

Central Asia Gold

INTERIM REPORT DATED NOVEMBER 28, 2007

Central Asia Gold AB (publ) Nine month Interim report for the period 1 January – 30 September 2007

(NGM: CAG)

- **Total CAG group gold production during the nine-month period January – September 2007 amounted to 823 kg (26,400 oz), 577 kg of which (some 18,500 oz) were produced during the quarter July – September. Approximately 815 kg of gold were sold during the nine-month period, of which 710 kg during the last quarter. During October – November approximately 200 kg of additional gold (6,400 oz) were produced.**
- **The new Tardan processing plant has been in operation since beginning of April this year. Gold production from the plant amounted to 95 kg during the second and third quarters of 2007, of which 38 kg was during the third quarter. The plant produced another 57 kg during October – November, of which nearly 40 kg was during November.**
- **The Kopylovskoye project appraisal campaign is in full progress. The sale of 25% of the ownership of this project to external investors resulted in a TSEK 25,968 capital gain, which has been included in the 9-month result and in the result for the quarter July – Sept 2007.**
- **In early 2008 Central Asia Gold will submit a new reserve calculation for approval as regards the Tardan license. The figure that will be presented is some 10 tons (some 320,000 oz) of C1/C2 gold reserves in respect of the first four ore bodies 24, 26, 28 and 29 including new low grade ores. The corresponding historic figure for this area was some 5 tons of C1/C2 reserves (160,000 oz).**
- **Consolidated revenues for the nine month period amounted to TSEK 150,037 (TSEK 38,404). For the quarter July - September 2007 revenues were TSEK 118,466 (TSEK 28,421).**
- **The net result after tax for the period January – September 2007 was TSEK 6,922 (TSEK -12,411). For the quarter July - September 2007 the same net result amounted to TSEK 32,959 (TSEK 261).**
- **EPS was SEK 0.014 for the reporting period (SEK -0.050). For the last quarter EPS was SEK 0.077 (SEK 0.001).**

**CAG group gold production break-down
(kg of chemically pure gold)**

	<i>3 months July - Sept 2007</i>	<i>3 months July - Sept 2006</i>	<i>9 months Jan - Sept 2007</i>	<i>9 months Jan - Sept 2006</i>
Mining gold	38	16	95	36
alluvial gold *)	539	171	728	194
Total	577	187	823	230

*) The alluvial producer OOO Artelj Lena was acquired in late June 2007 and did thus not produce in 2006.

Background

Central Asia Gold AB (CAG AB) is a Swedish junior 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 several 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 4,800.

Results – the Group

For the nine-month period ending September 30, 2007 the group reported a net result after tax of TSEK 6,922 (TSEK -12,411) which corresponds to SEK 0.014 per share (SEK -0.050). A capital gain of MSEK 25,968 is included in this result and applies to the third quarter of the period. The capital gain arose as a result of the sale of 25% of the Kopylovskoye project to a group of external investors.

For the third quarter of the reporting period the net result after tax was TSEK 32,959 (TSEK 261). This corresponds to EPS of SEK 0.077 (SEK 0.001).

Consolidated gold sales revenues were TSEK 102,099 (TSEK 19,750) during the financial period. For the quarter July - September 2007 gold sales amounted to TSEK 89,822 (TSEK 18,544).

In addition, a revenue component of TSEK 12,044 (TSEK 3,967) is included in the consolidated P/L account relating mainly to services performed by the transportation subsidiaries of the group, which provide transportation services, partly to external

clients. The transport revenues were TSEK 4,827 during the last quarter of the reporting period (TSEK 2,174).

The change in stock of finished and semi-finished goods amounted to TSEK 18,788 (0). During the last quarter the same change was TSEK 9,682 (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 the Tardan production license area. However, a lot of exploration work is being conducted on the other appraisal projects in the group, and these costs are predominantly capitalised during this stage. During the reporting period total costs of TSEK 16,296 were capitalized at subsidiary level. In the corresponding nine month period of 2006 TSEK 14,687 was capitalized as mining permits. For the quarter July - September 2007 the capitalization component amounted to TSEK 13,325 (TSEK 7,703).

