INTERIM REPORT DATED February 24, 2012

Central Asia Gold AB (publ)

Interim report for the twelve-month period from January – December 2011

- **Consolidated total income for the reporting period amounted to MSEK 196.9 (MSEK 283.1) and to MSEK 33.7 (MSEK 103.6) for the fourth quarter.**

- **Total production from current production units in 2011 was 410 kg (566 kg) of which 95 kg (142 kg) was produced in the fourth quarter.**

- **The amount of gold produced from hard rock gold mining operations in 2011 was 334 kg (331 kg) of which 76 kg (100 kg) was produced in the fourth quarter.**

- **EBITDA for the period January-December 2011was MSEK –34.4 (MSEK 57.1) and for the fourth quarter MSEK -16.9 (MSEK 32.9).**

- **The net result, after tax and non-controlling interest, was MSEK -120.4 (MSEK 7.7) for the reporting period and MSEK -62.7 (MSEK 30.6) for the fourth quarter.**

- **Earnings per share for 2011 were SEK -7.17 (SEK 1.58) and SEK -3.83 (SEK 2.08) for the fourth quarter.**

- **During 2011, all shares in the alluvial producing subsidiary LLC Artelj Lena were sold in two tranches for a total consideration of MRUB 100, approx. MSEK 22.**

- **In October the construction completion statement and permission to commission phase 1 (absorption) of the Tardan heap leaching plant was received and on December 28, the license to use cyanide was received**

Significant events after the end of the reporting period

- **In February 2012, a preliminary resource estimate in accordance with NI 43-101 for the Gord Zone of the Kara Beldyr joint venture was presented with an indicated resource of 289,000 ounces of contained gold and an inferred resource of 211,000 ounces of contained gold.**

Comments by the CEO

Dear fellow shareholders,

The main focus of 2011 has been to complete the construction of the Tardan heap leaching plant and get all the permits needed to commission the plant. Due to non-performance in the project management for the project during 2010 and the first half of 2011, the company has experienced delays and cost overruns in the project, but the construction of the phase I was successfully completed in the third quarter and the permit to use cyanide was received on December 28 2011. The receipt of the cyanide permit enables us to start the production through irrigation of the heaps, which will be done in mid March when the outside temperature rises to increase the efficiency of the irrigation.

Currently, all efforts are being made by the management to receive the final permits needed for the phase II commissioning and the expectation is that the plant will be fully permitted during the summer 2012. Currently the company is running the tests of the phase II equipment, and the preliminary results show that both gold and copper desorption cycles work very well. The estimated full year capacity of the plant is 1,000-1,200 kg per year, but due to the late start in 2012 and an expected ramp up phase of production, the estimated total production at Tardan in 2012 is 500-700 kg.

While Tardan has been the main focus of operations in 2011, the other hard rock production unit Solcocon has delivered a good production, but suffered from low profitability and problems with the supply of oxidized ore for full capacity of production. Solcocon management is currently in the process of evaluating the technology of including semi-oxide ore in the process. If this proves to be feasible, Solcocon will have up to 500 thousand tonnes of ore suitable for a heap leaching. Meanwhile management is also evaluating other future prospects of Solcocon and will in the short- to medium term focus on profitability of this business unit.

During 2011 the company continued its work to phase out alluvial production through the sale of the production unit Artelj Lena. The remaining alluvial production unit, Gold Borzya, experienced some operational challenges in 2011, including heavy rainfalls during the production season and increased production costs. The company is currently preparing for the 2012 production season and is in the process of negotiating an operational outsourcing agreement with an estimated production of 200 kg for Gold Borzya in 2012.

The weak performance of the production units Solcocon and Gold Borzya in 2011 and the delay in the commissioning of the Tardan heap leaching plant has had a significant negative impact on the financial performance for the year. The financial result has also been affected by write downs made as a consequence of the operating performance in 2011 and the non-performance of the Tardan heap leaching project during the first half of the year.

On the positive end, the Kara Beldyr joint venture with Centerra Gold Inc. has shown very promising results from the exploration works performed in 2011. In February 2012, Centerra announced a preliminary resource estimate for the Gord Zone of the Kara Beldyr project with an indicated resource of 289,000 ounces of contained gold and an inferred resource of 211,000 ounces of contained gold according to NI 43-101 standards. This significantly increases the resources of CAG, who currently owns 30% of the Kara Beldyr joint venture.

During December 2011 CAG was able to secure additional debt financing for the subsidiary GRE (the license holder of both Solcocon and Gold Borzya) in the amount of SEK 44 million. Additionally, we are currently in the process of finalizing a new loan- and restructuring agreement for Tardan in a total amount of SEK 110 million. These agreements are intended to be signed before the end of February.

Whilst 2011 have been a challenging year and the financial results have been disappointing, I am confident that the company now is well prepared to take advantage of the favourable macro environment for gold producers and deliver a profitable future for the company and its shareholders.

Preston Haskell
Chief Executive Officer

Operational update

Production

The total production of gold in 2011 from current production unit's amounts to 410 kg (566 kg), which is 27.5 % lower, compared to last year. The relative share of hard rock gold production accounts for 81.5% (58,5%). Total production in the fourth quarter 2011 amounted to 95 kg (142 kg).

