

Central Asia Gold

INTERIM REPORT DATED NOVEMBER 27, 2009

Central Asia Gold AB (publ)

Interim report for the nine-month period January – September 2009

(NGM: CAG)

- Consolidated revenues for January - September 2009 amounted to TSEK 311,146 (TSEK 90,605). A one-off negative goodwill dissolution item amounting to TSEK 201,262 (TSEK 0) is included in the revenues for the report period and applies to Q1.
- For the quarter July-September 2009, consolidated revenues amounted to TSEK 86,837 (TSEK 60,346).
- The net result after tax and minority interest for January-September 2009 was TSEK 154,938 (TSEK -16,424). Excluding negative goodwill effect, the result was negative for the nine-month period.
- For the quarter July - September 2009, the net result was TSEK -12,089 (TSEK -7,078).
- EPS was SEK 9.086 (SEK -1.095) for January-September 2009. For the quarter July-September 2009 EPS amounted to SEK -0.685 (SEK -0.472).
- Approved gold reserves C1/C2 are expected to reach 30 - 35 tons around the first half of 2010. As per the report date they amount to approximately 24 tons.
- Gold production was 480 kg (170 kg) during the first nine months of 2009, whereof 370 kg (145 kg) were produced during Q3.
- As per end of November 2009 accumulated gold production this year amounts to approximately 645 kg, which is within the range for the revised gold production target of 600 - 700 kg for full year 2009. It is estimated that additionally approximately 25 kg of gold from Tardan deposit will be produced until the end of the year, resulting in that the 2009 annual gold production will be approximately 670 kg.

- **A reversed split 200:1 was carried out in July 2009- The new number of outstanding shares is thereafter 17,653,125, whereof 2,653,125 ordinary shares and 15,000,000 interim shares. A trading lot on the stock exchange is 100 shares.**
- **CAG has signed a co-operation agreement with Chinese CIC Mining Resource Ltd. CIC is providing support in the infrastructure build up and in identifying and assessing potential acquisition targets, both in China and internationally.**

Comments by the Managing Director

The Board of Directors of “new” Central Asia Gold strategy is to;

1. Increase the size of the company’s gold reserves by;
 - a. Expanding proven gold reserves and long-term gold production by further exploration of existing licenses and deposits, and
 - b. Pursue acquisition opportunities for both reserves and production, in Russia as well as in nearby regions.
2. Increase the share of ore mining in order to create a base for predictable and constant production.

As previously stated, the current year’s key priorities have been to review all the licenses and develop a clear plan for each of them. This work is done also using one of the worlds leading mining consultancy firms. In short term our focus has been to only operate the licenses where we have been confident to generate operating positive cash flow in 2009. This resulted in that we actually stopped production on some of the prior sites when finalizing the review of mineralization and developing the plan for efficient use and return of any future investment, primarily in ore production.

To date, we have come a good way in adjusting operations, analyzing and setting up the company for increased size and production in 2010. We met the revised full year 2009 production forecast 600-700 kg by the end of October. For the full year we estimate that we will reach approximately 670 kg.

The current plan and development in brief:

- After analysing the Tardan assets, we have come to the conclusion to build a heap leaching plant scaled to the current deposit, contingent on finalizing financing. This investment of approximately 70 MSEK will allow the company to capture the value of the current reserves and generate cash flow of the magnitude close to annually 50-70 MSEK based on current gold price, i.e. a very short pay back on such investment. This will not preclude the future expansion of production when additional reserves at Tardan are approved since heap-leaching operations are relatively easy to scale.
 - Going forward, the work on the Tardan field will in addition be aimed at assessing the potential of the territory, including an exploration program focused on studying the existing area and identifying new anomalies.

- In the Staroverinskaya field, a field with the size of 250 square km with 10 different ore bodies, we have validated a total of 30 tons P1 resource based on current exploration work done. This is of course in an early stage of exploration, but given the great size of the area and the number of ore bodies, there are definitely possibilities to over time being able to upgrade some of these 30 tons to additional reserves.
 - In the Kozlovskoye deposit we have conducted a geological report preparation based on the exploration program done with approval of the 9.5 tons of resources at the State Reserves Committee (TKZ). We believe that during the first half of 2010 this will be approved by State Reserves Committee, and thereby added to the company reserves.
 - In the Solcocon plant we are installing a new crushing and screening equipment to improve ore preparation, with plant restart to process Bogomolovskoe and Kozlovskoye oxidized ores. The current indication is that this should likely add another 300 kg of production annually for the next 3 years.

In addition, we have also the attractive asset Kara-Beldyr, in co-operation with the Canadian company Centerra Gold.

Having said that, we have just begun our journey. We have a clear strategy set and the resources to make it happen. The year 2009 has been a "middle year" where we have spent a lot of time ensuring and assessing technology in order to optimize mineral extraction. We have thereby created a strong platform going forward.

