ASIA GOLD

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2006 and 2005
(Stated in U.S. Dollars)

Deloitte.

Deloitte & Touche LLP
2800 - 1055 Dunsmuir Street
4 Bentall Centre
P.O. Box 49279
Vancouver BC V7X 1P4
Canada

Tel: 604-669-4466
Fax: 604-685-0395
www.deloitte.ca

Auditors' report

To the Shareholders of
Asia Gold Corp.

We have audited the consolidated balance sheets of Asia Gold Corp. as at December 31, 2006 and 2005 and the consolidated statements of operations, shareholders' (deficiency) 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, 2006 and 2005 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
April 13, 2007

ASIA GOLD CORP.
Consolidated Balance Sheets
Years Ended December 31, 2006 and 2005
(Stated in U.S. dollars)

		2006		2005
ASSETS				
CURRENT				
Cash	$	**965,494**	$	3,125,000
Accounts receivable		**215,783**		123,370
Prepaid expenses		**235,013**		137,429
		1,416,290		3,385,799
MINERAL PROPERTIES (Note 4)		**403,360**		260,726
PLANT AND EQUIPMENT (Note 5)		**232,585**		128,428
	$	**2,052,235**	$	3,774,953
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$	**451,540**	$	692,699
AMOUNT DUE UNDER LINE OF CREDIT FACILITY (Note 7)		**5,835,501**		-
		6,287,041		692,699
SHAREHOLDERS' (DEFICIENCY) EQUITY				
Share capital				
Authorized				
Unlimited common shares without par value				
Issued and outstanding				
16,784,031 (2005 -15,895,580) common shares		**16,518,231**		15,287,221
Contributed surplus		**1,860,131**		1,046,386
Deficit		**(22,613,168)**		(13,251,353)
		(4,234,806)		3,082,254
	$	**2,052,235**	$	3,774,953

CONTINUING OPERATIONS (Note 1)

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

APPROVED BY THE BOARD:

"Pierre Lebel"

Director

"Peter Meredith"

Director

ASIA GOLD CORP.
Consolidated Statements of Operations
Years Ended December 31, 2006 and 2005
(Stated in U.S. dollars)

	2006	2005
EXPENSES		
Depreciation	$ **20,323**	$ 16,868
Exploration (Schedule)	**6,114,780**	4,655,197
Investor relations	**89,053**	27,381
Legal	**45,840**	54,506
Office and administration	**593,492**	408,969
Professional fees	**87,898**	92,728
Salaries and benefits	**742,788**	473,068
Stock-based compensation	**938,285**	538,452
Travel	**229,777**	123,161
	8,862,236	6,390,330
OTHER EXPENSES/(INCOME)		
Coal transaction costs (Note 3)	**217,781**	-
Interest income	**(49,700)**	(127,654)
Interest expense (Note 7)	**178,739**	-
Foreign exchange loss (gain)	**20,393**	(74,747)
Write-down of mineral property	**132,366**	26,028
	499,579	(176,373)
NET LOSS	$ **9,361,815**	6,213,957
BASIC AND DILUTED LOSS PER SHARE	$ **(0.56)**	$ (0.41)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC AND DILUTED	**16,647,940**	15,141,218

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

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

	Share Capital				
	Number of Shares	Amount	Contributed Surplus	Deficit	Total
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(b))	100,000	78,360	-	-	78,360
Exercise of stock options	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
Shares issued for:					
Exercise of warrants	576,999	715,797	-	-	715,797
Exercise of stock options	215,631	315,213	(124,540)	-	190,673
Mineral property (Note 4(b))	95,821	200,000	-	-	200,000
Stock-based compensation charged to operations	-	-	938,285	-	938,285
Net loss	-	-	-	(9,361,815)	(9,361,815)
Balances, December 31, 2006	16,784,031	$ 16,518,231	$ 1,860,131	$ (22,613,168)	$ (4,234,806)

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

ASIA GOLD CORP.
Consolidated Statements of Cash Flows
Years Ended December 31, 2006 and 2005
(Stated in U.S. dollars)

	2006	2005
OPERATING ACTIVITIES		
Net loss	**$ (9,361,815)**	$ (6,213,957)
Items not requiring use of cash		
Depreciation	**54,260**	35,755
Stock-based compensation	**938,285**	538,452
Interest expense on line of credit facility	**178,739**	-
Loss on disposal of capital assets	**10,076**	-
Unrealized foreign exchange loss (gain)	**3,829**	(23,095)
Write-down of mineral property	**132,366**	26,028
Changes in non-cash working capital items (Note 10)	**(273,397)**	(385,164)
	(8,317,657)	(6,021,981)
INVESTING ACTIVITIES		
Expenditures on plant and equipment	**(173,276)**	(49,654)
Mineral properties	**(75,000)**	(50,010)
Proceeds from disposal of capital assets	**4,783**	-
	(243,493)	(99,664)
FINANCING ACTIVITIES		
Share capital issued for cash	**906,470**	1,015,696
Drawings under line of credit facility	**5,500,000**	-
	6,406,470	1,015,696
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	**(4,826)**	8,767
DECREASE IN CASH	**(2,159,506)**	(5,097,182)
CASH AT BEGINNING OF PERIOD	**3,125,000**	8,222,182
CASH AT END OF PERIOD	**$ 965,494**	$ 3,125,000

