

Central Asia Gold

INTERIM REPORT DATED MAY 26, 2008

Central Asia Gold AB (publ) Interim report for the for the quarter January – March 2008

(NGM: CAG)

- **The 2008 gold production target is 1,250 kg (40,000 oz) compared to last year's actual production of 1,073 kg. The target is split between 900 kg for the alluvial subsidiaries and 350 kg for the Tardan mine. As usual the bulk of the gold will be produced during the second half of the year. During the quarter January – March 2008 some 50 kg of gold (0 kg) were produced.**
- **A new magnetite separator will be commissioned at the Tardan processing plant towards the end of the second quarter. This unit will enhance the recovery coefficient in respect of the magnetite containing ore blocks that are currently produced.**
- **It is planned to shortly submit the new gold reserve report in respect of the Tardan deposit to the relevant authorities for inspection and approval. The reserve review and approval are expected during this summer. The feasibility study for the heap leaching plant is also due in summer this year, after which commencement of construction of the plant is planned.**
- **A drilling programme amounting to some 1,100 m was carried out at the Kara-Beldyr deposit during January – March 2008. The analyzed samples confirm that the gold mineralized zone at the Gordejevskoe mineralization is evenly distributed from surface down to a depth of at least 30 m. The drilling programme also proved that the mineralization extends to the northeast.**
- **In the Bodaibo district (Irkutsk) a significant working programme is being carried out in 2008. During the first quarter some 80,000 m³ of trenching was performed, resulting in 20 surface trenches with a total length of 3,800 m along the gold mineralized zone. Core drilling and mud drilling are proceeding at the site. As previously stated, the gold mineralized zone is homogenous from the top section down to the bottom in the drilled core wells.**
- **In May 2008 the geologic authorities in Irkutsk stated that they believe that the completed comprehensive exploration programme will be able to prove some**

132 tons (4.2 million oz) of gold reserves and gold resources. This is a very promising indication.

- **An EGM held on May 21, 2008 approved a preferential rights issue of some MSEK 65, which will be carried out in June.**
- **Consolidated revenues for the quarter January – March 2008 amounted to TSEK 34,933 (TSEK 6,009).**
- **The net result after tax for the reporting period was TSEK -9,242 (TSEK -16,174).**
- **EPS was SEK -0.012 for the twelve-month period (SEK -0.053). For the last quarter EPS was SEK -0.023 (-SEK 0.041).**

Comment by the Managing Director

During the first quarter of 2008 Central Asia Gold has focused on completing the new gold reserve report in respect of the Tardan deposit, which is due to be submitted soon. The resulting reserve review results from the Russian authorities are due this summer. Thereafter it should hopefully be possible to start the design and construction of the long awaited heap leaching plant. At present, prior to the completion of the leaching circuit, we only recover approximately half of the gold in the extracted ores. However we have already covered the major part of the total production costs. This implies that the profits and cash flow from the Tardan gold production are currently being stored in the tailings pond. When the leaching plant starts working, which for the time being is expected to occur during the second half of 2009, the group's gold production will increase considerably without significant incremental costs. Our operations will then become very much more profitable. Within our alluvial subsidiaries, we have made big efforts to hammer out a new incentive system based on production targets and profitability. This is important when inflation creates new challenges.

As regards the very promising geologic exploration work at the Kopylovskoye deposit, the working programme is going at full speed. The ore bodies at the deposit are open in all directions, and in the limited part of the deposit where reserves have been calculated down to a depth of only 30 m, there already exists close to quarter of a million ounces of gold reserves. The potential is significant. The geologic authorities in Irkutsk have recently stated that they estimate that a comprehensive exploration programme at Kopylovskoye may result in 62 tons of gold reserves (C1+C2) and in addition 70 tons of P1 gold resources. This is, as said, subject to a completed exploration programme.

The forthcoming rights issue will enable Central Asia Gold to continue with all these development opportunities.