We have also recently entered into an agreement with CIC Mining Resources Limited, a leading Chinese mining investment company. CIC has close relations to a large number of gold mining companies both in China and globally and thereby also a large number of business opportunities for its partners. CIC can provide support both in the production and infrastructure build up. For us, this means that we will have a strong partner with gold mine assets on a major gold market and that we thereby have the opportunity to grow CAG operations significantly, while mitigating company- and country risk.

In summary, we have created a new CAG stakeholder case. By focusing our core operations on ore mining and entering new strategic partnerships we are able to increase gold production in the short run, while building a base for predictable and constant production.

Preston Haskell, Managing Director

Background

Central Asia Gold AB (CAG AB) is a Swedish mining company with operations in Eastern Siberia, Russia. CAG AB has in March 2009 completed the merger with Russian gold mining group New Mining Company ("NMC") by way of an issue in kind. As a result of the acquisition, CAG AB became parent company of an enlarged group of Russian gold mining subsidiaries. The merger also resulted in the previous shareholders of NMC, primarily the American entrepreneur Preston Haskell,

becoming main owner of CAG AB. Before completing the merger, CAG AB on December 30, 2008 dividended out all the shares in its subsidiary Kopylovskoye AB pro rata to the CAG AB shareholders.

The group structure consists of the Swedish joint stock parent company, which controls eight wholly-owned subsidiaries in Russia. One of them is dormant. The Russian subsidiaries are of the limited liability type ("OOO"). The subsidiaries also own three sub-subsidiaries. The operations involve exploration and production of gold, primarily in the Tyva, Tchita and Irkutsk regions in Russia.

The group's main assets comprise a large number of mineral licenses held by the various subsidiaries. The licenses, as at the end of nine months period of 2009, are estimated to contain almost 730,000 troy ounces (oz) (1 oz = 31.1 g) of gold reserves according to the Russian C1+C2 categories (equaling some 24 tons).

CAG AB was publicly listed on the Swedish NGM Nordic Growth Market stock exchange on March 29, 2005. The number of shareholders was some 4, 475 as at September 30, 2009.

Results - the Group

On March 2, 2009 Central Asia Gold AB completed the merger with the companies forming the Russian NMC group (New Mining Company). These consist of five different Russian limited liability companies located in Tchita region, namely GRE-324, Solcocon, Borservice, Rudtechnology and Zolotaya Borzya. Through the merger, Central Asia Gold AB expanded its Russian gold exploration and production operations and thereby added significant additional Russian gold assets. In the merger, NMC's two owners contributed the entire share capital of the 5 NMC companies as well as an equity injection into said companies in connection with the merger of approximately MSEK 70 in exchange for 3,000,000,000 shares issued by CAG. In addition, CAG issued warrants to subscribe for 500,000,000 ordinary shares at an exercise price of SEK 0.20 per share as part of the merger agreement. From the second of March 2009, NMC companies' operations are consolidated in CAG AB's financial statements using the accounting model for "reversed acquisitions". This accounting treatment requires NMC companies to be treated as the accounting acquirer and CAG AB being presented as the acquiree. CAG AB will, as the legal parent, continue to be presented as parent company in future financial reports. Thus, "old" CAG AB's group operations for the first two months of the first quarter 2009 are not consolidated in the group's consolidated financial statements for the nine months ended September 30, 2009. All comparative information refers to NMC companies' financial statements for 2008.

For the nine month period ended September 30, 2009 the group reports a net result after tax and minority interest of TSEK 154,938 (TSEK -16,424) which corresponds to SEK 9.086 per share (SEK -1.095). It should be emphasized that the reverse acquisition principle implies that a one-off revenue item (dissolution of negative goodwill) arose in the first quarter 2009 amounting to TSEK +201,262. Without this effect the net result would have been negative for

the nine-month period. For the third quarter of the report period, the group's corresponding net result after tax and minority interest was TSEK -12,089 (TSEK -7,078) corresponding to EPS of SEK -0.685 (SEK -0.472).

Consolidated gold sales revenues were TSEK 88,918 (TSEK 25,751) during the report period. During the quarter July - September 2009 consolidated gold sales amounted to TSEK 76,431 (TSEK 17,239). In total 384 kg (150 kg) of gold was sold during the nine month report period.

In addition, a revenue component of TSEK 1,446 (TSEK 18,735) is included in the consolidated P/L account for the nine month period 2009 relating primarily to drilling and transportation services performed by the subsidiary Tardan Gold.

The change in stock of finished and semi-finished goods amounted to TSEK 11,254 (TSEK 8,589) during the report period. For the last quarter of the report period the stock movement item amounted to TSEK 6,047 (TSEK -2,194).