Finally, a revenue component of TSEK 810 (0) has been recognized in the third quarter of the reporting period in respect of dissolution of negative goodwill. The negative goodwill resulted from the provisional acquisition analysis of Artelj Lena, which is consolidated in the group PL-account as from the third quarter this year.

Total operating costs in the group during the reporting period amounted to TSEK 166,020 (TSEK 44,573). It should be emphasized that installation and start up costs relating to the Tardan processing plant amounting to TSEK 13,392 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 July - September 2007 the operating costs were TSEK 108,082 (TSEK 28,429). Included in the operating costs for the full nine-month period and for the last quarter is a write-down charge in respect of the Tomano-project amounting to TSEK 2,579 (please see section on Tomano below).

Net financial items were TSEK 26,902 for the reporting period (TSEK -5,828). For the last quarter of the reporting period the net financial items were TSEK 25,925 (TSEK 673). The above mentioned capital gain of TSEK 25,968 is included in the net financial items for the full reporting period and also for the third quarter.

The tax cost for the reporting period was TSEK -3,997 (TSEK -414). The tax cost consists of actual current tax of TSEK -117. The rest of the tax cost is a change in deferred tax. The tax cost for the last quarter of the reporting period was TSEK -3,350 (TSEK -404).

The minority share of the net result for the nine month period was TSEK 1,392 (TSEK -23). For the quarter July - September 2007 the minority share amounted to TSEK 1,255 (TSEK -64).

Mining operations

Tardan project in the Tyva region

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, of which 229,000 oz were C1/C2 reserves. 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. The average gold grade of these reserves is estimated at 10.7 grams/ton (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 first license applies to a 3.3 square kilometre area, which lies 80 km to the east of the region's capital Kyzyl. The existing gold reserves are attributable to this license. Some 30 ore bodies exist, out of which the four main ore bodies constitute the bulk of the gold reserves assigned thus far.

Another exploration and production license with a term of 25 years was won in a public auction in summer 2007. This license area comprises some 520 km² and surrounds the first license area. This new license is called the “Tardan mining district”. A large number of gold occurrences were identified on this license block during the Soviet era, and Central Asia Gold has already commenced with appraising them. The occurrence of initial interest is called “Tardan 2” and is located only some 2 km to the East of the new processing plant commissioned this year.

Reserve status and heap leaching plans

As stated above the initial Tardan license comprised some 229,000 oz of gold reserves assigned in the Soviet era. The cut-off grade applied then was 2 g/ton and the appraisal work did not go below a depth of 100 m. Of the total gold reserves assigned during the Soviet era, the 5 major ore bodies contained some 160,000 oz of the assigned C1/C2 reserves.

Central Asia Gold has conducted a significant appraisal programme on these ore bodies over the last two years, and gold production has commenced. The appraisal work continues, and thus more information is added all the time.

Central Asia Gold plans to go through a new reserve examination by the Russian State Mineral Reserve Committee (GKZ) during the first quarter of 2008. The internal reserve report is now being finalized and the main new parameters are the following:

Firstly, as regards the high-grade ore bodies the new drilling conducted has not yet reached the bottom of the ore bodies. Attempts will be made to drill to a depth of 300 – 400 m to establish where they end. In addition, these ore bodies are wider than had previously been assumed. The new data shows that the main ore body number 26, which according to the older data contained some 170,000 tons of ores with a grade of more than 10 g/ton, is larger and is now estimated to contain more than 500,000 tons of ores. The average grade is therefore expected to be reduced from more than 10 g/t to some 6 g/t. The established low-grade ore bodies will also undergo the reserve

examination process. The Tardan geologists estimate that they have thus far proven there are over 2.5 million tons of low-grade ore reserves with an average estimated grade of more than 2 g/ton. More and more data arrive from the continuing appraisal work, and the low-grade ore volumes are particularly expected to increase over the years to come. In total, given the currently existing data, the internal calculations show gold reserves of some 10 tons (320,000 oz) in respect of the new low-grade zones and in respect of the 4 main ore bodies. This is the figure that will be submitted to the GKZ-committee, and Central Asia Gold believes it will be approved in early 2008. It is important to stress that the new reserve estimate in principle only applies to the recalculation of the ore reserves on four out of more than 30 ore bodies in the first license block.