Torbjörn Ranta, Managing Director

Background

Central Asia Gold AB (CAG AB) is a Swedish mining company with operations in Eastern Siberia, Russia. The group structure consists of the Swedish joint stock parent company, which currently controls three subsidiaries, of which two are in Russia. The Russian subsidiaries are of the limited liability type. The three subsidiaries also own

several sub-subsidiaries in Russia. The operations involve exploration and production of gold, primarily in the Tyva and Irkutsk regions in Russia.

The group's main assets comprise a large number of mineral licences held by the various subsidiaries. The licences, as at early January 2008, are estimated to contain 645,000 troy ounces (oz) (1 oz = 31.1 g) of gold reserves according to the Russian C1+C2 categories, as well as 1,049,000 oz of P1 gold resources and 6,255,000 oz of P2 gold resources.

The gold reserves attributable to the Tardan deposit will be subject to a new reserve review by the authorities during summer 2008. In Irkutsk, 25% of the Kopylovskoye project has been sold out to a group of external investors during 2007, which initially reduces the Kopylovskoye net gold reserves to CAG AB.

CAG AB was publicly listed on the Swedish NGM Nordic Growth Market stock exchange on March 29, 2005. The number of shareholders is currently some 4,600.

Results – the Group

For the three-month period ending March 31, 2008 the group reports a net result after tax of TSEK -9,242 (TSEK -16,174), which corresponds to SEK -0.023 per share (SEK -0.041).

Consolidated gold sales revenues were TSEK 8,999 (TSEK 1,720) during the reporting period.

In addition, a revenue component of TSEK 7,661 (TSEK 2,770) relating mainly to services performed by the transportation subsidiaries of the group is included in the consolidated P/L account. Only the part of transportation services relating to external clients is included in the consolidated accounts.

The change in stock of finished and semi-finished goods during the quarter January – March 2008 amounted to TSEK 5,828 (TSEK 1,041).

During first quarter 2008 total costs of TSEK 12,350 were capitalized at subsidiary level (TSEK 476).

Total operating costs in the group during the reporting period amounted to TSEK 42,076 (TSEK 24,187).

Net financial items were TSEK -2,029 for the quarter January – March 2008 (TSEK 2,010). This includes non-cash flow affecting currency exchange losses in the parent company of TSEK -2,960.

The tax cost for the reporting period was TSEK -70 (TSEK 0).

The minority share of the net result for the 3-month period was TSEK 204 (TSEK -258).

Mining operations

Tardan project in the Tyva region

General overview

Tardan is a medium sized gold deposit, which was privatized in a public auction in the summer of 2003. The established Russian reserves (C1/C2) and P1 resources, most recently updated in the early 1990s, then amounted to 413,000 oz of gold, of which 229,000 oz were C1/C2 reserves. In addition, Tardan is estimated to contain 4,354,000 oz of P2 gold resources (Russian classification standards). The appraisal work has so far only been conducted to a depth of about 100 m. The average gold grade of these reserves was estimated at 10.7 grams/ton (g/t). Some 30 ore bodies exist, out of which the four main ore bodies constitute the bulk of the gold reserves assigned thus far.

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 – 2007. 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 km² 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 appraising them. The occurrence of initial interest is called "Tardan 2" and is located only some 2 km to the east of the new processing plant commissioned this year.

Reserve status and heap leaching plans

As stated above, the initial Tardan license comprised some 229,000 oz of gold reserves assigned in the Soviet era. The cut-off grade applied then was 2 g/ton and the appraisal work did not go below a depth of 100 m. Of the total gold reserves assigned during the Soviet era, the 5 major ore bodies contained some 160,000 oz of the assigned C1/C2 reserves.

Central Asia Gold has conducted a significant appraisal programme at these ore bodies over the last two years, and gold production has commenced. The appraisal work continues, and thus more information is added all the time.

Central Asia Gold is now preparing for a new reserve examination by the Russian State Mineral Reserve Committee (GKZ). The documentation will be submitted shortly, and the authorities are expected to conduct their reserve examination during summer 2008. This reserve review will comprise the major ore bodies at the license block. At the same time a feasibility study will be conducted in respect of the new heap leaching plant by a selected Russian project design institute. The feasibility study is due in summer 2008, and thereafter it should be possible to start construction of the plant.

