CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2005 and 2004
(Stated in U.S. Dollars)

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Auditors' Report

To the Shareholders of
Asia Gold Corp.

We have audited the consolidated balance sheets of Asia Gold Corp. as at December 31, 2005 and 2004 and the consolidated statements of operations, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte + Touche LLP

Chartered Accountants
Vancouver, British Columbia
April 6, 2006

ASIA GOLD CORP.
Consolidated Balance Sheets
December 31, 2005 and 2004
(Stated in U.S. dollars)

		2005		2004
ASSETS				
CURRENT				
Cash and cash equivalents	**$**	**3,125,000**	$	8,222,182
Accounts receivable		**123,370**		79,737
Prepaid expenses		**137,429**		124,276
		3,385,799		8,426,195
MINERAL PROPERTIES (Note 4)		**260,726**		158,384
PLANT AND EQUIPMENT (Note 5)		**128,428**		114,528
	$	**3,774,953**	$	8,699,107
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	**$**	**692,699**	$	1,035,404
SHAREHOLDERS' EQUITY				
Share capital				
Authorized				
Unlimited common shares without par value				
Issued and outstanding				
15,895,580 (2004 -14,622,349) common shares		**15,287,221**		14,183,003
Contributed surplus		**1,046,386**		518,096
Deficit		**(13,251,353)**		(7,037,396)
		3,082,254		7,663,703
	$	**3,774,953**	$	8,699,107

NATURE OF OPERATIONS (Note 1)

APPROVED BY THE BOARD:

"Pierre Lebel"

Director

"Peter Meredith"

Director

The accompanying notes are an integral part of these consolidated financial statements.

ASIA GOLD CORP.
Consolidated Statements of Operations
Years Ended December 31, 2005 and 2004
(Stated in U.S. dollars)

	2005	2004
EXPENSES		
Depreciation	**$ 16,868**	$ 15,931
Exploration, net of incidental revenues (Schedule)	**4,655,197**	3,433,318
Investor relations	**27,381**	48,523
Legal	**54,506**	73,256
Office and administration	**408,969**	402,060
Professional fees	**92,728**	67,521
Salaries and benefits	**473,068**	501,724
Stock-based compensation	**538,452**	277,919
Travel	**123,161**	149,933
	6,390,330	4,970,185
OTHER (INCOME)/EXPENSES		
Interest income	**(127,654)**	(197,932)
Foreign exchange gain	**(74,747)**	(335,482)
Write-down of mineral property	**26,028**	-
Other	**-**	17,418
Loss on disposal of subsidiary (Note 3)	**-**	49,274
	(176,373)	(466,722)
NET LOSS	**$ 6,213,957**	$ 4,503,463
BASIC AND DILUTED LOSS PER SHARE	**$ (0.41)**	$ (0.31)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	**15,141,218**	14,622,349

The accompanying notes are an integral part of these consolidated financial statements.

ASIA GOLD CORP.
Consolidated Statements of Shareholders' Equity
(Stated in U.S. dollars)

	Share Capital				
	Number of Shares	Amount	Contributed Surplus	Deficit	Total
Balances, December 31, 2003	14,622,349	$ 14,183,003	$ 240,177	$ (2,533,933)	$ 11,889,247
Stock-based compensation charged to operations	-	-	277,919	-	277,919
Net loss	-	-	-	(4,503,463)	(4,503,463)
Balances, December 31, 2004	14,622,349	14,183,003	518,096	(7,037,396)	7,663,703
Shares issued for:					
Private placement	1,153,998	1,000,000	-	-	1,000,000
Mineral property (Note 4(a))	100,000	78,360	-	-	78,360
Stock options exercised	19,233	25,858	(10,162)	-	15,696
Stock-based compensation charged to operations	-	-	538,452	-	538,452
Net loss	-	-	-	(6,213,957)	(6,213,957)
Balances, December 31, 2005	15,895,580	$ 15,287,221	$ 1,046,386	$ (13,251,353)	$ 3,082,254

The accompanying notes are an integral part of these consolidated financial statements.

