



INTERIM REPORT DATED AUGUST 27, 2010

Central Asia Gold AB (publ)

Interim report for the six-month period January – June 2010

- The amount of gold produced was 201 kg (106 kg) in the first six months of 2010 and 133 kg (106 kg) for the quarter April-June 2010.
- Consolidated revenues for January –June 2010 amounted to MSEK 74.4 (MSEK 224.3) comparative figures for January-June 2009 excl. goodwill dissolution were MSEK 23.0, i.e. an improvement in 2010 with MSEK 51.4.
- For the six months January – June 2010, EBITDA was MSEK 7.5 (MSEK 184.0). Comparative figures January – June 2009 excl. goodwill dissolution were MSEK -17.3 i.e. an improvement in 2010 with MSEK 24.8.
- The net result after tax and minority interest for January - June 2010 was MSEK -11.4 (MSEK 167.0). Comparative figures 2009 excl. goodwill dissolution were MSEK -34.2 i.e. an improvement in 2010 of MSEK 22.8.
- EPS was SEK -0.65 (SEK 9.98) for January-June 2010. For the quarter April-June 2010 EPS amounted to SEK -0.34 (SEK -0.85).
- Approved gold reserves C1/C2 on current licenses are expected to reach approximately 34 tons in the end of 2010. As per the report date they amount to approximately 24 tons.

Major events after the end of the report period

- Fully subscribed rights issue with preferential rights to the existing shareholders was completed in August 2010. CAG will receive proceeds amounting to approximately 226 MSEK before transaction costs. Number of shares increases by 141 225 000, the share capital increases by 158 MSEK. After the rights issue the total number of shares will amount to 158 878 125, each with a quota value of 1.125 SEK, and the share capital will amount to 179 MSEK.
- Since 19 July 2010 CAG is listed at the Swedish stock exchange NASDAQ OMX First North Premier instead of NGM Nordic Growth Market.

Comments by the CEO

It is with satisfaction I summarize the first half of 2010 and the recent activities and developments. The important pieces needed to implement the strategy previously outlined are now in place. The planned activities for Q2, both operational and financial were successfully implemented in accordance to plan.

First of all we have completed the rights issue and CAG will receive proceeds amounting to approximately 226 MSEK before transaction costs. Now we have the financial resources to carry out the planned activities.

Our plans for the future look good and are already confirmed by the positive trend in CAG gold production which has developed very positively during the current year.

Prior year CAG produced 106 kg gold in the first six months. In the first six months 2010 we doubled the production rate to 201 kg. Until now, we have produced another 200 kg, thus about 400 kg produced until 27 August 2010. The goal of increasing the production by 50 percent on an annualized basis in 2010 to about 1,000 kg is still valid. Our target to continue increasing production by a further doubling to 2,000 kg in 2011 is also still valid.

The increased gold production in 2010 will enable the Company to achieve a positive operating cash flow already this year.

Total revenues for the six months 2010 increased from 23 million to 74 million compared to last year, operating expenses increased from 45 million to 79 million, which is in line with the increase of production.

Development plans described in the previous report are now implemented successfully:

The construction of the new heap leaching plant in Tardan has begun. The positive response to our ongoing activities, not least the rights issue, made the Russian banks respond positively to co-finance the expansion of Tardan. Tardan has already signed a loan agreement with Russian bank amounting to 500 million ruble as a part of the financing of the construction of the heap leaching plant. The plant will have an annual production capacity of 1,200 kg gold. The investment is expected to generate a cash flow of approximately 50-70 million per year and has a payback period of less than two years. The activity at the construction of the heap leaching plant is now very high to ensure that it is completed before the winter season.

Solcocon Heap Leaching plant has been restarted. Drilling works and re-sampling has shown a very promising content of 2.5 gram per ton at the newly explored site Podgornoe. Mining there was started in mid-August.

Regarding alluvial mining, Gold Borzya managed to exceed 15% of its budgeted production level. The Board has decided to sell Artelj Lena. Taking into consideration the sub production and the high cost level, the shares owned in Artelj Lena will be sold in four phases until November 2012 for cash consideration of 4 MUS\$ (29 MSEK) including interest of 15% on deferred payment which will be paid at the end of 2012.

