

Central Asia Gold

November 29, 2006

Central Asia Gold AB (publ)

Interim nine month report for the period January 1 – September 30, 2006

(NGM: CAG)

- **The acquisition of the new gold deposit in Siberia, “Kopylovskoye”, has now been finally agreed. The purchase price is 15 million USD.**
- **Total Central Asia Gold (“CAG”) group gold production during the first 9 months of the year was approximately 220 kg (7,100 oz). For the full year 2006 the production will amount to some 300 kg (some 9,700 oz) excluding the residual gold in the tailings of the Kopto deposit and the first gold from the start-up phase of the Tardan plant.**
- **During the first 9 months 2006 CAG sold some 135 kg of gold (4,340 oz).**
- **The new Tardan plant will start processing ores in the middle of next month.**
- **An additional gold mining license in Siberia was acquired on an open auction**
- **Consolidated revenues for the 9-month period amounted to MSEK 38.40 (MSEK 11.32), whereof MSEK 28.42 during the third quarter (MSEK 4.25).**
- **The net result after tax for the reporting period was MSEK –12.39 (MSEK -1.98), whereof MSEK +0.32 during the third quarter (MSEK -2.42). An exchange rate loss of MSEK -6.850 is included in the nine month net result.**
- **EPS was SEK -0.050 for the reporting period (SEK -0.012). For the quarter July – September 2006 EPS was SEK 0.001 (SEK -0.014).**

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, that in its turn controls two wholly-owned Russian subsidiaries of the limited

liability type. Further, the subsidiary OOO Tardan Gold owns three other subsidiaries. The first, OOO Mars, is owned 50% and contains vehicles and equipment. The second one, the alluvial gold producer OOO Artelj Tyva, is owned 99.8%. Lastly, OOO Tardan Gold owns the subsidiary OOO Perspektiva, that is a company without significant assets used by the Central Asia Gold group as a vehicle when participating in public privatization auctions in Russia.

The operations involve exploration and production of gold, currently mainly in the Tyva region bordering to Mongolia.

The group's main assets comprise four mineral licenses held by the various subsidiaries. The licenses as at early January 2006 encompass some 333,000 troy ounces ("oz") of gold reserves according to the Russian C1+C2 categories, as well as 215,000 oz of P1 gold resources and 4,354,000 oz of P2 gold resources. The acquisition of the Kopylovskoye deposit will when completed initially add another approximately 240,000 oz of C1+C2 gold reserves, and 293,000 oz of P1 resources.

CAG AB got publicly listed on the Swedish NGM Nordic Growth Market stock exchange on March 29, 2005. The number of shareholders is currently some 4,500.

Results – the Group

For the nine month period ended September 30, 2006 the group reports a net result after tax of MSEK -12.39 (MSEK -1.98) which corresponds to SEK -0.050 per share (SEK -0.012). For the quarter July - September 2006 the net result after tax was MSEK 0.32 (MSEK -2.42) equalling EPS of SEK 0.001 (-0.014).

Gold sales revenues were MSEK 19.75 during the reporting period (0.70), whereof MSEK 18.54 during the quarter July - September (0). This corresponds to an average realised price of USD 609 per oz. In addition to that, a revenue component of MSEK 3.97 (MSEK 0.36) in the P/L-account relates to service income from the subsidiary OOO Mars, that offers transportation services, partly to external clients. Service income from OOO Mars was MSEK 2.18 during the third quarter of the reporting period (MSEK 0.21).

Operating costs amounting to MSEK 14.69 on the subsidiary level have been capitalised as mining permits during the nine month period (MSEK 10.26), whereof MSEK 7.70 during the third quarter (MSEK 3.34).

Total operating costs in the group during the reporting period amounted to MSEK 44.57 (MSEK 15.51), whereof MSEK 28.43 pertains to the third quarter (MSEK 7.02).

Net financial items were MSEK -5.83 during the reporting period (MSEK +0.53), whereof MSEK 0.67 (MSEK -0.25) during the quarter July - September. The relatively big negative figure during the reporting period is explained by currency exchange rate losses in the parent company mainly attributable to the second quarter of the financial year.

The tax cost for the nine month period was MSEK -0.41 (MSEK +1.68) and the minority share of the net result was MSEK 0.23 (0).