ASIA GOLD CORP.
Consolidated Statements of Cash Flows
Years Ended December 31, 2005 and 2004
(Stated in U.S. dollars)

		2005		2004
OPERATING ACTIVITIES				
Net loss	$	**(6,213,957)**	$	(4,503,463)
Items not requiring use of cash				
Depreciation		**35,755**		124,164
Stock-based compensation		**538,452**		277,919
Unrealized foreign exchange gains		**(23,095)**		(174,215)
Write-down of mineral property		**26,028**		-
Loss on disposal of subsidiary		**-**		49,274
Changes in non-cash working capital items (Note 9(a))		**(385,164)**		90,761
		(6,021,981)		(4,135,560)
INVESTING ACTIVITIES				
Plant and equipment		**(49,654)**		(114,566)
Mineral properties		**(50,010)**		-
Proceeds from disposal of subsidiary (net of cash sold of $434,978)		**-**		408,867
		(99,664)		294,301
FINANCING ACTIVITY				
Share capital issued		**1,015,696**		-
DECREASE IN CASH		**(5,105,949)**		(3,841,259)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH		**8,767**		194,292
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**8,222,182**		11,869,149
CASH AND CASH EQUIVALENTS, END OF PERIOD	$	**3,125,000**	$	8,222,182

CASH AND CASH EQUIVALENTS ARE COMPRISED OF:				
Cash in bank	$	**3,125,000**	$	4,139,553
Short-term deposits		**-**		4,082,629
	$	**3,125,000**	$	8,222,182

SUPPLEMENTAL CASH FLOW INFORMATION (Note 9(b))

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS

Asia Gold Corp. (the "Company") is a Canadian exploration stage mining company currently focused on the exploring, developing and operating of precious and base metal properties located in Mongolia, Bulgaria and Indonesia. The ability of the Company to continue operations is dependent upon the continued financial support of its shareholders, other investors and lenders, together with the successful development of the Company's interests in its mineral properties.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies used in these consolidated financial statements are as follows:

(a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Mongolia Holding Company Ltd, Asia Gold Mongolia LLC, ASG Bulgaria Holdings Ltd., ASG Indonesia Holding Company Ltd., and PT AGC Indonesia. All intercompany balances and transactions have been eliminated.

Variable Interest Entities ("VIEs"), which include, but are not limited to, special purpose entities, trusts, partnerships, and other legal structures, as defined by the Accounting Standards Board in Accounting Guideline ("AcG") 15, "Consolidation of Variable Interest Entities" ("AcG 15"), are entities in which equity investors do not have the characteristics of a "controlling financial interest" or there is not sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. VIEs are subject to consolidation by the primary beneficiary who will absorb the majority of the entities' expected losses and/or expected residual returns. The Company has not identified any VIEs at December 31, 2005.

(b) Measurement uncertainties

Generally accepted accounting principles require management to make assumptions and estimates that affect the reported amounts and other disclosures in these consolidated financial statements. Actual results may differ from those estimates.

Significant estimates used in the preparation of these consolidated financial statements include, amongst other things, the recoverability of accounts receivable, the expected economic lives of and the estimated future operating results and net cash flows from mineral properties, plant and equipment, the anticipated costs of asset retirement obligations including the reclamation of mine sites and the computation of stock-based compensation.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Foreign currencies

The Company's functional currency is the U.S. dollar since it is the currency of the primary economic environment in which the Company and its subsidiaries operate. Accordingly, monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect at the balance sheet date and non-monetary assets and liabilities at the exchange rates in effect at the time of acquisition or issue. Revenues and expenses are translated at rates approximating exchange rates in effect at the time of the transactions. All exchange gains and losses are included in operations.

(d) Mineral properties

All direct costs related to the acquisition of mineral property interests are capitalized by property. Exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized. Exploration costs include value-added taxes incurred in foreign jurisdictions when recoverability of these taxes is uncertain.