Production unit	License area	Alluvial/Hard Rock	Production 2011 (kg)	Production 2010 (kg)*
Tardan (gravitational)	Tardan	Hard Rock	96	160
Tardan (leaching)	Tardan	Hard Rock	0	0
Solcocon	Staroverinskaya	Hard Rock	238	171
Sub total		**HARD ROCK**	**334**	**331**
Gold Borzya	Staroverinskaya	Alluvial	76	235
Total			**410**	**566**

** Due to CAGs sale of all its shares in the alluvial producing subsidiary LLC Artelj Lena in July 2011, the production from Artelj Lena has been excluded from the table above. In 2010 the production at Artelj Lena amounted to 164 kg and the total production for 2010 was 730 kg.*

Tardan

Tardan has received the cyanide permit in December 2011 and is now fully permitted to operate the heap leaching circuit and the Phase I (sorption) of the heap leaching plant. Phase II permitting is still under way, with the target date to full permits being revised to summer 2012. Next step in this process will be the reception of the project approval by a state expertise in early March 2012.

In early February 2012, a test launch of the desorption circuit at Tardan was started with preliminary results being very positive. The management and engineers have received a strong confirmation that the desorption technology is set up and ready and that both copper and gold desorption cycles are working in accordance with the project parameters. CAG is planning to announce the results of the test run in March 2012.

The gravitational factory is working as planned, processing the high-grade ore from the ore body #1. The tailings from the gravitational operations will subsequently be used in the heap leaching plant.

Solcocon

Solcocon continues the open pit mining in 2012. In the fourth quarter of 2011 the new heap has been stacked and will be involved in the irrigation system in March 2012. In order to increase its reserve base, the management is carrying out a program aimed at revisiting the potential of semi-oxide ore. The concept technology of processing semi-oxide ore was developed by the company's processing engineers and is currently being tested at Solcocon. If this proves to be feasible, Solcocon will additionally have up to 500 thousand tonnes of ore suitable for a heap leaching.

Solcocon and Gold Borzya production units are located in the same area and operate on the joint Staroverenskaya license. In order to increase the efficiency of these 2 units CAG is merging certain operational functions of Gold Borzya and Solcocon. It is planned to establish a joint equipment park and garages and combine a number of managerial roles in both units to exclude doubling of the functions.

Gold Borzya

Gold Borzya has concluded its alluvial mining season in October 2011 and produced 76 kg Au in 2011. Through the year Gold Borzya has faced a number of operational challenges, including severe weather conditions (rainfalls) and a management change. Currently the operations are suspended and the management is preparing the infrastructure and the equipment for the new 2012 alluvial season.

In 2012 it is planned to engage a local contractor on a permanent basis to perform tracking and mining works at Borzya.

Exploration

CAGs registered gold reserves are presented in the tables below.

NI 43-101 - Compliant Gold Resources

License	Deposits	Alluvial/Hard Rock	Measured & Indicated				Inferred				License expiration
			Ore, 000 t.	**Au, g/t**	**Au, kg**	**Au, 000 oz**	**Ore, 000 t.**	**Au, g/t**	**Au, kg**	**Au, 000 oz**	
Kara-Beldyr											2027
	Kara-Beldyr *	Hard Rock	1 137	2,4	2 697	86,7	1 006	2,0	1 969	63,3	

* The resource numbers above represent CAG's 30% share in the Kara-Beldyr project.

GKZ - Compliant Gold Resources

License	Deposits	Alluvial/Hard Rock	C1				C2				License expiration	P1/P2**
			Ore, 000 t.	**Au, g/t**	**Au, kg**	**Au, 000 oz**	**Ore, 000 t.**	**Au, g/t**	**Au, kg**	**Au, 000 oz**		**000 kg**
Tardan											2028-2032	22
	Tardan deposit	Hard Rock	1 454	3,75	5 454	175,4	524	4,45	2 332	75,0		
	Tardan exploration licen	Hard Rock					270	6,14	1 656	53,2		
Staroverinskaya											2029	132
	Kozlovskoye	Hard Rock	262	8,77	2 297	73,8	869	7,78	6 764	217,5		
	Bogomolovskoye	Hard Rock	20	2,95	59	1,9	2 141	3,48	7 460	239,8		
	Borzya	Alluvial	166	1,34	222	7,1	1 036	1,41	1 456	46,8		
Uzhunzul		Hard Rock									2031	26
TOTAL			**1 902**		**8 032**	**258,2**	**4 840**		**19 668**	**632,3**		**180**

** Based on in-house calculations.

Tardan

Tardan is curently preparing the equipment, personnel and the detailed program for the 2012 exploration season. Two core drill rigs were completely refurbished and are now in full operation capacity. The local geological team has been strengthened with one of the leading local geologists, and the adequate geological team is being organized.

Staroverenskaya License

The results of the exploration program at the flanks of Podgornoye deposit are near completion. The local management is currently evaluating the quality of the drilling works and lab tests before submitting the resource calculation to the state resource committee. Additionally, Solcocon has executed an internal exploration program at the Kozlovskoye deposit aimed at confirming the historical resource calculations, and received a good correlation with the existing assay results.

Gold Borzya has repaired and put into operation the light drill rig. During the fourth quarter 2011 Borzya's geological team has successfully drilled a number of exploration profiles on the alluvial deposit with the aim of confirming the gold reserves for 2012 and identifying the areas suitable for the overburden dumps.