It should be stressed that the subsidiary OOO Artelj Tyva as an alluvial gold producer is engaged in seasonal production of gold during the warm part of the year, that is during the period May – October.

Operations

Tardan

General overview

Tardan is a medium sized gold deposit that was privatised in a public auction in the summer of 2003. The Tardan officially established Russian reserves (C1/C2) and P1 resources, lastly updated in the early 1990ies, amount to 413,000 oz of gold. In addition, it 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 some 100 m.

Some 30 ore bodies exist within a 3.3 square kilometre area of the license block 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 which involved core drilling, trenching and construction of underground drifts and shafts was carried out in the Soviet time and has in 2004 - 2006 been supplemented by new data gathering.

High grade ore bodies

The development programme in respect of the high grade gold ore bodies on the Tardan deposit continues according to plan. During the third quarter of 2006 all efforts have been directed at completing the construction of the new gravimetric processing plant. Most of the work is now completed with the plant building constructed and the processing equipment being installed. At the time of writing, the crushers and mills have been installed and the electricity net has been connected. The bottle neck is represented by the centrifuges, which are imported. The customs clearing has taken some time, but now they are under way within Russia. They will be installed in December, whereafter the ore processing will start. Also a lot of other crucial infrastructure is being erected such as living houses, office buildings, canteens etc. The old buildings existing on the nearby Kopto deposit are not sufficient for housing the workers needed.

On the ore side, the first ore production has commenced. The work conducted when preparing the ore bodies for production has shown promising results, and it is as previously reported believed that the recoverable ore reserves of the main ore bodies are bigger than the Soviet time data states. In particular the ore body number 26 seems to be more significant, and it will be the main contributor of ore to the processing plant during the first year.

Management still recognises that this is the start up of a new project with new routines and equipment, and in time it coincides with the very peak of the cold season. Therefore it is reasonable to forecast limited processing volumes during the first months of work with volumes gradually increasing over the year to come.

Low grade gold mineralization

Already in 2004 the geologists of Central Asia Gold started to look for possible reserve increase opportunities on the Tardan license block. The approach chosen was to confirm a large scale presence, and an economically feasible development plan, for the lower grade gold concentrations on Tardan. This is dependent on the fact that a review of historic data as well as of newly collected information shows that the gold on Tardan is distributed over wider areas of the license block than the so far established high grade ore bodies. So far the attention has been focused on the so called "Area 2" to the East of the high grade ore bodies 24 – 29. Here a more detailed analysis has been of an area of some 15,400 m². It is believed that this area alone may contain up to 10 tonnes (some 300,000 oz) of gold in the ground with a relatively low content (averaging some 2.28 g/t). As regards Area 2, one deep well and numerous surface trenches were constructed in the Soviet times, and the ore body no 1 with recoverable reserves is located there. A lot of new data was gathered in 2005, partly via two surface trenches. The analysed data so far supports the hypothesis that there exist extractable gold ores with a relatively low gold grade within this particular area. A decision to launch the development programme for these lower grade gold assets can probably be expected in 2007, and in this context the geologic department of Central Asia Gold will go through the ore reserve calculation procedures in the Reserve Committee of the Russian Natural Resources Ministry.

Kopto

General

Together with the Kopto deposit followed an acquisition of a small processing plant built in the 1990ies. The plant was modified in summer 2005 and also in 2006, and currently has an ore processing capacity of some 3 tonnes/hour. The equipment comprises crushers, a roller mill, cyclones, separators and shaking tables for a gravimetric process. The number of employees on the Kopto base currently amounts to some 50 (in one shift). The employees in general work three weeks on/three weeks off. The Kopto plant is a small experimental unit, but has for Central Asia Gold during the first year of operations served as an experimental platform helping the organization to prepare for the production work on the Tardan deposit that is located not far away.

It should be highlighted that a first small scale experimental leaching unit has in summer 2006 been constructed on the Kopto site, and was commissioned in early November 2006. The chemical agent used at this stage is sulphur acid (H₂SO₄), which is not as toxic and efficient as cyanide, that will be used on the Tardan deposit. Still the leaching process on Kopto shows good results. This is a preparatory step for introducing a full scale leaching facility on the Tardan deposit during the latter part of 2007.

