

Central Asia Gold

INTERIM REPORT DATED FEBRUARY 28, 2008

Central Asia Gold AB (publ) 12-month Interim report for the financial year 2007 and for the quarter October – December

(NGM: CAG)

- **Total CAG group gold production during financial year 2007 amounted to 1,073 kg (34,500 oz), whereof 250 kg (8,100 oz) were produced during the quarter Oct – Dec 2007. During 2006 CAG produced 311 kg of gold (10,000 oz), whereof 81 kg (2,600 oz) were produced during the last quarter.**
- **Approximately 1,075 kg of gold were sold during the twelve-month period 2007, of which 260 kg during the last quarter. The corresponding figures in 2006 were 296 kg and 161 kg.**
- **A new reserve report is being prepared on the Tardan deposit for submission to the relevant authorities. The feasibility study for the heap leaching plant is due in summer this year, after which construction of the plant is planned to be commenced immediately.**
- **The Kopylovskoye project appraisal campaign is progressing. The sale of 25 % of the project to external investors resulted in a capital gain of TSEK 25,968, which is included in the full year result and in the result for the third quarter of 2007.**
- **The 2008 CAG group gold production target is 1,250 kg of pure gold (40,000 oz) divided between 350 kg from the Tardan gold mine and 900 kg from the alluvial subsidiaries. Given the seasonal character of the alluvial gold production only some 20 – 25% of the scheduled gold production 2008 will apply to the first half of the year.**
- **Consolidated revenues for twelve-month period 2007 amounted to TSEK 232,403 (TSEK 80,076). Revenues for the quarter October - December 2007 were TSEK 82,366 (TSEK 49,672).**
- **The net result after tax and minority for the full financial year 2007 was TSEK -4,762 (TSEK -14,798). For the last quarter of the financial year the same net result amounted to TSEK -10,292 (TSEK -2,410).**

- **EPS was SEK -0.012 for the twelve-month period (SEK -0.053). For the last quarter EPS was SEK -0.025 (-SEK 0.007).**

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 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 2008, encompass 645,000 troy ounces (oz) (1 oz = 31.1 g) of gold reserves according to the Russian C1+C2 categories, as well as 1,049,000 oz of P1 gold resources and 6,255,000 oz of P2 gold resources.

The gold reserves attributable to the Tardan deposit will be subject to a new reserve review by the authorities during the first half of 2008. In Irkutsk, 25% of the Kopylovskoye project has been sold out to a group of external investors during 2007, which initially reduces the Kopylovskoye net gold reserves to CAG AB.

CAG AB was publicly listed on the Swedish NGM Nordic Growth Market stock exchange on March 29, 2005. The number of shareholders is currently some 4,800.

Results – the Group

For the twelve-month period ending December 31, 2007 the group reports a net result after tax of TSEK -1,884 (TSEK -14,984), which corresponds to SEK -0.012 per share (SEK -0.053). 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 fourth quarter of the reporting period the net result after tax was TSEK -8,806 (TSEK -2,573). This corresponds to EPS of SEK -0.025 (SEK -0.007).

Consolidated gold sales revenues were TSEK 160 967 (TSEK 42,544) during the financial year. For the last quarter October - December 2007 gold sales amounted to TSEK 58,868 (TSEK 22,788).

In addition, a revenue component of TSEK 20,402 (TSEK 5,698) relating mainly to services performed by the transportation subsidiaries of the group is included in the consolidated P/L account. This revenue component was TSEK 8,358 during the last quarter of the financial year (TSEK 1,737).

The change in stock of finished and semi-finished goods during the twelve-month period amounted to TSEK 6,973 (TSEK 14,011). During the last quarter the same change was TSEK -11,815 (TSEK 14,011).

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 financial year 2007 total costs of TSEK 43,255 were capitalized at subsidiary level. In the financial year 2006 TSEK 25,823 were capitalized as mining permits. For the quarter October – December 2007 the capitalization component amounted to TSEK 26,959 (TSEK 11,136).

Finally, a revenue component of TSEK 806 (0) has been recognized during the financial year 2007 in respect of dissolution of negative goodwill. It applies to the quarter July – September. 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 of 2007.