Uzhunzhul

The 2012 exploration program has been designed with the expected resource identification of 3 tons Au (P1+C2). The program includes geochemical assays of 5100 samples (2011) and 3500 samples (2007), 10 km geophysics on anomalies, core storage construction, 4 km of trenching and 1.5 km of diamond drilling.

Kara Beldyr

In January 2012 Centerra Gold Inc. completed the investment of $ 6.5 million in exploration on the Kara Beldyr property, located in the Tyva Republic, Russia. Centerra Gold has now earned a 70 % interest in the Kara-Beldyr Joint Venture. Central Asia Gold AB intends to keep its 30% share of the investment in the license and will continue to be involved in the further exploration of the area.

Based on the drilling results obtained at the end of 2011, the resource estimate for the Gord Zone indicated resource of 289,000 ounces of contained gold and an inferred resource of 211,000 ounces of contained gold, a total of 500,000 ounces. The preliminary resource estimate for the Gord zone was prepared by Centerra's technical services department and has been estimated and classified in accordance with those standards defined by the Canadian Institute of Mining, Metallurgy and Petroleum, 2010 Definition Standards for Mineral Resources and Mineral Reserves (CIM) adopted by National Instrument 43–101 Standards of Disclosure for Mineral Projects (NI 43-101).

Income, result and financial position for the group

Income and result

For the twelve-month period ended December 31, 2011 the group reported a net result after tax and non-controlling interest of TSEK -120,396 (TSEK 7,688) which corresponds to SEK -7.17 (SEK 1.58) per share. For the fourth quarter, the net result after tax and non-controlling interest was TSEK -62,665 (TSEK 30,633) or SEK -3,83 (SEK 2.08) per share.

Consolidated gold sales were TSEK 131,965 (TSEK 214,037) during the period and TSEK 36,352 (TSEK 76,675) for the fourth quarter. The decrease in revenue from gold sales is due to lower volumes of gold sold during the period at Tardan and Gold Borzya and the divestiture of alluvial production units. For Tardan main focus of the work performed has been on preparing ore for the heap leaching production that will commence as soon as the heap leaching plant is commissioned. At Gold Borzya, bad weather conditions during the production season and lower gold grades have caused lower production levels and higher production costs than last year, hence causing a significant negative impact on the consolidated operating result for the reporting period. The company has reviewed the business of Gold Borzya during the third and fourth quarter of 2011 and is now in the process of finalizing an operational outsourcing agreement that is expected to significantly increase the efficiency and profitability of Gold Boryas operations in 2012.

The amount of gold produced from the currently active production units of the group during the report period was 410 kg (566 kg) and 95 kg (142 kg) in the fourth quarter.

The change in stock of finished- and semi-finished goods amounted to TSEK 42,663 (TSEK 15,097) during the reporting period and TSEK -4,956 (TSEK -4,130) in the fourth quarter. The increase for the reporting period is mainly due to the comprehensive work of preparing ore for the heap leaching production at Tardan that has been performed during 2011. The decrease in the fourth quarter is mainly a seasonal effect with lower levels of preparation work being performed during the early winter.

Total operating costs for the group during the reporting period amounted to TSEK -298,079 (SEK -249,346) of which TSEK -76,244 (TSEK -73,924) relates to the fourth quarter. The total operating costs for the period is affected by write-downs of TSEK -37,766 (TSEK 0). TSEK -21,165 (TSEK 0) of the write-downs relate to weaknesses in construction work performed at the Tardan plant, due to poor project management of the construction process in the first half of the year, noted in the completion of the construction and TSEK -16,601 (TSEK 0) is a write down of work in progress for the production units Gold Borzya and Solcocon, due to very high costs of production during the 2011 production season and the uncertainty of production volumes in 2012.

The operating expenses are also higher compared to last year due to significantly increased production costs at the company's remaining alluvial production unit Gold Borzya and due to increased activity at the Solcocon production unit compared to last year. In addition, comprehensive preparation work performed at Tardan to prepare ore for the heap leaching production has led to an increase in operating expenses for the reporting period. The company is actively reviewing its costs in order to improve efficiency and profitability of its operations. When the heap leaching plant at Tardan is fully commissioned and production volumes increase, the company estimates that both production costs and administrative costs per unit produced will be significantly lower than the costs for 2011, where the cost base has been adapted for significantly higher production volumes than what has been reached.

During the reporting period, exploration costs of TSEK 4,112 (TSEK 18,153) were capitalized. Of this amount, TSEK 0 (TSEK 916) was capitalized in the fourth quarter.

Net financial items were TSEK – 27,101 (TSEK -16,671) for the reporting period and TSEK -13,002 (TSEK 811) for the fourth quarter. The increase in financial expenses is mainly related to exchange rate losses on external liabilities denominated in USD.

Income tax for the reporting period was TSEK 7,689 (TSEK -9,420) and TSEK -7,128 (TSEK 166) for the fourth quarter. The income tax is predominantly related to change in deferred taxation at the subsidiary level. In the first quarter of 2010, significant taxable income generated in the subsidiary LLC GRE-324, entailed the utilization of previously accumulated deferred tax asset, which explains the significant amount of tax expense for the comparable period. In the fourth quarter 2011, a write down of deferred tax asset relating to tax losses carried forward in the subsidiary LLC GRE 324 of TSEK - 15,533 (TSEK 0) has had significant impact on the income tax.

