INTERIM REPORT DATED AUGUST 27, 2009

Central Asia Gold AB (publ)
Interim report for the six-month period January – June 2009

(NGM: CAG)

- **Consolidated revenues for January – June 2009 amounted to TSEK 224,310 (TSEK 30,259). A one-off negative goodwill dissolution item amounting to TSEK 201,261 TSEK is included in the revenues for the report period (0) and applies to Q1.**

- **For the quarter April – June 2009, consolidated revenues amounted to TSEK 19,535 (TSEK 8,219).**

- **The net result after tax and minority interest for January-June 2009 was TSEK 167,027 (TSEK –9,347). Excluding negative goodwill effect, the net result was negative for the six-month period.**

- **For the quarter April – June 2009, the net result was TSEK -14,918 (TSEK –5,742).**

- **EPS was SEK 0.050 for January-June 2009 (SEK -0.003). For the quarter April – June 2009 EPS amounted to SEK -0.004 (-0.002).**

- **Approved gold reserves C1/C2 are expected to reach 30 – 35 tons around year-end 2009. As per the report date they amount to approximately 24 tons.**

- **As CAG AB is in 2009 almost exclusively producing gold from its alluvial subsidiaries, the bulk of the gold production will as usual take place during Q3. Gold production was 106 kg (50 kg) during the first six months of 2009, whereof all produced during the last quarter of the report period (in 2008 12 kg were produced in Q2). As per the end of August 2009 accumulated gold production this year amounts to approximately 350 kg.**

- **The 2009 gold production target for the new combined company is being revised down to 600 – 700 kg (previously 800 – 1,000 kg) as the alluvial subsidiaries have not been able during summer to perform fully according to plan. Main**

explanatory factors are a delay in the merger and extreme rain falls on the Asian continent including Eastern Siberia.

- **Emphasis on developing and securing the plan for taking the company in to next phase. From alluvial production to mainly ore mining and thereby having a solid basis for the constant and self-sustained production of gold**

- **A reversed split 200:1 was carried out in July 2009. The new number of outstanding shares is thereafter 17,653,125, whereof 2,653,125 ordinary shares and 15,000,000 interim shares. A trading lot on the stock exchange is 100 shares.**

Comments by the Managing Director

Let me start with stating that now after a few months as the CEO in the "new CAG", I am more convinced then ever of the excellent assets and the strong future we can expect from this company. Unfortunately the completion of the merger between New Mining Corporation and CAG was not finalized until March 2009. Losing the momentum of solid planning and preparation for the season, as well as available cash resources late 2008 / early 2009 delayed an efficient start of production. It also slowed down the organisational merger of the two companies. This in addition to severe rainstorms in late spring and summer caused slowdowns in production resulting in that we will not meet the 2009 full year total production as projected late last year. Our estimate for the full year will be in the range of 600-700 kg. However, despite these initial challenges, the new operational systems and a strict cost control plan were implemented. I feel very confident in the efficient way we now operate and control our costs.

Our focus since we came in to office has been to secure the plan to move the company in to next phase, moving it from alluvial production to ore mining and thereby having a solid basis for the constant and self-sustained production of gold. We have also brought leading international mining consultants including SRK in to help ensure proper capital optimization for the next phase, and to pave the road forward for access to global financial markets including long term bank financing on this development.

The current year's key priorities are to operate the licenses where we are confident that we can generate positive cash flow, to cover corporate over-head costs, costs for planning for the next phase and merger costs. This has resulted in that we actually stopped production on some of the prior sites. All in all, our view on the full year cash generation is that cash flow out of the operating units will largely cover the cost of traditional management over-head and corporate costs, however on a fully consolidated company basis we estimate a negative cash flow when we also include the extra ordinary set-up and merger costs. We are also pleased that we have been able to finance the working capital need during the year avoiding issuance of new shares and dilution by the support of our major shareholder Preston Haskell, GKL Growth Capital AB and a local Russian bank that have provided us with debt financing.

The future of CAG looks bright. We now have the operating control and process systems in place; we are finalizing the review of mineralisation and developing the plan for efficient use and return of any investment in the future primarily ore production. This includes prioritizing among the company’s key assets Tardan ore deposit and production plant, Solcocon heap leaching factory and Staroverinskaya license area and the Uzhunzhul license area. Last but not least, the development and follow up of the joint venture project on the Kara-Beldyr deposit. Our partner Centerra gold, one of the leading Canadian gold producers, covers the cost of exploration and we have great confidence in the outcome and future value of this deposit. This confidence is further supported by that Centerra on their web page also state this being one of their six promising projects.