Total operating costs in the group during the financial year 2007 amounted to TSEK 251,383 (TSEK 92,963). For the quarter October – December 2007 the operating costs were TSEK 85,363 (TSEK 48,390). Included in the operating costs for the twelve-month period is a write-down charge in respect of the Tomano-project amounting to TSEK 2,579 (please see section on Tomano below). The write-down occurred in the third quarter of the financial year.

Net financial items were TSEK 25,585 for the twelve-month period (TSEK -9,019). For the last quarter of the reporting period the net financial items were TSEK -1,317 (TSEK -3,191). The above-mentioned capital gain of TSEK 25,968 is included in the net financial items for the full report period and applies to the third quarter of 2007.

The tax cost for the financial year 2007 was TSEK -8,489 (TSEK -1,078). The tax cost consists of actual current tax of TSEK -681. 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 -4,492 (TSEK -664).

The minority share of the net result for the 12-month period was TSEK 2,878 (TSEK -186). For the quarter October – December 2007 the minority share amounted to TSEK 1,486 (TSEK -209).

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 established Russian reserves (C1/C2) and P1 resources, most recently updated in the early 1990s, then amounted 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 was estimated at 10.7 grams/ton (g/t). Some 30 ore bodies

exist, out of which the four main ore bodies constitute the bulk of the gold reserves assigned thus far.

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 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 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 at 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 is now preparing to submit a new reserve report for examination by the Russian State Mineral Reserve Committee (GKZ). The document will be completed by end of the first quarter, and thereafter the authorities will conduct their reserve examination during the second quarter of 2008. This reserve review will comprise the major ore bodies at the license block, and the ore reserves there are estimated to more than double in size. At the same time a feasibility study will be conducted in respect of the new heap leaching plant by a selected Russian project design institute. The feasibility is due in summer 2008, and immediately thereafter the construction of the heap leaching plant is planned to commence.

The tentative time plan in respect of heap leaching plant implies that the first stage of this plant, including leaching pads capable of leaching a few hundred thousand tons of ores annually, should be commissioned towards the middle of 2009. In 2009, it is planned to leach only the tailings from the high-grade ores processed on Tardan. In 2010 the leaching capacity will be increased, and the target is to then have a capacity of 1 million tons of ore per year. The feasibility study will, however, give more exact parameters. In this way, gold production on the Tardan license is planned to more than double in 2009, and then be increased considerably in the subsequent years when also the low-grade ores will be treated.

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. The capacity was gradually increased during the year. In total some 53,000 tons of ore were processed during the year, resulting in 194 kg of chemically pure gold (6,200 oz). The average extraction coefficient was approximately 45%, but varied over the period depending on factors such as gold grade in the incoming ores, size of the gold grains, proportion of free gold and presence of other minerals such as magnetite. During the last quarter of the financial year 2007, some 22,000 tons of ore were processed yielding some 99 kg of pure gold.

During the financial year 2007 OOO Tardan Gold sold 196 kg of gold including gold in stock at the beginning of the year. Gold sales during the quarter October – December 2007 amounted to 96 kg.

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 samples have been collected.

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 gold reserves registered thus far 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 MUS\$ 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 70 MSEK were received in two instalments during autumn 2007. The transaction has resulted in a capital gain of 25,968 TSEK in the external group accounts, which has been recorded in the third quarter of the financial year. 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 has been performed.

Geological work has commenced on the ground in Irkutsk. Project documentation has been submitted, the camp for the workers has been upgraded and certain equipment has been ordered, including a powerful, new RC drilling rig. A significant appraisal programme has been started and will continue to 2009. Up until December 2007 some 1,400 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, or rather sample preparation unit, has been commissioned. It is able to quickly and reliably process and concentrate test samples on line. Thereafter the prepared test samples are sent for final analysis to an external laboratory. It is planned to process some 50,000 samples over the next 12 – 18 months.

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 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 analysis of the first cores shows that the structure of the rocks at an absolute depth of some 100 m is identical to the rocks in the top of the deposit (where the established gold reserves are located).

The other gold projects in the Central Asia Gold portfolio

Kavkaz project in Irkutsk region: 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 the 2007 work programme.

Uzhunzhul in Khakassiya region: A rather extensive exploration programme encompassing sampling from surface trenches and from drill cores (2,600 m core drilling performed in 2007) was conducted last year. More than 3,000 samples have been sent to a laboratory for analysis, but thus far only some 25 % of the results have been received. However the results are already encouraging and a significant gold mineralization has been proved on the border to the neighbouring license block, where gold production through heap leaching has been conducted for many years. The

geologists of Central Asia Gold therefore believe the ore zone on the neighbouring license extends into the Uzhunzhul license block.

