



**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2004**

(Stated in U.S. Dollars)

(Prepared by Management Without Audit)

ASIA GOLD CORP.
Consolidated Balance Sheets
(Stated in U.S. dollars)

	September 30, 2004	December 31, 2003
	(Unaudited)	
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 9,637,664	\$ 11,869,149
Accounts receivable	57,603	342,596
Prepaid expenses	143,612	21,993
Inventory	-	248,083
	9,838,879	12,481,821
MINERAL PROPERTIES	158,384	333,982
PROPERTY, PLANT AND EQUIPMENT	122,923	656,600
	\$ 10,120,186	\$ 13,472,403
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 1,078,424	\$ 1,195,390
Asset retirement obligation	-	387,766
	1,078,424	1,583,156
SHAREHOLDERS' EQUITY		
Share capital (Note 6)		
Authorized		
Unlimited common shares without par value		
Issued and outstanding		
14,622,349 common shares	14,183,003	14,183,003
Contributed surplus	444,847	240,177
Deficit	(5,586,088)	(2,533,933)
	9,041,762	11,889,247
	\$ 10,120,186	\$ 13,472,403

APPROVED BY THE BOARD:

"Andre Deepwell"

Director

"Pierre Lebel"

Director

ASIA GOLD CORP.
Consolidated Statements of Operations and Deficit

(Unaudited)

(Stated in U.S. dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
EXPENSES				
Depreciation	\$ 4,091	\$ 2,337	\$ 9,664	\$ 2,337
Exploration (Schedule)	1,193,171	1,319,102	2,173,172	1,339,573
Investor relations	14,723	235	41,249	1,946
Legal	23,051	25,849	62,309	31,052
Office and administration	101,426	37,957	300,971	50,192
Professional fees	9,309	67,626	30,403	101,137
Salaries	130,102	52,070	367,361	52,988
Stock-based compensation	68,583	-	204,670	-
Travel	34,223	31,648	116,253	41,221
	1,578,679	1,536,823	3,306,052	1,620,445
OTHER (INCOME)/EXPENSES				
Interest income	(48,956)	(213)	(158,162)	(228)
Foreign exchange	(507,760)	25,874	(162,426)	30,423
Interest expense	-	14,645	-	14,645
Loss on disposal of subsidiary (Note 2)	-	-	49,274	-
Other	-	(27,018)	17,418	(27,018)
	(556,716)	13,288	(253,897)	17,822
NET LOSS	1,021,963	1,550,111	3,052,155	1,638,267
DEFICIT, BEGINNING OF PERIOD	4,564,126	344,081	2,533,933	255,925
DEFICIT, END OF PERIOD	\$ 5,586,088	\$ 1,894,192	\$ 5,586,088	\$ 1,894,192
BASIC AND DILUTED LOSS PER SHARE	\$ (0.07)	\$ (0.22)	\$ (0.21)	\$ (0.45)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	14,622,349	6,984,078	14,622,349	3,611,959

ASIA GOLD CORP.
Consolidated Statement of Shareholders' Equity

(Unaudited)

(Stated in U.S. dollars)

	Share Capital		Contributed Surplus	Deficit	Total
	Number of Shares	Amount			
Balances, December 31, 2003	14,622,349	\$14,183,003	\$ 240,177	\$ (2,533,933)	\$11,889,247
Stock compensation charged to operations	-	-	204,670	-	204,670
Net loss	-	-	-	(3,052,155)	(3,052,155)
Balances, September 30, 2004	14,622,349	\$14,183,003	\$ 444,847	\$ (5,586,088)	\$ 9,041,762