Exploration activity being one of the most important areas continued during the second quarter 2010 as planned. Newly explored areas within the Staroverinskaya license area allow for restart of Solcocon Heap Leaching Plant. Three prospective anomalies were identified within Tardan field. A total of 40,000 samples are being collected at Staroverinskaya field, Tardan field and Uzhunzhul currently.

Gold reserve statement preparation C1/C2 for Kozlovskoe deposit will start in the fall 2010. The approval is expected end of 2010.

The cooperation with the Canadian mining company Centerra Gold concerning exploration of Kara-Beldyr has developed according to plan. Centerra invested 2.5 MUSD in Kara-Beldyr and has a right to receive 50% of shares in Kara-Beldyr according to the agreement. Legal procedures in order to transfer the 50% share of Kara-Beldyr to Centerra have started.

CAG is, since July 19, 2010, listed on the Swedish stock exchange NASDAQ OMX First North Premier instead of NGM Nordic Growth Market, this should be seen as a step towards a listing on the NASDAQ OMX main market. This gives us the opportunity to become part of a larger international capital market and will be an important step in the goal to grow and become a profitable and successful gold producer in Russia.

CAG has during the first six months delivered as expected and has created the platform required to thrive in the future, we are convinced that our future goals will be achieved.

Preston Haskell, CEO

Background

Central Asia Gold AB (CAG AB) is a Swedish mining company with operations in Eastern Siberia, Russia. In March 2009 CAG AB completed the merger with the Russian gold mining group New Mining Company ("NMC") by way of an issue in kind.

The group structure consists of the Swedish joint stock parent company, which controls eleven subsidiaries in Russia. The Russian subsidiaries are of the limited liability type ("OOO"). The operations involve exploration and production of gold, primarily in the Tyva, Tchita and Irkutsk regions in Russia.

The group's main assets comprise a large number of mineral licenses held by the various subsidiaries. The licenses as at the end June 2010 are estimated to contain almost 760,000 troy ounces (oz) (1 oz = 31.1 g) of gold reserves according to the Russian C1+C2 categories (equaling some 24 tons).

CAG AB was publicly listed at the Swedish NGM Nordic Growth Market stock exchange on March 29, 2005 and since 19 July 2010 is listed at the Swedish stock exchange NASDAQ OMX First North Premier. The number of shareholders was 4,112 as of June 30, 2010.

GOLD RESERVES 2010

Company	Alluvial / Ore	Gold reserves C1 (ton)	Gold reserves C2 (ton)	Gold reserves C1/C2 (ton)	2010 Planned Registration C1/C2 (ton)	Prognostic Resources P1/P2 (ton)	Gold production 6 m 2010 (kg)	Gold production 6 m 2009 (kg)	Gold Production 2009 (kg)
<u>CAG units</u>									
Tardan Gold	Ore	5.7	1.9	7.6		22	112	7	102
Kara Beldyr (JV Centen	Ore / Exploration					44			
Uzhunzhul	Ore / Exploration					26			
Artel Tyva	Alluvial	2.1		2.1				9	77
Artel Lena	Alluvial	2.4	1.5	3.9		2	20	47	270
<u>NMC units</u>									
GRE (Staroverinskaya license)						132			
Nizhnaya Borzia*	Alluvial	0.7	1.7	2.4			58	43	201
Bogomolovskoye*	Ore	0.7	6.9	7.6			11	0	27
Kozlovskoye*	Ore				9.5				
Solcocon	asset holder								
Boreservice	drilling works								
Gold borzia	alluvial operator								
Rudtechnology	heap-leaching factory operator								
Total:		11.6	12.0	23.6	9.5	226	201	106	677

*Units are part of GRE (Staroverinskaya licence)

C1 and C2 are registered gold reserves according to Russian standards. Please note that according to Russian standards C2 is classified as reserves. Bearing in mind that the difference between western and Russian categories and no linear relationship between the Russian and western categories exists. P1 and P2 are prognostic (forecasted) resources that are estimated on a limited exploration data. This category was used in Soviet Union (and is used in Russia) to quantify the area potential. P1 and P2 as quantitative measures do not exist in Western practice due to its high uncertainty.

Results - the Group

On March 2, 2009 Central Asia Gold AB completed the merger with the companies forming the Russian New Mining Company Group (NMC). 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 acquired. CAG AB continues as the legal parent. 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 comparative information in the financial statements for 2009.