This reserve review will also enable Central Asia Gold to design a development plan for the heap leaching unit that will process the low-grade ore reserves as well as the tailings from the high-grade ore bodies. The test enrichment trials of the low-grade ores have, as previously stated, given satisfactory results with recovery rates of up to 70% given cyanide as agent. It is currently believed that the first gold via heap leaching may be produced in 2009.

Gold production - the processing plant

The gravimetric processing plant began operation in April 2007. After certain initial start up problems the factory has been working satisfactorily since the middle of August.

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 in the gravimetric stage with an extraction coefficient of more than 50%. The gold grades were high during this period. During the quarter July – September more than 20,000 tons of ore were processed with some 38 kg of gold produced. During this quarter, ores from another ore body were produced with lower grade and finer gold grains resulting in a lower recovery ratio. After the end of the third quarter, the incoming gold grade has again increased as from November. During October some 17 kg of gold was produced; in November the best monthly result thus far was achieved with nearly 40 kg of gold produced. Total Tardan gold production for 2007 is thus estimated to end in the interval 180 – 200 kg.

The staff at the Tardan plant is now beginning to mix ores from the various ore bodies in order to have a more stable gold grade in the incoming ores.

During the first six months of the reporting period OOO Tardan Gold sold 70 kg of gold including gold in stock at the beginning of the year. During the third quarter a further approximately 30 kg of gold were sold.

Tardan 2 gold occurrence

The Tardan 2 occurrence is one of several occurrences within the so-called Tardan Mining district license. This license was acquired in an open auction in summer 2007. The license area comprises some 520 km². The Tardan 2 occurrence is immediately adjacent to the first Tardan license block, where gold is now produced. The Tardan 2

occurrence was approached as a quartz vein object in the Soviet era, but was deemed less interesting due to the limited size of the quartz veins. Central Asia Gold's geologists have approached this object from another angle and believe that the side rock also contains gold (please compare with the results from the Kavkaz project described below). The conducted geophysical work has identified significant anomalies at this object. The size of the anomalies indicates that this object may be significantly larger than the neighbouring Tardan project. Limited surface samples have been analysed and reveal high gold grades. In summer 2007 a number of surface trenches have been constructed, from which a large number of samples have been collected. The analysis results of these samples are due by end of this year.

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. The fact that the Kopto plant is not used for commercial gold production has not led to any consequences for the external group accounts since much of the equipment has been transported to the nearby Tardan plant, where it continues to function.

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 as the so far registered gold reserves are only attributable to a depth of some 30 m.

An Extraordinary General Meeting of Central Asia Gold in spring 2007 approved the sale of a 25% ownership interest in the licence company for a consideration of 70 MSEK (at that time the equivalent of MUSD 10). As a part of this transaction the Russian licence company (OOO Kopylovsky) has been legally transferred from the Russian subsidiary OOO Tardan Gold to a newly established Swedish subsidiary named Kopylovskoye AB. The first 35 MSEK of external financing was received towards the end of September, and the second half is expected during the fourth quarter. The transaction has resulted in a capital gain of 25,968 TSEK in the external group accounts, which has been recorded in this interim report. A 25% minority therefore arises in the accounts of the Kopylovskoye AB group. Central Asia Gold currently views the acquisition of the Kopylovskoye project as an acquisition of assets and therefore no acquisition analysis is done.

Geological work has commenced on the ground in Irkutsk. Project documentation has been submitted, the camp for the workers has been prepared and certain equipment has been ordered, including a powerful, new RC drilling rig. A significant appraisal programme will now take place during this year and 2008. Core drilling has already started through a local subcontractor. During autumn 2007 some 1,000 m of core drilling has been carried out. The current plan is to complete some 6,000 m of core drilling and more than 30,000 m of RC-drilling over the next 12 – 18 months.