The tentative time plan in respect of the heap leaching plant implies that the first stage of this plant, including leaching pads capable of leaching a few hundred thousand tons of ores annually, should be commissioned in 2009. In 2009, it is planned to leach only the tailings from the high-grade ores processed in Tardan. In 2010 the leaching capacity will be increased. The feasibility study will, however, give more exact parameters. In this way, gold production on the Tardan license is planned to increase in 2009, and will then be increased further in the subsequent years when the low-grade ores will also be treated.

Gold production - the processing plant

The gravimetric processing plant has worked satisfactorily during the reporting period. Ore volumes processed amounted to 22,000 tons. The up-time of the plant exceeded 90%. During the quarter January – March 2008 ore blocks with relatively lower grade and fine gold grains have been processed. The recovery coefficient in the plant was therefore less than 40% during this quarter. The total volume of chemically pure gold produced was about 50 kg. As from the middle of the second quarter, the gold grade in the processed blocks will be higher.

One challenge thus far has been the presence of the mineral magnetite in the ore. When it is present, the recovery of gold in the gravimetric process decreases and a relatively larger part of the gold in the ores is lost in the tailings. This problem will be eliminated once the heap leaching plant has been commissioned. In the mean time, the OOO Tardan Gold management has prepared an interim solution, namely the introduction of a magnetite separator. It is due to be commissioned by the end of the second quarter, and the recovery coefficient in respect of the magnetite containing ores will thereby increase during the second half of this year. Awaiting this, a large quantity of ores with high magnetite content has been stored. The gold grade in these ores is high and therefore gold production at Tardan during the second half is expected to exceed production during the first six months of the year.

The gold production target at Tardan for 2008 remains at 350 kg.

Kopylovskoye deposit in Irkutsk

Kopylovskoye is a gold deposit that holds 7 tons of gold reserves as per Russian geological standards (some 240,000 oz). The project's potential reserve base, however, is significantly larger as the gold reserves registered thus far are only attributable to a depth of some 30 m.

The geological work is ongoing at the site in Bodaibo. The working programme is extensive. During the first quarter of the year, a total 20 surface trenches were constructed with a total length of 3,800 m. These intersect the license block on both sides of the established ore bodies in a total zone of approximately 1.5 km. Sampling has already commenced in the trenches and in addition core- and mud drilling are ongoing.

A new laboratory, or rather sample preparation unit, has been commissioned. It is able to quickly and reliably process and concentrate test samples on line. Thereafter the

prepared test samples are sent for final analysis to an external laboratory. More than 1,000 samples have so far been collected from trenches and cores, and the sampling continues at full speed. The sample analyses arrive with a certain time lag.

It is important to stress that the existing ore body is still fully open in all directions. The established strike of the ore body is some 300 m and the width some 50 m. However, the license block itself has a length of some 3 km and the gold mineralized zone penetrates right through the license block. The analysis of the first cores shows that the structure of the rocks at an absolute depth of some 100 m is identical to the rocks in the top of the deposit (where the established gold reserves are located).

In May 2008 the geologic authorities in Irkutsk stated that they estimate, subject to a fully completed exploration programme, that the Kopylovskoye project will result in 62 tons of gold reserves (C1+C2) as well as 70 tons of P1 gold resources (highest Russian resource category). This corresponds to a total 4.2 million ounces of gold in the ground. Again this presumes the completion of the exploration programme. The expectations of the geologic authorities thereby exceed those of Central Asia Gold up to now, which is encouraging.