Even though our focus is to build a strong foundation for the future, I can promise that we give equally strong attention to our current operation maximizing both organizational strength, disciplined savings / cost control and cash flow generation. All alluvial production is proceeding at full capacity at all three production sites of CAG. These alluvial sites shall be regarded as the transitional source of operating cash flow aimed at reducing group costs and financing our gradual movement towards developing ore production sites. Certain mining gold has been produced during the period, although on a modest scale.

I am confident in the company’s development and that we will be able to secure a good shareholder value creation both short- and long-term.

Sergey Gorbachev, Managing Director

Background

Central Asia Gold AB (CAG AB) is a Swedish mining company with operations in Eastern Siberia, Russia. CAG AB has in March 2009 completed the merger with Russian gold mining group New Mining Company (“NMC”) by way of an issue in kind. As a result of the acquisition, CAG AB became parent company of an enlarged group of Russian gold mining subsidiaries. The merger also resulted in the previous shareholders of NMC, primarily the American entrepreneur Preston Haskell, becoming main owner of CAG AB. Before completing the merger, CAG AB on December 30, 2008 dividended out all the shares in its subsidiary Kopylovskoye AB pro rata to the CAG AB shareholders.

The group structure consists of the Swedish joint stock parent company, which controls eight wholly-owned subsidiaries in Russia. One of them is dormant. The Russian subsidiaries are of the limited liability type (“OOO”). The subsidiaries also own three sub-subsidiaries. The operations involve exploration and production of gold, primarily in the Tyva, Tchita and Irkutsk regions in Russia. Proforma gold production by the Russian subsidiaries (as if the merger would have been completed in early 2008) was approximately 1,100 kg in 2008.

The group's main assets comprise a large number of mineral licences held by the various subsidiaries. The licences, as at the end of the first six months 2009, are estimated to contain almost 800,000 troy ounces (oz) (1 oz = 31.1 g) of gold reserves according to the Russian C1+C2 categories (equalling some 24 tons).

CAG AB was publicly listed on the Swedish NGM Nordic Growth Market stock exchange on March 29, 2005. The number of shareholders was some 4, 560 as at July 31, 2009.

Results – the Group

On March 2, 2009 Central Asia Gold AB completed the merger with the companies forming the Russian NMC group (New Mining Company). These consist of five different Russian limited liability companies located in Tchita region, namely GRE-324, Solcocon, Borservice, Rudtechnology and Zolotaya Borzya. Through the merger, Central Asia Gold AB expanded its Russian gold exploration and production operations and thereby added significant additional Russian gold assets. Central Asia Gold AB was stand alone (prior to merger with NMC) Russian gold producer number 26 in 2008 (out of a total of more than 400 gold producers. In the merger, NMC's two owners contributed the entire share capital of the 5 NMC companies as well as an equity injection into said companies in connection with the merger of approximately MSEK 70 in exchange for 3,000,000,000 shares issued by CAG. In addition, CAG issued warrants to subscribe for 500,000,000 ordinary shares at an exercise price of SEK 0.20 per share as part of the merger agreement. From the second of March 2009, NMC companies' operations are consolidated in CAG AB's financial statements using the accounting model for "reversed acquisitions". This accounting treatment requires NMC companies to be treated as the accounting acquirer and CAG AB being presented as the acquiree. CAG AB will, as the legal parent, continue to be presented as parent company in future financial reports. Thus, "old" CAG AB's group operations for the first two months of the first quarter 2009 are not consolidated in the group's consolidated financial statements for the six months ended June 30, 2009. All comparative information refers to NMC companies´ financial statements for the quarter, six month period and twelve month period ended June 30 and December 31, respectively, 2008.

For the six month period ended June 30, 2009 the group reports a net result after tax and minority interest of TSEK 167,027 (TSEK –9,347) which corresponds to SEK 0.050 per share (-0.003). It should be emphasized that the reverse acquisition principle implies that a one-off revenue item (dissolution of negative goodwill) arose in the first quarter 2009 amounting to TSEK +201,261. Without this effect the net result would have been negative for the six-month period. For the second quarter of the report period, the group's corresponding net result after tax and minority interest was TSEK -12,977 (TSEK –5,742) corresponding to EPS of SEK -0.004 (SEK -0.002).

