



CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2005

(Stated in U.S. Dollars)

(Prepared by Management Without Audit)

ASIA GOLD CORP.

Consolidated Balance Sheets

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

	September 30, 2005	December 31, 2004
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 4,745,358	\$ 8,222,182
Accounts receivable	49,949	79,737
Prepaid expenses	169,008	124,276
	4,964,315	8,426,195
MINERAL PROPERTIES (Note 2)	286,744	158,384
PLANT AND EQUIPMENT	116,245	114,528
	\$ 5,367,304	\$ 8,699,107
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 240,298	\$ 1,035,404
SHAREHOLDERS' EQUITY		
Share capital (Note 3)		
Authorized		
Unlimited common shares without par value		
Issued and outstanding		
15,876,347 (2004 -14,622,349) common shares	15,261,363	14,183,003
Contributed surplus (Note 3)	943,468	518,096
Deficit	(11,077,825)	(7,037,396)
	5,127,006	7,663,703
	\$ 5,367,304	\$ 8,699,107

APPROVED BY THE BOARD:

"Andre Deepwell"

Director

"Pierre Lebel"

Director

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, 2004	14,622,349	\$ 14,183,003	\$ 518,096	\$ (7,037,396)	\$ 7,663,703
Shares issued for:					
Private placement (Note 3(a))	1,153,998	1,000,000	-	-	1,000,000
Mineral properties (Note 2(b))	100,000	78,360	-	-	78,360
Stock-based compensation charged to operations	-	-	425,372	-	425,372
Net loss	-	-	-	(4,040,429)	(4,040,429)
Balances, September 30, 2005	15,876,347	\$ 15,261,363	\$ 943,468	\$ (11,077,825)	\$ 5,127,006

ASIA GOLD CORP.
Consolidated Statements of Operations

(Unaudited)

(Stated in U.S. dollars)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2005	2004	2005	2004
EXPENSES				
Depreciation	\$ 2,592	\$ 4,091	\$ 14,371	\$ 9,664
Exploration, net of incidental revenues (Schedule)	1,456,764	1,193,171	2,949,051	2,173,172
Investor relations	7,699	14,723	14,738	41,249
Legal	15,625	23,051	49,592	62,309
Office and administration	108,319	101,426	294,976	300,971
Professional fees	24,255	9,309	36,171	30,403
Salaries and benefits	122,395	130,102	346,504	367,361
Stock-based compensation	149,413	68,583	425,372	204,670
Travel	19,155	34,223	80,214	116,253
	1,906,217	1,578,679	4,210,989	3,306,052
OTHER (INCOME)/EXPENSES				
Interest income	(29,834)	(48,956)	(98,613)	(158,162)
Foreign exchange gain	(151,915)	(507,760)	(71,947)	(162,427)
Other	-	-	-	17,418
Loss on disposal of subsidiary	-	-	-	49,274
	(181,749)	(556,716)	(170,560)	(253,897)
NET LOSS	\$ 1,724,468	\$ 1,021,963	\$ 4,040,429	\$ 3,052,155
BASIC AND DILUTED LOSS PER SHARE	\$ (0.11)	\$ (0.07)	\$ (0.27)	\$ (0.21)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	15,412,586	14,622,349	14,888,656	14,622,349