For the six month period ended June 30, 2010 the group reports a net result after tax and minority interest of TSEK -11,410 (TSEK 167,027) which corresponds to SEK -0.65 per share (SEK 9.98). 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 TSEK -34,234 for the comparative period 1 January – 30 June 2009.

Consolidated gold sales revenues were TSEK 48,201 (TSEK 12,487) during the period. During the quarter April- June 2010 consolidated gold sales amounted to TSEK 32,106 (TSEK 12,167). In total 172 kg of gold was sold during the six month period (71 kg).

In addition, a revenue component of TSEK 5,672 (TSEK 964) is included in the consolidated P/L account for the six month period 2010 relating primarily to reimbursement of input VAT in the Parent company, refer to «Parent company» section below.

The change in stock of finished and semi-finished goods amounted to TSEK 14,371 (TSEK 5,207) during the report period. For the last quarter of the report period the stock movement item amounted to TSEK 3,073 (TSEK 3,527).

During six months January – June 2010 total exploration costs of TSEK 6,181 (TSEK 4,391) were capitalized at subsidiary level. For the quarter April – June 2010 the corresponding capitalization component was TSEK 3,469 (TSEK 3,110).

Total operating costs in the group during the report period amounted to TSEK -78,722 (TSEK -44,916). For the last quarter of the period total operating costs were TSEK -41,979 (TSEK -32,881). This year's increase in costs is explained by the significantly increased level of activity in activity in 2010.

Net financial items were TSEK -1,205 (TSEK -12,632) for the report period. For the quarter April-June 2010 net financial items amounted to TSEK -10,515 (TSEK 2,554).

The tax cost for the report period was TSEK -6,098 (TSEK 119). It relates predominantly to a change in deferred taxation on subsidiary level. The tax item during the second quarter of 2010 was TSEK 2,128 (TSEK -4,249).

The minority share of the net result for the report period was TSEK -191 (TSEK-146). It relates to the subsidiary OOO Artelj Lena. For the quarter April – June 2010 minority result was TSEK -83 (TSEK -123).

Mining operations

Ore mining

Tardan

Gold Production

6 months 2010 resulted in 112 kg produced at gravitation plant before the processing of ore was finished for this year. From now, gold will be extracted from tailings until year-end. In order to fulfill the production plan following actions have been done:

- 87 000 tons of ore for heap leaching has been mined
- 20 000 tons of tailings has been put on a stockyard for dewatering
- Mobile crushing unit has been ordered to prepare ore for heap leaching
- Cyanides purchase and delivery options are being studied
- Pads, pond, boiler, and pump station are being constructed

Heap Leaching plant Construction progress

Heap leaching plant construction is being in the most active phase. The project has the following developments:

1)ADR Plant

- All earthworks have been finished. Soil compaction and concrete placement started in August 09 and 23 respectively
- Contract for building and erection is being discussed with Chinese subcontractor
- ADR plant equipment orders are being placed, delivery time is within 60 days.

2)Leach Pad

- Earthworks are planned to be finished by September
- Lining and drainage installment will take place in September
- Ore stacking and irrigation installment is scheduled on October.

3)Crushing-Agglomeration

- Earthworks finished by mid-August. Concrete placement will start from September
- Most of the equipment for ADR plant has been ordered. Crusher orders will be placed in Q4 2010

Infrastructure: 60% of roads have been made, 2 additional buildings for 100 people are under construction. Water supply facilities construction: sub-contractor has been granted.

Project approval decision according to Federal Civil Construction Code is expected in September.

Solcocon (Rudtechnology)

Gold production

As it was planned, Solcocon heap leach plant started irrigation and gold production on the 19 th of May. By the end of June 2010 12 kg was produced. Mining at Bogomolovskoe will be finished in August due to uneconomic grades for heap leaching. Re-sampling at Podgornoe shows a promising contents of 2.5 g/t in oxidized ore. TEO (permanent conditions) and Reserve statement for Bogomolovskoe (Including Podgornoe and Yuzhnoe sites) have been approved, albeit 1 month later than expected.

Mining started in mid-August at the newly explored sites Podgornoe and Yuzhnoe.