During the nine months January - September 2009 total exploration costs of TSEK 8,266 (TSEK 37,530) were capitalized at subsidiary level. For the quarter July - September 2009 the corresponding capitalization component was TSEK 3,875 (TSEK 37,530).

Total operating costs in the group during the report period amounted to TSEK -141,719 (TSEK -96,991). For the last quarter of the report period total operating costs were TSEK -96,803 (TSEK -62,682).

Net financial items were TSEK -19,173 (TSEK -12,530) for the report period. For the quarter July - September 2009 net financial items amounted to TSEK -6,541 (TSEK -5,193). It should be noted that Mr. Preston Haskell was almost exclusively financing the NMC companies in 2008 via short term credits. As a part of the merger agreement, credits amounting to the equivalent of some MSEK 70 were converted to equity in NMC-companies. Also, at the same date short term interest bearing credits from Mr. Haskell to NMC amounting to the equivalent of some MSEK 70 were converted to long term loans at low interest rate.

The tax income for the report period was TSEK 4,760 (TSEK 2,491). It relates predominantly to a change in deferred tax on subsidiary level. The tax item during the third quarter of 2009 was TSEK 4,641 (TSEK 451).

The minority share of the net result for the report period was TSEK 76 (0). It relates to the subsidiary OOO Artel Lena. For the quarter July - September 2009 the same minority result was TSEK 222 (0).

Mining operations

Tardan project in the Tyva region

General overview

A considerable exploration program involving core drilling, trenching and construction of underground drifts and shafts was carried out in the Soviet period and has been supplemented by new data gathering in 2004 - 2008. The first license applies to a 3.3 square kilometers area, which is located 80 km to the east of the region's capital Kyzyl.

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 at this license block during the Soviet era, and Central Asia Gold has already commenced with reviewing them.

Reserve status

The Tardan deposit was in late autumn 2008 subject to a new reserve examination by the Russian State Mineral Reserve Committee via its local branch (TKZ) in Krasnoyarsk. A quantity of 8.4 tons (272,000 oz) of C1+C2 gold reserves was approved. The average gold grade in the reserves is slightly more than 4 g/t. Within the framework of a pilot production program, almost 400 kg of gold was produced at Tardan during 2007 - 2008.

The SRK Consulting has been engaged in conducting a technical audit of Tardan reserves since mid September. The audit includes 3-d modeling, reserves calculations, sample assays, and an existing and planned gold extraction technology study. The technical audit is aimed at assessing the potential of the territory. The exploration program will be focused on studying the existing gold occurrences and identifying new anomalies.

The time plan for constructing a future heap leaching plant in Tardan will be decided by the Board of Directors upon receiving the final SRK Report. A heap leaching plant at Tardan will be scaled to the current deposit. This will allow the company to capture the value of the current reserves and generate an early cash flow. It will not preclude the future expansion of production when additional reserves at Tardan are established since heap leach operations are relatively easy to scale.

In 2009 the Board of Directors is making a strategic review of the now bigger CAG AB gold project portfolio, and will thereafter set the priorities. Still Tardan is expected to produce up to 100 kg of gold during 2009.

Kara-Beldyr in Tyva region

This gold project in autumn 2008 became subject to an earn in agreement (joint venture agreement) with Canadian gold company Centerra Gold ("Centerra"). According to the agreement Centerra has the right but not the obligation to earn up to a 70% interest by investing up to 6.5 million USD in to the project over a number of years. Centerra is operator during the earn in period. During the second half of 2008 soil grids, ground magnetic and Dipole- Dipole IP surveys were conducted at the Kara-Beldyr project.

In the first and second quarters of 2009 a shallow depth drilling program totaling 1,700 m was completed.

During nine months of 2009 a diamond drilling program was carried out with 6 holes completed for a total of 900 m of diamond drilling. The drill core has been logged, split and sampled and assay results are pending. The project looks prospective, so an additional drilling program was designed to expand the exploration. It is planned to drill around 3, 000 m between October and December 2009.

Uzhunzul exploration area in Khakassia republic

The license area is about 134 sq.km and is situated in Khakassia republic. The exploration working program this year included the geochemical survey of the total license area. The programme was completed and 3,000 samples were collected. The survey included geological and geochemical trips, control of the surface and trench sampling. All the samples are now prepared for assay analysis and the processing of the data is continued.

Bogomolovskoye and Kozlovskoye projects in Tchita region

These two mining projects are located on the Staroverinskaya license block belonging to CAG's Tchita region based subsidiary GRE-324. The license comprises the rights to perform exploration and production of gold during the license period, which extends to 2029. The two deposits are located closely to each other. Bogomolovskoye deposit in December 2008 underwent the compulsory Russian reserve approval procedures. As a result, 8.1 tons of C1/C2 reserves were approved. The ores at Bogomolovskoye are both oxidized and non-oxidized. A large part of the shallow ores (oxidized ores) was produced in 2004 - 2008 in the nearby heap leaching plant belonging to CAG AB now via the subsidiary Solcocon. In 2008 the pure gold produced in the heap leaching plant amounted to some 119 kg.