The Company reviews the carrying values of its mineral property interests whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. An impairment loss is recognized when the carrying value of a property is not recoverable and exceeds their fair value.

On the commencement of commercial production, depletion of each mining property is provided on a unit-of-production basis using estimated proven and probable recoverable reserves as the depletion base. In cases where there are no proven or probable reserves, depletion is provided on a straight-line basis over the expected economic life of the mine.

Certain of the Company's exploration and development activities are conducted jointly with others. These consolidated financial statements reflect only the Company's interests in such activities.

(e) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation. Plant and equipment are depreciated over their expected economic lives using either the unit-of-production method or the straight-line method, as appropriate. Office equipment is depreciated on a straight-line basis over three to ten years. The Company reviews the carrying values of its plant and equipment whenever events or changes in circumstances indicate that the carrying values may exceed the estimated net recoverable amounts determined by reference to estimated future operating results and undiscounted net cash flows. An impairment loss is recognized when the carrying value is not recoverable and exceeds fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Asset retirement obligations

The Company recognizes liabilities for statutory, contractual or legal obligations associated with the reclamation of mining property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement cost is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the amount or timing of the underlying cash flows needed to settle the obligation.

(g) Stock-based compensation

The Company accounts for stock options granted using the fair value based method of accounting for stock-based compensation. Accordingly, the fair value of the options at the date of grant is accrued and charged to operations, with a corresponding credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

(h) Income taxes

Future income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values, using the enacted or substantively enacted, as applicable, income tax rates at each balance sheet date. Future income tax assets also result from unused loss carry-forwards and other deductions. The valuation of future income tax assets is reviewed on a regular basis and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

(i) Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year. During the years ended December 31, 2005 and 2004, all of the outstanding stock options and warrants were antidilutive.

(Stated in U.S. dollars)

3. 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 held the Eunsan gold-silver trial mine and related assets, to Hangum Co. Ltd., a South Korean company that owned the remaining 10% of KEM. The Company incurred a loss on sale of $49,274.

4. MINERAL PROPERTIES

(a) The following table summarizes the changes in carrying values of the Company’s mineral property interests:

	Mongolia	South Korea	Total
Balance, December 31, 2003	$ 158,384	$ 175,598	$ 333,982
Disposal of subsidiary (Note 3)	-	(175,598)	(175,598)
Balance, December 31, 2004	158,384	-	158,384
Solomon Earn-in Agreement (Note 4(b))	128,370	-	128,370
Write down of mineral property	(26,028)	-	(26,028)
Balance, December 31, 2005	$ 260,726	$ -	$ 260,726

(b) Mongolia

The Company has a 100% direct or indirect interest in 104 exploration licenses covering an area of approximately 3.4 million hectares located in the Gobi Desert of Mongolia. Sixty-six of these licenses were acquired directly by the Company and are carried in the accounts at an acquisition cost of $132,356. Twenty-nine licenses were acquired from Ivanhoe Mines Ltd. (‘Ivanhoe Mines’) and are carried in the accounts of the Company at $Nil, which due to the related party nature of the transaction is an amount equal to the carrying amount in the accounts of Ivanhoe Mines immediately before the transfer to the Company. Nine licenses are subject to an option agreement with Solomon Resources Limited (‘Solomon’) and are carried in the accounts at an acquisition cost of $128,370. Under the terms of these exploration licenses, the Company must pay an annual license fee per hectare. These fees start at $0.05 per hectare and increase to $1.50 per hectare over a seven-year period.

4. MINERAL PROPERTIES (Continued)

Agreements with Ivanhoe Mines

In connection with the acquisition of the exploration licenses from Ivanhoe Mines, the Company and Ivanhoe Mines entered into a mineral exploration services agreement. Under the terms of this agreement, the Company contracted Ivanhoe Mines to conduct exploration activities on the Company's behalf on a cost recovery basis. This services agreement was terminated in October 2003, and replaced with a technical consulting agreement. Under the new agreement, the Company assumed responsibility for its own exploration activities after November 30, 2003, while retaining Ivanhoe Mines to conduct exploration activities and using Ivanhoe Mines' infrastructure on a cost recovery basis from time to time.