Consolidated gold sales revenues were TSEK 12,487 (TSEK 8,512) during the report period. During the quarter April – June 2009 consolidated gold sales amounted to TSEK 12,167 (TSEK 1,825). In total 57 kg of gold was sold during the six month report period (47 kg).

In addition, a revenue component of TSEK 964 (TSEK 10,964) is included in the consolidated P/L account for the 6-month period 2009 relating primarily to drilling services performed by the subsidiaries Tardan Gold and Boreservice, providing drilling services, partly to external clients. Only the part of services rendered to external clients is included in the group accounts. Boreservice has due to the financial crisis had limited external drill assignments during the first six months of 2009. Service income for the second quarter of 2009 was TSEK 731 (TSEK 2,516).

The change in stock of finished and semi-finished goods amounted to TSEK 5,207 during the report period (TSEK 10,783). For the last quarter of the report period the stock movement item amounted to TSEK 3,527 (TSEK 3,878).

During the six months January – June 2009 total exploration costs of TSEK 4,391 were capitalized at subsidiary level (0). For the quarter April – June 2009 the corresponding capitalization component was TSEK 3,110 (0).

Total operating costs in the group during the report period amounted to TSEK -44,916 (TSEK –34,309). For the last quarter of the report period total operating costs were TSEK -32,881 (TSEK -12,912).

Net financial items were TSEK –12,632 for the report period (TSEK –7,337). For the quarter April – June 2009 net financial items amounted to TSEK 2,554 (TSEK –3,143). It should be noted that Mr. Preston Haskell was almost exclusively financing the NMC companies in 2008 via short term credits. As a part of the merger agreement, credits amounting to the equivalent of some MSEK 70 were converted to equity in NMC-companies. Also, at the same date short term interest bearing credits from Mr. Haskell to NMC amounting to the equivalent of some MSEK 70 were converted to long term loans at low interest rate. As a result, the interest expense of the former NMC companies will everything else equal reduce in 2009.

The tax income for the report period was TSEK 119 (TSEK 2,040). It relates predominantly to a change in deferred tax on subsidiary level. The tax item during the second quarter of 2009 was TSEK -4,249 (TSEK 2,094).

The minority share of the net result for the report period was TSEK -146 (TSEK 0). It relates to the subsidiary OOO Artelj Lena. For the quarter April – June 2009 the same minority result was TSEK -123 (0).

Mining operations

Tardan project in the Tyva region

General overview

A considerable exploration programme involving core drilling, trenching and construction of underground drifts and shafts was carried out in the Soviet period and has been supplemented by new data gathering in 2004 – 2008. The first license applies to a 3.3 square 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 km^2 and surrounds the first license area. This new license is called the "Tardan mining district". A large number of gold occurrences were identified at this license block during the Soviet era, and Central Asia Gold has already commenced with reviewing them.

Reserve status

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

The time plan for constructing a future Tardan leaching plant will be decided by the Board of Directors. The Board of Directors is in 2009 making a strategic review of the now bigger CAG AB gold project portfolio, and will thereafter set the priorities. Still Tardan is expected to produce up to 100 kg of gold during 2009.

Kara-Beldyr in Tyva region

This gold project in autumn 2008 became subject to an earn in agreement (joint venture agreement) with Canadian gold company Centerra Gold ("Centerra"). According to the agreement Centerra has the right but not the obligation to earn up to a 70% interest by investing up to 6.5 million USD in to the project over a number of years. Centerra is operator during the earn in period. During the second half of 2008 soil grids, ground magnetic and Dipole- Dipole IP surveys were conducted at the Kara-Beldyr project**.** In the first and second quarters of 2009 a shallow depth drilling program totalling 1,700 m was completed.

During spring and summer of 2009 a diamond drilling programme was carried out with 6 holes completed for a total of 900 m of diamond drilling. The drill core has been logged, split and sampled and assay results are pending.