Kozlovskoye deposit was explored in the 1960ies by the Soviet geologic authorities. At that time some 10 tons of gold reserves were established according to the then prevailing standards. The average gold grade was at that time established to be more than 10 g/t. A new reserve approval procedure is scheduled for first half of 2010 as regards this deposit.

A number of additional gold occurrences have been detected at the license block. However, in 2009, considering the credit crunch and associated high cost of capital, CAG has decided to put as much as possible of the capital expenditure in terms of the Staroverinskaya license block on hold. No gold has been produced during the first nine months of 2009 at these two properties. During the second part of the year, however, it was expected to extract certain minor gold quantities from the existing heaps. As of October 30, 2009 about 25 kg of gold was produced.

Alluvial gold production

The gold placer producers OOO Artelj Tyva (Tyva region), OOO Artelj Lena (Irkutsk region) and OOO Zolotaya Borzha (Tchita region)

The two subsidiaries belonging to "old Central Asia Gold group" are Artel Tyva and Artel Lena. Both of them have decades of production history and are therefore on decline when it comes to their gold production. Also, the production sites of both these subsidiaries are located far away from their respective administrative centers implying challenging logistics in view of the seasonal patterns.

Subsidiary OOO Zolotaya Borzya used to belong to the so called NMC group and is located in Tchita region on the so-called Staroverinskaya license block. Zolotaya Borzya is in 2009 entering its second real production season. Total registered remaining gold reserves of the three subsidiaries as at end of September 2009 amounted to approximately 7.9 tons.

Since alluvial gold production is a highly seasonal activity (gold production takes place only during the warm period May - October) preparatory work (such as overburden removal and vehicle park service) must be executed during the cold winter months. This then demands that working capital is in place in the early part of the calendar year. Normally, this is organized via so-called gold credits in the Russian banking system. As reported previously, the severe global financial crisis resulted in big problems for the Russian alluvial gold mining sector to secure such credits this year. As a result, by statistics, the majority of miner and middle size Russian gold producers (less 1000 kg annual gold production) have performed 60-70 % of their planned annual gold production.

In CAG group it implied that working capital was needed to be searched primarily in the West. Some 2.5 MUSD as CAG shareholder-affiliated loan and MRUR 18.5 (approx. 600 TUSD) as a loan from the Bank of Moscow were finally attracted somewhat late in the season, and this amount in combination with relatively extensive suppliers' credits in Russia enabled CAG's subsidiaries to finally start up gold production this year. The late start has resulted in delays. During the third quarter of 2009 approximately 330 kg of alluvial gold was produced. During October and November an additional volume of approximately 120 kg of alluvial gold was produced by three alluvial producers.

On the positive side can be mentioned that the gold price has held up rather well so far, and in combination with a weak enough ruble this will result in relatively favorable cost- and price components for this and next years.

Investments, liquidity and financing

Investments in material and immaterial fixed assets during the first nine months of 2009 amounted to TSEK 8,280 (TSEK 53,415).

Cash in group accounts was TSEK 5,650 (TSEK 1,404) at the end of September 2009.

The funding of the next 12 months will be guaranteed by Preston Haskell, CEO and major shareholder of CAG. The commitment is limited to 125 MSEK which the Board of CAG considers well above estimated funding demands.

The Board of CAG currently challenges the intangible assets, such as deposits etc, in the Balance Sheet of the CAG Group. The Board of CAG has not identified any need for a revaluation of these assets.

The lower than planned gold production this year is partly compensated by so far high gold prices and a favorable ruble exchange rate. On balance, however, this is expected to lead to the group ending 2009 with a moderately negative consolidated cash flow.

Securing of bank financing

In July 2009 a short term loan in an amount of MRUR 18.5 (approx. 600 TUSD) was received by OOO Artel Lena from the Bank of Moscow for the purpose of financing current alluvial operations. The loan was paid out in full.

The parent company

The Swedish parent company is a holding company without significant operations. It supports the subsidiary companies with financing, investor relation services and 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. Also, the exchange rate effect on assets and liabilities denominated in foreign currency impacts on the result.

The net result for the nine month period January - September 2009 was TSEK -5,314 (TSEK -51,743). The net result for the last quarter in isolation was TSEK -5,377 (TSEK -44,327).

Cash in the parent company was TSEK 3,952 (TSEK 32,280) as at end of September 2009.

Employees

The group had on average 912 (418) employees during nine months of 2009. As per end of September 2009 the number of employees in the group was 715 (515).