The net result attributable to non-controlling interest was TSEK – 1,071 (TSEK -276) for the reporting period and TSEK 0 (TSEK -69) for the fourth quarter. The non-controlling interest relates to the subsidiary LLC Artelj Lena that was sold in two tranches during the 2011. The total consideration for the shares was MRUR 100, approx. MSEK 22.7 and the sale generated a group profit of TSEK 11,585, which is included in other operating income.

Investments, liquidity and financing

During the reporting period, total investments amounted to TSEK 178,157 (TSEK 95,220). The investments relates mainly to the construction of the heap leaching plant at Tardan.

During 2011 loans have been received in an amount of MSEK 255, of which MSEK 96 is drawdowns on the bank loans from Svyaz-Bank and MSEK 159 is use of the credit lines from the Golden Impala, related to the main shareholder. The credit lines from Golden Impala were during the fourth quarter increased with MUSD 4 (approx. MSEK 27), from MUSD 19.1 (approx. MSEK 131) to MUSD 23.1 (approx. MSEK 159). Repayments of the bank loans to Svyaz-Bank have been made with MSEK 139 during the period. The loans with Svyaz Bank have an annual interest rate of 12-13% and an amortization schedule from July 2011 through March 2012 and from July 2011 through December 2012.
The credit lines from Golden Impala have an annual interest rate of 16%, with maturity in September 2012. For the credit line received of MUSD 13, the interest rate will increase to 18% annually, from January 2012 and for the last credit line received of MUSD 4 the interest rate is 13%.

In July 2011, the company raised MSEK 28 through a directed new share issuance in order to strengthen the financial position of the group.

The tight amortization schedules of the loans granted from Svyaz-Bank, especially for the loan regarding the construction of the Tardan heap leaching plant, were the construction and commissioning of the plant has suffered delays, has put the company in a stressed financial situation. In December 2011, one of the loans from Svyaz-Bank of MSEK 44 (MRUB 200) was refinanced with a one-year loan to be repaid during July-December 2012, with an annual interest rate of 12.3%. Currently CAG is in the process of finalizing a new loan- and restructuring agreement with Svyaz-Bank regarding the loan to the subsidiary Tardan in a total amount of MSEK 110 (MRUB 500). The loan will be repaid during the second half of 2012 and has an annual interest rate of 12.9%.

Whilst the refinancing/restructuring of the loans from Svyaz-Bank together with the financing received from main shareholder solves the immediate refinancing need, there is still a need to find a more sustainable financial solution that suits the development plans for the company. The board of directors and management is therefore continuously evaluating different financing options in order to find a more sustainable financial solution for the company and it is the opinion of the board of directors that such a financial solution will be reached and that the company has the ability to continue as a going concern.

Consolidated cash balance at December 31 was TSEK 10,995 (TSEK 22,230).

Other financial information

Segment information

The company accounts for segments in accordance with IFRS 8. At present the company only considers that it has one segment as only one product, gold, is extracted and all operations are performed in one economic environment, Russia.

Transactions with related parties

In April 2011, Golden Impala Ltd, a company related to the ultimate controlling party of CAG, Preston Haskell, opened a credit line with a limit of MUSD 3.6 (approx. MSEK 23) with a 16% annual interest rate. The aim of the credit line is to serve the current and short-term working capital requirements of Central Asia Gold. The maturity of the credit line is in September 2012. During the third quarter, two additional credit lines of MUSD 2.5 and MUSD 13, in total MUSD 15.5 (approx. MSEK 101) was opened, both with an annual interest of 16% and maturity in September 2012. For the credit line of MUSD 13, the annual interest will increase to 18% in 2012. In the fourth quarter, an additional line of credit of 4 MUSD was received. The maturity of the loan is in September 2012 and the annual interest rate is 13%. For this line of credit, 50% of the shares in the subsidiary, LLC Tardan Gold and 100% of the shares in the subsidiary LLC Uzhunzhul have been pledged.

Employees

The group had on average 725 (916) employees during reporting period. As per the end of December 2011 the number of employees in the group was 493 (727).

Capital Structure

In July 2011, the company completed a directed new share issuance of 1,600,000 shares. The number of issued shares at the end of the reporting period amounts to 17,616,987.

The limits of the share capital are a minimum of TSEK 150,000 and a maximum of TSEK 600,000 and the quota value of each share is SEK 11.25. Each share carries one vote.

At the reporting date there are 510,650,000 outstanding warrants with the right to subscribe for 1,315,000 shares. 250,000 shares have a strike price of SEK 221.10 per share with last date of exercising in January 2012. 1,065,000 shares have a strike price of SEK 25 per share and are exercisable until August 2012. The warrants with last date of exercising in January 2012 expired without any warrants being exercised. The warrants exercisable till August 2012 relates to a warrant program for employees of the group. The warrants in this program has not been allocated to any employees and the aim of the board of directors of CAG is to suggest to shareholders on the next shareholders meeting in May 2012 to cancel these warrants.

Production forecast

CAGs production forecast for the calendar year 2012 is a production of 600-900 kg, of which 500-700 kg is expected from the production unit Tardan.