A new laboratory, will be able to fast and reliably process test samples on line, is currently being constructed close to the site. It is estimated that some 50,000 samples will be analysed over the next year.

It is important to stress that the existing ore body is still fully open in all directions. The established strike of the ore body is some 300 m and the width is some 50 m.

However, the license block itself has a length of 6 km and the gold mineralized zone penetrates right through the license block.

The Kavkaz project in Irkutsk

The historic geologic perception was that the Kavkaz project contained certain high-grade gold reserves in limited volumes, which were concentrated in quartz vein zones with a thickness of slightly over one meter. Central Asia Gold's geologists have always stated that they believed the old data gathering methods underestimated the true gold grade as they did not capture the larger gold grains. During 2007 new data has been gathered on the surface of the Kavkaz deposit, primarily via surface trenches. These samples have been analysed, and they reveal that the gold is present not only in the quartz veins but also in the side rock. The ore zone has a thickness of up to 45 meters instead of one or a few meters in the surface trenches studied. This changes the whole perception of the Kavkaz project and makes it resemble the Kopylovskoye deposit owned by Central Asia Gold. The potential of the project has therefore increased considerably as a result of this year's working programme.

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. According to the agreement, the joint venture partner, the Russian company OOO GRK Oreol (Oreol), was supposed to be the operator of the project and was supposed to secure the financing. Oreol has however not performed, and Central Asia Gold itself does not find it economically interesting to start a development campaign in respect of this project. Consequently, the license has been handed back to the Russian authorities. This has led to a net write-down charge of TSEK 2,579 in the external accounts, which is recognized in the last quarter of the nine month period.

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

The acquisition of OOO Artelj Lena was completed in late June 2007. A provisional acquisition analysis was performed upon consolidation. This analysis has resulted in a limited negative goodwill dissolution (one-off income component) amounting to TSEK 810. This income component is recorded in the last quarter of this nine month report. The provisional acquisition analysis is described in the notes section of this report. Artelj Lena is thus included in the CAG consolidated profit and loss account as from the third quarter of this year.

The acquisition of the other placer producer in the group, OOO Artelj Tyva, was completed at the end of 2005.

During the nine month period (actually during May – September due to the seasonal character of placer gold production) both alluvial subsidiaries produced in total 728

kg of gold (23,400 oz) divided into 560 kg for Artelj Lena and 168 kg for Artelj Tyva. The production during the last quarter of the reporting period was 539 kg (17,300 oz). Thereafter the two companies produced another approximately 145 kg (4,600 oz) in the fourth quarter before the production season ended. This was divided into some 64 kg (Artelj Tyva) and 81 kg (Artelj Lena).

In total both alluvial subsidiaries sold 716 kg of gold during the nine-month period. 680 kg of this were sold during the quarter July – September 2007.

Investments and Liquidity

Net investments in material and immaterial fixed assets during the first nine months of 2007 amounted to TSEK 123,358 (TSEK 56,900). The corresponding figure for the last quarter of the reporting period was TSEK 45,874 (TSEK 25,742).

Cash in group accounts was TSEK 54,524 at the end of the period (TSEK 167,563).

The parent company

The Swedish parent company is a holding company without significant operations. It supports the subsidiary companies with financing, investor relations services, strategy reviews etc. It thus has no income other than interest on loans extended to the subsidiaries from time to time or in respect of bank deposits. The number of employees was 3 at the end of the reporting period (1). The net result for the nine month period 2007 was TSEK -5,937 (TSEK -9,115). For the quarter July – September 2007 the corresponding result was TSEK -1,574 (TSEK +42). Currency exchange rate losses during the first half of 2006 impacted the net result of the parent company during that period, and the currency movements reversed somewhat during the third quarter of 2006 resulting in a positive net result for that quarter. Cash in the parent company was TSEK 7,529 as at September 30, 2007 (TSEK 167,563).

Employees

The group had 1,129 employees at the end of September 2007 (468).

Issued shares

As at the end of September 2007 as well as at the date of this report, the number of shares outstanding in Central Asia Gold AB (publ) is 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 SEK 2.25 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 during the third quarter of the financial period. The market price of the CAG share is lower than the strike price of the options as at the end of the reporting period.