Issued shares

During the first quarter of 2009 the issue in kind to finance the acquisition of the NMC companies was carried out. Thereby 3,000,000,000 new shares (in Swedish BTA) and 500,000,000 warrants were issued to the two sellers of the NMC companies. This issue was finally registered by Swedish registration authority Bolagsverket by the end of April 2009.

The interim shares will be converted into ordinary shares as soon as a prospectus is submitted and registered by the SFSA.

In July 2009 a reversed split 200:1 was conducted. Therefore the new number of outstanding shares including interim shares is as per the report date 17,653,125. The number of outstanding warrants has also been reduced accordingly, and now amounts to 2,500,000. Said warrants entitle to subscription of one new share per warrant at a strike price of SEK 40 per share as per end of September 2009. The term of the warrants is January 2012.

At the most recent AGM held on May 27, 2009 in Stockholm the Board of Directors of CAG was authorized, latest until the next AGM, to conduct share issues with or without observing the shareholders' preferential rights amounting up to 4,400,000 new shares (after the reversed split). The issue price shall in such cases be set as closely as possible to the prevailing market price of the share.

Major events after the end of the report period

Change in the CAG Management

Central Asia Gold AB (publ) has appointed the major shareholder Preston Haskell to the new President & CEO. Sergey Gorbachev will continue as COO of CAG

Change in the Board of Directors

In October 2009 Mr. Sergey Gorbachev resigned from the Board of Directors since the NGM's listing contract prohibits more than one person from the company's management to be included in the Board.

Co-operation agreement with CIC Mining Resources Ltd

Central Asia Gold has entered into an co-operation agreement with CIC Mining Resources Limited ("CIC"), a leading Chinese mining investment company with Chinese and global investments, and with its head office in Beijing, China.

The key strategic elements that the CIC co-operation will provide to CAG are support in the technical and geological analysis, including identifying cost efficient high quality Chinese equipment and manufacturing partners. CIC will also assist in identifying potential acquisition targets both in China and globally.

Next report due

The next financial report due is the interim report for the full 12-month period 2009. It will be released on the February 26, 2010. The report dates in 2010 will be:

12-month interim report 2009	February 26, 2010
Publishing of annual report for financial year 2009	April 30, 2010
Annual General Meeting	May-June 2010
First quarter report 2010 (Jan-March)	May 28, 2010
Half year report 2010 (Jan-June)	August 27, 2010
9-month report 2010 (Jan-Sept)	November 26, 2010

Company information

The parent company's full name is Central Asia Gold AB (publ). It is a public limited liability company with head office in Stockholm and the corporate identification number is 556659-4833. The address of the parent company is Engelsbrektsplan 2, 4 tr, 114 34 Stockholm

Central Asia Gold AB (publ) org no 556659-4833					
GROUP PROFIT AND LOSS ACCOUNT (all amounts in TSEK)	3 months 2009-07-01 - 2009-09-30	3 months 2008-07-01 - 2008-09-30	9 months 2009-01-01 - 2009-09-30	9 months 2008-01-01 - 2008-09-30	12 months 2008-01-01 2008-12-31
Net sales	76 431	17 239	88 918	25 751	46 973
Capitalised costs	3 875	37 530	8 266	37 530	41 379
Change in stock of finished and semi-finished goods	6 047	-2 194	11 254	8 589	-7 487
Other operating revenues	483	7 771	1 446	18 735	21 740
Dissolution of negative goodwill		-	201 262	-	-
Total revenues	86 837	60 346	311 146	90 605	102 606
Operating costs					
External costs	-68 128	-48 625	-90 449	-66 315	-102 504
Personnel costs	-18 839	-11 629	-36 825	-25 367	-29 805
Depreciation	-9 837	-2 428	-14 446	-5 309	-7 224
Total operating costs	-96 803	-62 682	-141 719	-96 991	-139 533
Operating result	-9 967	-2 336	169 427	-6 386	-36 928
Net financial items	-6 541	-5 193	-19 173	-12 530	-33 795
Result after net financial items	-16 508	-7 529	150 254	-18 916	-70 723
The period's tax cost	4 641	451	4 760	2 491	13 355
Net result after tax for the period	-11 867	-7 078	155 014	-16 424	-57 368
Whereof attributable to the shareholders of the parent company	-12 089	-7 078	154 938	-16 424	-57 368
Whereof attributable to the minority	222	-	76	-	-
Earnings per share before dilution, SEK	-0,685	-94,369	9,086	-1,095	-3,825
Earnings per share after dilution, SEK **)	-0,685	-94,369	9,086	-1,095	-3,825
Number of shares issued at period end	17 653 125	15 000 000	17 653 125	15 000 000	15 000 000
Average number of shares for the period	17 653 125	75 000	17 052 783	15 000 000	15 000 000
Average number of shares for the period after dilution **)	17 653 125	75 000	17 052 783	15 000 000	15 000 000