Heap leach plant

The following refurbishing of the plant equipment has been done:

- Crushers, screeners, conveyors were repaired
- Old heaps were ploughed, a new irrigation system has been installed
- Leach solutions pipes were changed
- Decarbonizing unit for leach solutions was added to reduce clogging of pipes
- Tanks were cleaned, 5 tonnes of coal and carbonates waste were removed
- Pumps were added to increase productivity
- ADR plant: equipment and piping layout were changed to allow for additional sorption column. Sorption column is installed and commissioned
- Leach solutions heating circuit was installed for winter irrigation
- Maintenance check of laboratory equipment was completed, laboratory was restarted.

Alluvial mining

Alluvial gold production extremely depends on the seasonal factor. Russian alluvial miners extract gold mainly during the third quarter (July-September). During the first and second quarter of the financial year only limited activities are carried out, such as maintenance works on equipment and excavation works. Gold extraction work starts at the end of May, when the watercourses are flowing again, and extends to late October, that is during the warm part of the year.

Gold Borzya

Alluvial mining at Gold Borzya was started in April due to the favorable weather conditions. Thereby 58 kg was produced by the end of June 2010. In order to increase production additional mining equipment (trucks, excavators, dozers) are being rented from both external and internal (Solcocon) suppliers. Additional concentrator is planned to be installed to increase gold-bearing sands throughput.

Artelj Lena

20 kg was produced at Artelj Lena as at 30 th of June. Two new mining sites are planned to be developed this year –Aroi (Nizhneudinsk region) and N. Kevakta (Bodaibo region).

In order to fulfill the plan the following measures have been implemented:

- 2 additional concentrators (grizzlies) were installed at Kevakta
- Speed-up repairing of the mining fleet was organized at Kevakta
- Two new mining sites (Vacha and V. Bodaibo) were opened and will be ready for sand washing in August-September 2010

Exploration activities

Tardan field

Gold mineralization within the license area is associated with skarns and metasomatic rocks. Skarn-type gold mineralization at Tardan Field has been studied historically. A total of 10 tonnes P1 resource was assigned to several ore bodies.

A detailed geochemical survey of the prospects has been started in order to identify new gold anomalies and study mineralized zones as potentially much larger tonnage resource.

Over the 6 months 2010 sediments testing results have been analyzed. 1,344 geochemical samples collected in 2008 -2009 were processed and assayed at Alex Stewart Laboratory in Moscow.

An exploration program which includes geochemical prospecting (secondary areoles dispersion), trenching, and drilling was worked out. At the end of June 2010, 4,395 samples have been collected and transferred to Alex Stewart Laboratory in Moscow.

Staroverinskaya field

20 000 samples are planned to be collected in a 100*100 m of the whole Staroverinskaya license area, geochemical survey will be finished by the end of September.

Contracts with Chitageologorazvedka (ChGR), a state-owned exploration company, has been signed in the first quarter to prepare a geological report on Staroverinskaya field (rock gold) with P1 resource calculation and a geological report on placer deposits (exploration program of 2004-2008). The reports are expected to be finished and reviewed by Ministry of Natural Resources (MNR) committee by the end of 2010.

The study according to the contract with ChGR to prepare “TEO postoyannih kondicii” (technical and economic assessment of exploration and mining parameters or “conditions”) for Bogomolovskoe deposit, has been completed. TEO will now be valid for any additional heap-leachable reserves found at Staroverinskaya license area without going through reserve approval process.

In addition, a contract for geological report and resource calculation on Kozlovskoe Deposit is being negotiated. The work will include metallurgical tests at SGS, Chita to select a technological process for gold extraction from Kozlovskoe ores.

The work under the contracts with ChGR will summarize a major 5-year exploration campaign done by ChGR on Staroverinskaya tenement. The reports will include all historical data for the property and will be used by Central Asia Gold to develop future exploration programs.

Kara-Beldyr

Drilling program at Ezen Prospect was completed. According to the current results it is less potential than expected. Drilling program, sampling and mapping road cuts, outcrops and old tranches are being carried out in the Camp Zone. It's potential is unclear, all essays results are expected in August 2010.

Uzhunzhul

The Company purchased aero magnetic and gamma spectrometry data for the Uzhunzhul tenement. 2,800 geochemical samples have been analyzed at Alex Stewart lab in Moscow. The new data has been processed.

The results confirm Yurkovsky and Paraspan prospects. A number of interesting structures have been identified on the areas. 2,000 samples have been collected and sent to Alex Stewart Lab. A new geochemical anomaly, called "Lagernaya", has been discovered. Detailed geochemical survey of anomalies is being conducted this year.