Kara-Beldyr in Tyva region: Only preparatory work was conducted at this license area during 2007. A suitable geologic exploration program for the next few years has therefore now been designed. In addition, a new bulk ore sample was analysed in 2007 by a project institute in Irkutsk. The sample was relatively large with a weight of a couple of hundred kg and was taken from a surface trench with a width of some 70 m. Previously analysed samples from Kara-Beldyr have not had the same weight. The new sample shows an average gold grade of slightly less than 3 g/t taken from the full 70 m interval. The relatively large width of the gold mineralized zone in this trench indicates that the gold may be extracted via an open pit, which is preferable. It should also be added that ore enrichment tests conducted via heap leaching on said ore sample demonstrate high recoveries. This is a very cost effective extraction method. In summary, the potential of the project looks interesting although it is still at an early stage.

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 was recognized in the third quarter of the financial year.

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 806. This income component was recorded in the third quarter of the financial year. 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 2007.

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

During the financial year 2007 (actually during May – first half of October due to the seasonal character of placer gold production) both alluvial subsidiaries produced in total 879 kg of gold (28,200 oz) divided into 648 kg for Artelj Lena and 231 kg for

Artelj Tyva. The alluvial gold production during the last quarter of the financial year was 151 kg (4,800 oz).

Both alluvial subsidiaries sold 879 kg of the produced gold in 2007, whereof 163 kg in the last quarter of the financial year.

Investments and Liquidity

Net investments in material and immaterial fixed assets during the financial year 2007 amounted to TSEK 143,543 (TSEK 155,754). The corresponding figure for the last quarter of the reporting period was TSEK 20,185 (TSEK 98,854).

Cash in group accounts was TSEK 69,843 at the end of December 2007 (TSEK 81,947).

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 financial year 2007 was TSEK -11,623 (TSEK -13,499). For the quarter October - December 2007 the corresponding result was TSEK -5,686 (TSEK -4,384). Cash in the parent company was TSEK 8,718 as at end of December 2007 (TSEK 80,009).

Employees

The group had 1,201 employees at the end of December 2007 (507).

Issued shares

As at the end of December 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 year. The market price of the CAG share is lower than the strike price of the options as at the end of the report period.

Major events after the end of the reporting period

Credits taken up by the subsidiaries Artelj Lena and Artelj Tyva and parent company guarantee

The two alluvial subsidiaries always take up short-term credits in the Russian banking system during the first quarter of the year in order to have sufficient working capital for the coming production season. In February 2008 OOO Artelj Lena has been

granted a credit of 100 MRUR (some 4 MUSD) by the Standard Bank group. The credit is given out in certain portions and will be repaid out of the subsidiary's cash flow during the second half of 2008.

The other alluvial subsidiary OOO Artelj Tyva has been granted a credit of 50 MRUR (2 MUSD) by Bank of Moscow.

Central Asia Gold AB, the parent company, has entered into a guarantee agreement in favour of Standard Bank in respect of the said 100 MRUR loan, including interest thereon.

Next reports due

The next financial report due is the interim report for the first quarter January – March 2008. It will be released on May 28, 2008.

Other reporting dates in 2008

Publishing of annual report for financial year 2007:	April 28
Annual General Meeting	June 12
Interim report for Jan – June 2008 (Q2-2008)	August 28
Interim report for Jan – Sept 2008 (Q3-2008)	November 28

Dividend

The Board of Directors of CAG AB recommends that no dividend will be paid for 2007.

Annual report and 2008 Annual General Meeting

The 2008 Annual General Meeting (AGM) will be held in Stockholm on Thursday, June 12 at the address Operaterassen, Karl XII:s Torg, 111 47 Stockholm, starting at 15.00. The annual report will be available in the premises of the Company at Brovägen 9, Stocksund, Sweden as from April 28. It will also be published on the company's website and will be mailed to the shareholders that so request.

Board Election Committee

As from July 1, 2008 Central Asia Gold AB, along with all other companies listed on the Nordic Growth Market's Equity list, start complying with the so-called Swedish Stock Market Code. This means that no board election committee has been appointed in 2007 to coordinate the board election on the June 2008 AGM. However the principles for electing the members to the 2008/2009 board election committee will be approved at this AGM. These principles will be presented in the notice to the AGM that is due in spring this year.