**) There are 2.5 million outstanding warrants at end of June 2009 and at the date of this report. The strike price is however SEK 40 per warrant corresponding to one share. Each warrant entitles to subscription of 1 new shares. Last date of exercising the options is end of January 2012. Since the strike price is higher than the prevailing market price, no dilution currently arises due to these warrants.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (all amounts in TSEK)	3 months 2009-07-01 - 2009-09-30	3 months 2008-07-01 - 2008-09-30	9 months 2009-01-01 - 2009-09-30	9 months 2008-01-01 - 2008-09-30	12 months 2008-01-01 2008-12-31
Net result for the period	-11 867	-7 078	155 014	-16 424	-57 368
Translation difference	-6 343	619	-1 536	659	1 309
Total comprehensive income for the period	-18 210	-6 459	153 478	-15 765	-56 059
Total comprehensive income for the period attributable to:					
Parent company's shareholders	-18 432	-6 459	153 402	-15 765	-56 059
Minority	222	-	76	-	-

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GROUP BALANCE SHEET (all amounts in TSEK)	Sept 30, 2009	Sept 30, 2008	Dec 31, 2008
ASSETS			
FIXED ASSETS			
<i>Immaterial fixed assets</i>	149 568	37 529	43 087
<i>Material fixed assets</i>	103 499	49 676	47 162
<i>Financial fixed assets</i>	31 480	3 933	13 378
Total fixed assets	284 547	91 138	103 627
CURRENT ASSETS			
Inventories	98 783	46 919	17 831
Current receivables	61 970	53 231	41 953
Cash and bank	5 650	1 404	144
Total current assets	166 403	101 554	59 928
TOTAL ASSETS	450 950	192 693	163 555
EQUITY AND LIABILITIES			
Total equity	207 643	-15 918	-54 631
Minority interest	1 540	-	-
Long term liabilities	128 167	132 628	162 337
Current Liabilities	113 600	75 983	55 849
TOTAL EQUITY AND LIABILITIES	450 950	192 693	163 555
ASSETS PLEDGED			
Bank accounts	-	-	-
Material fixed assets	6 967	-	-
CONTINGENT LIABILITIES			
	-	-	-

Central Asia Gold AB (publ)

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	9 months	9 months	12 months
GROUP CASHFLOW ANALYSIS	Jan - Sept	Jan - Sept	Jan - Dec
(All amounts in TSEK)	2009	2008	2008
Operating activities	169 427	-6 386	-34 744
Adjustment fot items not included in the cash flow	-186 816	5 309	7 216
Paid/received interest and similar items	-1 812	-831	-1 401
Cash flow from operations before changes in working capital	-19 201	-1 909	-28 929
Changes in working capital	11 564	1 408	34 151
Net cash flow used in operating activities	-7 637	-501	5 222
Net cashflow used in investing activities	-8 280	-53 415	-55 617
Net cash flow from financing activities	21 497	50 413	46 232
Increase in cash and bank	5 581	-3 502	-4 163
Cash and bank at the beginning of the period	144	4 431	4 431
Translation difference in cash and bank	-75	476	-124
Cash and bank at the end of the period	5 650	1 404	144

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STATEMENT OF CHANGES IN EQUITY (GROUP)

(Expressed in TSEK)	Share capital	Additional paid in capital	Other reserves	Retained earnings	Minority interest	Total equity capital
Equity as at December 31, 2007	82 442	-82 396	0	-199	0	-153
Total comprehensive result for the period Jan - Sept 2008				-15 765		-15 765
Equity as at Sept 30, 2008	82 442	-82 396	0	-15 964	0	-15 918
Total comprehensive result for the period Oct 1 - Dec 31 2008		-2		-40 295	0	-40 297
Additional financing from shareholders		1 584				1 584
New issue in -kind	23 683	-23 683				
Equity as at December 31, 2008	106 125	-104 497	0	-56 259		-54 631
Total comprehensive result for the period Jan - Sept 2009				153 402	76	153 478
Equity contribution		70 036				70 036
Acquisition in kind, March 2009	70 406	-31 570			1 464	40 300
Equity as at Sept 30, 2009	176 531	-66 031	0	97 143	1 540	209 183

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	9 months	9 months	12 months
KEY RATIOS	30.09.2009	30.09.2008	31.12.2008
Group			
Total assets, TSEK	450 950	192 693	163 555
Total equity, TSEK	209 183	-15 918	-54 631
Equity ratio, %	46,4%	neg	neg
Interest bearing debt, TSEK	128 002	148 283	178 305
Employees at period end	715	515	431
Per share data			
Earnings per share, SEK	9,086	-1,095	-3,825
Equity per share (SEK)	11,850	neg	neg
Return on equity (%)	100,3%	neg	neg