The other gold mining projects in the Central Asia Gold portfolio

Kara-Beldyr in Tyva region:

Among Central Asia Gold's other mining projects, concrete exploration work has taken place at Kara-Beldyr (Tyva region) during the first quarter of 2008. The reason is that no all-year-road exists to the project, and accordingly heavy works should preferably be carried out during the cold period of the year when the winter roads are open. During the quarter January – March 2008, a light drilling programme involving a total 1,100 m was completed. The drilling programme comprised mud drilling holes down to some 30 m. Three exploration lines were drilled crossing the established gold mineralization "Gordejevskoye". This mineralization has historically been mostly proved at the surface via surface trenches. The purpose of the drilling programme during the first quarter this year was to verify old data at surface and to test the extension deeper down. The results on the one hand confirmed that the gold mineralized zone continues down to at least 30 m, and further that the mineralization extends to the northwest.

As stated in the previous quarterly report, a new bulk ore sample from Kara-Beldyr was analysed in 2007. The sample was relatively large with a weight of a couple of hundred kg and was taken from a surface trench with a width of some 70 m. Previously analysed samples from Kara-Beldyr have not had the same weight. The new sample showed an average gold grade of slightly less than 3 g/t taken from the full 70 m interval. The relatively large width of the gold mineralized zone in this trench indicates that the gold may be extracted via an open pit, which is preferable. It should also be added that ore enrichment tests conducted via heap leaching on said ore sample demonstrated high recoveries. This is a very cost effective extraction method. In summary, the new information is very encouraging when it comes to trying to prove a significant ore reserve at Kara-Beldyr.

Alluvial gold production:

The subsidiary gold placer producers OOO Artelj Tyva (Tyva region) and OOO Artelj Lena (Irkutsk region)

During the first quarter of each year, no alluvial gold production takes place. The production season normally begins in the end of May and extends to early October, that is during the warm part of the year.

During the first quarter of the year efforts have been directed at completing a new incentive system in the two subsidiaries. Alluvial gold production involves a large workforce, which results in high variable operating costs. In addition gold grades are fairly low. This implies that margins in alluvial gold production are lower than in mining operations, but on the other hand capital intensity is lower in alluvial companies. This, however, means that it is very important to correctly incentivize the workers. This is particularly important when inflation increases the costs. A profit sharing system has therefore been worked out whereby the workers are incentivized to minimize costs. If this occurs, the workers get a bigger profit sharing by year end. Any increase in results due to a higher than budgeted gold price do not particularly influence the profit sharing. Central Asia Gold believes the new system will be beneficial to subsidiary staff as well as to Central Asia Gold. The production target 2008 for both subsidiaries has been determined at 900 kg of pure gold. As usual, the major part of the gold is produced during the third quarter of the year. At the start of the year both subsidiaries year secured the working capital requirements in the Russian banking system.

As previously stated, a minority of some 5% has arisen in subsidiary OOO Artelj Lena during the first quarter. The background is that a couple of workers, previous members of the workers' collective Artelj Lena, have applied to the court in Irkutsk claiming they were non-lawfully expelled from the collective. This applies to the period before Central Asia Gold took over Artelj Lena. A local court in Irkutsk has reinstated them as owners of 5% of the capital and votes in OOO Artelj Lena. Central Asia Gold and its legal advisors reject this and will appeal. The event is not very material but a source of irritation.

Investments, liquidity and financing

Net investments in material and immaterial fixed assets during the first quarter of 2008 amounted to TSEK 14,063 (TSEK 8,365).

Cash in group accounts was TSEK 47,743 at the end of March 2008 (TSEK 49,242).

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. The number of employees was 7 including the Moscow representative office at the end of the reporting period (3). The net result for the first quarter 2008 was TSEK -5,574 (TSEK +401). Non-cash flow affecting currency exchange losses of TSEK -2,960 is included in this result.

Cash in the parent company was TSEK 3,586 as at end of March 2008 (TSEK34,289).

Employees

The group had 1,183 employees at the end of March 2008 (510).

Issued shares

As at the end of March 2008, as well as at the date of this report, the number of shares outstanding in Central Asia Gold AB (publ) is 412,210,070.

In addition to this, an options programme directed at leading personnel in the group was approved by the Annual General Meeting of shareholders on June 12, 2007 in Stockholm. In total 14,500,000 options were issued in accordance with this programme. The term of the options is to the end of July 2009 and the strike price is SEK 2.25 per option corresponding to one underlying share. The options can only be exercised towards the end of the period. The allocation of options took place during the third quarter of the financial year. The market price of the CAG share is lower than the strike price of the options as at the end of the report period.