The parent company

The parent company is a holding company without significant operations. It supports the subsidiaries with financing, investor relation services and strategy reviews etc. Thus it usually has no income other than interest on loans extended to the subsidiaries from time to time or in respect of bank deposits.

As of January 1, 2010, the group changed its policy for reporting exchange rate gains and losses arising on intercompany loans to be reported as a component of other comprehensive income instead of a part of financial items in the income statement due to their character of net investment in foreign operations. The change in the group accounting policy also affects the accounting of the exchange rate differences in the parent company accounts, were these differences are reported in a fair value reserve (translation difference reserve) in equity, instead of in financial items in the income statement. The change in value is reported in the parent company's other comprehensive income.

With regards to the above, the income statement, balance sheet and statement of changes in equity for the parent company has been restated in accordance with note 1.

The operating result for the reporting period was TSEK -13,677 (TSEK 5,490) and TSEK -7,666 (TSEK 4,982) for the fourth quarter. The change is due to increased operating costs, but also due to the significant effect on the result in 2010 that the retroactive reimbursement of VAT had of TSEK 5,009, recorded as other operating income. Net financial items amounts to TSEK -228,402 (TSEK 9,535) for 2011 and to TSEK -232,220 (TSEK 1,875) for the fourth quarter. Net financial items includes write down of intercompany loan receivables of TSEK -224,208 (TSEK 0) relating to the production units Solcocon and Gold Borzya. Net result for the reporting period amounted to TSEK -242,079 (TSEK 14,499) and TSEK -239,886 (TSEK 6,331) for the fourth quarter.

Total cash balance in the parent company was TSEK 8,119 (TSEK 10,945) at the end of December 2011. The increase in current liabilities relates mainly to loans from the related party, Golden Impala of TSEK 159,931 (TSEK 0).

Accounting principles and basis of preparation

The consolidated accounts for Central Asia Gold AB have been prepared in accordance with International Financial Reporting Standards (IFRS) as described on page 38 in the annual report for financial year 2010. The evaluations and estimations made by the board of directors and management in preparing the interim report is described on page 44 in the annual report for 2010.

This interim report has been prepared in accordance with IAS 34, *Interim Financial Reporting* and in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board´s recommendation RFR 1, *Supplementary accounting regulations for groups*.

The new or revised IFRS standards or IFRIC-recommendations that have been enacted since 1 January 2011 have not had any material effect on the group's income statement and balance sheet.

The parent company applies the same accounting principles as the group and the Swedish Financial Reporting Board´s recommendation RFR 2, *Accounting for legal entities.*

Risks and uncertainties associated with this interim report

The group's risk exposure is presented on page 21 of the 2010 annual report. 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) *Currency risk*: Central Asia Gold operations and reporting is influenced by gold price in USD of production costs in RUB, and the reporting of the SEK. Fluctuations in exchange rates could have a major impact on both local operational results and the SEK reported results.
3) *Political risks:* Central Asia Gold currently operates only in Russia. Being a young democracy Russia does not have as stable political situation as it is in the older democracies of Western Europe.

4) *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.
5) *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.
5) *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.
6) *Legal risks:* Central Asia Gold operates in a complicated and challenging legal environment in Russia. Further, the Russian tax legislation is subject to varying interpretations and frequent changes. Changes in the interpretations of tax legislation and in the legal environment may have significant impact on the company.

Significant events after the end of the reporting period

In January 2012, Centerra Gold Inc. (”Centerra”) completed the second phase of investments in the Kara Beldyr joint venture and thereby earned another 20% ownership in the Kara Beldyr joint venture. In total Centerra has invested 6.5 MUSD into the project. CAG’s ownership in the Kara Beldyr joint venture is after the completion of the second phase 30%, and CAG intends to keep this share of the joint venture and will continue to be involved in the future exploration of the area.

Further, on February 10 2012, Centerra presented a preliminary resource estimate for the Gord Zone of the Kara Beldyr joint venture with an indicated resource of 289,000 ounces of contained gold and an inferred resource of 211,000 ounces of contained gold. The resource estimate was prepared and classified in accordance with the standards defined by the Canadian Institute of Mining, Metallurgy and Petroleum, 2010 Definition Standards for Mineral Resources and Mineral Reserves (CIM) adopted by National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101).

Next report due

The next financial report due is the annual report for 2011 that will be released on April 26, 2012. The Annual General Meeting for shareholders will be held on May 24, 2012.

Annual Report 2011	26 April 2012
3 month report 2012 (Jan-March)	24 May 2012
6 month report 2012 (Jan-June)	29 August 2012
9 month report 2012 (Jan-Sept)	28 November 2012

Company information

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 September 2011 estimated to encompass almost 1,000,000 troy ounces (oz) (1 troy ounce = 31,1 g) of C1/ C2 Russian gold reserves (equaling some 32 tons). The parent company's full name is Central Asia Gold AB (publ). It is a public limited liability company with head office in Stockholm. The corporate identification number is 556659-4833. Address of the parent company is Engelsbrektsplan 2, 4 tr, 114 34Stockholm. Since July 19, 2010, CAG´s shares are traded on First North Premier at the NASDAQ OMX Nordic Exchange under the short name CAG. For more information please visit www.centralasiagold.se. Mangold Fondkommission is Certified Adviser to CAG, for more information please call +46 8 503 015 50 or visit www.mangold.se.

