

**CAG (Central Asia Gold AB) confirms the divestiture of its Lena alluvial mine and decides to delay announcing its revised production forecast for 2011 until the cyanide permit for the Tardan ADR plant is delivered and the plant is commissioned.**

Stockholm, Sweden, 2011-07-15 11:54 CEST

The construction of the Tardan heap leach plant is nearing completion. However delays in the issuance of the cyanide permit will result in a concomitant delay of the commissioning of the ADR (Adsorption, Desorption & Refinery) plant, the key unit of Tardan heap leaching circuit. The company is confident that the ADR plant will be commissioned in Q3 2011. Meanwhile the company continues ore mining and stacking at Tardan in order to maximize production upon commencing of the ADR plant and the Company's other production units (Tardan gravitational circuit, Solcocon heap leaching plant and Borzya alluvial) continue to deliver as planned.'

In addition and in line with Central Asia Gold's strategy to focus on hard rock mining, the Company has divested its Lena alluvial gold mine in July 2011. As a consequence alluvial operations will represent only 20% of CAG's business. This will also affect CAG's gold production forecast for 2011

Following these changes, the Board will announce a revised 2011 production outlook once the Tardan permit has been approved and the new Tardan processing facility can begin production.

"CAG's sale of the Lena alluvial project highlights our commitment to a more cost effective mining portfolio. Construction of the Tardan ADR plant is 95% complete. We remain confident that the cyanide permits will be issued in Q3 2011 facilitating increased gold production. Meanwhile the gravitational circuit at Tardan continues to deliver gold in line with its 2010 output. Tardan will be our main producer and cash generator going forward. Combined with a 25% increase in USD gold prices (8% increase in SEK gold prices) from H1 2011 to H1 2010, CAG is well placed to be a successful focused gold mining Company.", said Preston Haskell, the company's CEO.

Additional information:

Short name: CAG

ISIN-code: SE0001337213

For more information, please contact:

Lars Guldstrand, Chairman of the Board, phone +46 70 528 8181

E-mail: [lars.guldstrand@centralasiagold.se](mailto:lars.guldstrand@centralasiagold.se)

Preston Haskell, CEO in Central Asia Gold AB, phone: +46 76 890 5549

E-mail: [preston.haskell@centralasiagold.se](mailto:preston.haskell@centralasiagold.se)

Website: [www.centralasiagold.se](http://www.centralasiagold.se), Postal and visiting address: Engelbrektsplan 2, 4tr

Central Asia Gold AB is a Swedish mining company focused on gold production and exploration in Russia in the central parts of Asia. In 2010, totally 730 kg of gold was produced. As of the beginning of May 2011, the company's assets were estimated to encompass some 1,000,000 oz of C1/ C2 Russian gold reserves (around 32 tons).

Since July 19, 2010, Central Asia Gold's shares are traded on First North Premier at the NASDAQ OMX Nordic Exchange under the short name CAG. For more information please visit [www.centralasiagold.se](http://www.centralasiagold.se). Mangold Fondkommission is Certified Adviser to CAG, for more information please call +46 8 503 015 50 or visit [www.mangold.se](http://www.mangold.se).

**Cautionary Statement:** Statements and assumptions made in this report with respect to Central Asia Gold AB's ("CAG") current plans, estimates, strategies and beliefs, and other statements that are not historical facts, are forward-looking statements about the future performance of CAG. Forward-looking statements include, but are not limited to, those using words such as "may", "might", "seeks", "expects", "anticipates", "estimates", "believes", "projects", "plans", "strategy", "forecast" and similar expressions. These statements reflect management's expectations and assumptions in light of currently available information. They are subject to a number of risks and uncertainties, including, but not limited to, (i) changes in the economic, regulatory and political environments in the countries where CAG operates; (ii) changes relating to the geological information available in respect of the various projects undertaken; (iii) CAG's continued ability to secure enough financing to carry on its operations as a going concern; (iv) the success of its potential joint ventures and alliances, if any; (v) exchange rates, particularly between the Russian rouble and the U.S. dollar. In the light of the many risks and uncertainties surrounding any gold production and exploration company at an early stage of its development, the actual results could differ materially from those presented and forecast in this report. CAG assumes no unconditional obligation to immediately update any such statements and/or forecasts

This press release shall not, directly or indirectly, be released, published or distributed in or to the United States, Australia Japan, Canada, New Zealand, Hong Kong, South Africa or other country where such action as a whole or in part is subject to legal restrictions. Nothing in this press release should be considered as an offer to invest or otherwise trade in shares of Central Asia Gold AB (publ). The proposed issue will not be directed at residents or those living in the United States, Australia, Japan, Canada, New Zealand, Hong Kong, South Africa or other country where such action would require further prospectus, other offering documentation, registration or other measures beyond those required by Swedish law. No securities will be registered under the United States Securities Act of 1933, a similar law in any state in the United States, or under any provincial law in Canada, nor under the applicable law of another country.