Bogomolovskoye and Kozlovskoye projects in Tchita region

These two mining projects are located on the Staroverinskaya license block belonging to CAG's Tchita region based subsidiary GRE-324. The license comprises the rights to perform exploration and production of gold during the license period, which extends to 2029. The two deposits are located closely to each other. Bogomolovskoye deposit in December 2008 underwent the compulsory Russian reserve approval procedures. As a result, 8.1 tons of C1/C2 reserves were approved. The ores at Bogmolovskoye are both oxidized and non-oxidized. A large part of the shallow ores (oxidized ores) was produced in 2004 – 2008 in the nearby heap leaching plant belonging to CAG AB now via the subsidiary Solcocon. In 2008 the pure gold produced in the heap leaching plant amounted to some 130 kg.
Kozlovskoye deposit was explored in the 1960ies by the Soviet geologic authorities. At that time some 10 tons of gold reserves were established according to the then prevailing standards. The average gold grade was at that time established to be more than 10 g/t. A new reserve approval procedure is scheduled for late 2009 as regards this deposit.
A number of additional gold occurrences have been detected at the license block. However, in 2009, considering the credit crunch and associated high cost of capital, CAG has decided to put as much as possible of the capital expenditure in terms of the Staroverinskaya license block on hold. No gold has been produced during the first six months of 2009 at these two properties. During the second part of the year, however, it is expected to extract certain minor gold quantities from the existing heaps.

Alluvial gold production

<u>The gold placer producers OOO Artelj Tyva (Tyva region), OOO Artelj Lena (Irkutsk region) and OOO Zolotaya Borzya (Tchita region)</u>

The two subsidiaries belonging to "old Central Asia Gold group" are Artelj Tyva and Artelj Lena. Both of them have decades of production history and are therefore on decline when it comes to their gold production. Also, the production sites of both these subsidiaries are located far away from their respective administrative centres implying challenging logistics in view of the seasonal patterns.
Subsidiary OOO Zolotaya Borzya used to belong to the so called NMC group and is located in Tchita region on the so called Staroverinskaya license block. Zolotaya Borzya is in 2009 entering its second real production season. Total registered remaining gold reserves of the three subsidiaries as at end of June 2009 amount to approximately 8 tons.

Since alluvial gold production is a highly seasonal activity (gold production takes place only during the warm period May – October) preparatory work (such as overburden removal and vehicle park service) must be executed during the cold winter months. This then demands that working capital is in place in the early part of the calendar year. Normally, this is organized via so called gold credits in the Russian banking system. As reported previously, the severe global financial crisis resulted in big problems for the Russian alluvial gold mining sector to secure such credits this year. In CAG group it implied that working capital was needed to be searched primarily in the West. Some 2.5 MUSD as CAG shareholder-affiliated loan and MRUR 18.5 (approx. 600 TUSD) as a loan from the Bank of Moscow were finally

attracted somewhat late in the season, and this amount in combination with relatively extensive suppliers' credits in Russia enabled CAG's subsidiaries to finally start up gold production this year. The late start has resulted in delays. During the second quarter of 2009 approximately 100 kg of alluvial gold was produced. During July and August, an additional approximately 200 kg of alluvial gold was produced and the season will continue to the end of October as usual. It is however not likely that the alluvial subsidiaries will be able to fully compensate for the late start and extreme weather conditions (heavy rain falls on the Asian continent during summer months), so the new revised 2009 group gold production target is now 600 – 700 kg. Thereof the bulk will be produced by the alluvial units.
On the positive side can be mentioned that the gold price has held up rather well so far, and in combination with a weak ruble this will result in relatively favourable cost- and price components this year.

Investments, liquidity and financing
Investments in material and immaterial fixed assets during the first six months of 2009 amounted to TSEK 5,714 (TSEK 19,890).

Cash in group accounts was TSEK 10,831 at the end of June 2009 (TSEK 2,185).

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

The parent company
The Swedish parent company is a holding company without significant operations. It supports the subsidiary companies with financing, investor relation services and strategy reviews etc. It thus has no income other than interest on loans extended to the subsidiaries from time to time or in respect of bank deposits. Also, the exchange rate effect on assets and liabilities denominated in foreign currency impacts on the result.

The net result for the six month period January – June 2009 was TSEK 63 (TSEK -7,416). The net result for the last quarter in isolation was TSEK -6,005 (TSEK -1,842).

Cash in the parent company was TSEK 5,730 as at end of June 2009 (TSEK 64,264). The relatively high cash level in the end of June 2008 is explained by a rights issue that closed in that month.

Employees
The group had on average 950 employees during the first six months of 2009 (454). As per end of June 2009 the number of employees in the group was 884 (496).