In addition, and also in connection with the foregoing agreements, the Company and Ivanhoe Mines entered into a coal rights retention agreement ("CRRA") whereby Ivanhoe Mines will retain the rights to any coal and coal-related products situated in, on or under the geographical boundaries of any of the 40 exploration licenses acquired prior to 2004. The CRRA does not apply to the licenses granted in 2004 and 2005.

Agreements with BHP Billiton World Exploration Inc. ('BHP')

The Company entered an option agreement whereby BHP was granted an option to earn up to a 70% interest in a 3,629 square kilometre ('km^2') area located within the Company's exploration licenses in the West Gobi region. Under the terms of this agreement, BHP has been granted a first option to earn a 50% interest in this property by spending $2 million on exploration prior to December 31, 2007. Within 180 days of completion of the first option, BHP has a second option to earn an additional 20% interest by funding a feasibility study on one exploration target up to a maximum value of $45 million.

In connection with the foregoing, BHP purchased 1,153,998 units of the Company for $1 million. Each unit consists of one common share and one warrant to purchase one-half a common share. The warrants have a term of two years and an exercise price of CDN$1.395 per common share (Note 7(b)).

Subsequent to December 31, 2005, the Company and BHP signed an amended option agreement that expands the area and scope of the original agreement. The area covered under this amended agreement has been increased to 7,648 km^2 and the scope has been amended to include coal targets in addition to the copper-gold targets contemplated in the original option agreement. The amended agreement requires BHP to increase exploration expenditures to $3.5 million during the earn-in period which terminates on December 31, 2007. In addition, BHP has committed to exercise all of the 1,153,998 share purchase warrants prior to July 4, 2006 for net proceeds to the Company of CDN $804,913.

4. MINERAL PROPERTIES (Continued)

<u>Agreements with Solomon Resources Ltd. ('Solomon') and Gallant Minerals Ltd, ('Gallant')</u>

In September 2005, the Company entered into an earn-in agreement with Solomon to acquire a 70% interest in 9 exploration licenses representing 4 project areas located in the West Gobi region. Under the terms of this agreement, the Company can earn a 55% interest in these licenses by making aggregate payments to Solomon of $325,000, issuing to Solomon common shares of the Company valued at $600,000 and fund and complete an exploration program on these licenses of $1.8 million within three years. To earn an additional 15%, the Company must fund and complete a further exploration program of $2.5 million on each of the projects that it intends to retain within five years of the agreement date of September 29, 2005. Upon closing of the agreement, the Company paid Solomon $50,000 and issued to Solomon 100,000 common shares valued at $78,360.

The Company also has a first right to acquire an additional 10% interest, for an aggregate 80% interest, should Gallant convert its 20% interest in any project to a net smelter royalty, pursuant to an underlying option agreement between Solomon and Gallant.

(c) Bulgaria

The Company acquired from Ivanhoe Mines an interest in a joint venture agreement with Hereward Ventures Bulgaria AD concerning four mineral licenses in Bulgaria in exchange for granting Ivanhoe Mines a 2% net profits royalty on any future mine development on the licenses. The Company can earn up to an 80% interest in the four licenses by incurring exploration expenditures of $4 million. Stage one requires the Company to complete expenditures of $2 million prior to May 27, 2007 in order to earn a 51% interest. A further 29% can be earned by completing additional expenditures of $2 million before May 27, 2009. An aggregate of $1.4 million of expenditures had been made with respect to the stage one commitment up to December 31, 2005, of which $590,000 was funded by the Company.