ASIA GOLD CORP.
Consolidated Statements of Cash Flows
(Unaudited)
(Stated in U.S. dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
OPERATING ACTIVITIES				
Net loss	\$ (1,021,963)	\$ (1,550,111)	\$ (3,052,155)	\$ (1,638,267)
Items not requiring use of cash				
Depreciation	7,310	110,581	113,939	110,581
Stock-based compensation	68,583	-	204,670	-
Loss on disposal of subsidiary	-	-	49,274	-
Unrealized foreign exchange (gains)/losses	(743,125)	15,439	(508,031)	15,439
Interest expense	-	823	-	823
Changes in non-cash working capital items (Note 5)	452,191	712,751	179,592	764,158
	(1,237,004)	(710,517)	(3,012,711)	(747,266)
INVESTING ACTIVITIES				
Proceeds from disposal of subsidiary	384,258	-	843,845	-
Property, plant and equipment	(7,309)	(26,630)	(112,735)	(34,008)
Mineral properties	-	-	-	(93,265)
Cash acquired on acquisition of net assets	-	376,888	-	376,888
	376,949	350,258	731,110	249,615
FINANCING ACTIVITIES				
Convertible loan	-	426,073	-	721,101
Repayment of notes payable to related party	-	250,000	-	243,669
	-	676,073	-	964,770
(DECREASE) INCREASE IN CASH	(860,055)	315,814	(2,281,601)	467,119
EFFECT OF FOREIGN EXCHANGE RATE				
CHANGES ON CASH	715,378	-	485,092	-
CASH AND CASH EQUIVALENTS,				
BEGINNING OF PERIOD	9,782,338	155,173	11,434,171 (1)	3,868
CASH AND CASH EQUIVALENTS,				
END OF PERIOD	\$ 9,637,664	\$ 470,987	\$ 9,637,664	\$ 470,987
CASH AND CASH EQUIVALENTS ARE COMPRISED OF:				
Cash in bank			\$ 5,546,551	\$ 470,987
Term deposits			4,091,113	-
			\$ 9,637,664	\$ 470,987

(1) Net of reclassification of cash of \$434,978 to assets held for disposal by sale.

ASIA GOLD CORP.
Notes to the Financial Statements
(Stated in U.S. dollars)
(Unaudited)

1. BASIS OF PRESENTATION

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). However, they do not include all the information and disclosures required by Canadian GAAP for annual financial statements. They have been prepared using the same accounting policies and methods of applications as the latest annual consolidated financial statements. In the opinion of management, all adjustments of a normal recurring nature necessary for a fair presentation have been included. The results for interim periods are not necessarily indicative of results for the entire year. The information contained in the interim financial statements should be read in conjunction with the Company’s latest annual consolidated financial statements for the year ended December 31, 2003.

Asia Gold Corp. and its subsidiaries are collectively referred to as “Company”.

Certain prior period figures have been reclassified to conform with the current presentation.

2. DISPOSAL OF SUBSIDIARY

Effective April 1, 2004, the Company sold its 90% interest in Korean Exploration and Mining Ltd. (‘KEM’), a South Korean Company that holds the Eunsan gold-silver trial mine and related assets, to Hanguem Co. Ltd., a South Korean company that owned the remaining 10% of KEM.

The Company incurred a loss on sale as follows:

Proceeds of the sale	\$	843,845
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Carrying value of net assets sold		
Cash		434,978
Accounts receivable		244,691
Inventory		248,083
Prepaid expenses		5,955
Mineral properties		175,598
Property, plant and equipment		532,474
Accounts payable and accrued liabilities		(360,894)
Asset retirement obligation		(387,766)
		<hr/>
		893,119
Loss on sale	\$	49,274
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ASIA GOLD CORP.
Notes to the Financial Statements
(Stated in U.S. dollars)
(Unaudited)

3. RELATED PARTY TRANSACTIONS

- (a) The Company incurred the following expenses, on a cost recovery basis, with its parent company and a company related by officers or directors in common:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2004	2003	2004	2003
Exploration	\$ -	\$ 364,081	\$ 345,781	\$ 364,081
Office and administration	65,598	19,274	170,648	25,179
Salaries and benefits	127,616	23,114	354,980	23,643
	\$ 193,214	\$ 406,469	\$ 871,409	\$ 412,903

- (b) Accounts payable and accrued liabilities include the following amounts:

	September 30,	December 31,
	2004	2003
Amounts due for administration to Global Mining Management, a company related by way of directors and officers in common	\$ 67,422	\$ 46,276
Amount due to Ivanhoe Mines Ltd., the parent of the Company	669,001	388,085