Investments, liquidity and financing

12 MSEK of the working capital was provided in March-April 2010 by Preston Haskell, CEO and major shareholder of CAG. The annual interest rate is 16%.

In March 2010 Artelj Lena received the loan from Svyaz-Bank in amount of MRUB 95 to cover current expenses related to the alluvial season working capital and preparation work. The annual interest rate is 15%. The repayment of the loan in amount of MRUB 27 plus corresponding interests was made according to the schedule in June and July 2010. The loan will be fully repaid till the end of October 2010.

In April 2010 Gre-324 opened an MRUB 80 credit line in Svyaz-Bank for the purpose of financing alluvial and ore operations of Gold Borzuya and Rudtechnology. The annual interest rate is 15%. The repayment of the loan in amount of MRUB 25 plus corresponding interests was made according to the schedule in June and July 2010. The loan will be fully repaid till the end of October 2010.

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. Usually 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 the result.

During the second quarter, parent group managed to recover the Swedish input VAT relating to the entire period from incorporation. The VAT amounts to TSEK 5,009 and has been recognized as revenue during the second quarter. It should be mentioned that the tax authorities in August 2010 once again has raised the issue and asked CAG for more information.

The net result for the six month period January - June 2010 was TSEK 6,501 (TSEK 63). For the second quarter of the report period, net result was TSEK 7,726 (TSEK -6,005).

Cash in the parent company was TSEK 638 (TSEK 5,730) at end of June 2010.

Employees

The group had in average 779 (950) employees during the first six month of 2010. As per end of June 2010 the number of employees in the group was 853 (884).

Issued shares

During the first quarter of 2009 the issue in kind to finance the acquisition of the NMC companies was carried out.

In July 2009 a reversed split 200:1 was conducted. After the reversed split the number of outstanding shares is as per the report date 17,653,125. The number of outstanding warrants amounts to 2,500,000. Said warrants entitle to subscription of one new share per warrant at a strike price of SEK 40 per share. The term of the warrants is January 2012.

CAG has completed the right issue during the period between July 19 and August 4. The rights issue is fully subscribed and CAG will receive proceeds amounting to approximately 226 MSEK before transaction costs. Shares representing approximately 126 MSEK of the total of 226 MSEK will be paid for by setting off debts owed by CAG to Preston Haskell, Company's CEO and major shareholder. CAG's number of shares increases by 141,225,000 through the rights issue. After the rights issue the total number of shares will amount to 158,878,125, each with a quota value of 1.125 SEK, and the share capital will amount to 178,737,891 SEK.

At the most recent AGM held on June 28, 2010 in Stockholm the Board of Directors of CAG was authorized, until the next AGM, to conduct share (or warrants or convertible bonds) issues with or without observing the shareholders' preferential rights amounting up to 49,048,698 new shares. The issue price shall in such cases be set as closely as possible to the prevailing market price of the share. It was also decided to issue 10,650,000 warrants for an incentive program for employees.

Major events after the end of the report period

Rights issue

The rights issue with preferential rights to the existing shareholders has been completed in August 2010. Approximately 85.8 percent of the right issue were subscribed and the remaining approximately 14.2 percent has been allocated to the underwriters. Thus, the rights issue is fully subscribed and CAG will receive proceeds amounting to approximately 226 MSEK before transaction costs.

Shares representing approximately MSEK 126 of the total proceeds of MSEK 226 will be paid for by setting off debts owed by CAG to Bertil Holdings Limited, one of the Company's CEO Preston Haskell's wholly owned companies.

CAG's number of shares increases by 141,225,000 through the rights issue. The share capital increases by 158,878,125 SEK. After the rights issue the total number of shares will amount to 158,878,125, each with a quota value of SEK 1.125 and the share capital will amount to SEK 178,737,891. Mangold Fondkommission is acting as financial adviser to CAG in connection to the rights issue.

Change of stock exchange

Since 19 July 2010 CAG is listed at the Swedish stock exchange NASDAQ OMX First North Premier instead of NGM as a step towards a listing on the NASDAQ OMX Main Market.