ASIA GOLD CORP.
Consolidated Statements of Cash Flows

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
OPERATING ACTIVITIES				
Net loss	\$ (1,724,468)	\$(1,021,963)	\$ (4,040,429)	\$(3,052,155)
Items not requiring use of cash				
Depreciation	7,390	7,311	28,420	113,939
Stock-based compensation	149,413	68,583	425,372	204,670
Loss on disposal of subsidiary	-	-	-	49,274
Unrealized foreign exchange gains	(103,203)	(743,125)	(21,851)	(508,031)
Changes in non-cash working capital items (Note 6)	321,209	452,190	(802,125)	179,592
	(1,349,659)	(1,237,004)	(4,410,613)	(3,012,711)
INVESTING ACTIVITIES				
Plant and equipment	(647)	(7,309)	(30,137)	(112,735)
Mineral properties	(50,000)	-	(50,000)	-
Proceeds from disposal of subsidiary (net of cash sold of \$384,258)	-	384,258	-	843,845
	(50,647)	376,949	(80,137)	731,110
FINANCING ACTIVITIES				
Share capital issued	1,000,000	-	1,000,000	-
	1,000,000	-	1,000,000	-
DECREASE IN CASH	(400,306)	(860,055)	(3,490,750)	(2,281,601)
EFFECT OF FOREIGN EXCHANGE RATE				
CHANGES ON CASH	94,823	715,381	13,926	485,094
CASH AND CASH EQUIVALENTS,				
BEGINNING OF PERIOD	5,050,841	9,782,338	8,222,182	11,434,171 ⁽¹⁾
CASH AND CASH EQUIVALENTS,				
END OF PERIOD	\$ 4,745,358	\$ 9,637,664	\$ 4,745,358	\$ 9,637,664
CASH AND CASH EQUIVALENTS ARE COMPRISED OF:				
Cash in bank			\$ 3,243,983	\$ 5,546,551
Short-term deposits			1,501,375	4,091,113
			\$ 4,745,358	\$ 9,637,664

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

SUPPLEMENTAL CASH FLOW INFORMATION (Note 6)

ASIA GOLD CORP.

Notes to the Consolidated Financial Statements

September 30, 2005

(Unaudited)

(Stated in U.S. Dollars)

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 application 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 audited consolidated financial statements for the year ended December 31, 2004.

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

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

2. MINERAL PROPERTIES

- (a) In July 2005, the company signed an Option Agreement with BHP Billiton World Exploration Inc. (BHP Billiton) on 3,629 square kilometres (the West Falcon Gobi Area) located within the Company’s West Gobi Property in southern Mongolia. Under the terms of the Option Agreement, BHP Billiton has been granted a first option to earn a 50% interest in the West Falcon Gobi Area by spending \$2,000,000 on exploration prior to December 31, 2007. The expenditures include an initial commitment to conduct a FalconTM airborne gravity gradiometer survey over the West Falcon Gobi Area before December 31, 2006. Following the completion of the first option, BHP Billiton has a second option to earn an additional 20% interest (for a total interest of 70%) in the West Falcon Gobi Area by funding a feasibility study on one exploration target up to a maximum value of \$45,000,000.

ASIA GOLD CORP.

Notes to the Consolidated Financial Statements

September 30, 2005

(Unaudited)

(Stated in U.S. Dollars)

2. MINERAL PROPERTIES (continued)

- (b) In September 2005, the Company entered into definitive Earn-in Agreement with Solomon Resources Limited (Solomon) on four properties which comprise an area of 31,258 hectares in the Gobi region of Southern Mongolia. Under the terms of this agreement, the Company has been granted an option to earn up to a 70% interest in these properties in two stages. Upon closing of the definitive Earn-in Agreement, the Company paid Solomon \$50,000 and issued to Solomon 100,000 common shares of the Company. To earn a 55% interest in the properties, the Company must pay Solomon \$325,000, issue to Solomon common shares of the Company valued at \$600,000 and fund and carry out an exploration program of \$1.8 million within a three-year period from the date of the definitive agreement. To earn a further 15% interest, the Company must fund and carry out a \$2.5 million exploration program on each of the projects it intends to retain within a five-year period of the definitive agreement. The Company can earn an additional 10% interest in each of the properties should certain parties convert their underlying 20% property interest into a net smelter royalty.

3. SHARE CAPITAL

- (a) *Share Capital*

In connection with the agreement signed with BHP Billiton (Note 2(a)), BHP Billiton has purchased 1,153,998 Units of the Company for \$1,000,000. Each Unit consists of one common share and one warrant to purchase one half of a common share of the Company. The warrants have a term of two years expiring July 28, 2007 and an exercise price of Cdn.\$1.395 per share.