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, February 24, 2012

Central Asia Gold AB (publ.)

Lars Guldstrand
Chairman

Nick Harwood
Director

Tom Baring
Director

Gordon Wylie
Director

Niclas Ericsson
Director

Preston Haskell
CEO and Director

The interim report has not been reviewed by the Company´s auditors.

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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.

This Interim report in English is a translation of the Swedish interim report for the nine month period ended September 30, 2011. If any discrepancies exist in the translation, the Swedish version shall prevail.

Financial reports

Consolidated income statement

(All amounts in TSEK)	3 months **2011-10-01 -2011-12-31**	3 months **2010-10-01 -2010-12-31**	12 months **2011-01-01 -2011-12-31**	12 months **2010-01-01 -2010-12-31**
Income				
Revenue from sale of gold	36 352	76 675	131 965	214 037
Capitalised work for own account	0	916	4 112	18 153
Change in stock of finished and semi-finished goods	-4 956	-4 130	42 663	15 097
Other operating income	2 313	30 119	18 175	35 838
Total income	**33 709**	**103 580**	**196 915**	**283 125**
Operating costs				
External expenses	-29 713	-51 214	-133 558	-153 634
Employee benefit expenses	-19 292	-19 402	-84 409	-72 403
Depreciation, amortization and write downs	-25 577	-3 308	-66 728	-23 309
Other operating expenses	-1 662	-	-13 384	-
Total operating costs	**-76 244**	**-73 924**	**-298 079**	**-249 346**
Operating profit/loss	**-42 535**	**29 656**	**-101 164**	**33 779**
Net financial items	-13 002	811	-27 101	-16 671
Profit/loss before income tax	**-55 537**	**30 467**	**-128 265**	**17 108**
Income tax	-7 128	166	7 869	-9 420
Net profit/loss for the period	**-62 665**	**30 633**	**-120 396**	**7 688**
Whereof attributable to:				
The owners of the parent company	-62 665	30 702	-119 325	7 964
Non-controlling interest	-	-69	-1 071	-276
Earnings per share before dilution (SEK)	**-3,83**	**2,08**	**-7,17**	**1,58**
Earnings per share after dilution (SEK) **)	**-3,83**	**2,08**	**-7,17**	**1,58**
Number of shares issued at period end	17 616 987	16 016 987	17 616 987	16 016 987
Average number of shares for the period	17 616 987	14 775 851	16 652 603	5 026 107
Average number of shares for the period after dilution **)	17 616 987	14 775 851	16 652 603	5 026 107

***) At the end of September 2011, there are 510,650,000 outstanding warrants with the right to subscribe for 1,315,000 shares. 250,000 of these shares has a strike price of SEK 221.1 per share with last date of excercising in January 2012. 1,065,000 shares has a strike price of SEK 25 per share and are exercisible until August 2012. Since the strike price is higher than the prevailing market price, no dilution currently arises due to the outstanding warrants. If all outstanding warrants were to be converted to shares, the total number of shares after dilution would be 18,931,987.*

Consolidated statement of comprehensive income

(All amounts in TSEK)	3 months **2011-10-01 -2011-12-31**	3 months **2010-10-01 -2010-12-31**	12 months **2011-01-01 -2011-12-31**	12 months **2010-01-01 -2010-12-31**
Net profit/loss for the period	-62 665	30 633	-120 396	7 688
Other comprehensive income				
Translation difference	4 192	12 813	-6 739	-16 319
Total comprehensive income for the period	**-58 473**	**43 446**	**-127 135**	**-8 631**
Whereof attributable to:				
The owners of the parent company	-58 473	43 515	-126 064	-8 355
Non-controlling interest	-	-69	-1 071	-276

Consolidated balance sheet

(All amounts in TSEK)	December 31, 2011	December 31, 2010
ASSETS		
FIXED ASSETS		
Intangible fixed assets	159 496	154 301
Tangible fixed assets	229 364	143 087
Financial fixed assets	80 105	60 938
Total fixed assets	**468 965**	**358 326**
CURRENT ASSETS		
Inventories	153 620	167 772
Current receivables	42 515	89 160
Cash and bank	10 995	22 230
Total current assets	**207 130**	**279 162**
TOTAL ASSETS	**676 095**	**637 488**
Other operating expenses		
Equity	308 031	404 106
Non-controlling interest	-	1 405
Total equity	**308 031**	**405 511**
Long term liabilities	**85 413**	**61 282**
Current liabilities	**282 651**	**170 695**
TOTAL EQUITY AND LIABILITIES	**676 095**	**637 488**
PLEDGED ASSETS	188 816	53 386
CONTINGENT LIABILITIES	-	31 436