Key ratio definitions

Total assets, TSEK	Total assets at period end
Total equity, TSEK	Total equity including minority at period end
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 according to above 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 according to above 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 2009-07-01	3 months 2008-07-01	9 months 2009-01-01	9 months 2008-01-01	12 months 2008-01-01
	- 2009-09-30	- 2008-09-30	- 2009-09-30	- 2008-09-30	- 2008-12-31
External costs	-2 396	-3 322	-6 836	-7 614	-8 148
Personnel costs	977	366	-770	-2 253	-4 804
Depreciation of tangible and non-tangible fixed assets	0	-1	-2	-4	-5
<i>Total operating costs</i>	-1 418	-2 957	-7 607	-9 871	-12 957
Operating result	-1 418	-2 957	-7 607	-9 871	-12 957
Net financial items	-3 958	-41 370	2 294	-41 872	-15 990
Result after net financial items	-5 377	-44 327	-5 314	-51 743	-28 947
The period's tax cost	-	-	-	-	-
Net result after tax for the period	-5 377	-44 327	-5 314	-51 743	-28 947

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PARENT COMPANY BALANCE SHEET

(all amounts in TSEK)

	Sept 30, 2009	Sept 30, 2008	Dec 31, 2008
ASSETS			
FIXED ASSETS			
Intangible fixed assets	391	382	392
Tangible fixed assets	0	3	2
Financial fixed assets	591 825	451 543	367 578
Total fixed assets	592 216	451 928	367 972
CURRENT ASSETS			
Current receivables	1 411	277	13 561
Cash and bank	3 952	32 280	30 456
Total current assets	5 363	32 557	44 017
TOTAL ASSETS	597 579	484 485	411 989
EQUITY AND LIABILITIES			
Total equity	495 812	394 702	321 895
Long term liabilities	85 805	-	-
Current Liabilities	15 962	89 783	90 094
TOTAL EQUITY AND LIABILITIES	597 579	484 485	411 989
ASSETS PLEDGED			
Bank accounts	-	-	-
CONTINGENT LIABILITIES			
	-	-	-

Note 1 Acquisitions On March 2, 2009 Central Asia Gold AB completed the merger with the five so called NMC companies. In the merger, the owners of the NMC companies contributed the entire share capital of said 5 companies as well as an equity injection of some 10 MUSD in said companies prior to the merger in exchange for 3,000,000,000 ordinary shares issued by CAG. In addition, CAG issued warrants to subscribe for 500,000,000 ordinary shares at an exercise price of SEK 0.20 per share as part of the merger agreement. After the successful completion of the merger the financial statements have been prepared using the accounting model for "reversed acquisitions" since the two shareholders of NMC owned 85% of CAG following the transaction. This accounting treatment requires NMC companies to be treated as the accounting acquirer for the consolidated financial information and CAG being presented as the acquiree. As a consequence, the assets and liabilities of CAG, being the legal parent, have been recorded at fair value initially in the consolidated financial statements. The assets and liabilities of the legal subsidiaries, the 5 NMC companies, have been recognized and measured in the combined financial statements at their pre-combination carrying amounts. The comparative financial information for the three-, six- and twelve month periods in 2008 represent the NMC companies' financial statements for these periods. CAG as the legal parent continues to be presented as parent company in the financial reports.

The consolidated CAG and NMC companies' financial statements have been prepared starting from the third month of the first quarter of 2009 using the prescribed accounting model.

Since the reversed acquisition model has been used for the consolidated financial statements for the quarter ended March 31 2009, the cost of combination was determined based on the number of CAG AB shares existing at the completion date. On March 2, the fair value of existing 530,625,000 CAG shares was equal to TSEK 31,838. The directly attributable merger costs incurred both by CAG and NMC companies amounted to TSEK 7,000. As a result, the total cost of combination was estimated at TSEK 38,838. The total cost of combination has been allocated to CAG's assets and liabilities. The preliminarily evaluated fair values of the acquired assets and liabilities of CAG are presented in the table below (TSEK).

CAG AB	02.03.2009
Immaterial assets	107 721
Material Fixed assets	76 787
Financial fixed assets	32 574
Current assets	116 526
Cash	7 885
Minority	-1 456
Deferred tax	-30 619
Provisions	-3 506
Long term liabilities	-12 808
Short term liabilities	-53 004
Net assets	240 100
Total costs - acquisition	-38 838
Negative goodwill	201 262

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 2008.

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and in accordance with the Swedish Annual Accounts Act. The new or revised IFRS standards or IFRIC-recommendations that have been enacted since 1 January 2009 have not had any material effect on the group's profit and loss- and balance sheets.