Subsequent to December 31, 2005, three of the four mineral licenses in Bulgaria expired and, despite extension applications having been lodged, the licenses have not, to date, been extended by the government of Bulgaria. It is uncertain when, or if, these extensions will be approved. Pending approval of extensions to these expired mineral licenses, the Company has suspended all of its exploration activities in Bulgaria.

(Stated in U.S. dollars)

5. PLANT AND EQUIPMENT

	December 31, 2005			December 31, 2004
	Cost	Accumulated Depreciation and Write-Down	Net Book Value	Net Book Value
Plant and equipment	**$ 48,995**	**$ 7,983**	**$ 41,012**	$ 23,123
Office equipment	**143,733**	**56,317**	**87,416**	91,405
	$ 192,728	**64,300**	**$ 128,428**	$ 114,528

6. INCOME TAXES

A reconciliation of the provision (recovery) of income taxes is as follows:

	Year Ended December 31, 2005	Year Ended December 31, 2004
Net loss for the year	**6,213,957**	4,503,463
Statutory tax rate	**34.87%**	35.62%
Expected recovery of income taxes based on combined Canadian and provincial statutory rates	**$ 2,166,807**	$ 1,603,233
Deduct:		
Lower effective tax rates in foreign jursidictions	**(160,047)**	(122,501)
Tax effect of losses not recognized	**(1,814,587)**	(1,443,813)
Non-deductible expenses	**(192,173)**	(36,919)
Provision (recovery) of income taxes	**$ -**	**$** -

(Stated in U.S. dollars)

6. INCOME TAXES (Continued)

The Company's future income tax assets and liabilities are as follows:

		December 31, 2005		December 31, 2004
Future income tax assets				
Tax loss carryforwards	**$**	**4,839,825**	$	1,886,600
Capital assets		**19,793**		9,238
Foreign exploration expenses		**807,334**		301,457
Share issue costs		**149,160**		341,033
Total future income tax assets		**5,816,112**		2,538,328
Valuation allowance		**(5,816,112)**		(2,538,328)
Net future income tax assets	**$**	**-**	$	-

At December 31, 2005, the Company and its subsidiaries have unrecognized capital and non-capital losses for income tax purposes of approximately $17.6 million that may be used to offset future taxable income as follows:

		Local Currency	U.S. Dollar Equivalent	Expiry Dates
Non-capital losses				
Canadian	$	$ 7,700,524	$ 6,627,000	2009 - 2015
Mongolian Tugrik	MNT	6,888,597,260	5,589,000	(a)
Bulgarian Lev	BGN	1,162,423	701,000	2010
			$ 12,917,000	
Capital losses				
Canadian	$	5,423,519	$ 4,667,000	(b)

(a) These losses are carried forward indefinitely until such time as production from a mine commences; thereafter, they can be amortized on a straight-line basis over a period of five years.

(b) These losses are carried forward indefinitely for utilization against any future net realized capital gains.

7. SHARE CAPITAL

(a) Stock options

In October 2003, the Company established an Employees and Directors Equity Incentive Plan which authorizes the Board of Directors of the Company to grant options, which vest over a period of years, to directors and employees of the Company at an exercise price equal to the last closing price of the Company's common shares before the date of the grant. The Company is authorized to issue a maximum of 2,600,000 shares pursuant to the Plan. At December 31, 2005, an aggregate of 381,767 common shares were available for future grants under the Plan.

The following is a summary of option transactions under the Company's stock option plan:

	2005		2004	
	Number of Options	Weighted-average Exercise Price (Expressed in CDN $)	Number of Options	Weighted-average Exercise Price (Expressed in CDN $)
Balance, beginning of year	**1,278,000**	**$ 2.73**	1,286,000	$ 3.00
Options granted	**1,167,000**	**0.93**	320,000	1.90
Options exercised	**(19,233)**	**0.96**	-	-
Options cancelled	**(226,767)**	**2.36**	(328,000)	3.00
Balance, end of year	**2,199,000**	**$ 1.82**	1,278,000	$ 2.73