Consolidated statement of changes in equity

	Attributable to the shareholders of the parent company					
(All amounts in TSEK)	Share capital	Additional paid in capital	Translation difference reserve	Retained earnings	Non-controlling interest	Total equity
Equity as at December 31, 2009	**176 531**	**-66 031**	**4 915**	**83 650**	**1 681**	**200 746**
Transactions with shareholders						
Reduction in share capital	-156 671	156 671				0
Share issuance	160 331	67 829				228 160
Costs for share issuance		-14 764				-14 764
Total transactions with shareholders for the period	**3 660**	**209 736**				**213 396**
Comprehensive income						
Net profit/loss for the period				7 964	-276	7 688
Translation difference			-16 319			-16 319
Total comprehensive income for the period			**-16 319**	**7 964**	**-276**	**-8 631**
Equity as at December 31, 2010	**180 191**	**143 705**	**-11 404**	**91 614**	**1 405**	**405 511**
Transactions with shareholders						
Share issuance	18 000	10 000				28 000
Costs for share issuance		2 114				2 114
Total transactions with shareholders for the period	**18 000**	**12 114**				**30 114**
Change in non-controlling interests				-125	-334	-459
Comprehensive income						
Net profit/loss for the period				-119 325	-1 071	-120 396
Translation difference			-6 739			-6 739
Total comprehensive income for the period			**-6 739**	**-119 325**	**-1 071**	**-127 135**
Equity as at December 31, 2011	**198 191**	**155 819**	**-18 143**	**-27 836**	**0**	**308 031**

Consolidated cash flow statement

(All amounts in TSEK)	12 months 2011-01-01 -2011-12-31	12 months 2010-01-01 -2010-12-31
Operating activities	-101 164	33 779
Adjustment for non-cash items	54 870	-6 391
Paid/received interest	-13 323	-10 894
Cash flow from operations before changes in working capital	**-59 617**	**16 494**
Changes in working capital	71 071	-113 347
Net cash used in operating activities	**11 454**	**-96 853**
Net cash used in investing activities	**-178 157**	**-95 220**
Net cash generated from financing activities	**155 040**	**191 234**
Net change in cash	**-11 663**	**-839**
Cash and bank at the beginning of the period	22 230	22 732
Translation difference in cash and bank	428	337
Cash and bank at the end of the period	**10 995**	**22 230**

Consolidated key ratios

	12 months 2011-01-01 -2011-12-31	12 months 2010-01-01 -2010-12-31
Total assets (TSEK)	676 095	637 488
Total equity (TSEK)	308 031	405 511
Equity ratio (%)	45,6%	63,6%
Interest bearing debt (TSEK)	240 469	118 133
Employees at period end	493	726
EBITDA (TSEK)	-34 436	57 088
Per share data		
Earnings per share (SEK)	-7,17	1,58
Equity per share (SEK)	17,48	25,23
Return on equity (%)	-33,7%	2,6%

Key ratio definitions

Total assets (TSEK)	Total assets at period end
Total equity (TSEK)	Total equity including non controlling interest at period end
Equity ratio (%)	Total equity divided by total assets expressed as a percentage
Interest bearing debt (TSEK)	Total interest bearing debt at the period end
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
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)	Equity excluding non controlling interests at the period end divided by the number of outstanding shares at the period end
Return on equity (%)	Net result after tax for the period divided by the average total equity for the same period

Parent company income statement

(All amounts in TSEK)	3 months **2011-10-01 -2011-12-31**	3 months **2010-10-01 -2010-12-31**	12 months **2011-01-01 - 2011-12-31**	12 months **2010-01-01 - 2010-12-31**
		*Restated**		*Restated**
Income				
Other operating income	32	8 432	198	13 441
Total income	**32**	**8 432**	**198**	**13 441**
Operating costs				
External expenses	-6 525	-2 959	-11 586	-7 009
Employee benefit expenses	-1 173	-491	-2 289	-942
Total operating costs	**-7 698**	**-3 450**	**-13 875**	**-7 951**
Operating profit/loss	**-7 666**	**4 982**	**-13 677**	**5 490**
Net financial items	-232 220	1 875	-228 402	9 535
Profit/loss before income tax	**-239 886**	**6 857**	**-242 079**	**15 025**
Income tax	-	-526	-	-526
Net profit/loss for the period	**-239 886**	**6 331**	**-242 079**	**14 499**

** Restated in accordance with note 1.*

Parent company statement of comprehensive income

(All amounts in TSEK)	3 months **2011-10-01 -2011-12-31**	3 months **2010-10-01 -2010-12-31**	12 months **2011-01-01 -2011-12-31**	12 months **2010-01-01 -2010-12-31**
		*Restated**		*Restated**
Net profit/loss for the period	-239 886	6 331	-242 079	14 499
Exchange rate differences	2 816	1 939	-825	-24 686
Total comprehensive income for the period	**-237 070**	**8 270**	**-242 904**	**-10 187**

** Restated in accordance with note 1.*

Parent company balance sheet

(All amounts in TSEK)	December 31, 2011	December 31, 2010
		*Restated**
ASSETS		
FIXED ASSETS		
Financial fixed assets	703 446	735 481
Total fixed assets	**703 446**	**735 481**
CURRENT ASSETS		
Current receivables	402	638
Cash and bank	8 119	10 945
Total current assets	**8 521**	**11 583**
TOTAL ASSETS	**711 967**	**747 064**
EQUITY AND LIABILITIES		
Total equity	**525 014**	**737 804**
Long term liabilities	**14 914**	**6 398**
Current liabilities	**172 039**	**2 862**
TOTAL EQUITY AND LIABILITIES	**711 967**	**747 064**
PLEDGED ASSETS	405 885	248 065
CONTINGENT LIABILITIES	78 995	-

