



**PRESS RELEASE 2010-05-27**  
**Central Asia Gold AB (publ)**

**Guaranteed Rights Issue of 226 MSEK in Central Asia Gold**

**(NGM: CAG)**

**The Board of Central Asia Gold AB (publ) ("CAG" or "the Company") proposes, at the Company's AGM, that the shareholders consider a guaranteed rights issue of 226 MSEK ("the Offer").**

**Summary:**

- The issue of new shares via a rights issue to existing shareholders with a total offer size of 226 MSEK.
- An oversubscription option of 40 MSEK (to be decided upon by the Board if the Offer is over-subscribed).
- One (1) share will entitle the holder to subscribe for eight (8) new shares
- Subscription price of 1,60 SEK per share
- The Offer is 100 percent secured through conditional subscription undertakings by the main shareholder Bertil Holdings Ltd., a holding company of the CEO of CAG Preston Haskell, and the Chairman of the Board Lars Guldstrand as well as guarantees by a consortium of external investors including, indirectly, the Chairman of the Board Lars Guldstrand.
- The Company will be applying for a listing on the NASDAQ OMX First North Premier as a first step towards a listing on the NASDAQ OMX Main Market

**Background and reasons**

In March 2009, Central Asia Gold completed the merger with the Russian gold mining group, formerly known as NMC Group ("NMC"), by way of an issue in kind. As a result of the acquisition, CAG became the 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 the main owner of the Company. The Company has also appointed a new management team with extensive experience in the mining business with Preston Haskell as CEO.

Throughout 2009 CAG completed a review of its activities and in doing so has developed a new and robust strategy for the future. The new strategy will mean that CAG is to reduce its focus on alluvial gold production whilst increasing the production of gold from the processing of ore from existing and established mineral reserves. Furthermore the Company will concentrate its resources on a systematic exploration program to develop those areas contained within the Company's license geography.

CAG is expected to increase the gold production in 2010 by more than 50 percent, to approximately 32 000 oz (1 000 kg), following total production in 2009 of 21 000 oz (666 kg). CAG's current gold reserves are estimated at around 800 000 oz (25 tons).

CAG, via this round of capital raising, will focus on expanding the current business, including:

- Setting up a new heap leach plant in Tardan with annual production capacity of 39 000 oz (1 200 kg) and re-commencing operations in Solcocon which will result in an additional increased annual production.
- Continuing alluvial production in the regions of Irkutsk and Chita
- Resume exploration of the Company's large license areas
- Evaluation of acquisition opportunities in the Russian gold mining industry with a focus on early stage exploration.

The additional funding will also be used to strengthen CAG's balance sheet and to obtain a more robust financial platform.

Via implementation of the new strategy CAG intends to strengthen its liquidity and increase its working capital via the Offering. This is an important step to allow for additional value creation in the business but also to reduce the Company's dependency on the main shareholder.

As a result of this placing the Company will apply for a listing on the NASDAQ OMX First North Premier, as a step to towards a listing on the NASDAQ OMX Main Market. This will allow for greater international capital market exposure and institutional investor coverage and allow for CAG to further progress its intention to grow as a gold producer in Russia.

For additional information, see the prospectus which will be publicly available around July 9, 2010, given the approval of the AGM.

The main shareholder and CEO of CAG Preston Haskell says in a comment regarding the transaction:

*"All the actions taken in 2009 have provided us with a strong platform for additional value creation in our business. I am very optimistic about the future with respect to CAG's current projects, especially those in Tardan and Solcocon, and in the further exploration of our licensed targets and the joint exploration with Centerra Gold.*

*The capital injection and the strengthening of the balance sheet in connection with the rights issue, in combination with our excellent team, will allow for the company to realize the first phase of a longer term strategy to take CAG to large volume gold production.*

*With our excellent team and the strengthened financial platform, we will have a solid foundation to further increase the production volumes and our reserves. We will also be ready to take the next step towards a listing on NASDAQ OMX Main Market. A listing on the Main Market will allow us to be more attractive to institutional as well as international investors and thereby increase the liquidity in the share as well as to obtain a more fair valuation of the company.*