Production

During the first nine months of 2006 nearly 12,000 tonnes of ore were processed, whereof 4,300 tonnes during the third quarter. That resulted in some 36 kg of chemically pure gold, whereof almost 16 kg pertains to the last quarter of the reporting period. In addition almost as much gold was received via tailings interimistically stored in the tailings pond, that however cannot be fully produced until a large scale leaching facility is in place.

Gold sales

During the period January – September 2006 some 26 kg of chemically pure gold along with some residual silver was sold. Sales proceeds amounted to some 530,000 USD equalling 617 USD/oz of gold.

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 to the Tyva region. It holds 19,000 oz of Russian C1 gold reserves.

Central Asia Gold in March 2005 concluded a joint venture agreement in respect of the future development programme of this project. The joint venture partner, the Russian company OOO GRK Oreol (“Oreol”) is the operator of the project, and shall secure the financing. So far no major development activity has yet been conducted on the license block.

The subsidiary gold placer producer Artelj Tyva

The subsidiary OOO Artelj Tyva produces gold from two gold placers, Bolshoy Agliyak and Maly Agliyak. Remaining official gold reserves C1/C2 according to the Russian State Reserve Committee (GKZ) amounted to some 80,000 oz as at the beginning of 2006. The average gold grade in the gold containing sands is recorded at 0.95 g/m³.

As a placer gold producer, Artelj Tyva produces gold during the warm season of the year, that is during May – October. The gold production during the summer months 2006 was negatively impacted by severe water floodings in Northern China and Eastern Siberia. Tyva was one of the most severely affected Russian regions. The massive rains during this period made the ground on the Agliyak placer so flooded that the heavy excavators could not work during some 3 weeks. Thereby production was partly stalled for some time, but Artelj Tyva company management has done a big effort to catch up with this year’s production plan.

The gold production during the first nine months of the year (in reality during the period May - Sept) amounted to some 194 kg. During Oct – Nov another approximately 60 kg of gold has been produced. The full year gold production will therefore amount to slightly more than 250 kg (approximately 8,000 oz).

In the reporting period, Artelj Tyva realised 108 kg of gold at an average price of some 607 USD/oz.

Investments, Liquidity and Financing

Net investments into material fixed assets and financial fixed assets during the reporting period amounted to MSEK 56.90 (MSEK 16.15). The figure for the third quarter was MSEK 25.74 (MSEK 3.81).

Cash on group accounts was MSEK 167.56 at the end of the reporting period (MSEK 23.64).

Employees

The group companies on average employed 423 persons during the first nine months of 2006, whereof 46 women and 377 men.

Share data and outstanding warrants

As per the end of the reporting period the number of outstanding shares amounts to 291,196,923. Par value per share is SEK 0.20. All shares carry one vote and have equal rights to the company's assets and profits. After the end of the reporting period a directed rights issue of 75,000,000 shares was registered. The issue price was SEK 2.02 per share. The issue was conducted to finance the acquisition of the Kopylovskoye deposit, and the rights issue proceeds were already on account and included in group equity by the end of the reporting period. As at the date of this report the number of shares outstanding is then 366,196,923. No more warrants are any longer outstanding.

Major events after the end of the reporting period

Acquisition of the gold deposit "Kopylovskoye" finally agreed – agreements signed

Central Asia Gold in the interim report for the first quarter 2006 informed that a letter of intent had been concluded in respect of the acquisition of a significant gold deposit in Siberia. This object has not yet been in production but has been subject to a relatively extensive appraisal programme.

The project called "Kopylovskoye" is located 120 km from the city Bodaibo some 880 km to the north-east of the city of Irkutsk. The established gold reserves have an average grade of some 3 g/t. The geologic structure of the project is relatively simple. The gold reserves as per early 2006 amount to 7.45 tonnes (some 240,000 oz) in the categories C1 + C2. In addition, The P1 resources amount to some 293,000 oz.

The reserves, though, have only been assigned to a limited part of the ore zone and only down to a depth of some 30 m. The gold project is of so called stockwork type and the ore bodies therefore continue in the depth dimension. In addition, the deposit is also fully open in the strike dimension. The deposit is located in the middle of a very prospective gold region of Russia, that historically has produced some 1,600 tonnes of gold according to the local information sources.

