

Central Asia Gold

Central Asia Gold proposes rights issue of about MSEK 65 to facilitate the construction of a heap leaching plant at Tardan deposit

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- **The board of Central Asia Gold (publ) proposes that an Extra General Meeting convened on 21st of May decides upon a rights issue of about MSEK 65.**
- **The rights issue proceeds are mainly intended to enable the construction of a heap leaching plant at the Tardan deposit.**
- **Major shareholders have already agreed to subscribe to approximately 39 percent of the issue. The remaining part is fully guaranteed by a guarantee consortium headed by Glitnir.**

The board of Central Asia Gold AB (publ) (the “Company”), listed on NGM Equity, proposes that the extra general meeting to be held on 21st of May 2008 decides upon a new issue of Units of shares and subscription options with pre-emptive rights for existing shareholders.

The rights issue proceeds will mainly be used for the planned construction of a heap leaching plant at Tardan. Further, a part will be used for paying off some debts, mainly the remaining purchase consideration for the Kopylovskoye deposit. The issue is structured in two stages via Units. Each Unit contains two (2) new shares and one (1) subscription option that is issued free of payment, the subscription option giving the right to subscribe to one (1) new share in the Company during the year. The proposal of the new issue of Units of shares and subscription options is in brief:

- Parties who are registered as shareholders in the Company will be granted one (1) unit right for each existing share. Each seven (7) unit rights grant the right to subscribe to one (1) unit (“Unit”). One (1) Unit contains two (2) new shares and one (1) subscription option, the subscription option giving the right to subscribe to one (1) new share in the Company. Subscription may only be made in Units and thus shares and subscription options may not be subscribed to individually. Allocation may only occur in Units. However the shares and subscription options will be divided after subscription and registration, and thereafter the shares and subscription options may be traded separately and not in Units at NGM Equity.

- The subscription price per Unit is 1.10 SEK. The subscription price per share will be 0.55 SEK and thus the subscription options are issued free of payment.
- Subscription of shares by exercising subscription options may occur from the day the resolution is registered with the Swedish Companies Registration Office and until the 5th December 2008. The strike price will be 0.55 SEK. The subscription options shall be traded at NGM Equity.
- The new issue is fully guaranteed by commitments to subscribe from board members, management of the company and major shareholders and in addition by a guarantee consortium through Glitnir.
- Central Asia Gold will be provided with 64.8 MSEK before issue costs through the share issue and another 32.4 MSEK given full utilization of all subscription options.

Time schedule

- Extra general meeting: 21st of May 2008
- The record date for obtaining subscription rights: 28th May 2008
- Subscription period: from the 9th June 2008 to the 23rd June 2008

Managing Director Torbjörn Ranta comments: "We are pleased to see that major shareholders on the Board and also without board representation in advance have agreed to subscribe to about 39 percent of the issue. This is very positive given current market conditions. The remaining part is guaranteed by a guarantee consortium headed by our financial advisor Glitnir. Thus Central Asia Gold will receive the rights issue proceeds, which are needed to take the next development step on the Tardan deposit."

For more information, please contact:

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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 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.