** Restated in accordance with note 1.*

Parent company statement of changes in equity

(All amounts in TSEK)	Share capital	Statutory reserve	Share premium reserve	Translation difference reserve*	Retained earnings*	Net income for the period	Total equity
Equity as at December 31, 2009	**176 531**	**68 032**	**313 198**	**0**	**-56 637**	**-12 280**	**488 844**
Effect of restatement of exchange rate differences*				-6 406	6 406		0
Restated equity as at December 31, 2009	**176 531**	**68 032**	**313 198**	**-6 406**	**-50 231**	**-12 280**	**488 844**
Profit/loss brought forward					-12 280	12 280	0
Transactions with shareholders							
Reduction in share capital	-156 671		156 671				0
Proceeds from share issuance	160 331		67 829				228 160
Expenses for share issuance			-14 764				-14 764
Shareholders contribution			45 751				45 751
Total transactions with shareholders for the period	**3 660**		**255 487**				**259 147**
Comprehensive income							
Net profit/loss for the period						14 499	14 499
Exchange rate difference				-24 686			-24 686
Total comprehensive income for the period				**-24 686**		**14 499**	**-10 187**
Equity as at December 31, 2010	**180 191**	**68 032**	**568 685**	**-31 092**	**-62 511**	**14 499**	**737 804**
Profit/loss brought forward					14 499	-14 499	0
Transactions with shareholders							
Proceeds from share issuance	18 000		10 000				28 000
Expenses for share issuance			2 114				2 114
Total transactions with shareholders for the period	**18 000**		**12 114**				**30 114**
Comprehensive income							
Net profit/loss for the period						-242 079	-242 079
Exchange rate difference				-825			-825
Total comprehensive income for the period				**-825**		**-242 079**	**-242 904**
Equity as at December 31, 2011	**198 191**	**68 032**	**580 799**	**-31 917**	**-48 012**	**-242 079**	**525 014**

** Restated in accordance with note 1.*

Parent company cash flow statement

(All amounts in TSEK)	12 months **2011-01-01 -2011-12-31**	12 months **2010-01-01 -2010-12-31**
Operating activities	-13 677	5 490
Adjustment for non-cash items	-	-8 392
Paid/received interest	-1 906	-2
Cash flow from operations before changes in working capital	**-15 583**	**-2 904**
Changes in working capital	9 386	1 496
Net cash used in operating activities	**-6 197**	**-1 408**
Net cash used in investing activities	**-178 057**	**-198 317**
Net cash generated from financing activities	**181 008**	**196 928**
Net change in cash	**-3 246**	**-2 797**
Cash and bank at the beginning of the period	10 945	14 794
Translation difference in cash and bank	420	-1 052
Cash and bank at the end of the period	**8 119**	**10 945**

Notes to the financial reports

Note 1, Restatement of parent company accounts

As of January 1, 2010, the group changed its policy for reporting exchange rate gains and losses arising on intercompany loans to be reported as a component of other comprehensive income instead of a part of financial items in the income statement due to their character of net investment in foreign operations. The change in the group accounting policy also affects the accounting of the exchange rate differences in the parent company accounts, were these differences are reported in a fair value reserve (translation difference reserve) in equity, instead of in financial items in the income statement. The change in value is reported in the parent company's other comprehensive income.

With regards to the above, the income statement, balance sheet and statement of changes in equity for the parent company has been restated for 2010 and the first half of 2011. The restatement has effect on the reported net income for the parent company, but not on the total equity reported, see table below.

Amount in KSEK	Effect on financial items	Effect on net income	Effect on fair value reserve	Effect on other comprehensive income/retained earnings	Effect on total equity
Opening balance 2009			- 6 406	+ 6 406	0
Q 1 2010	+1 470	-1 470	-1 470	+1 470	0
Q 2 2010	+4 499	-4 499	-4 499	+4 499	0
Q 3 2010	+20 656	-20 656	-20 656	+20 656	0
Q 4 2010	-1 939	+1 939	+1 939	-1 939	0
Full year 2010	**+24 686**	**-24 686**	**-24 686**	**+24 686**	**0**
Q 1 2011	+1 364	+1 364	-1 364	+1 364	0
Q 2 2011	-4 481	-4 481	+4 481	-4 481	0
1st half year 2011	**-3 117**	**-3 117**	**+3 117**	**-3 117**	**0**

Note 2, Sale of subsidiary, LLC Artelj Lena

During the report period 100% of the shares in the subsidiary LLC Artelj Lena ("Lena") was sold to Sibirskoe Zoloto in two tranches (30% + 70%) for a total consideration of MRUB 100 (approx. MSEK 22.2).

	KSEK
Proceeds from sale	22 252
Consolidated net equity	10 394
Gain on disposal	11 858
Impact on cash flow	21 992

Note 3, Changes in number of shares and share capital

Number of shares	**2011**	**2010***
Opening balance	16,016,987	1,765,312
New share issuance	1,600,000	14,122,500
Closing balance	**17,616,987**	**15,887,812**

** The number of shares for 2010 has been adjusted with the reversed split of 10:1 that was performed in October 2010.*

The quota value of the shares is SEK 11.25 and the share capital amounts to SEK 198,191,213.