14 984 |
| New issues | 27 518 | 206 069 | | | 233 586 |
| Issue costs | | -15 589 | | | -15 589 |
| Equity as at December 31, 2006 | 73 239 | 258 512 | -6 415 | -11 720 | 313 616 |
| New issues | 7 200 | 60 086 | | | 67 286 |
| Issue costs | | -5 198 | | | -5 198 |
| translation difference | | | 4 338 | | 4 338 |
| The net result for the period | | | | -26 037 | -26 037 |
| Equity as at June 30, 2007 | 80 439 | 313 400 | -2 077 | -37 757 | 354 005 |

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| | 6 months | 6 months | 12 months |
|-----------------------------|------------|------------|------------|
| KEY RATIOS | 2007-06-30 | 2006-06-30 | 2006-12-31 |
| Group | | | |
| Total assets, TSEK | 534 434 | 227 360 | 459 023 |
| Total equity, TSEK | 356 901 | 181 665 | 314 130 |
| Equity ratio, % | 66,8% | 79,8% | 68,4% |
| Interest bearing debt, TSEK | 16 973 | 10 566 | 0 |
| Employees at period end | 1 050 | 410 | 507 |
| Per share data | | | |
| Earnings per share, SEK | -0,066 | -0,055 | -0,053 |
| Equity per share (SEK) | 0,875 | 0,766 | 0,858 |
| Return on equity (%) | -7,76% | -8,51% | -6,94% |

Key ratio definitions

| | |
|-----------------------------|--|
| Total assets, TSEK | Total assets at period end |
| Total equity, TSEK | Total equity at period end including minority |
| Equity ratio, % | Total equity according to above divided by total assets expressed as a percentage |
| Interest bearing debt, TSEK | Total interest bearing debt at the period end |
| Earnings per share | Net result after tax for the period divided by the average number of outstanding shares for the period before dilution |
| Equity per share (SEK) | Total equity including minority at the period end divided by the total number of shares outstanding at the period end |
| Return on equity (%) | Net result after tax for the period divided by the average equity for the same period |

Central Asia Gold AB (publ)

org no 556659-4833

PARENT COMPANY PROFIT

AND LOSS ACCOUNT

(all amounts in TSEK)

| | 3 months 2007-04-01 - 2007-06-30 | 3 months 2006-04-01 - 2006-06-30 | 6 months 2007-01-01 - 2007-06-30 | 6 months 2006-01-01 - 2006-06-30 | 12 months 2006-01-01 - 2006-12-31 |
|--|--|--|--|--|---|
| External costs | -3 138 | -1 186 | -4 149 | -1 602 | -3 244 |
| Salary related costs | -1 013 | -131 | -1 933 | -351 | -2 329 |
| Depreciation of tangible and non-tangible fixed assets | -1 | -1 | -2 | -2 | -5 |
| <i>Total operating costs</i> | <i>-4 152</i> | <i>-1 318</i> | <i>-6 084</i> | <i>-1 955</i> | <i>-5 578</i> |
| Operating result | -4 152 | -1 318 | -6 084 | -1 955 | -5 578 |
| Net financial items | -612 | -6 875 | 1 721 | -7 118 | -7 921 |
| Result after net financial items | -4 764 | -8 193 | -4 363 | -9 073 | -13 499 |
| The period's tax cost | - | - | - | - | - |
| Net result after tax for the period | -4 764 | -8 193 | -4 363 | -9 073 | -13 499 |

Central Asia Gold AB (publ)

org no 556659-4833

PARENT COMPANY BALANCE SHEET

(all amounts in TSEK)

| | June 30, 2007 | June 30, 2006 | Dec 31, 2006 |
|-------------------------------------|------------------|------------------|-----------------|
| ASSETS | | | |
| FIXED ASSETS | | | |
| Intangible fixed assets | 5 555 | 8 | 5 540 |
| Tangible fixed assets | 9 | 14 | 12 |
| Financial fixed assets | 322 724 | 151 759 | 212 175 |
| Total fixed assets | 328 288 | 151 781 | 217 726 |
| CURRENT ASSETS | | | |
| Inventories | - | - | - |
| Current receivables | 18 853 | 69 | 19 012 |
| Cash and bank | 27 391 | 38 276 | 80 009 |
| Total current assets | 46 244 | 38 345 | 99 021 |
| TOTAL ASSETS | 374 532 | 190 126 | 316 747 |
| EQUITY AND LIABILITIES | | | |
| Total equity | 372 855 | 179 040 | 315 127 |
| Minority interest | - | - | - |
| Long term liabilities | - | - | - |
| Current Liabilities | 1 677 | 11 086 | 1 620 |
| TOTAL EQUITY AND LIABILITIES | 374 532 | 190 126 | 316 747 |
| ASSETS PLEDGED | | | |
| Bank accounts | - | 50 | 50 |
| CONTINGENT LIABILITIES | | | |
| | - | - | - |