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

As a result, the number of outstanding shares as at the end of the report period amounts to 3,530,625,000 (whereof 530,625,000 ordinary shares and 3,000,000,000 interim shares, BTA).The interim shares will be converted into ordinary shares as soon as a prospectus is submitted and registered by the SFSA. Said warrants entitle to subscription of one new share per warrant at a strike price of SEK 0.20 per share as per end of June 2009. The term of the warrants is January 2012.

In July 2009 an option programme encompassing in total 14,500,000 options expired. These options were issued in summer 2007 following an AGM approval. The original strike price was SEK 2 per option corresponding to 1 new share. The most recent recalculated strike price was SEK 1.76 per share, and as a result none of the options was exercised.

Also, in July 2009 a reversed split 200:1 was conducted. Therefore the new number of outstanding shares including interim shares is as per the report date 17,653,125. The number of outstanding warrants has also been reduced accordingly, and now amounts to 2,500,000 with a strike price of SEK 40 each.

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

Major events after the end of the report period

Securing of bank financing

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

Change in the Board of Directors

In August 2009 Mr. Risto Silander resigned from the Board of Directors for personal reasons. He has not yet been replaced.

Next report due

The next financial report due is the interim report for the nine month period January – September 2009. It will be released on November 27, 2009. Thereafter next report date is in the end of February 2010, when the interim 12-month report for financial year 2009 gets published.

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.

Central Asia Gold AB (publ)
org no 556659-4833

GROUP PROFIT AND LOSS ACCOUNT (all amounts in TSEK)	3 months **2009-04-01 - 2009-06-30**	3 months **2008-04-01 - 2008-06-30**	6 months **2009-01-01 - 2009-06-30**	6 months **2008-01-01 - 2008-06-30**	12 months **2008-01-01 2008-12-31**
Net sales	12 167	1 825	12 487	8 512	46 973
Capitalised costs	3 110	-	4 391	-	-
Change in stock of finished and semi-finished goods	3 527	3 878	5 207	10 783	-
Other operating revenues	731	2 516	964	10 964	21 740
Dissolution of negative goodwill	-	-	201 261	-	-
Total revenues	**19 535**	**8 219**	**224 310**	**30 259**	**68 713**
Operating costs					
External costs	-18 280	-4 191	-22 321	-17 690	-62 885
Salary related costs	-13 653	-7 287	-17 986	-13 738	-33 170
Depreciation	-948	-1 434	-4 609	-2 881	-7 402
Total operating costs	**-32 881**	**-12 912**	**-44 916**	**-34 309**	**-103 457**
Operating result	**-13 346**	**-4 693**	**179 394**	**-4 050**	**-34 744**
Net financial items	2 554	-3 143	-12 632	-7 337	-33 795
Result after net financial items	**-10 792**	**-7 836**	**166 762**	**-11 387**	**-68 539**
The period's tax cost	-4 249	2 094	119	2 040	14 985
Net result after tax for the period	**-15 041**	**-5 742**	**166 881**	**-9 347**	**-53 554**
Whereof attributable to the shareholders of the parent company	**-14 918**	**-5 742**	**167 027**	**-9 347**	**-53 554**
Whereof attributable to the minority	**-123**	-	**-146**	-	-
Earnings per share before dilution, SEK	-0,004	-0,002	0,050	-0,003	-0,018
Earnings per share after dilution, SEK **)	-0,004	-0,002	0,050	-0,003	-0,018
Number of shares issued at period end	3 530 625 000	3 000 000 000	3 530 625 000	3 000 000 000	3 000 000 000
Average number of shares for the period	3 530 625 000	3 000 000 000	3 347 854 167	3 000 000 000	3 000 000 000
Average number of shares for the period after dilution **)	3 530 625 000	3 000 000 000	3 347 854 167	3 000 000 000	3 000 000 000

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (all amounts in TSEK)	3 months **2009-04-01 - 2009-06-30**	3 months **2008-04-01 - 2008-06-30**	6 months **2009-01-01 - 2009-06-30**	6 months **2008-01-01 - 2008-06-30**	12 months **2008-01-01 2008-12-31**
Net result for the period	-15 041	-5 742	166 881	-9 347	-53 554
Translation difference	-34	1 153	4 807	40	1 309
Total comprehensive income for the period	-15 075	-4 589	171 688	-9 307	-52 245
Total comprehensive income for the period attributable to:					
Parent company's shareholders	-14 952	-4 589	171 834	-9 307	-52 245
Minority	-123	-	-146	-	-