Credit line from Svyaz-Bank for construction of heap leaching plant on Tardan

Dated July 09th, 2010 between Tardan and Svyaz-Bank there was concluded the contract for opening of non-renewable credit line in amount of MRUR 500 for financing of adoption of technology of the mining and processing of ore gold by heap leaching method (including construction, purchase of equipment and launch of the heap leaching complex). The provision of funds under the credit line will be from July 2010 till March 2011. The repayment of credit will take place from July 2011 till December 2011. The annual interest rate is 12%.

Incorporation of Awilia Enterprises Limited

In July 2010 new 100% subsidiary of CAG AB Awilia Enterprises Limited was incorporated under the laws of Cyprus for the purpose of transferring of shares in Kara-Beldyr to Centerra Gold according to joint-venture agreement. Centerra invested 2,5 MUSD in Kara-Beldyr and has a right to receive 50% of shares in Kara-Beldyr according to the forming agreement. The legal procedure to transfer the 50% interest in Kara-Beldyr to Centerra has started.

Sale of Artelj Lena

The level of production of Artelj Lena has been constantly decreasing during last years due to its mined-out reserves. Underproduction together with the high level of costs makes the company not profitable to keep it within the CAG Group. Taking into account the ore orientation of the CAG policy Artelj Lena is not a strategic to the Group's core business and is not playing a role in CAG's long-term goal. 99,8% of shares owned in Artelj Lena is planned to be sold to Lena Gold in the following stages: 3% of shares will be sold in August 2010; according to the prior agreements 32% of shares are to be sold in November 2010; 32,4 % of shares - in November 2011; the rest 32,4 % - in November 2012. Cash consideration is 4 MUSD including interest (15%) on deferred payment and is payable until completion of agreed commercial deal till the end of 2012.

Next report due

The next financial report due is the interim report for the period January –September 2010. It will be released on November 26, 2010.

Company information

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 34 Stockholm.

Central Asia Gold AB (publ)

org no 556659-4833

**GROUP PROFIT
AND LOSS ACCOUNT**
(all amounts in TSEK)

	3 months 2010-04-01 -2010-06-30	3 months 2009-04-01 -2009-06-30	6 months 2010-01-01 -2010-06-30	6 months 2009-01-01 -2009-06-30	12 months 2009-01-01 -2009-12-31
Net sales	32 106	12 167	48 201	12 487	155 800
Capitalised costs	3 469	3 110	6 181	4 391	10 750
Change in stock of finished and semi-finished goods	3 073	3 527	14 371	5 207	3 099
Other operating revenues	5 606	731	5 672	964	1 650
Dissolution of negative goodwill	-	-	-	201 261	195 396
Total income	44 254	19 535	74 425	224 310	366 694
Operating costs					
External costs	-26 051	-18 280	-43 767	-22 321	-125 071
Personnel costs	-11 782	-13 653	-23 170	-17 986	-55 745
Depreciation	-4 147	-948	-11 785	-4 609	-22 812
Total operating costs	-41 979	-32 881	-78 722	-44 916	-203 627
Operating result	2 275	-13 346	-4 297	179 394	163 067
Net financial items	-10 515	2 554	-1 205	-12 632	-23 485
Result after net financial items	-8 240	-10 792	-5 502	166 762	139 582
The period's tax cost	2 128	-4 249	-6 098	119	2 707
Net result after tax for the period	-6 112	-15 041	-11 600	166 881	142 289
Whereof attributable to the shareholders of the parent company	-6 030	-14 918	-11 410	167 027	142 213
Whereof attributable to the minority	-83	-123	-191	-146	76
Earnings per share before dilution, SEK	-0,34	-0,85	-0,65	9,98	8,27
Earnings per share after dilution, SEK **)	-0,34	-0,85	-0,65	9,98	8,27

Number of shares issued at period end	17 653 125	17 653 125	17 653 125	17 653 125	17 653 125
Average number of shares for the period	17 653 125	17 653 125	17 653 125	16 744 320	17 202 457
Average number of shares for the period after dilution **)	17 653 125	17 653 125	17 653 125	16 744 320	17 202 457

***) There are 2.5 million outstanding warrants at end of June 2010 and at the date of this report. The strike price is however SEK 40 per warrant corresponding to one share. Each warrant entitles to subscription of 1 new share. Last date of exercising the options is end of January 2012. Since the strike price is higher than the prevailing market price, no dilution currently arises due to these warrants.*

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org no 556659-4833

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(all amounts in TSEK)