Major events after the end of the reporting period

Gold production

As stated above, during October – November 2007 the group companies have produced an additional approximate 200 kg of gold (6,400 oz).

Next report due

The next financial report due is the 12-month Interim report for the full financial year 2007 (January – December). It will be released on Thursday, February 28, 2008.

Reporting dates in 2008

Interim 12-month report for financial year 2007	February 28
Interim report for Jan – March 2008 (Q1-2008)	May 28
Annual General Meeting (exact date not yet determined)	June 2008
Interim report for Jan – June 2008 (Q2-2008)	August 28
Interim report for Jan – Sept 2008 (Q3-2008)	November 28

Company information

The parent company's full name is Central Asia Gold AB (publ). It is a public limited liability company with head offices 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)

	Note no	3 months 2007-07-01 - 2007-09-30	3 months 2006-07-01 - 2006-09-30	9 months 2007-01-01 - 2007-09-30	9 months 2006-01-01 - 2006-09-30	12 months 2006-01-01 - 2006-12-31
Net sales		94 649	20 718	114 143	23 717	48 242
Capitalised costs		13 325	7 703	16 296	14 687	25 823
Change in stock of finished and semi-finished goods *)		9 682	-	18 788	-	14 011
Other operating revenues	1	810	-	810	-	-
Total revenues		118 466	28 421	150 037	38 404	88 076
Operating costs						
External costs		-62 753	-19 827	-88 861	-24 985	-51 144
Salary related costs		-33 496	-6 196	-56 501	-15 192	-31 889
Depreciation of tangible and non-tangible fixed assets		<u>-11 833</u>	<u>-2 406</u>	<u>-20 658</u>	<u>-4 396</u>	<u>-9 930</u>
		-108 082	-28 429	-166 020	-44 573	-92 963
Operating result		10 384	-8	-15 983	-6 169	-4 887
Net financial items	2	25 925	673	26 902	-5 828	-9 009
Result after net financial items		36 309	665	10 919	-11 997	-13 906
The period's tax cost	3	-3 350	-404	-3 997	-414	-1 078
Net result after tax for the period		32 959	261	6 922	-12 411	-14 984
Whereof attributable to the shareholders of the parent company		31 704	325	5 530	-12 388	-14 798
Whereof attributable to the minority		1 255	-64	1 392	-23	-186
Earnings per share before dilution, SEK		0,077	0,001	0,014	-0,050	-0,053
Earnings per share after dilution, SEK		0,077	0,001	0,014	-0,050	-0,053

Number of shares issued at period end	412 210 070	291 196 923	412 210 070	291 196 923	366 196 923
Average number of shares for the period	412 210 070	286 962 355	403 500 182	249 531 910	278 073 163
Average number of shares for the period after dilution **)	412 210 070	286 962 355	403 500 182	249 531 910	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 full year result for 2006 has been recalculated in order to enable comparisons. The figures for the first, second and third quarters of 2006 have not been re-grouped.

**) There are 14.5 million outstanding call options as at end of September 2007 and as at the date of this report. The strike price is however SEK 2.25 per option corresponding to one share. This is higher than the prevailing market price, which implies that currently no dilution arises due to these options.

Central Asia Gold AB (publ)
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GROUP BALANCE SHEET (all amounts in TSEK)	Note number	Sept 30, 2007	Sept 30, 2006	Dec 31, 2006
ASSETS				
FIXED ASSETS				
Intangible fixed assets		210 427	73 501	155 976
Tangible fixed assets		166 501	79 931	83 016
Financial fixed assets		16 657	7 112	10 242
Total fixed assets		393 585	160 544	249 234
CURRENT ASSETS				
Inventories		69 368	24 207	23 989
Current receivables		107 480	24 665	103 853
Cash and bank		54 524	167 563	81 947
Total current assets		231 372	216 435	209 789
TOTAL ASSETS		624 957	376 979	459 023
EQUITY AND LIABILITIES				
Total equity		402 100	333 021	313 616
Minority interest	2	37 932	343	514
Long term liabilities		69 603	20 478	21 552
Current liabilities		115 322	23 137	123 341
TOTAL EQUITY AND LIABILITIES		624 957	376 979	459 023
ASSETS PLEDGED				
Bank accounts		-	50	50
CONTINGENT LIABILITIES				
		-	-	-