SUPPLEMENTAL CASH FLOW INFORMATION (Note 10(b))

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Asia Gold Corp. (the "Company") is a development stage entity that has not achieved production on any of its mineral properties and, accordingly, does not have any revenues. The Company's ability to continue as a going concern, with a capital deficiency, is dependant upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing and permitting to develop properties and to establish future profitable production. The Company does not have sufficient cash to fund the exploration and development of its mineral properties to commercial production and, therefore, will require additional funding, which if not raised may result in the curtailment of operations. Management is of the opinion that additional financing is available to continue its planned activities in the normal course. To date, additional financing has been provided by Ivanhoe Mines Ltd. ("Ivanhoe"). There can, however, be no assurance the Company will be able to raise sufficient funds in the future.

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 Resources Ltd., ASG Bulgaria Holdings Ltd., ASG Indonesia Holding Company Ltd., PT AGC Indonesia, Asia Gold International Holding Company Ltd. and Transbaikal Gold. 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, 2006.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Measurement uncertainties (continued)

Significant estimates used in the preparation of these consolidated financial statements include, among other things, the recoverability of accounts receivable and investments, the expected economic lives of property, plant and equipment and the calculation of stock based compensation.

(c) Foreign currencies

The Company and its subsidiaries' functional currency is the U.S. dollar since it is the currency in which expenditures are incurred. 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 on a property by property basis. 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 will be 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 will be 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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. As at December 31, 2006, the Company has no asset retirement obligations and accordingly, has not recorded an asset retirement obligation in the consolidated financial statements.

(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 with a corresponding credit to contributed surplus, and charged to operations 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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Income taxes (continued)

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, 2006 and 2005, all of the outstanding stock options and warrants were antidilutive.

3. COAL TRANSACTION

In July 2006, the Company and Ivanhoe signed a definitive agreement whereby the Company will acquire Ivanhoe’s coal division (the “coal transaction”) in exchange for 82,576,383 common and preferred shares of the Company.

This transaction would result in Ivanhoe owning approximately 91.4% of the issued and outstanding shares of the Company (88.8% on a fully diluted basis). As part of the coal transaction, Ivanhoe has agreed to extend a line of credit to the Company of $10 million, which may be increased to $15 million by mutual agreement (Note 7).

On August 8, 2006 the coal transaction and the equity conversion rights under the line of credit facility were approved by the Company’s minority shareholders at a special meeting convened for that purpose. However, the closing of the coal transaction remains subject to the fulfillment of certain conditions precedent, including the completion of the transfer of certain mineral exploration licenses in Mongolia, applications for which have been submitted to the relevant Mongolian governmental authorities and are pending approval.

Completion of the transfer of the relevant mineral exploration licenses in Mongolia is taking longer than management expected. Ivanhoe and Asia Gold have agreed to extend the closing date of the coal transaction on an indefinite basis in order to accommodate any unanticipated delays in completing the license transfer process in Mongolia. It is expected that the coal transaction will be completed shortly after the formal license transfer process in Mongolia is concluded.

(Stated in U.S. dollars)

3. COAL TRANSACTION (Continued)

Ivanhoe has agreed to fund the expenditures necessary to continue the exploration and development of Ivanhoe's Coal Division projects pending the completion of the coal transaction.

If and when the coal transaction is completed, all expenditures from April 25, 2006 to closing will be treated as advances and will be added to the outstanding balance under the line of credit facility (Note 7). If the coal transaction is not completed, these expenditures will remain solely for the account of Ivanhoe. The total coal expenditures funded by Ivanhoe from April 25, 2006 to December 31, 2006 are approximately $10.7 million.

The Company has paid for certain costs related to the definitive agreement and shareholders' meeting. The total costs incurred to date are $217,781 and these costs have been expensed.

4. MINERAL PROPERTIES

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

	Mongolia
Balance, December 31, 2004	158,384
Solomon Earn-in Agreement (Note 4(b))	128,370
Write down of mineral property	(26,028)
Balance, December 31, 2005	$ 260,726
Solomon Earn-in Agreement (Note 4(b))	275,000
Write down of mineral property	(132,366)
Balance, December 31, 2006	$ 403,360

(b) Mongolia

At December 31, 2006 the Company reviewed the carrying values of its mineral property and $132,366 (2005 - $26,028) was written off and charged to operations.