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

During the nine months ended September 30, 2005, the Company granted 1,067,000 stock options to certain officers and employees at prices ranging from CDN \$0.70 to CDN \$1.00 with expiry dates ranging from March 21, 2010 to September 13, 2010. The weighted average fair value of the options issued was estimated at \$0.55 (CDN \$0.66) per option at the grant date using the Black-Scholes option pricing model. The weighted average assumptions used for the calculation were an expected life of five years, volatility of approximately 94%, a risk-free interest rate of 3.69% and expected dividends of \$Nil. A compensation cost of \$566,215 will be amortized over the vesting period; of which \$269,523 was recognized in the nine-month period ended September 30, 2005.

ASIA GOLD CORP.

Notes to the Consolidated Financial Statements

September 30, 2005

(Unaudited)

(Stated in U.S. Dollars)

3. SHARE CAPITAL (continued)

(c) *Outstanding stock options and warrants*

As at September 30, 2005, there were 2,195,000 stock options outstanding with exercise prices and expiry dates ranging from CDN \$0.70 to CDN \$3.00 and November 28, 2008 to September 13, 2010, respectively.

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

As at September 30, 2005, there were 1,153,998 warrants outstanding exercisable into 576,999 common shares at an exercise price of CDN\$1.395 per share and an expiry date of July 28, 2007. (See (a) above)

4. RELATED PARTY TRANSACTIONS

(a) The Company incurred the following expenses, on a cost recovery basis, with Ivanhoe Mines Ltd. ('Ivanhoe') and a company related by officers or directors in common:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2005	2004	2005	2004
Office and administrative	\$ 62,988	\$ 65,598	\$ 174,316	\$ 170,648
Salaries and benefits	117,107	127,616	330,863	354,980
Exploration	-	-	-	345,781
	<u>\$ 180,095</u>	<u>\$ 193,214</u>	<u>\$ 505,179</u>	<u>\$ 871,409</u>

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

	September 30,	December 31,
	2005	2004
Amounts due for administration to Global Mining Management, a company related by way of directors and officers in common	\$ 60,739	\$ 77,570
Amount due to Ivanhoe Mines Services Co.	3,410	-
Amount due to Ivanhoe Mines Ltd.	-	523,388

ASIA GOLD CORP.

Notes to the Consolidated Financial Statements

September 30, 2005

(Unaudited)

(Stated in U.S. Dollars)

5. SEGMENT DISCLOSURES

(a) The Company currently operates in one industry segment.

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

	<u>September 30,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
Mongolia	\$ 286,744	\$ 158,384

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

	<u>September 30,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
Mongolia	\$ 101,837	\$ 88,170
Canada	14,408	26,358
	<u>\$ 116,245</u>	<u>\$ 114,528</u>

6. SUPPLEMENTAL CASH FLOW INFORMATION

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

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Net (increase) decrease in:				
Accounts receivable	\$ (17,764)	\$ 81,440	\$ 33,941	\$ 45,247
Prepaid expenses	275,271	58,741	(40,802)	(121,102)
Net (decrease) increase in:				
Accounts payable and accrued liabilities	63,702	312,009	(795,264)	255,447
	<u>\$ 321,209</u>	<u>\$ 452,190</u>	<u>\$ (802,125)</u>	<u>\$ 179,592</u>

(b) During the nine months ended September 30, 2005, the Company acquired mineral properties which were acquired through the issuance of 100,000 common shares (valued at \$78,360).

ASIA GOLD CORP.

Notes to the Consolidated Financial Statements

September 30, 2005

(Unaudited)

(Stated in U.S. Dollars)

7. SUBSEQUENT EVENT

In November, 2005, the Company entered into an agreement with Ivanhoe to acquire their interest in a joint venture agreement with Hereward Ventures Plc to explore four mineral licenses in Bulgaria. The licenses have a total area of 491.9 square kilometres and are located within established metallogenic belts prospective for epithermal gold, sediment hosted and intrusion related gold deposits.