7. SHARE CAPITAL (Continued)

(a) Stock options (Continued)

The following table summarizes information about stock options outstanding and exercisable at December 31, 2005:

Options Outstanding				Options Exercisable		
Number Outstanding at December 31, 2005	Weighted-average Remaining Contractual Life (years)	Exercise Price (Expressed in CDN $)		Number Exercisable at December 31, 2005	Exercise Price (Expressed in CDN $)	
805,000	2.91	$	3.00	805,000	$	3.00
100,000	3.06		3.00	66,667		3.00
5,000	3.19		2.14	3,333		2.14
30,000	3.24		2.00	20,000		2.00
30,000	3.32		2.07	20,000		2.07
5,000	3.40		1.65	3,333		1.65
120,000	3.65		1.06	80,000		1.06
674,000	4.22		0.86	224,667		0.86
20,000	4.40		0.70	6,667		0.70
15,000	4.67		0.95	5,000		0.95
295,000	4.70		1.00	98,333		1.00
100,000	4.88		1.24	33,333		1.24
2,199,000	3.73	$	1.82	1,366,333	$	2.30

The weighted average fair value of the stock options granted during 2005 and 2004 was Cdn.$0.68 and Cdn. $0.62, respectively. The fair value of these options was determined using the Black-Scholes option pricing model, recognizing forfeitures as they occur, using the following assumptions:

	2005	2004
Risk free interest rate	**3.74%**	3.98%
Expected life	**5 years**	5 years
Expected volatility	**94%**	43%
Expected dividend per share	**$Nil**	$Nil

Option pricing models require the input of highly subjective assumptions regarding the expected volatility. Changes in assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a realistic measure of the fair value of the Company's stock options at the date of grant or thereafter.

(Stated in U.S. dollars)

7. SHARE CAPITAL (Continued)

(b) Share purchase warrants

At December 31, 2005, there were a total of 1,153,998 warrants outstanding exercisable into 576,999 common shares with an exercise price of CDN $1.395 per share exercisable until July 28, 2007.

8. OTHER RELATED PARTY TRANSACTIONS

(a) The Company incurred the following expenses, primarily on a cost recovery basis, with companies related by way of directors or shareholders in common:

	Year ended December 31, 2005	Year ended December 31, 2004
Exploration expenses (Note 4 (b))	**$ 40,000**	$ 207,129
Office and administrative expenses	**242,443**	236,281
Salaries and benefits expenses	**448,016**	487,469
	$ 730,459	$ 930,879

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

	December 31, 2005	December 31, 2004
Amounts due for administration to Global Mining Management, a company related by way of directors and officers in common	**$ 70,728**	$ 77,570
Amount due to Ivanhoe Mines	**379,424**	523,388

(Stated in U.S. dollars)

9. CASH FLOW INFORMATION

(a) Net change in non-cash working capital items:

		Year ended December 31, 2005		Year ended December 31, 2004
Net (increase) decrease in:				
Accounts receivable	**$**	**(39,335)**	$	22,023
Prepaid expenses		**(9,198)**		(103,226)
Net increase (decrease) in:				
Accounts payable and accrued liabilities		**(336,631)**		171,964
	$	**(385,164)**	$	90,761

(b) Supplementary information regarding other non-cash transactions:

During the year ended December 31, 2005, the Company issued 100,000 common shares at a value of $78,360 for acquisition of a mineral property (Note 4(b)).

10. SEGMENT DISCLOSURES

(a) The Company operates in one industry segment (Note 1).

(b) Mineral properties at the end of the period:

		December 31, 2005		December 31, 2004
Mongolia	**$**	**260,726**	**$**	**158,384**

(Stated in U.S. dollars)

10. SEGMENT DISCLOSURES (Continued)

(c) Plant and equipment at the end of the period:

	December 31, 2005	December 31, 2004
Mongolia	$ **98,843**	$ **88,170**
Canada	**19,192**	**26,358**
Bulgaria	**10,394**	**-**
	$ **128,429**	$ **114,528**

11. FINANCIAL INSTRUMENTS

(a) *Fair value of financial instruments*

The Company's financial instruments include cash and cash equivalents, accounts receivable, and accounts payable, for which the carrying values approximate fair values.