The revised standard, IAS 1, "Presentation of financial statements", is applied from January 1, 2009. The standard divides changes in shareholders' equity into those resulting from transactions with owners and other changes. The "Statement of Comprehensive income" concept, which shows all income and expense items previously reported under shareholders' equity is also introduced.

As described in other places in this report, the group's financial statements have been prepared using the accounting model prescribed for reversed acquisitions.

Parent company

In all significant ways the parent company applies the same accounting principles as the group. In addition, the parent company applies RFR 2 *Accounting for legal entities*.

Segment information

The company's accounts for segments are done in accordance with IFRS 8. At present the company only considers that it has one segment.

Risk and uncertainties associated with this interim report

The group's risk exposure is presented on page 44 of the 2008 annual report (Swedish version). The Board of Directors believes that the most important risk factors for the time being are:

- 1) *Gold price risk*: The fluctuations of the international gold price directly influence the revenues of a gold producing company.
- 2) *Inflation risk*: The Russian economy has been subject to significant inflation pressure during the last few years. This directly impacts on the production costs in a gold mining company. There can be no guarantee that the inflationary pressure will get reduced in 2009 although there are signs this will happen.
- 3) *Geologic risk*: The recoverable gold reserves of a gold exploration and production company are influenced by geologic and economic factors. The estimation of reserves is therefore at all times dependent on the international gold price, costs associated with the extraction of the gold etc. Therefore the estimated gold reserves of any gold company may change at any point in time. In particular the alluvial subsidiaries of the Central Asia Gold group are sensitive to cost increases.
- 4) *Financial and project risk*: Central Asia Gold AB is a junior gold mining company at an early stage. It is involved in production of gold as well as exploration. The company is still dependent on external financing for developing its business. If the availability of external financing were to get

reduced, it would negatively influence the future perspectives of the company. The currently very bad sentiments on the global stock markets must be taken in to account.

5) *Legal risks:* The subsidiary OOO Artelj Lena is involved in various court procedures with certain individuals - former members of Artelj . The issue concerns conditions pertaining to the time before Central Asia Gold took over OOO Artelj Lena. It is as of yet not clear if the reinstatement of previous members of the old workers' collective Artelj Lena in the workers' collective automatically implies that they will get reinstated as co-owners (minority shareholders) of the new limited liability company OOO *Artelj Lena*. Central Asia Gold has assumed the latter and made a provision for this. However, there are no guarantees that not additional old wrongly expelled members of the workers' collective may also try to get their rights back via OOO Artelj Lena.

Transactions with related parties

Opening of credit line

CAG AB in May 2009 received an open short term credit facility from private equity fund GKL Capital in Stockholm, and from Mr. Preston Haskell. Lars Guldstrand, the chairman of CAG is one of the owners of GKL Capital. The facility amounts to MSEK 15,2 including accrued interest and has a term until further notice. The annual interest rate is 30% on the utilized part and to this is added an arrangement fee of 1% of the facility's amount.

Shareholder contribution and restructuring of debt in NMC companies in connection with merger CAG-NMC

In connection with the merger CAG/NMC Mr. Preston Haskell undertook to forgive debts in NMC companies (make a shareholder contribution) amounting to MSEK 70. (approx. 10 MUSD). At the same time he also obliged to convert another approximately 71 MSEK of credits to NMC companies to long term credits with low interest rate. Said 71 MSEK of loans, to which should be added 7 MSEK as accrued interest, has been restructured. The restructured loans carry an interest rate of LIBOR+1% p.a. The interest will only be paid out if there is a positive operating result to pay from. Otherwise the interest will get accumulated in the balance sheet.

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 risks and uncertainties that the company and group companies are exposed to.

Stockholm, November 27, 2009

Central Asia Gold AB (publ.)

Lars Guldstrand
Chairman

Maxim Kondratjukin
Director

Mike Nunn
Director

Patric Perenius
Director

Alice Volgina
Director

Preston Haskell
CEO and Director

Review report

I have reviewed this report for the period 1 January 2009 to 30 September 2009 for Central Asia Gold AB (publ). The board of directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. My responsibility is to express a conclusion on this interim report based on my review.

I conducted my review in accordance with the Swedish Standard on Review Engagements SÖG 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Based on my review, nothing has come to my attention that causes me to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 27 November 2009

Johan Arpe
Authorised Public Accountant

For more information, please contact:

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Chairman Lars Guldstrand, cell phone +46 705 28 81 81, email: lars.guldstrand@centralasiagold.se

Central Asia Gold AB is a Swedish mining company focused on gold production and exploration in Russia in the central parts of Asia. The gold production was initiated in late January 2005 and the assets were as at end of 2008 estimated to encompass some 800,000 troy ounces (1 troy ounce = 31.1 g) of C1/ C2 Russian gold reserves.

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.