

Central Asia Gold

- **Central Asia Gold AB (“CAG”) executes final agreement regarding the sale of 125,000 shares in the subsidiary Kopylovskoye AB**
- **At the same time the shares of Kopylovskoye AB get subject to a split in connection with the planned dividend of the remaining shares in this subsidiary to the CAG shareholders**

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Central Asia Gold AB has now entered in to a final agreement regarding the sale of 125,000 shares corresponding to 12.5% of the capital and votes in subsidiary Kopylovskoye AB. The buyer is the consortium that since previously owns 25% of this subsidiary. The price for the mentioned share block is MSEK 10. CAG informed about this transaction in a press release distributed on October 16, 2008.

The ambition of CAG is to as quickly as practically possible take the decision to dividend out the remaining 62.5% of Kopylovskoye AB to the CAG shareholders according to the so called "Lex Asea". The decision is planned to be approved on an Extraordinary General Meeting tentatively planned for December this year. On the same EGM it is planned, as previously reported, to also decide on the acquisition of NMC (New Mining Company) via an issue in kind. Preparations for the acquisition including the conducting of due-diligence are ongoing.

In order to facilitate a simple dividend of the Kopylovskoye AB shares in the proportion 1:1 (one distributed Kopylovskoye AB share for each existing CAG share) the share capital structure of Kopylovskoye AB is being adapted. Concretely this implies that the shares of Kopylovskoye AB are first split 849:1 so that the number of outstanding shares increases to 849,000,000. Thereafter CAG's holding of Kopylovskoye AB shares will amount to 530,625,000. In CAG there are currently 530,127,076 shares outstanding. In the beginning of December it is expect that a limited amount of additional shares will get issued in conjunction with the term of the outstanding warrant program ending. Immediately thereafter, a small directed issue will be conducted in order to increase the outstanding number of shares in CAG to said 530,625,000.

At the same time the limits of the share capital and the limits of the number of shares stated in Kopylovskoye AB's Articles of association are increased, and the Board of Directors of this company gets authority to conduct share issues in the context of a future separate listing of Kopylovskoye AB. The shares of Kopylovskoye AB will after the dividend has taken place and well before a new listing get subject to a reversed split in order to reach a suitable number of outstanding shares.

Provided the NMC merger transaction develops as planned, a notice to the EGM is believed to get published in the next few weeks.

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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 were as at end of 2007 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.