4. SEGMENT DISCLOSURES

- (a) The Company currently operates in one industry segment, the acquisition and exploration of mineral properties
- (b) Mineral properties at the end of the period:

	September 30,	December 31,
	2004	2003
Mongolia	\$ 158,384	\$ 158,384
South Korea	-	175,598
	\$ 158,384	\$ 333,982

ASIA GOLD CORP.
Notes to the Financial Statements
(Stated in U.S. dollars)
(Unaudited)

(c) Property, plant and equipment at the end of the period:

	September 30,	December 31,
	2004	2003
Mongolia	\$ 90,298	20,089
Canada	32,625	6,374
South Korea	-	\$ 630,137
	\$ 122,923	\$ 656,600

5. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2004	2003	2004	2003
Net (increase) decrease in:				
Accounts receivable	\$ 81,440	\$ (78,207)	\$ 45,247	\$ (83,968)
Prepaid expenses	58,741	110,170	(121,102)	110,092
Net increase (decrease) in:				
Accounts payable and accrued liabilities	312,010	680,788	255,448	738,034
	\$ 452,191	\$ 712,751	\$ 179,592	\$ 764,158

6. SHARE CAPITAL

(a) *Stock-based Compensation – Officers and Employees*

During the nine months ended September 30, 2004, the Company granted 320,000 stock options to certain officers and employees at exercise prices ranging from CDN \$1.06 to CDN \$3.00 with expiry dates ranging from January 22, 2009 to August 24, 2009. The weighted average fair value of these options was estimated at CDN \$0.44 per share option at the grant date using the Black-Scholes model. The weighted average assumptions used for the calculation were an expected life of five years, volatility of approximately 17.35%, a risk free interest rate of 3.98% and expected dividends of \$Nil. A compensation cost of \$107,861 will be amortized over the vesting period, of which \$52,616 was recognized in operations in the nine-month period ended September 30, 2004. Aggregate stock-based compensation expense of \$204,670 charged against operations for the nine-months ended September 30, 2004 includes this amount of \$52,616 plus amortization of the fair value of stock options granted in prior years.

ASIA GOLD CORP.
Notes to the Financial Statements
(Stated in U.S. dollars)
(Unaudited)

(b) *Outstanding stock options and warrants*

As at September 30, 2004, there were 1,513,000 stock options outstanding with exercise prices and expiry dates ranging from CDN \$1.06 to CDN \$3.00 and November 8, 2008 to August 24, 2009, respectively.

As at September 30, 2004, there were 833,333 warrants outstanding which are issued to Ivanhoe Mines. These warrants are exercisable into 833,333 common shares at an exercise price of CDN \$1.32 per share and had an expiry date initially of July 31, 2004 which has been extended to July 31, 2005.

As at September 30, 2004, there were 500,000 other warrants outstanding exercisable into 500,000 common shares with an exercise price of CDN \$3.00 per share and expiry date of December 11, 2005.

ASIA GOLD CORP.
Consolidated Schedule of Exploration Expenses

(Unaudited)
(Stated in U.S. dollars)

	Three Months Ended September 30,					
	2004			2003		
	Mongolia	South Korea	Total	Mongolia	South Korea	Total
Assaying	\$ 74,463	\$ -	\$ 74,463	\$ 29,797	\$ 5,235	\$ 35,032
Camp costs	200,265	-	200,265	52,735	18,131	70,866
Consulting - geophysics	146,833	-	146,833	3,300	-	3,300
Consulting - geological	171,638	-	171,638	178,093	294,312	472,405
Depreciation	3,219	-	3,219	-	108,244	108,244
Drilling	264,810	-	264,810	-	93,137	93,137
License fees	42,838	-	42,838	-	57,097	57,097
Fuel	4,456	-	4,456	-	5,177	5,177
Legal	1,414	-	1,414	-	-	-
Maps, photos and reproductions	14,559	-	14,559	-	85	85
Office	96,424	-	96,424	11,861	65,813	77,674
Rental, lease and charter costs	41,779	-	41,779	50,113	4,892	55,005
Salaries	76,026	-	76,026	23,584	239,044	262,628
Supplies	2,476	-	2,476	-	21,128	21,128
Travel	51,972	-	51,972	41,386	15,938	57,324
	\$ 1,193,171	\$ -	\$ 1,193,171	\$ 390,869	\$ 928,233	\$ 1,319,102