Central Asia Gold has during the summer months conducted a data verification programme involving the gathering of new primary data. The received data fully support the official gold grade of the reserves. Central Asia Gold's geologic department therefore sees big opportunities for creating a really significant large volume gold project here. By continuing down at depth and in strike, the gold reserves can be expected to increase a number of times.

During autumn 2006 certain license issues have been clarified and confirmed by the relevant license authorities, and in addition an independent appraisal has been done in respect of the fixed assets on site.

The final price and payment conditions for the acquisition have therefore now been agreed. Thus Central Asia Gold will via its subsidiary OOO Tardan Gold acquire 100% of the Kopylovskoye project for a consideration of 15 million USD ("MUSD"). The sequence will be the following: i) First CAG pays 6 MUSD in cash for the legal entity holding the gold license. This gets done now in December 2006. ii) Thereafter, CAG will pay the equivalent of 9 MUSD for the material fixed assets of the project. This payment will be done partly in cash and partly in CAG shares. The first installment will be 4 MUSD and is payable as soon as these fixed assets have been transferred to the license holder. Today they are located in a

separate company. This transfer will be completed either by the end of the year or otherwise during the first quarter of next year. The last 2 MUSD installment will be paid in May 2007.

iii) The issue of CAG shares for a counter value of 3 MUSD will take place as soon as it can be arranged. The issue price will be set in relation to the market price of the shares at the time of completing the issue.

Letter of intent signed regarding the acquisition of a similar gold deposit located next to Kopylovskoye

While working in the Irkutsk region Central Asia Gold has also been introduced to a second significant gold deposit located only some 35 km to the South of Kopylovskoye. The object is called “Kavkaz” and geologically resembles the Kopylovskoye deposit. This mining project has similar gold grades, but has so far only been assigned roughly 1 tonne (some 30,000 oz) of Russian C1 and C2 reserves. The geological structure is though the same as for Kopylovskoye, which makes the project very attractive. The deposit does not contain as much fixed assets as Kopylovskoye and is therefore at a somewhat earlier stage. However, it has a tremendous upside. The price for acquiring 100% of this object has in the letter of intent been set at 1 MUSD. Central Asia Gold will now conducting a due diligence process so that this acquisition can be completed as swiftly as possible.

Central Asia Gold acquires gold license in open auction in the Khakasiya republic

CAG has won a license auction in the Khakasiya region (borders to the Tyva, Krasnoyarsk and Tomsk regions) in Siberia in respect of a mining object with 7.5 tons (235,000 oz) of gold resources in the category P1 and 8.5 tons (273,000 oz) of gold resources in the category P2. The name of the object is “the Uzhunzhulsk group of gold occurrences”. CAG paid approximately 6 million roubles (some 225,000 USD) for the license.

The license has a term of 25 years and comprises both exploration and production rights. The license is considered interesting for a number of reasons. Firstly, it is located in a well-known mining district and has producing gold companies as neighbours. Secondly, the winning price is deemed to be very attractive corresponding to 1 USD per oz of resources in the P1 category. CAG thus plans to start preparing gold production on the license bloc, but also to review the possibilities to acquire existing gold producers in the region. A local presence strengthens such opportunities.

Next report due

The next scheduled interim 12 month report for the full financial year 2006, that will be released on February 23, 2007.

Company information

The full name of the parent company is Central Asia Gold AB (publ). It is a joint stock company of the public type headquartered in Stockholm with Swedish registration number 556659-4833. The registered address is Brovägen 9, SE-182 76 Stocksund.

org no 556659-4833

GROUP PROFIT

AND LOSS ACCOUNT

(all amounts in TSEK)