Central Asia Gold AB (publ)
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GROUP BALANCE SHEET (all amounts in TSEK)	**June 30, 2009**	**June 30, 2008**	**Dec 31, 2008**
ASSETS			
FIXED ASSETS			
Immaterial fixed assets	151 286	28 221	43 087
Material fixed assets	117 086	26 551	47 162
Financial fixed assets	26 713	2 244	15 010
Total fixed assets	***295 085***	**57 017**	**105 259**
CURRENT ASSETS			
Inventories	121 847	43 532	20 016
Current receivables	72 292	47 649	41 952
Cash and bank	10 831	2 185	144
Total current assets	***204 970***	**93 366**	**62 112**
TOTAL ASSETS	**500 055**	**150 384**	**167 371**
EQUITY AND LIABILITIES			
Total equity	**229 745**	**-9 460**	**-50 814**
Minority interest	**1 361**	-	**-**
Long term liabilities	**143 415**	**110 463**	**162 336**
Current Liabilities	**125 534**	**49 381**	**55 849**
TOTAL EQUITY AND LIABILITIES	**500 055**	**150 384**	**167 371**

ASSETS PLEDGED			
Bank accounts	**-**	-	-
Material fixed assets	8 148		
CONTINGENT LIABILITIES	-	-	-

Central Asia Gold AB (publ)			
org no 556659-4833	6 months	6 months	12 months
GROUP CASHFLOW ANALYSIS	**Jan - June**	**Jan - June**	**Jan - Dec**
(All amounts in TSEK)	**2009**	**2008**	**2008**
Operating activities	179 393	-4 051	-34 744
Adjustment fot items not included in the cash flow	-196 652	2 881	22 591
Paid/received interest and similar items	-1 298	-661	-1 126
Cash flow from operations before changes in working capital	**-18 557**	**-1 831**	**-13 279**
Changes in working capital	14 373	-23 649	-10 823
Net cash flow used in operating activities	**-4 184**	**-23 649**	**-24 102**
Net cashflow used in investing activities	-5 714	-19 890	-22 437
Net cash flow from financing activities	20 623	47 118	46 246
Increase in cash and bank	10 725	1 748	**-293**
Cash and bank at the beginning of the period	**144**	**437**	**437**
Translation difference in cash and bank	**-38**	**0**	**0**
Cash and bank at the end of the period	**10 831**	**2 185**	**144**

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STATEMENT OF CHANGES IN EQUITY (GROUP)

(Expressed in TSEK)	Share capital	Additional paid in capital	Other reserves	Retained earnings	Minority interest	Total equity capital
Equity as at December 31, 2007	**82 442**	**-82 396**	**0**	**-199**	**0**	**-153**
Total comprehensive result for the period Jan - June 2008				-9 307		-9 307
Equity as at June 30, 2008	**82 442**	**-82 396**	**0**	**-9 506**	**0**	**-9 460**
Total comprehensive result for the period July - Dec 2008				-42 938	0	-42 938
Equity contribution		1 584				1 584
Rights issue in CAG AB	23 683	-23 683				
Equity as at December 31, 2008	**106 125**	**-104 495**	**0**	**-52 444**		**-50 814**
Total comprehensive result for the period Jan - June 2009	-2	-2		171 688	-118	171 566
Equity contribution		70 036				70 036
Acquisition in kind, March 2009	70 408	-31 570			1 479	40 317
Equity as at June 30, 2009	**176 531**	**-66 031**	**0**	**119 244**	**1 361**	**231 105**

Central Asia Gold AB (publ)

org no 556659-4833	6 months	6 months	12 months
KEY RATIOS	2009-06-30	2008-06-30	2008-12-31
Group			
Total assets, TSEK	500 055	150 384	167 371
Total equity, TSEK	231 106	-9 460	-50 814
Equity ratio, %	46,2%	neg	neg
Interest bearing debt, TSEK	153 838	134 556	178 305
Employees at period end	884	496	431
Per share data			
Earnings per share, SEK	0,050	-0,003	-0,018
Equity per share (SEK)	0,065	neg	neg
Return on equity (%)	92,6%	neg	neg