Major events after the end of the reporting period

Central Asia Gold is granted a credit by Russian Sberbank

After the end of the report period Central Asia Gold's subsidiary OOO Tardan was granted a credit of 102 million RUR (approximately 26 MSEK at the current exchange rate) by the Russian commercial bank Sberbank.

The credit is granted for investment purposes. It must be secured by pledges of material fixed assets, by guarantees from other Central Asia Gold subsidiaries and lastly by personal guarantees from certain leading personnel in OOO Tardan Gold. All this is in accordance with Russian banking practice. The credit must, if drawn upon, be repaid in monthly installments after some three years. The repayment takes place over approximately 36 months. In April 2008 OOO Tardan Gold drew upon 31 million RUR of the credit and has pledged material fixed assets of a corresponding value.

Central Asia Gold wins license auction in Irkutsk

On April 25 Central Asia Gold AB participated in an open gold license auction in the Bodaibo province of Irkutsk region. A number of gold exploration blocks were subject to the auction process. Central Asia Gold, via the 75% owned subsidiary Kopylovskoye AB, bid for the "Prodolny" block. This block has an area of 141 km² and houses a number of gold occurrences. The interest for this region inter alia depends on the fact that the biggest gold deposit in the Russian Federation, Suchoy Log, is located there.

The Prodolny license block is considered to hold some 18 tons (578,000 oz) of gold mineral resources according to Russian standards. However, only limited exploration work has been carried out to date.

The license entitles the license holder to carry out exploration work as well as production of gold. The winning auction price amounted to some 3 MSEK.

Extraordinary General Meeting (EGM) held on May 21 approves Board's proposal to conduct rights issue

An EGM held on May 21 approved the proposal by the Board of Directors to conduct a rights issue of so-called units containing both shares and warrants. The term means that for each seven existing shares one unit is offered. Each unit contains two new shares and one warrant. The warrants must be subscribed no later than December 5, 2008. The subscription price is SEK 1.10 SEK per unit corresponding to SEK 0.55 per share. The subscription price is SEK 0.55. Given full take up (including exercising of all warrants) Central Asia Gold will receive some 97 MSEK before rights issue costs. The record date for the rights issue is May 28.

Next report due

The next financial report due is the interim report for the period January – June 2008. It will be released on Thursday, August 28, 2008. Thereafter follows the nine-month report on November 28, 2008.

Annual report and 2008 Annual General Meeting

The 2008 Annual General Meeting (AGM) will be held in Stockholm on Thursday, June 12 at the address Operaterassen, Karl XII:s Torg, 111 47 Stockholm, starting at 15.00. The annual report is now available for downloading at the website www.centralasiagold.se and will be mailed to all registered shareholders now in May.

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 2008-01-01 - 2008-03-31	3 months 2007-01-01 - 2007-03-31	12 months 2007-01-01 2007-12-31
Net sales	16 660	4 492	180 877
Capitalised costs	12 350	476	43 255
Change in stock of finished and semi-finished goods	5 828	1 041	6 973
Other income	95	-	492
Total revenues	34 933	6 009	231 597
Operating costs			
External costs	-8 565	-12 945	-115 052
Salary related costs	-25 391	-7 907	-106 275
Depreciation	-8 120	-3 335	-35 518
	-42 076	-24 187	-256 845
Operating result	-7 143	-18 178	-25 248
Net financial items	-2 029	2 008	34 228
Result after net financial items	-9 172	-16 170	8 980
The period's tax cost	-70	-4	-11 669
Net result after tax for the period	-9 242	-16 174	-2 689
Whereof attributable to the shareholders of the parent company	-9 446	-15 916	-5 766
Whereof attributable to the minority	204	-258	3 077
Earnings per share before dilution, SEK	-0,023	-0,041	-0,014
Earnings per share after dilution, SEK *)	-0,023	-0,041	-0,014

Number of shares issued at period end	412 210 070	402 196 923	412 210 070
Average number of shares for the period	412 210 070	390 196 923	405 677 654
Average number of shares for the period after dilution *)	412 210 070	390 196 923	405 677 654

*) There are 14.5 million incentive options outstanding but the strike price is SEK 2.25 per option entitling to subscription of one new share. Thus they do not effect the diluted number of shares outstanding for the period Jan - March 2008 since the share price as at March 31, 2008 is lower.