	3 months 2010-04-01 -2010-06-30	3 months 2009-04-01 -2009-06-30	6 months 2010-01-01 -2010-06-30	6 months 2009-01-01 -2009-06-30	12 months 2009-01-01 -2009-12-31
Net result for the period	-6 112	-15 041	-11 600	166 881	142 289
Other comprehensive income					
Translation difference	-8 590	-34	-13 209	4 807	3 612
Total comprehensive income for the period	-14 702	-15 075	-24 809	171 688	145 901
Total comprehensive income for the period attributable to:					
Parent company's shareholders	-14 620	-14 952	-24 619	171 834	145 825
Minority	-83	-123	-191	-146	76

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GROUP BALANCE SHEET (all amounts in TSEK)	June 30, 2010	June 30, 2009	Dec 31, 2009
ASSETS			
FIXED ASSETS			
<i>Intangible fixed assets</i>	148 706	145 645	149 218
<i>Tangible fixed assets</i>	98 074	117 086	101 356
<i>Financial fixed assets</i>	34 933	26 713	37 603
Total fixed assets	281 712	289 444	288 177
CURRENT ASSETS			
Inventories	146 722	118 023	85 426
Current receivables	60 050	72 292	44 830
Cash and bank	7 768	10 831	22 732
Total current assets	214 540	201 146	152 987
TOTAL ASSETS	496 252	490 590	441 164
EQUITY AND LIABILITIES			
Equity	169 802	220 280	194 421
Minority interest	1 569	1 361	1 681
Total equity	171 371	221 641	196 102
Long term liabilities	205 701	143 415	140 894
Current Liabilities	119 179	125 534	104 168
TOTAL EQUITY AND LIABILITIES	496 252	490 590	441 164
ASSETS PLEDGED			
Bank accounts	50		50
Material fixed assets	7 106	8 148	7 381
CONTINGENT LIABILITIES	-	-	-

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GROUP CASHFLOW ANALYSIS

(All amounts in TSEK)

	6 months 2010-01-01	6 months 2009-01-01	12 months 2009-01-01
	-2010-06-30	-2009-06-30	-2009-12-31
Operating activities	-4 297	179 393	163 458
Adjustment fot items not included in the cash flow	11 785	-196 652	-172 584
Paid/received interest and similar items	-2 330	-1 298	-2 275
Cash flow from operations before changes in working capital	5 158	-18 557	-11 401
Changes in working capital	-63 013	14 373	15 989
Net cash flow used in operating activities	-57 855	-4 184	4 587
Net cashflow used in investing activities	-7 795	-5 714	-2 945
Net cash flow from financing activities	50 640	20 623	21 021
Cash flow for the period	-15 010	10 725	22 662
Cash and bank at the beginning of the period	22 732	144	144
Translation difference in cash and bank	47	-38	-75
Cash and bank at the end of the period	7 768	10 831	22 732

(Expressed in TSEK)	Share capital	Additional paid in capital	Other reserves	Retained earnings	Minority interest	Total equity capital
Equity as at December 31, 2008	106 125	-104 497	1 303	-63 208	0	-60 277
Total comprehensive result for the period Jan 1 - June 30 2009			4 807	166 878	-146	171 539
Equity contribution		70 036				70 036
Shares issued for the acquisition of the CAG group	70 406	-31 570			1 507	40 343
Equity as at June 30, 2009	176 531	-66 031	6 110	103 670	1 361	221 641
Total comprehensive result for the period July 01 - Dec 31 2009			-1 195	-24 665	320	-25 539
Equity as at December 31, 2009	176 531	-66 031	4 915	79 005	1 681	196 102
Total comprehensive result for the period Jan 1 - June 30 2010	0	0	-13 209	-11 410	-113	-24 731
Equity as at June 30, 2010	176 531	-66 031	-8 294	67 596	1 569	171 370

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	6 months 2010-01-01	6 months 2009-01-01	12 months 2009-01-01
KEY RATIOS	-2010-06-30	-2009-06-30	-2009-12-31

Group

Total assets, TSEK	496 252	490 590	441 164
Total equity, TSEK	171 371	221 641	196 102
Equity ratio, %	34,5%	45,2%	44,5%
Interest bearing debt, TSEK	190 612	153 838	140 594
Employees at period end	853	884	556
EBITDA, TSEK	7 488	184 003	185 879
EBITDA, excl. neg. goodwill dissolution, TSEK	7 488	-17 258	-9 517

