

Report and proposals of the Nomination Committee of Central Asia Gold AB (publ)

Background

According to decision of the 2011 Annual General Meeting, the Nomination Committee was convened by the chairman Lars Guldstrand and consisted of the four largest shareholders in Central Asia Gold AB. The Nomination Committee consisted of James Smith as representative of Bertil Holdings Limited, Roger Hassanov as representative of GKL Growth Capital AB, Martin Diggle as representative of Vulpes Investment Management, and Per Vasilis as a representative of Niclas Eriksson and the family. The four shareholder representatives in the Nomination Committee jointly represented more than 70 percent of the voting rights in the Company. The Nomination Committee has held three (3) meetings in person and by telephone.

The Nominating Committee of Central Asia Gold AB will present the following proposals to the AGM:

Chairman at the AGM

The Nomination Committee proposes that Johan Lindwall is appointed chairman of the AGM.

Election of chairman and other members of the board

The Nomination Committee proposes that the board shall consist of five (5) members. The Nomination Committee proposes re-election of Lars Guldstrand, Nick Harwood and Preston Haskell, and election of Denis Alexandrov and Ingmar Haga as new members of the board. The Nomination Committee proposes that the chairman is to be elected by the board among themselves until the end of the next annual general meeting.

As a base for its decision, the Nomination Committee has made an evaluation of the board and its work. The Nomination Committee came to a conclusion that the proposed board of directors will have a good balance of financial and operational expertise, as well as knowledge of international markets. In view of the evaluation made, the Nomination Committee proposes the above mentioned individuals as members of the board of directors.

The proposal for the composition of the company's board of directors meets the requirements of the Swedish Code for Corporate Governance regarding independence of the members. Denis Alexandrov, Nick Harwood and Ingmar Haga are regarded as independent in relation to the company, its management, as well as the company's larger shareholders. Lars Guldstrand and James Smith are regarded as independent in relation to the company and management, but not in relation to the company's larger shareholder. Preston Haskell is not regarded as independent in relation to company, management and the company's larger shareholders.

Proposal regarding remuneration of the board members

Board members will be remunerated at 200,000 SEK and the Chairman at 250,000SEK. Remuneration shall be paid in six increments at each of six meetings requiring physical attendance. Remuneration will be withheld for non attendance of a required meeting. Periodic telephonic meetings will be required but will not be compensated. No board remuneration will be paid to board members who receives salary from the company.

If any committee is established by the board, no remuneration is to be paid for participation in it.

Proposal regarding election of the auditor

The Nominating Committee evaluated the Company's auditors and received quotation for the job. The Nomination Committee proposes re-election of the accounting firm Öhrlings PricewaterhouseCoopers AB and Martin Johansson as principal auditor. The nomination committee believes that the proposed auditor has the skills and experience required for the audit of the company.

Proposal on remuneration of the auditor

Fees to the auditor shall be based on approved invoices and on the time and rate.

Proposal on resolution for appointment of the nomination committee

The Nomination Committee proposes the same nomination process as last year.

The nomination committee shall consist of the chairman of the board and four members, each representing one of the four owners with the largest voting power. The term of office for the nomination committee is until a new nomination committee has been appointed. Unless the committee members decide otherwise, the chairman of the nomination committee shall be the member that represents the shareholder with the largest shareholding in the company. The selection of the four largest shareholders shall be made on the basis of the share register of the company kept by Euroclear Sweden AB as of the last banking day in October 2012 and other reliable shareholder information the company has obtained at this time. If a member leaves the election committee before its work is completed and if the election committee considers that there is a need to replace this member, the election committee shall appoint a new member.

The nomination committee shall prepare the below proposals to be submitted to the 2013 Annual General Meeting for resolution:

- a) proposal regarding chairman of the Annual General Meeting,
- b) proposal regarding the number of board of directors,
- c) proposal regarding chairman of the board of directors,
- d) proposal regarding directors' fees for each of the directors as well as remuneration for committee work,
- e) proposal regarding auditor's fees, and
- f) proposal regarding the nomination committee for the 2014 Annual General Meeting.

No remuneration shall be paid to the members of the election committee. The election committee may charge the Company reasonable costs for travelling and investigations.

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Stockholm in May 2012

The Nomination Committee in Central Asia Gold AB (publ)