

Central Asia Gold

(NGM: CAG)

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CAG – PRIVATE PLACEMENT

Central Asia Gold AB ("CAG") has retained ABG Sundal Collier Norge ASA and SEB Enskilda ASA to advise on and effect a contemplated private placement of issue of new shares directed towards professional investors in Sweden and internationally. The private placement will be carried out through a book-building process.

The planned share issue will amount to a maximum of 36 million new shares, equal to approximately 9.83% of existing outstanding shares. Any such new shares will be issued pursuant to the authorization to the Board of Directors established at CAG's Annual General Meeting held on June 9, 2006.

CAG has experienced significant growth during the last 12 months. The main reason for the private placement is to allocate capital needed for the previously announced acquisition of the gold producing company Artelj Lena.

Central Asia Gold AB

Torbjorn Ranta
Managing Director

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Central Asia Gold AB is a Swedish junior 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 760,000 troy ounces (1 troy ounce = 31.1 g) of Russian gold reserves C1/ C2.

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 as regards the geologic information available in respect of the various projects undertaken; (iii) CAG's continued ability to secure enough financing for carrying 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 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.