Key ratio definitions

Total assets, TSEK	Total assets at period end
Total equity, TSEK	Total equity including minority at period end
Equity ratio, %	Total equity according to above divided by total assets expressed as a percentage
Interest bearing debt, TSEK	Total interest bearing debt at the period end
Earnings per share	Net result after tax for the period divided by the average number of outstanding shares for the period before dilution
Equity per share (SEK)	Total equity according to above at the period end divided by the total number of shares outstanding at the period end
Return on equity (%)	Net result after tax for the period divided by the average equity according to above for the same period

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org no 556659-4833

PARENT COMPANY PROFIT AND LOSS ACCOUNT (all amounts in TSEK)	3 months **2009-04-01 - 2009-06-30**	3 months **2008-04-01 - 2008-06-30**	6 months **2009-01-01 - 2009-06-30**	6 months **2008-01-01 - 2008-06-30**	12 months **2008-01-01 - 2008-12-31**
External costs	-3 033	-1 771	-4 440	-4 292	-8 148
Salary related costs	-227	-1 677	-1 747	-2 619	-4 804
Depreciation of tangible and non-tangible fixed assets	0	2	-2	-3	-5
Total operating costs	*-3 260*	*-3 446*	*-6 189*	*-6 914*	*-12 957*
Operating result	**-3 260**	**-3 446**	**-6 189**	**-6 914**	**-12 957**
Net financial items	-2 745	1 604	6 252	-502	-15 990
Result after net financial items	-6 005	-1 842	63	-7 416	-28 947
The period's tax cost	-	-	-	-	-
Net result after tax for the period	**-6 005**	**-1 842**	**63**	**-7 416**	**-28 947**

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PARENT COMPANY BALANCE SHEET (all amounts in TSEK)	**June 30, 2009**	**June 30, 2008**	**Dec 31, 2008**
ASSETS			
FIXED ASSETS			
Intangible fixed assets	391	382	392
Tangible fixed assets	0	4	2
Financial fixed assets	523 670	464 247	367 578
Total fixed assets	**524 061**	**464 633**	**367 972**
CURRENT ASSETS			
Current receivables	966	5 806	13 561
Cash and bank	5 730	64 264	30 456
Total current assets	**6 696**	**70 070**	**44 017**
TOTAL ASSETS	**530 757**	**534 703**	**411 989**
EQUITY AND LIABILITIES			
Total equity	**500 867**	**442 920**	**321 895**
Long term liabilities	**5 668**	-	**-**
Current Liabilities	**23 898**	**91 783**	**90 094**
TOTAL EQUITY AND LIABILITIES	**530 433**	**534 703**	**411 989**
ASSETS PLEDGED			
Bank accounts	-	-	-
CONTINGENT LIABILITIES	-	-	-

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

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

CAG AB	**2009-03-02**
Immaterial assets	107 721
Material Fixed assets	76 787
Finacial fixed assets	32 573
Current assets	116 526
Cash	7 885
Minority	-1 456
Deferred tax	-30 619
Provisions	-3 506
Long term liabilities	-12 808
Short term liabilities	-53 004
Net assets	**240 099**
Total costs - aquisition	-38 838
Negative goodwill	**201 261**

Accounting principles

<u>Group</u>

The consolidated accounts for Central Asia Gold AB have been prepared in accordance with International Financial Reporting Standards (IFRS) as described in the annual report for financial year 2008.

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

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

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

Parent company

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

Segment information

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

Risk and uncertainties associated with this interim report

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

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

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

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

Transactions with related parties

Opening of credit line

CAG AB in May 2009 received an open short term credit facility from private equity fund GKL Capital in Stockholm, and from Mr. Preston Haskell. The facility amounts to 2.5 MUSD and has a term of three months from draw down. The annual interest rate is 30% on the utilized part and to this is added an arrangement fee of 1% of the facility's amount. GKL Capital's part is 1.5 MUSD and Mr. Haskell's part is 1 MUSD. The facility was fully drawn down during the second quarter, but has been partly repaid after the end of the report period.

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

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

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

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, August 27, 2009

Central Asia Gold AB (publ)

Preston Haskell *Chairman*	Lars Guldstrand *Vice Chairman*
Maxim Kondratiukin *Director*	Mike Nunn *Director*
Patric Perenius *Director*	Alice Volgina *Director*
Sergey Gorbachev *CEO and Director*	

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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 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.