(b) *Foreign exchange risk*

The Company incurs certain of its expenses and holds certain assets in currencies other than the U.S. dollar. As such, the Company is subject to foreign exchange risk as a result of fluctuations in exchange rates.

12. SUBSEQUENT EVENTS

Subsequent to December 31, 2005:

(a) the Company signed a memorandum of understanding with PT Harita Multi Karya Mineral ('HMKM') to develop a joint venture to explore the Kaputusan prospect, a 25,775 hectare exploration lease located in Indonesia. Under the terms of this agreement, the Company can earn up to an 85% interest in the Kaputusan prospect by spending $300,000 on exploration during the first year of the joint venture. Thereafter, the Company will be responsible for funding 100% of any project costs through to potential commercial mine production;

12. SUBSEQUENT EVENTS (Continued)

(b) the Company entered an agreement with Gobi Gold Inc. ('Gobi') whereby the Company has granted Gobi the right to earn up to an 80% interest in two stages in seven mineral licenses covering 21,010 hectares in the Gobi region of Mongolia. To earn an initial 55% interest, Gobi must make a payment of $20,000 to the Company; issue to the Company common shares of Gobi valued at $190,000 in four tranches over three years and incur $360,000 in exploration expenditures on the licenses over three years. To earn an additional 25% interest in the licenses, Gobi must incur $1 million of further exploration expenditures on the licenses during an additional two-year period;

(c) the Company granted 100,000 options to certain officers and employees to purchase common shares at exercise prices ranging from CDN $1.16 to CDN $1.26 per share with expiry dates ranging from January 5, 2011 to February 9, 2011.

ASIA GOLD CORP.
Consolidated Schedule of Exploration Expenses
Years Ended December 31, 2005 and 2004
(Stated in U.S. dollars)

	2005			
	Mongolia	**Bulgaria**	**Other**	**Total**
Assaying	285,423	27,758	290	313,471
Camp costs	308,515	14,671	1,012	324,198
Consulting - geophysics	78,758	-	-	78,758
Consulting - geological	603,592	212,641	75,527	891,760
Depreciation	18,887	-	-	18,887
Drilling	145,187	49,472	-	194,659
License fees	1,125,952	15,327	6,193	1,147,472
Fuel	12,726	-	-	12,726
Legal	56,570	70,625	74,072	201,267
Maps, photos and reproductions	2,955	345	853	4,153
Office	334,444	54,779	1,560	390,783
Rental, lease and charter costs	130,523	17,498	46,163	194,184
Salaries	451,887	83,512	15,503	550,902
Supplies	4,065	-	-	4,065
Travel	217,743	50,809	59,360	327,912
	3,777,227	597,437	280,533	4,655,197

	2004		
	Mongolia	**South Korea**	**Total**
Assaying	$ 250,754	$ -	$ 250,754
Camp costs	414,717	24,096	438,813
Consulting - geophysics	432,662	-	432,662
Consulting - geological	386,720	544,747	931,467
Depreciation	10,375	97,857	108,232
Drilling	728,566	-	728,566
License fees	401,597	59,526	461,123
Fuel	8,470	19,959	28,429
Legal	5,135	872	6,007
Maps, photos and reproductions	29,596	185	29,781
Office	341,332	49,682	391,014
Rental, lease and charter costs	145,949	2,599	148,548
Salaries	283,561	347,252	630,813
Supplies	4,341	3,358	7,699
Travel	191,910	11,876	203,786
	3,635,685	1,162,009	4,797,694
Incidental revenues from the sale of gold-silver	-	(1,364,376)	(1,364,376)
	$ 3,635,685	$ (202,367)	$ 3,433,318