The Company can earn up to an 80% interest in the four licenses by completing work expenditures of \$4,000,000 in two stages. Stage 1 requires the completion of exploration expenditures of \$2,000,000 prior to January 13, 2007 in order to earn a 51% interest. Ivanhoe has completed stage 1 earn-in expenditures totaling \$1,153,006, the Company will be required to fund a further \$846,994 of exploration expenditures in order to complete the stage 1 earn-in. Upon completion of the first stage earn-in, the Company has the option to earn an additional 29% interest by completing further exploration expenditures totaling \$2,000,000 before January 13, 2009.

In consideration for the earn-in rights of Ivanhoe's interest in the Bulgarian project, the Company has agreed to grant Ivanhoe a 5% Net Profits Royalty interest in the Company's interest in any future mine developed on the Bulgarian licenses, and to reimburse Ivanhoe for exploration expenditures of approximately \$334,000 incurred since June 1, 2005. The completion of the agreement with Ivanhoe is subject to the prior approval of the TSX-Venture Exchange.

ASIA GOLD CORP.
Consolidated Schedule of Exploration Expenses

(Unaudited)

(Stated in U.S. dollars)

	Three months ended September 30,			
	2005			2004
	Mongolia	Other Countries	Total	Mongolia
Assaying	\$ 97,914	\$ 27,165	\$ 125,079	\$ 74,463
Camp costs	119,960	6,027	125,987	200,265
Consulting - geophysics	17,508	-	17,508	146,833
Consulting - geological	126,052	11,166	137,218	171,638
Depreciation	4,798	-	4,798	3,219
Drilling	136,305	49,348	185,653	264,810
License fees	420,160	9,911	430,071	42,838
Fuel	4,347	-	4,347	4,456
Legal	30,641	30,137	60,778	1,414
Maps, photos and reproductions	1,685	934	2,619	14,559
Office	91,407	13,924	105,331	96,424
Rental, lease and charter costs	6,904	2,467	9,371	41,779
Salaries	145,701	22,989	168,690	76,026
Supplies	864	-	864	2,476
Travel	72,166	6,284	78,450	51,971
	\$ 1,276,412	\$ 180,351	\$ 1,456,764	\$ 1,193,171

	Nine months ended September 30,					
	2005			2004		
	Mongolia	Other Countries	Total	Mongolia	South Korea	Total
Assaying	\$ 165,911	\$ 28,048	\$ 193,960	\$ 145,612	\$ -	\$ 145,612
Camp costs	190,292	6,316	196,608	302,546	24,096	326,642
Consulting - geophysics	75,808	-	75,808	192,948	-	192,948
Consulting - geological	335,506	85,167	420,673	222,189	544,747	766,936
Depreciation	14,049	-	14,049	6,417	97,857	104,274
Drilling	153,730	49,348	203,078	491,871	-	491,871
License fees	716,881	15,023	731,904	288,961	59,526	348,487
Fuel	9,043	-	9,043	5,725	19,959	25,684
Legal	51,427	81,334	132,761	2,214	872	3,086
Maps, photos and reproductions	2,950	1,469	4,419	57,108	185	57,293
Office	236,446	14,854	251,300	203,191	49,681	252,872
Rental, lease and charter costs	81,981	46,631	128,611	62,161	2,599	64,760
Salaries	328,954	35,435	364,389	248,348	347,252	595,600
Supplies	1,086	-	1,086	3,193	3,358	6,551
Travel	165,868	55,494	221,362	143,056	11,876	154,932
	2,529,933	419,117	2,949,051	2,375,540	1,162,008	3,537,548
Incidental revenues from the sale of gold-silver	-	-	-	-	(1,364,376)	(1,364,376)
	\$ 2,529,933	\$ 419,117	\$ 2,949,051	\$ 2,375,540	\$ (202,368)	\$ 2,173,172