Per share data

Earnings per share, SEK	-0,65	9,98	8,27
Equity per share (SEK)	9,62	12,48	11,11
Return on equity (%)	-6,3%	123,2%	86,4%

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
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)	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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PARENT COMPANY PROFIT**AND LOSS ACCOUNT**

(all amounts in TSEK)

	3 months 2010-04-01 -2010-06-30	3 months 2009-04-01 -2009-06-30	6 months 2010-01-01 - 2010-06-30	6 months 2009-01-01 - 2009-06-30	12 months 2009-01-01 - 2009-12-31
Other operating revenues	5 009	-	5 009	-	-
Total income	5 009	-	5 009	-	-
External costs	-2 469	-3 033	-4 185	-4 440	-9 668
Personnel costs	-164	-227	-296	-1 747	-971
Depreciation of tangible and non-tangible fixed assets	-	-	-	-2	-2
Total operating costs	-2 633	-3 260	-4 481	-6 189	-10 641
Operating result	2 376	-3 260	528	-6 189	-10 641
Net financial items	5 350	-2 745	5 973	6 252	-1 640
Result after net financial items	7 726	-6 005	6 501	63	-12 281
The period's tax cost	-	-	-	-	-
Net result after tax for the period	7 726	-6 005	6 501	63	-12 281

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PARENT COMPANY BALANCE SHEET

(all amounts in TSEK)

	June 30, 2010	June 30, 2009	Dec 31, 2009
ASSETS			
FIXED ASSETS			
Intangible fixed assets	-	-	-
Tangible fixed assets	-	-	-
Financial fixed assets	682 170	523 670	519 000
Total fixed assets	682 170	523 670	519 000
CURRENT ASSETS			
Current receivables	5 206	1 033	742
Cash and bank	638	5 730	14 794
Total current assets	5 844	6 763	15 535
TOTAL ASSETS	688 014	530 433	534 535
EQUITY AND LIABILITIES			
Total equity	541 096	500 867	488 844
Long term liabilities	146 576	5 668	14 802
Current Liabilities	342	23 898	30 888
TOTAL EQUITY AND LIABILITIES	688 014	530 433	534 535
ASSETS PLEDGED			
Bank accounts	50	50	50
CONTINGENT LIABILITIES			
	-	-	

Note 1 Acquisitions On March 2, 2009 Central Asia Gold AB completed the merger with the NMC companies. 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 acquired. 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 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.

Accounting principles

Group

The consolidated accounts for Central Asia Gold AB have been prepared in accordance with International Financial Reporting Standards (IFRS) as described in the annual report for financial year 2009.

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 2010 have not had any material effect on the group's profit and loss- and balance sheets.

As described in other places in this report, the group's financial statements for the comparing period in 2009 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 2.3 *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 28 of the 2009 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) *Political risks*: Central Asia Gold currently operates in only one country in Central Asia; namely, Russia. Russia is a young democracy and the political situation is not as stable as it is in the older democracies of Western Europe.

3) *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.

4) *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:* 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 *Artelj Lena*. Central Asia Gold has assumed the latter and showed a minority stake of 5.3% in OOO Artelj Lena. 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. Central Asia Gold's and Artelj Lena's legal representatives undertook comprehensive legal work aiming to minimize the effects of this minority case.

Transactions with related parties

CAG AB has several transactions with related parties. This is in detailed presented in page 56 in the annual report 2009.

MSEK 12 of the working capital was provided in March-April 2010 by Company's CEO and major shareholder Preston Haskell. Also TUSD 1,145 related to merger expenses paid by Preston Haskell's companies in 2009 were executed as a loan. The annual interest rate for both loans is 16%. Those loans, as all loans from Bertil Holdings Ltd, will be transferred into equity within right issue process according to the decision taken at the Annual general meeting 28 June 2010, refer to section «Major events after the end of the report period» above.

This report has not been reviewed 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, 2010

Central Asia Gold AB (publ.)

Lars Guldstrand
Chairman

Mike Nunn
Director

Patric Perenius
Director

Alice Volgina
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 June 2010 estimated to 760,000 troy ounces (oz) (1 oz = 31.1 g) of gold reserves according to the Russian C1+C2 categories (equaling some 24 tons).

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.