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.

org no 556659-4833					
GROUP PROFIT AND LOSS ACCOUNT					
	Not nr.	3 months 2007-10-01 - 2007-12-31	3 months 2006-10-01 - 2006-12-31	12 months 2007-01-01 2007-12-31	12 months 2006-01-01 2006-12-31
(all amounts in TSEK)					
Net sales		67 226	24 525	181 369	48 242
Capitalised costs		26 959	11 136	43 255	25 823
Change in stock of finished and semi-finished goods *)		-11 815	14 011	6 973	14 011
Other operating revenues	1	-4	-	806	-
Total revenues		82 366	49 672	232 403	88 076
Operating costs					
External costs	2	-27 743	-27 650	-116 604	-51 144
Salary related costs		-40 807	-15 206	-97 308	-31 889
Depreciation		-16 813	-5 534	-37 471	-9 930
		-85 363	-48 390	-251 383	-92 963
Operating result		-2 997	1 282	-18 980	-4 887
Net financial items	3	-1 317	-3 191	25 585	-9 019
Result after net financial items		-4 314	-1 909	6 605	-13 906
The period's tax cost	4	-4 492	-664	-8 489	-1 078
Net result after tax for the period		-8 806	-2 573	-1 884	-14 984
Whereof attributable to the shareholders of the parent company		-10 292	-2 410	-4 762	-14 798
Whereof attributable to the minority		1 486	-209	2 878	-186
<i>Earnings per share before dilution, SEK</i>		-0,025	-0,007	-0,012	-0,053
<i>Earnings per share after dilution, SEK **)</i>		-0,025	-0,007	-0,012	-0,053
Number of shares issued at period end		412 210 070	366 196 923	412 210 070	366 196 923
Average number of shares for the period		412 210 070	363 696 923	405 677 654	278 073 163
Average number of shares for the period after dilution **)		412 210 070	363 696 923	405 677 654	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. The 2006 full year recalculated movement in stocks has in the quarterly comparison for 2006 been attributed to the last quarter of that financial year.

**) There are 14.5 million outstanding call options as at end of December 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)
org no 556659-4833

GROUP BALANCE SHEET (all amounts in TSEK)	Note no	Dec 31, 2007	Dec 31, 2006
ASSETS			
FIXED ASSETS			
<i>Immaterial fixed assets</i>		208 228	155 976
<i>Material fixed assets</i>		178 471	83 016
<i>Financial fixed assets</i>		22 803	10 242
Total fixed assets		409 502	249 234
CURRENT ASSETS			
Inventories		55 505	23 989
Current receivables		76 116	103 853
Cash and bank		69 843	81 947
Total current assets		201 464	209 789
TOTAL ASSETS		610 966	459 023
EQUITY AND LIABILITIES			
Total equity		391 959	313 616
Minority interest	5	47 794	514
Long term liabilities		80 765	21 552
Current Liabilities		90 448	123 341
TOTAL EQUITY AND LIABILITIES		610 966	459 023
ASSETS PLEDGED			
Bank accounts	6	50	50
CONTINGENT LIABILITIES			
		-	-

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GROUP CASHFLOW ANALYSIS

(All amounts in TSEK)

	3 months Oct - Dec 2007	3 months Oct - Dec 2006	12 months Jan - Dec 2007	12 months Jan - Dec 2006
Operating activities	16 501	3 862	20 011	5 043
Paid/received interest and similar items	-7 516	-3 856	-4 753	-10 097
Cash flow from operations before changes in working capital	8 984	6	15 258	-5 054
Changes in working capital	20 354	23 038	-36 671	9 884
Net cash flow used in operating activities	29 338	23 044	-21 413	4 830
Net cashflow used in investing activities	-20 185	-98 854	-143 543	-155 754
Net cash flow from financing activities	5 770	-10 695	152 486	217 998
Increase in cash and bank	14 923	-86 505	-12 470	67 074
Cash and bank at the beginning of the period	54 524	167 563	81 947	17 128
Translation difference in cash and bank	396	889	366	-2 255
Cash and bank at the end of the period	69 843	81 947	69 843	81 947

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STATEMENT OF CHANGES IN EQUITY (GROUP)