	2006-07-01	2005-07-01	2006-01-01	2005-01-01	2005-01-01
	- 2006-09-30	- 2005-09-30	- 2006-09-30	- 2005-09-30	- 2005-12-31
Net sales	20 718	908	23 717	1 058	2 536
Capitalised costs	7 703	3 345	14 687	10 264	16 738
Dissolvement of negative goodwill	-	-	-	-	7 685
Total revenues	28 421	4 253	38 404	11 322	26 959
Operating costs					
Costs of goods sold	-7 835	-269	-8 302	-416	-748
External costs	-11 992	-3 789	-16 683	-7 923	-9 560
Salary related costs	-6 196	-2 615	-15 192	-6 499	-9 778
Depreciation	<u>-2 406</u>	<u>-348</u>	<u>-4 396</u>	<u>-677</u>	<u>-3 823</u>
	-28 429	-7 020	-44 573	-15 514	-23 909
Operating result	-8	-2 767	-6 169	-4 192	3 050
Net financial items	673	-251	-5 828	528	976
Result after net financial items	665	-3 018	-11 997	-3 664	4 026
The period's tax cost	-404	600	-414	1 684	-7
Minority interest	64	-	23	-	-
Net result after tax for the period	325	-2 418	-12 388	-1 980	4 019
Earnings per share before dilution, SEK	0,001	-0,014	-0,050	-0,012	0,022
Earnings per share after dilution, SEK	0,001	-0,013	-0,050	-0,011	0,021
Number of shares issued at period end	291 196 923	223 125 530	291 196 923	223 125 530	228 608 802
Average number of shares for the period	286 962 355	173 125 530	249 531 910	168 443 837	183 287 071
Average number of shares for the period after dilution	286 962 355	182 406 936	249 531 910	177 725 243	189 572 354

Central Asia Gold AB

org no 556659-4833

GROUP BALANCE SHEET	Sept 30	Sept 30	Dec 31,
(all amounts in TSEK)	2006	2005	2005
ASSETS			
FIXED ASSETS			
Intangible fixed assets	73 501	41 794	57 546
Tangible fixed assets	79 931	11 573	42 080
<i>Financial fixed assets</i>	7 112	2 200	2 718
Total fixed assets	160 544	55 567	102 344
CURRENT ASSETS			
Inventories	24 207	2 047	9 207
Current receivables	24 665	28 602	10 360
Cash and bank	167 563	23 638	17 128
Total current assets	216 435	54 287	36 695
TOTAL ASSETS	376 979	109 854	139 039
EQUITY AND LIABILITIES			
Total equity	333 021	107 312	117 376
Minority interest	343	-	51
Provisions	20 478	-	15 036
Current Liabilities	23 137	2 542	6 576
TOTAL EQUITY AND LIABILITIES	376 979	109 854	139 039
ASSETS PLEDGED			
Bank accounts	50	50	50
CONTINGENT LIABILITIES			
	-	-	-

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GROUP CASHFLOW ANALYSIS	Jan - Sept	Jan - Sept	Jan - Dec
(All amounts in TSEK)	2006	2005	2005
Operating activities	1 181	-3 516	-556
Paid/received interest and similar items	-6 241	528	-249
Cash flow from operations before changes in working capital	-5 060	-2 988	-805
<i>Changes in working capital</i>	-13 154	-30 782	-8 341
Net cash flow used in operating activities	-18 214	-33 770	-9 146
Net cashflow used in investing activities	-56 900	-16 153	-50 501
Net cash flow from financing activities	228 693	57 240	60 529
Increase in cash and bank	153 579	7 317	882
Cash and bank at the beginning of the period	17 128	15 522	15 522
Translation difference in cash and bank	-3 144	799	724
Cash and bank at the end of the period	167 563	23 638	17 128

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STATEMENT OF CHANGES IN EQUITY (GROUP)

(Expressed in TSEK)	Share capital	Restricted reserves	Non-restricted reserves	Total
Equity as at Dec 31, 2005	45 722	68 032	3 621	117 376
New rights issues	1 629	229 900		231 529
Rights issue costs		-2 836		-2 836
Translation difference			-660	-660
The net result for the period			-12 388	-12 388
Equity as at September 30, 2006	47 351	295 096	-9 427	333 021

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KEY RATIOS	2006-09-30	2005-09-30	2005-12-31
Group			
Total assets, TSEK	376 979	109 854	139 039
Total equity, TSEK	333 021	107 312	117 376
Equity ratio, %	88,3%	97,7%	84,4%
Interest bearing debt, TSEK	none	none	none
Employees at period end	468	206	449
Per share data			
Earnings per share, SEK	-0,050	-0,012	0,022
Equity per share (SEK *)	1,144	0,481	0,513
Return on equity (%)	-5,50%	-2,48%	4,73%

Key ratio definitions

Total assets, TSEK	Total assets at period end
Total equity, TSEK	Total equity at period end
Equity ratio, %	Total equity 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 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

*) As at September 30, 2006 a directed rights issue of 75,000,000 new shares is still under registration. The capital contributed to subscribe the shares, though, is already included in group equity. If, therefore, adjusting for the new number of shares post the registration, which is 366,196,923, equity per share gets to SEK 0.909 as at period end.