Accounting principles

Group

As of January 1, 2005 the consolidated accounts for Central Asia Gold AB have been prepared in accordance with International Financial Reporting Standards (IFRS). The group applies the same accounting principles and evaluation methods as used in the most recent annual report. For a description of the accounting principles please refer to the most recent annual report.

Parent company

In all significant ways the parent company applies the same accounting principles as the group. In addition, the parent company applies RR32 *Accounting for legal entities*.

Segment information

The company's accounts are focused on the primary business segment by geographical areas. These are defined as specific countries. The secondary segments are different types of minerals. At present (from Q 1/2005) gold is produced in only one country, Russia. Therefore no segment information is currently given.

Risk and uncertainties associated with this interim report

The group's risk exposure is presented on page 39 of the 2006 annual report. There are no general changes to this presentation of risk exposure.

Transactions with related parties

Security services

The subsidiaries OOO Tardan Gold and OOO Artelj Tyva currently purchase security and guard services from the company OOO Ochrannaya Firma Shtjit. Michail Malyarenko owns 60% of this company. These services are charged for at market price. During the first six months of 2007 the subsidiaries paid the total of TRUR 6,184 for such services (TSEK 1,646).

Office rents

Part of the group's company management and administration teams work in the city of Tomsk in Siberia. They work in rented premises in an office block owned by Michail Malyarenko. A number of external companies also rent premises in the same building. During the first six months of 2007 the Central Asia Gold group has paid TRUR 765 in office rents (TSEK 204). This is the same rent that the other external tenants pay for the property.

Management company

To optimise the cost of management services, part of the administration in the company's department in Tomsk are located in a separate management company. The management company comprises a staff of about 30 people, including Michail Malyarenko, legal staff, accountants, controllers, interpreters and logistic personnel. The objective is to reduce the cost for management services so the management company will also be able to provide services for external clients, as well as to

improve the allocation of joint costs between the group companies. The goal of the management company is not profit maximization. During the first six months of 2007 Central Asia Gold paid, via its subsidiaries, a total of TRUR 8,169 (TSEK 2,175) to the management company. This amount represents the salaries and other external costs for the personnel. The owners of the management company are Central Asia Gold's two main Russian owners, Alexander Merko and Michail Malyarenko, who each own equal shares.

Projecting company

Central Asia Gold's Russian subsidiary performs construction work in its own region in order to save money. However, to receive a building permit for one's own personnel from the authorities, a responsible property development company must be hired to submit official documentation and to take responsibility for safety and other building regulations. In this case Central Asia Gold's subsidiary OOO Tardan Gold appointed the company OOO KUPIR to lead the construction work and to take charge of responsibility issues. Therefore, parts of the construction cost are administered via KUPIR. Michail Malyarenko and his family own 100% of this company. During the first six months of 2007 construction work equivalent to TRUR 13,236 (TSEK 3,524) was performed via OOO KUPIR.

This report has not been subject to review by the company's auditors.

The board of directors and the managing director confirm that the interim report provides an accurate overview of the company's and the group's operations, position, results and that it describes significant risk and uncertainties that the company and group companies are exposed to.

Stockholm, 29 August, 2007

Central Asia Gold AB (publ)

Michail Malyarenko
Chairman

Alexander Merko
Director

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Central Asia Gold AB is a Swedish mining company focused on gold production and exploration in Russia and Mongolia in the central parts of Asia. The gold production was initiated in late January 2005 and the assets today encompass some 747,000 troy ounces (1 troy ounce = 31.1 g) of Russian gold reserves C1/ C2. CAG AB plans to produce 1,100 kg of gold (35,000 oz) during 2007.

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