

Central Asia Gold

Update of the operations in Central Asia Gold

Press release 2008-07-25

- Central Asia Gold lowers 2008 gold production target to 1,000 – 1,100 kg from previous targeted level of 1,250 kg
- New Tardan deposit reserve calculation ongoing
- Important sample analyses from the Kopylovskoye project due in August – September

Expected 2008 gold production

As per end of July 2008 nearly half of the production season of Central Asia Gold's two alluvial production subsidiaries has passed. Thus far they have produced together approximately 250 kg of gold. This year's production target for the companies was previously 900 kg. The target will be difficult to reach. Therefore a new more realistic production target is 750 kg. The lower than planned production is mainly explained by inflation pressure, primarily in the Irkutsk region in this case. Sharply increased salary demands have during the ongoing season resulted in high personnel turnover when workers leave for jobs with higher salary and/or more comfortable working conditions. This negatively impacts on production. Also, fuel prices have increased sharply, which has a negative influence on profitability in primarily the alluvial subsidiaries.

The Tardan mine has during the period January – July 2008 produced some 140 kg of gold. The 2008 Tardan production target was 350 kg. A new magnetite separator has recently been commissioned, which is expected to increase monthly production during the rest of the year. Nevertheless it will be difficult to achieve 350 kg. The new production target for the Tardan mine is now 300 kg.

In total, the new gold production target of the group for 2008 is therefore 1,000 – 1,100 kg. The previous group production target was 1,250 kg for 2008.

Reserve calculation in respect of Tardan mine

In accordance with previous information a new reserve calculation in respect of Tardan deposit is ongoing. This calculation must be reviewed and approved by the Russian authorities (TKZ). The approval consists of reviewing geologic as well as economic data. The well-known Russian project

design institute IRGIREDMET has been contracted to perform the economic feasibility analysis, that will be reviewed by the Russian authorities. This work is in progress. The geologists of Central Asia Gold will submit the figure 9.2 tons of C1-C2 reserves according to Russian standards. IRGIREDMET plans to complete its work by end of September, at which time TKZ will review both the geologic and economic data.

The exploration program at Kopylovskoye project

The exploration program at Kopylovskoye deposit is ongoing. In total up to now some 2,000 samples gathered from surface trenches, core drilling and shallow pneumatic drilling have been collected. Thereof some 750 samples have been prepared and sent for analysis to two independent laboratories. The analysis of these samples taken from four different exploration lines is due in August – September. The main part of these samples is taken from exploration lines outside the established ore body. These analyses will give important indications in respect of the deposit. More information is expected to be given in the 6-month report due in end of August.

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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.

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