org no 556659-4833	9 months	9 months	12 months
GROUP CASHFLOW ANALYSIS	Jan - Sept	Jan - Sept	Jan - Dec
(All amounts in TSEK)	2007	2006	2006
Operating activities	3 510	1 181	-4 487
Paid/received interest and similar items	2 763	-6 241	-567
Cash flow from operations before changes in working capital	6 274	-5 060	-5 054
Changes in working capital	-57 025	-13 154	9 883
Net cash flow used in operating activities	-50 751	-18 214	4 829
Net cashflow used in investing activities	-123 358	-56 900	-155 754
Net cash flow from financing activities	146 716	228 693	217 998
Increase/reduction in cash and bank	-27 393	153 579	67 073
Cash and bank at the beginning of the period	81 947	17 128	17 128
Translation difference in cash and bank	-30	-3 144	-2 255
Cash and bank at the end of the period	54 524	167 563	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	3 264	117 376
<i>1 Jan - 30 Sept</i>					
Translation difference			-660		-660
The net result for the period				-12 388	-12 388
New issues	1 629	229 900			231 529
Issue costs		-2 836			-2 836
Equity as at September 30, 2006	47 351	295 096	-302	-9 124	333 021
<i>1 Oct - 31 Dec</i>					
Translation difference			-6 113		-6 113
The net result for the period				-2 596	-2 596
New issues	25 888	-23 831			2 057
Issue costs		-12 753			-12 753
Equity as at December 31, 2006	73 239	258 512	-6 415	-11 720	313 616
<i>1 Jan - 30 Sept</i>					
translation difference			-1 136		-1 136
The net result for the period				6 922	6 922
New issues	9 203	78 690			87 893
Issue costs		-5 195			-5 195
Equity as at September 30, 2007	82 442	332 007	-7 551	-4 798	402 100

Central Asia Gold AB (publ)

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	9 months	9 months	12 months
KEY RATIOS	2007-09-30	2006-09-30	2006-12-31
Group			
Total assets, TSEK	624 957	376 979	459 023
Total equity, TSEK	440 032	333 364	314 130
Equity ratio, %	70,4%	88,4%	68,4%
Interest bearing debt, TSEK	53 443	none	none
Employees at period end	1 129	468	507
Per share data			
Earnings per share, SEK	0,014	-0,050	-0,053
Equity per share (SEK)	1,067	1,144	0,858
Return on equity (%)	1,84%	-5,50%	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

Accounting principles

Group

The consolidated accounts for Central Asia Gold AB have been prepared in accordance with International Financial Reporting Standards (IFRS) as described in the annual report for financial year 2006.

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and in accordance with the Swedish Accounting Board's recommendation RR 31 "Interim group reporting" (Delårsrapportering för koncerner). The new or revised IFRS standards or IFRIC-recommendations that have been enacted since 1 January 2007 have not had any material effect on the group's profit and loss- and balance sheets.

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 other activities. A few of the group's subsidiaries are extending transportation services, partly to external clients. These transportation services are currently not deemed to be of material size. At present (from Q 1/2005) gold is produced in only one country, Russia. Therefore no segment information is currently given.

Notes to the accounts

Number

- 1 The TSEK 810 other income component relates to a dissolution of negative goodwill in respect of Artelj Lena that was acquired in summer 2007.
- 2 Net financial items for the 9 month period 2007 and for the quarter July - Sept 2007 contain a capital gain of TSEK 25,968 in respect of the sale of 25% of Kopylovskoye AB to a group of external investors. On the other hand the 9 month operating costs for 2007 and the operating costs for the quarter July - Sept 2007 also contain a net write-down of TSEK 2,579 in respect of the Tomano project.
The sale of 25 % of Kopylovskoye AB resulted in an increase of the minority share in the consolidated balance sheet of TSEK 34,715 as per September 30, 2007.
- 3 The tax cost for the nine month period 2007 consists of actual paid tax of TSEK -117. The remaining tax cost relates to a change in deferred tax.