GROUP BALANCE SHEET (all amounts in TSEK)	March 31, 2008	March 31, 2007	Dec 31, 2007
ASSETS			
FIXED ASSETS			
<i>Immaterial fixed assets</i>	223 792	157 944	213 535
<i>Material fixed assets</i>	167 281	90 905	175 882
<i>Financial fixed assets</i>	60 790	9 931	52 316
Total fixed assets	451 863	258 780	441 733
CURRENT ASSETS			
Inventories	47 765	28 101	26 848
Current receivables	68 727	149 743	75 989
Cash and bank	47 743	49 242	69 843
Total current assets	164 235	227 086	172 680
TOTAL ASSETS	616 098	485 866	614 413
EQUITY AND LIABILITIES			
Total equity	379 331	366 441	391 505
Minority interest	50 806	1 755	51 324
Provisions	77 812	21 457	84 901
Current Liabilities	108 149	96 213	86 683
TOTAL EQUITY AND LIABILITIES	616 098	485 866	614 413
ASSETS PLEDGED			
Bank accounts	50	50	50
CONTINGENT LIABILITIES			
		-	-

(All amounts in TSEK)	3 months	3 months	12 months
GROUP CASHFLOW ANALYSIS	Jan - March	Jan - March	Jan - Dec
(All amounts in TSEK)	2008	2007	2007
Operating activities	977	-10 619	10 270
Paid/received interest and similar items	858	1 304	4 614
Cash flow from operations before changes in working capital	1 835	-9 315	14 884
Changes in working capital	-6 405	-77 129	-11 741
Net cash flow used in operating activities	-4 570	-86 444	3 143
Net cashflow used in investing activities	-14 063	-8 365	-165 403
Net cash flow from financing activities	-3 474	61 405	149 790
Increase in cash and bank	-22 108	-33 404	-12 470
Cash and bank at the beginning of the period	69 843	81 947	81 947
Translation difference in cash and bank	8	699	366
Cash and bank at the end of the period	47 743	49 242	69 843

STATEMENT OF CHANGES IN EQUITY (GROUP)

(Expressed in TSEK)	Share capital	Additional paid in capital	Other reserves	Retained earnings	Total equity capital
Equity as at Dec 31, 2006	73 239	258 512	-6 415	-11 720	313 616
Rights issues	7 200	59 400			66 600
Issue costs		-5 195			-5 195
Currency translation difference			7 594		7 594
Net result for the period				-16 174	-16 174
Equity as at March 31, 2007	80 439	312 717	1 179	-27 894	366 441
Rights issues April 1 - Dec 31, 2007	2 003	27 096			29 099
Issue costs April 1 - Dec 31, 2007		-7 454			-7 454
Currency translation difference April 1 - Dec 31, 2007			-10 065		-10 065
Net result for the period April 1 - Dec 31, 2007				13 484	13 484
Equity as at Dec 31, 2007	82 442	332 359	-8 886	-14 410	391 505
Currency translation difference			-2 932		-2 932
Net result for the period				-9 242	-9 242
Equity as at March 31, 2008	82 442	332 359	-11 818	-23 652	379 331

Central Asia Gold AB (publ)

org no 556659-4833

3 months 3 months 12 months

KEY RATIOS

2008-03-31 2007-03-31 2007-12-31

Group

Total assets, TSEK	616 098	485 866	614 413
Total equity, TSEK	430 137	368 196	442 829
Equity ratio, %	70%	76%	72%
Interest bearing debt, TSEK	75 141	8 061	47 636
Employees at period end	1 183	531	1 288

Per share data

Earnings per share, SEK	-0,023	-0,041	-0,014
Equity per share (SEK)	1,043	0,915	1,074
Return on equity (%)	-2,12%	-3,99%	-1,21%

Key ratio definitions

Total assets, TSEK	Total assets at period end
Total equity, TSEK	Total equity including minority interest at period end
Equity ratio, %	Total equity including minority interest 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 including minority interest 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 including minority interest for the same period

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 2007.