(Expressed in TSEK)	Share capital	Additional paid in capital	Other reserves	Retained earnings	Total equity capital
Equity as at December 31, 2005	45 722	68 032	358	3 263	117 376
Translation difference			-6 773		-6 773
The net result for the period				-14 984	-14 984
New issues	27 518	206 069			233 586
Issue costs		-15 589			-15 589
Equity as at December 31, 2006	73 239	258 512	-6 415	-11 720	313 616
New issues	9 203	86 496			95 699
Issue costs		-13 001			-13 001
translation difference			-2 471		-2 471
The net result for the period				-1 884	-1 884
Equity as at Dec 31, 2007	82 442	332 007	-8 886	-13 604	391 959

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	12 months	12 months
KEY RATIOS	2007-12-31	2006-12-31
Group		
Total assets, TSEK	610 966	459 023
Total equity, TSEK	439 753	314 130
Equity ratio, %	72,0%	68,4%
Interest bearing debt, TSEK	47 636	0
Employees at period end	1 201	507
Per share data		
Earnings per share, SEK	-0,012	-0,053
Equity per share (SEK)	1,067	0,858
Return on equity (%)	-0,50%	-9,54%

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

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*.

Revised treatment of the capital gain and the immaterial assets in Kopylovskoye AB as compared to the most recent interim report published in November, 2007:

- 1) As compared to the 9-month interim report published in November 2007, the Company has altered the accounting treatment of the capital gain in Kopylovskoye AB. It arose as a result of the sale of 25% of Kopylovskoye AB to a group of external investors. The size of the capital gain has not been changed. In this report, however, the capital gain has been booked directly to equity and not to the mining permits (Immaterial fixed assets). In the 9-month report it was booked to mining permits and thereby increased group equity. The revised treatment in this interim 12-month report thus everything else equal results in a reduction of the mining permits and group equity by TSEK 25,568.
- 2) A revised value of the deferred tax applicable to the acquisition of the Kopylovskoye project is presented in this interim report as compared to the most recent interim report published in November 2007. In November 2007, the deferred tax was estimated to be TSEK 15,808. At the same time the mining permits (immaterial fixed asset) were established at TSEK 81,676. In this interim report the deferred tax in respect of the same project has been recalculated to TSEK 21,211, which results in mining permits equaling TSEK 88,381. The difference amounting to TSEK 6,705 has increased the group mining permits and deferred tax. It has not impacted group equity.

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 extend 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 806 other income component relates to a dissolution of negative goodwill in respect of Artelj Lena that got acquired in summer 2007. It arose in the third quarter.
- Number 2** The operating costs for the financial year 2007 contain a net write-down of TSEK 2,579 in respect of the Tomano project. The write down was effected in the third quarter.
- Number 3** Net financial items for the financial year 2007 and for the quarter July - Sept 2007 contain a capital gain of TSEK 25,968 in respect of the selling out of 25% of Kopylovskoye AB to a group of external investors.
- Number 4** The tax cost for the financial year 2007 consists of actual paid tax of TSEK -681. The remaining tax cost relates to a change in deferred tax.
- Number 5** The 25% minority in Kopylovskoye AB corresponds to TSEK 43,102 of the total minority in the group as at end of 2007.
- Number 6** Pledged assets amounting to SEK 50,000 consist of a blocked bank account in favour of Värdepapperscentralen VPC AB's claims on Kopylovskoye AB from time to time.

Artelj Lena acquisition

In December 2006 the Group acquired a 99,8 % interest in OOO Artelj Lena through a 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

The acquired company has previously not presented IFRS accounting records. Therefore IFRS starting values cannot be submitted.

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 financial year 2007 the subsidiaries paid a total of TRUR 20,101 for such services (TSEK 5,312).

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 financial year 2007 the Central Asia Gold group has paid TRUR 1,614 in office rents (TSEK 426). 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 financial year 2007 Central Asia Gold paid, via its subsidiaries, a total of TRUR 30,059 (TSEK 7,943) 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 financial year 2007 construction work equivalent to TRUR 51,901 (TSEK 13,715) was performed via OOO KUPIR.

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

Stockholm, February 28, 2008

Central Asia Gold AB (publ)

The Board of Directors

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Central Asia Gold AB is a Swedish mining company focused on gold production and exploration in Russia and Mongolia in the central parts of Asia. The gold production was initiated in late January 2005 and the assets today encompass some 645,000 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.