Artelj Lena acquisition

In December 2006 the Group acquired 99,8% interest in OOO Artelj Lena through series of transactions. The total cost of this acquisition at the date of control transfer was RR 230,355 thousand. Control was obtained on 30 June 2007 and the purchase method of accounting has been applied from this date.

The Group is currently finalizing the purchase price allocation procedure. The table below presents provisional fair value estimates of assets and liabilities acquired as a result of the business combination, calculated in accordance with IFRS 3 requirements.

	Provisional fair values, TRUR	TSEK
Intangible non-current assets	21 551	5 732
Tangible non-current assets	79 806	21 225
Financial non-current assets	41 703	11 091
Inventories	93 028	24 741
Receivables and prepaids	95 088	25 289
Cash and cash equivalents	8 570	2 279
Creditors and accruals	(42 000)	(11 170)
Short - term borrowings	(62 030)	(16 497)
Other non-current liabilities	(1 843)	(490)
Fair value of the net assets of the subsidiary on acquisition	233 873	62 200
Less: minority interest	(468)	(124)
Fair value of the acquired share in the net assets of the subsidiary	233 405	62 076
Negative goodwill arising on acquisition	(3 050)	(811)
Consideration paid	230 355	61 265
Less: cash and cash equivalents held by acquired subsidiary	(8 570)	(2 279)
Outflow of cash and cash equivalents on acquisition	221 785	58 985

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 various subsidiaries in Russia 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 nine months of 2007 the subsidiaries paid a total of TRUR 11,896 for such services (TSEK 3,164).

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 nine months of 2007 the Central Asia Gold group has paid TRUR 1,191 in office rents (TSEK 317). 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 legal staff, accountants, controllers, interpreters and logistic personnel including Michail Malyarenko himself. The objective is to reduce the cost for management services as the management company will be able to provide services for external clients and improve the allocation of joint costs between the group companies. The goal of the management company is not profit maximization. During the first nine months of 2007 Central Asia Gold paid, via its subsidiaries, a total of TRUR 19,675 (TSEK 5,233) to the management company. This amount represents 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.

Project management 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 36,942 (TSEK 9,825) was performed via OOO KUPIR.

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

Stockholm, November 28, 2007

Central Asia Gold AB (publ)

The Board of Directors

For more information, please contact:

MD Torbjorn Ranta, tel: +46 (0)8 624 26 80, fax: +46 (0)8 624 37 20, mobile phone: +46 (0)70 8 85 55 04, e-mail: torbjorn.ranta@centralasiagold.se, Website:

www.centralasiagold.se, Post- and visiting address: Brovägen 9, SE-182 76 Stocksund

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 C1/ C2 Russian gold reserves. CAG AB plans to produce some 1,000 kg of gold (32,000 oz) during 2007.

Cautionary Statement: Statements and assumptions made in this report with respect to Central Asia Gold AB's ("CAG") current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of CAG. Forward-looking statements include, but are not limited to, those using words such as "may", "might", "seeks", "expects", "anticipates", "estimates", "believes", "projects", "plans", "strategy", "forecast" and similar expressions. These statements reflect management's expectations and assumptions in light of currently available information. They are subject to a number of risks and uncertainties, including, but not limited to, (i) changes in the economic, regulatory and political environments in the countries where CAG operates; (ii) changes relating to the geological information available in respect of the various projects undertaken; (iii) CAG's continued ability to secure enough financing to carry on its operations as a going concern; (iv) the success of its potential joint ventures and alliances, if any; (v) exchange rates, particularly between the Russian rouble and the U.S. dollar. In the light of the many risks and uncertainties surrounding any gold production and exploration company at an early stage of its development, the actual results could differ materially from those presented and forecast in this report. CAG assumes no unconditional obligation to immediately update any such statements and/or forecasts.