Accounting principles

Group

As from financial year 2005, Central Asia Gold prepares its consolidated group accounts in accordance with International Financial Reporting Standards (IFRS, previously IAS). The group in this report applies the same accounting principles and calculation methods as in the most recent interim report and annual report. For a description of these principles, reference is being made to the latest interim report and annual report.

Segment information

The company's accounting is focused on the primary segments - geographic areas. These are defined as separate countries. The secondary segments are various kinds of minerals. For the time being, the group is active within gold production (as from Q1 2005) in one single country, Russia. Therefore no segment information is provided at this point in time.

Related party transactions

Security services

The Russian subsidiaries OOO Tardan Gold and OOO Artelj Tyva today purchase security services from the company OOO "Ochrannaya Firma Shtjit". This company is owned 60% by Michail Malyarenko. The pricing of the services is done at arm's length. During the first nine months of 2006 a total of 2,758 thousand roubles were paid in respect of such services (some TSEK 748).

Office rent

Part of the group's management and administration works in the city of Tomsk in Siberia. Here they rent office space in a building owned by Michail Malyarenko. A number of external companies also rent office space in this building. During the first nine months of 2006 the Central Asia Gold group has paid Tomsk office rent in an amount of 771 thousand roubles (some TSEK 209). This is the same office rent payable by external tenants in the building.

Management company

In order to optimize the cost for management services part of the central administration in the city of Tomsk has been separated into a special management company. This management company as at end of September 2006 comprised some 10 employees including Michail Malyarenko, legal staff, book-keepers, controllers, interpretists and logistics personnel. The aim of this measure is to reduce the administrative costs as the management company also will be able to offer services to external clients. Another aim is to get better a cost distribution base between the various group companies. The management company shall not be profit maximising. During the first nine months of 2006 the subsidiary OOO Tardan Gold paid in total 6.36 million roubles (some TSEK 1,726) in respect of management services from this company. These costs were previously represented by salary and other costs in respect of the own group staff. The owners of the management company are Central Asia Gold's two main owners Alexander Merko and Michail Malyarenko.

Construction co-ordination company

Central Asia Gold's subsidiaries are in order to minimize costs doing most of the heavy construction work themselves. This work now mainly consists of the construction of the new

Tardan gravimetric plant. However, in order to be allowed by the authorities to formally do this work with internal work force a responsible construction co-ordination company has to be appointed, that submits the official documentation and takes the responsibility for safety and other construction demands. In this case, Central Asia Gold's subsidiary OOO Tardan Gold has appointed the related company OOO KUPIR to lead the construction work and face the responsibility issue. Thereby part of the payments for the construction work flows through OOO KUPIR. This company is owned 100% by Michail Malyarenko and his family. During the first 9 months of 2006 construction work amounting to 46 million roubles (some MSEK 12.5) flowed through OOO KUPIR.

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

Stockholm, November 29, 2006

The Board of Directors of Central Asia Gold AB (publ)

For further information, please visit our website www.centralasiagold.se or contact Mr. Torbjörn Ranta, Managing Director, on telephone/fax +46 8 624 26 80, cell phone +46 708 85 55 04 or via email torbjorn.ranta@centralasiagold.se, address: Brovägen 9, SE-182 76 Stocksund, Sweden.

Central Asia Gold AB is a Swedish junior 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 548,000 troy ounces (1 troy ounce = 31.1 g) of Russian gold reserves C1/ C2 and gold resources P1. With the ongoing acquisition of the Kopylovskoye deposit, another 533,00 oz of C1/C2 reserves and P1 resources get added. CAG AB plans to reach a yearly production volume of at least 800 kg of gold (24,000 oz) as from the second half of 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 as regards the geologic information available in respect of the various projects undertaken; (iii) CAG's continued ability to secure enough financing for carrying 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 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.