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and in accordance with the Swedish Accounting Board's recommendation RR 31 "Interim group reporting" (Delårsrapportering för koncerner). The new or

revised IFRS standards or IFRIC-recommendations that have been enacted since 1 January 2008 have not had any material effect on the group's profit and loss- and balance sheets.

Parent company

In all significant ways the parent company applies the same accounting principles as the group. In addition, the parent company applies RR32 *Accounting for legal entities*.

Segment information

The company's accounts are focused on the primary business segment by geographical areas. These are defined as specific countries. The secondary segments are different types of other activities. A few of the group's subsidiaries extend transportation services, partly to external clients. These transportation services are currently not deemed to be of material size. At present (from Q 1/2005) gold is produced in only one country, Russia. Therefore no segment information is currently given.

Risk and uncertainties associated with this interim report

The group's risk exposure is presented on page 39 of the 2007 annual report. There are no general changes to this presentation of risk exposure.

Transactions with related parties

Security services

The various subsidiaries in Russia currently purchase security and guard services from the company OOO Ochrannaya Firma Shtjit. Michail Malyarenko owns 60% of this company. These services are charged for at market price. During the first quarter of 2008 the subsidiaries paid a total of TRUR 5,466 for such services (TSEK 1,403).

Office rents

Part of the group's company management and administration teams work in the city of Tomsk in Siberia. They work in rented premises in an office block owned by Michail Malyarenko. A number of external companies also rent premises in the same building. During the first quarter of 2008 the Central Asia Gold group has paid TRUR 253 in office rents (TSEK 65). This is the same rent that the other external tenants pay for the property.

Management company

To optimise the cost of management services, part of the administration in the company's department in Tomsk are located in a separate management company. The management company comprises legal staff, accountants, controllers, interpreters and logistic personnel, including Michail Malyarenko himself. The objective is to reduce

the cost for management services, as the management company will be able to provide services for external clients and improve the allocation of joint costs between the group companies. The goal of the management company is not profit maximization. During the first quarter of 2008 Central Asia Gold paid, via its subsidiaries, a total of TRUR 8,411 (TSEK 2,158) to the management company. This amount represents salaries and other external costs for the personnel. The owners of the management company are Central Asia Gold's two main Russian owners, Alexander Merko and Michail Malyarenko, who each own equal shares.

Project management company

Central Asia Gold's Russian subsidiary performs construction work in its own region in order to save money. However, to receive a building permit for one's own personnel from the authorities, a responsible property development company must be hired to submit official documentation and to take responsibility for safety and other building regulations. In this case Central Asia Gold's subsidiary OOO Tardan Gold appointed the company OOO KUPIR to lead the construction work and to take charge of responsibility issues. Therefore parts of the construction cost are administered via KUPIR. Michail Malyarenko and his family own 100% of this company. During the first quarter of 2008 construction work equivalent to TRUR 8,693 (TSEK 2,231) was performed via OOO KUPIR.

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

Stockholm, May 26, 2008

Central Asia Gold AB (publ)

The Board of Directors

For more information, please contact:

MD Torbjorn Ranta, tel: +46 (0)8 624 26 80, fax: +46 (0)8 624 37 20, mobile phone: +46 (0)70 8 85 55 04, e-mail: torbjorn.ranta@centralasiagold.se, Website: www.centralasiagold.se, Postal and visiting address: Brovägen 9, SE-182 76 Stocksund

Central Asia Gold AB is a Swedish mining company focused on gold production and exploration in Russia and Mongolia in the central parts of Asia. The gold production was

initiated in late January 2005 and the assets today are estimated to encompass some 645,000 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.