	Nine Months Ended September 30,					
	2004			2003		
	Mongolia	South Korea	Total	Mongolia	South Korea	Total
Assaying	\$ 145,612	\$ -	\$ 145,612	\$ 29,797	5,235	\$ 35,032
Camp costs	302,546	24,096	326,642	52,735	18,131	70,866
Consulting - geophysics	192,948	-	192,948	3,300	-	3,300
Consulting - geological	222,189	544,747	766,936	198,564	294,312	492,876
Depreciation	6,417	97,857	104,275	-	108,244	108,244
Drilling	491,871	-	491,871	-	93,137	93,137
License fees	288,961	59,526	348,487	-	57,097	57,097
Fuel	5,725	19,959	25,684	-	5,177	5,177
Legal	2,214	872	3,085	-	-	-
Maps, photos and reproductions	57,108	185	57,293	-	85	85
Office	203,191	49,681	252,872	11,861	65,813	77,674
Rental, lease and charter costs	62,161	2,599	64,761	50,113	4,892	55,005
Salaries	248,348	347,252	595,600	23,584	239,044	262,628
Supplies	3,193	3,358	6,551	-	21,128	21,128
Travel	143,054	11,876	154,930	41,386	15,938	57,324
	2,375,540	1,162,009	3,537,548	411,340	928,233	1,339,573
Incidental revenues from the sale of gold-silver	-	(1,364,376)	(1,364,376)	-	-	-
	\$ 2,375,540	\$ (202,367)	\$ 2,173,172	\$ 411,340	\$ 928,233	\$ 1,339,573

ASIA GOLD CORP.
Schedule B – Supplementary Information
September 30, 2004
(Stated in U.S. dollars)

1. Securities Issued

For the nine months ended September 30, 2004, there were no common shares issued.

For the nine months ended September 30, 2004, the following share purchase options were granted:

Date	Number	Optionee	Price Cdn\$	Expiry Date
1/22/2004	100,000	Richard Gosse	\$ 3.00	1/22/2009
3/15/2004	5,000	Employee	2.14	3/11/2009
3/29/2004	30,000	Employee	2.00	3/29/2009
4/26/2004	30,000	Employee	2.07	4/26/2009
5/25/2004	5,000	Doug Kirwin	1.65	5/25/2009
5/25/2004	15,000	Employee	1.65	5/25/2009
8/24/2004	135,000	Employees	1.06	8/24/2009

2. Securities Outstanding

As at September 30, 2004, the following securities were outstanding:

- (a) The Company is authorized to issue an unlimited number of common shares without par value.
- (b) There are 14,622,349 common shares outstanding with a recorded value of \$14,183,003.
- (c) There are 1,513,000 share purchase options outstanding with exercise prices and expiry dates ranging from Cdn. \$1.06 to Cdn.\$3.00 and November 8, 2008 to August 24, 2009.
- (d) There are 833,333 warrants outstanding exercisable into 833,333 common shares at an exercise price of Cdn. \$1.32 per share which expire July 31, 2005
- (e) There are 500,000 warrants outstanding exercisable into 500,000 common shares at an exercise price of Cdn. \$3.00 which expire on December 11, 2005.
- (f) There are currently an aggregate of 6,265,456 common shares and 833,333 share purchase warrants subject to escrow or pooling arrangements.

3. Directors and Officers

David Owens, President & Director

Pierre Lebel, Chairman & Director

Peter Meredith, Director

Edward Flood, Director

Andre Deepwell, Director

Doug Kirwin, Director

Richard Gosse, VP Exploration

Greg Shenton, Chief Financial Officer

Beverly Bartlett, Secretary

Allison Snetsinger, Assistant Secretary