*We are now turning the page and have commenced our journey towards stability and growth and we welcome you all to participate!"*

#### **Commitments from major shareholders and underwriting agreements**

The Company's main shareholder Bertil Holdings Ltd., a holding company of the CEO Preston Haskell, and the Chairman of the Board Lars Guldstrand have in writing undertaken to subscribe for their respective preferential rights, amounting to 64 percent of the Offer, corresponding to 145 MSEK. It should be noted that the undertaking to subscribe for shares entered into by Bertil Holdings Ltd. is conditional upon it being afforded the opportunity to pay for the shares through conversion of loans provided to the Company. The Chairman of the Board Lars Guldstrand together with a consortium of external investors will guarantee the remaining 36 percent of the Offer, corresponding to 81 MSEK. This means that the Offer is 100 percent guaranteed.

#### **The main terms and time table for the Offer**

The Board of CAG proposes, at the Company's AGM, that the shareholders consider a guaranteed rights issue of up to 141 225 000 shares. Subject to the rights issue being fully subscribed, the share capital will after the rights issue amount to at most 178 737 891 SEK and the proceeds from the right issue will amount to 226 MSEK before deduction of commissions and other fees.

The AGM will also consider the granting of an option to the Board of CAG to issue an additional 25 000 000 shares, corresponding to 40 MSEK before deduction of commissions and other fees, in order to cover an oversubscription in connection with the Offer.

Those who are registered as shareholders of CAG on the record date, 9 July 2010, shall have preferential rights to subscribe for eight (8) new shares for one (1) existing share at a subscription price of 1,60 SEK. Shareholders will receive one (1) subscription right for each share held on the record date. One (1) subscription right will be required to subscribe for eight (8) new shares. The subscription period commences on July 19, 2010 and expires on August 4, 2010.

Below are the terms in summary and the time table for the rights issue

<b>June 28, 2010:</b>	Annual General Meeting, formal decision on the rights issue
<b>July 7, 2010:</b>	Final date for trading in the CAG share including preferential rights to participate in the rights issue.
<b>July 9, 2010:</b>	Record date to participate in the rights issue. The shareholders who are registered on this date in CAG's register of shareholders will receive subscription rights to participate in the rights issue.
<b>July 9, 2010:</b>	Preliminary date for publication of the Prospectus
<b>15 July 2010:</b>	Estimated start of distribution of the issue report with accompanying application slip to shareholders.
<b>July 19, 2010:</b>	Preliminary first day of trading on First North Premier
<b>July 19-30, 2010:</b>	Trading in subscription rights on First North Premier
<b>July 19 – August 4, 2010:</b>	Subscription period for the Offer
<b>August 10, 2010:</b>	Preliminary date for publication of the outcome of the rights issue.

#### **Preconditions for the implementation of the Offer**

The implementation of the Offer requires a decision at the AGM and is subject to the necessary changes in the Company's Articles of Association. For further information please see the invitation to CAG's Annual General Meeting.

## **Financial Advisor**

Mangold Fondkommission is the financial advisor in connection with the Offer

## **Investor Meeting**

An investor meeting for existing shareholders and external investors interested to take part in the issue will be held on June 7, 2010. The meeting will be held at 15:00 at Mangold Fondkommission, Engelbrektsplan 2, 4 tr, SE 114 34 Stockholm.

Chairman of the Board Lars Guldstrand, Chief Executive Officer Preston Haskell and Chief Operating Officer Pavel Olishovski will participate in this meeting.

*To participate in the meeting, please respond by email to [info@mangold.se](mailto:info@mangold.se) no later than 15:00 on June 3, 2010.*

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

Additional information:

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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 oz 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

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Central Asia Gold AB (publ). The proposed issue will not be directed at residents or those living in the United States, Australia, Japan, Canada, New Zealand, Hong Kong, South Africa or other country where such action would require further prospectus, other offering documentation, registration or other measures beyond those required by Swedish law. No securities will be registered under the United States Securities Act of 1933, a similar law in any state in the United States, or under any provincial law in Canada, nor under the applicable law of another country.