

Central Asia Gold

(NGM: CAG)

- **Completed due diligence and exemption from mandatory bid rules**

Press release 2008-12-19

A board meeting in Central Asia Gold AB (“CAG AB”) was held yesterday. The items on the agenda were to evaluate the main conditions for the merger with Russian mining company NMC stipulated in the SPA-agreement, which was signed in November in respect of the transaction. This with a view that an Extraordinary Shareholders’ Meeting in CAG AB will be conducted on December 22, 2008 to approve of the merger.

The main conditions for the merger stipulated in the SPA-agreement were:

- Obtaining of satisfactory due diligence reports on CAG AB as well as on NMC
- Approval by the Board of Directors of both companies
- Obtaining of exemption from the mandatory Swedish bid rules

CAG has now received the due diligence reports completed by some of the globally leading audit- and legal firms. Also, a technical review was made of NMC’s assets by a Russian independent mining engineering company. Thereafter it has been concluded by the CAG board of Directors that no new facts have surfaced that would prevent the completion of the transaction.

On December 11, 2008 the Swedish Authority “Aktiemarknadsnämnden” in its resolution 2008:51 exempted NMC’s main owners from the mandatory bid requirements that would otherwise have applied.

The Board of Directors of CAG AB therefore considers that NMC has fulfilled the conditions stipulated in the SPA-agreement.

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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 as at early 2008 encompassed 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.