



April 14, 2004

## **LETTER TO SHAREHOLDERS**

Dear Shareholder:

It is my honour to report directly to you through this first annual Letter to Shareholders of Asia Gold Corp.

In what was a pivotal year in the company's short history, two landmark transactions were completed in 2003 that provide us with an excellent foundation for future growth and success.

- The first transaction, in July, 2003, was a Purchase and Sale Agreement and a C\$1,000,000 private-placement financing with Ivanhoe Mines Ltd. As a result of this transaction, Asia Gold acquired 29 new Mineral Exploration Licences in southern Mongolia and the small Eunsan gold-silver trial mine in South Korea.
- The second landmark transaction, in December, 2003, was an oversubscribed Initial Public Offering of 5,000,000 common shares at \$3.00 per share on the TSX Venture Exchange. The IPO's net proceeds to the company were \$14,175,000. Following the IPO, Asia Gold has 14.6 million common shares issued and outstanding.

Ivanhoe Mines now owns 51.1% of the issued and outstanding common shares of Asia Gold. The two companies enjoy a strong working relationship that provides productive synergy in the skills-intensive technical, logistical and corporate fields.

### **Exploration Activity in Mongolia**

Asia Gold has a well-defined strategic plan designed to discover economic copper and gold deposits in Mongolia. Our exploration focus is on epithermal gold and porphyry copper-gold deposits in the Tian Shan metallogenic belt in the Gobi region of southern Mongolia. In this region, Asia Gold owns a 100% interest in 40 Mineral Exploration Licences totalling 39,540 square kilometres in two properties: Oyut Ovoo and West Gobi. These exceptionally large, highly prospective and under-explored properties are strategically located to the west of the giant Oyu Tolgoi porphyry copper-gold deposit discovered by Ivanhoe in 2002. Oyu Tolgoi ranks as one of the largest copper-gold porphyry deposits in the world and ongoing diamond drilling is continuing to expand the resource.

Exploration on the Oyut Ovoo property in 2003 identified a copper-gold skarn prospect associated with an intrusive complex. A strong, surface copper geochemical anomaly is associated with coincident magnetic and Induced Polarization (IP)

geophysical anomalies. A 2,000-metre diamond-drilling program to test the Oyut Ovoo prospect started in late-March, 2004.

The West Gobi property comprises an area of 35,810 square kilometres. A reconnaissance exploration program, with a budget of about C\$1,000,000, was completed on the property in late 2003. The results of this program are promising and multiple epithermal gold targets already have been discovered that will be explored in detail in 2004. The most advanced of these targets are the Dune and Yagaan prospects. Drill testing of the Dune prospect will follow the completion of an IP survey in April, 2004. Other targets identified in 2003 will be systematically advanced to the drilling phase by staged reconnaissance and detailed exploration programs. To date, less than 50% of the large West Gobi Property has been explored at the initial reconnaissance level.

Asia Gold's budget for the 2004 exploration program in Mongolia is approximately C\$4,700,000 and includes a provision of C\$2,000,000 for diamond drilling. This program is designed to produce a pipeline of new gold and copper-gold prospects for drill testing. We also will be evaluating new opportunities within the Tian Shan metallogenic belt outside Mongolia and utilizing our proven geological and Asian business expertise to identify specific, high-quality projects in Asia that would add materially to shareholder value.

### **Directors and Exploration Management**

Asia Gold's Board of Directors changed significantly in 2003. Among the current six Directors are two strong independent Directors, Pierre B. Lebel, MBA, LLB (Chairman, Imperial Metals Corporation) and Andre H. Deepwell, CA (Chief Financial Officer, Imperial Metals Corporation); three senior executives from Ivanhoe, Edward Flood, M.Sc. (Deputy Chairman, Ivanhoe Mines Ltd.), Peter G. Meredith, CA, CMA (Chief Financial Officer, Ivanhoe Capital Corporation) and Douglas J. Kirwin, M. Sc., P. Geo. (Executive Vice President Exploration, Ivanhoe Mines Ltd.); plus the President of Asia Gold, David C. Owens, P. Geo.

The company's Directors all have proven and successful track records in the exploration and mining industry. In this regard, we congratulate Mr. Kirwin for his recent distinction as a joint, inaugural recipient of the Thayer Lindsley International Discovery Award by the Prospectors and Developers Association of Canada. Mr. Kirwin was recognized for his role in the discovery of the major copper-gold deposit at Ivanhoe's Oyu Tolgoi project in the Gobi region of southern Mongolia. Asia Gold also extends its appreciation and thanks to Don Poirier, who stepped down from the Board in December, 2003. Mr. Poirier had served as a Director since incorporation in 2002 and provided invaluable guidance and support during the company's start-up phase.

Two key exploration positions also were filled during the past year. Richard Gosse, M.Sc., joined the company in February, 2004, as Vice President, Exploration. Mr.

Gosse has 22 years of international experience in mineral exploration, including 10 years in Asia. Prior to joining Asia Gold, Mr. Gosse held senior exploration management positions with Anglo American Plc and BHP-Billiton in China and India. In October, 2003, Andrew Gourlay was appointed Exploration Manager for Mongolia. Mr. Gourlay has more than 25 years of experience in global mineral exploration.

Our Board of Directors and exploration management team are highly experienced and talented mining professionals with integrity and a strong motivation to grow shareholder value. All will be key to the company's success in 2004.

## Looking Forward

Events planned for this current year have the potential to transform our company. With an enormous and highly prospective land position in southern Mongolia, a C\$4.7 million exploration budget, plus a highly qualified and motivated exploration team, Asia Gold has assembled all of the critical components that will be required to facilitate and support an exploration discovery. The field work has begun with a drilling program underway at Oyut Ovoo that will ramp up quickly during the next few months as favourable spring weather takes hold in Mongolia. Exploration progress and results will be reported on a regular basis and posted to the Company's website at [www.asiagold.com](http://www.asiagold.com).

Asia Gold's Annual General Meeting will be held at 10:00 AM on May 27, 2004, at Suite 629, 999 Canada Place, Vancouver, Canada. I encourage all shareholders to attend and meet our management and Directors.

Finally, I would like to express my sincere appreciation to shareholders for supporting Asia Gold during the transition year of 2003 and to reconfirm management's commitment in 2004 to growing the company and creating new value for the shareholders through exploration success and strategic project investments.

Yours sincerely,



David C. Owens  
President

**Forward-Looking Statements:** Statements in this document that are forward-looking Statements are subject to various risks and uncertainties concerning the specific factors disclosed under the heading "Risk Factors" and elsewhere in the company's periodic filings with Canadian securities regulators. Such information contained herein represents management's best judgment as of the date hereof based on information currently available. The company does not assume the obligation to update any forward-looking statement.