In September 2005, the Company entered into an earn-in agreement with Solomon to acquire a 70% interest in 9 exploration licenses, referred to as the Tsakhir licences, representing 4 project areas located in the West Gobi region. Upon closing of the agreement, the Company paid Solomon $50,000 and issued to Solomon 100,000 common shares valued at $78,360. On or before the first anniversary of the effective date of the agreement (October 5, 2006), the Company had to complete exploration expenditures of not less than $400,000. The agreed upon expenditures were completed. As part of the first earn-in right obligations, the Company paid $75,000 to Solomon and issued 95,821 common shares valued at $200,000. As at December 31, 2006 a total of $403,360 had

(Stated in U.S. dollars)

4. MINERAL PROPERTIES (Continued)

(b) Mongolia (continued)

been recorded as Mineral Properties. During 2006, the number of projects was reduced to two and six licenses were returned.

On 6th March 2007 Solomon issued a notice of termination of the Gallant-Solomon agreements. On 12th March 2007 the Company signed a Memorandum of Agreement with Gallant to earn an 80% interest in the Tsakhir license by incurring expenditures of $720,000 over a 2 year period.

(c) Indonesia

Effective September 7, 2006 a definitive Joint Venture Agreement and Cooperation Agreement was signed with PT Harita Multi Karya Mineral ("HMKM"), pursuant to which, 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. The 85% interest was earned in 2006. A joint venture company, PT ASG Harita Mining Services was incorporated in December 2006. The 15% interest held by HMKM in the joint venture company is free carried to commercial mine production. The Company will be responsible for funding 100% of any project costs through to commercial mine production.

5. PLANT AND EQUIPMENT

		December 31, 2006	
	Cost	Accumulated Depreciation	Net Book Value
Plant and equipment	**$ 94,217**	**$ 11,679**	**$ 82,538**
Office equipment	**251,087**	**101,040**	**150,047**
	$ 345,304	**112,719**	**$ 232,585**

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

(Stated in U.S. dollars)

6. INCOME TAXES

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

	Year ended December 31, 2006	Year ended December 31, 2005
Loss before income taxes for the year	$ 9,361,815	$ 6,213,957
Statutory tax rate	34.12%	34.87%
Recovery of income taxes based on combined Canadian and provincial statutory rates	$ 3,194,251	$ 2,166,807
Deduct:		
Lower effective tax rate on losses in foreign jurisdictions	(318,582)	(160,047)
Tax effect of losses not recognized	(1,870,651)	(1,814,587)
Change in future tax rate	(683,570)	-
Non-deductible expenses	(321,448)	(192,173)
Future income tax recovery	$ -	$ -

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

	December 31, 2006	December 31, 2005
Future income tax assets		
Tax loss carryforwards	$ 4,322,017	$ 4,839,825
Capital assets	31,931	19,793
Foreign exploration expenses	1,520,392	807,334
Share issue costs	76,127	149,160
Total future income tax assets	5,950,467	5,816,112
Valuation allowance	(5,950,467)	(5,816,112)
Net future income tax assets	$ -	$ -

At December 31, 2006, the Company and its subsidiaries have unrecognized capital and non-capital losses for income tax purposes of approximately $18.2 million that may be used to offset future taxable income as follows:

(Stated in U.S. dollars)

6. INCOME TAXES (Continued)

		Local Currency	U.S. Dollar Equivalent	Expiry Dates
Non-capital losses				
Canadian	$	$ 6,508,907	$ 5,582,732	2009 - 2026
Mongolian Tugrik	MNT	6,692,539,734	5,744,876	(a)
Bulgarian Lev	BGN	2,315,548	1,476,203	2010-2011
Indonesian Rupiah	IDR	6,388,742,816	707,858	2011
			$ 13,511,669	
Capital losses				
Canadian	$	5,423,519	$ 4,651,787	(b)

(a) These losses are carried forward 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. AMOUNTS DUE UNDER LINE OF CREDIT

On April 25, 2006, in conjunction with the coal transaction (Note 3), the Company entered into a line of credit facility with Ivanhoe whereby Ivanhoe has agreed to make available to the Company an unsecured line of credit of up to $10 million. By mutual agreement Ivanhoe may increase the amount to a maximum of $15 million. All amounts outstanding under the line of credit bear interest at three month LIBOR plus two percent. All advances pursuant to the line of credit will mature and be repayable in full on April 25, 2008. Ivanhoe has the ability to accelerate the Company's obligation to repay all advances pursuant to the line of credit and all accrued and unpaid interest thereon in the event of a default by the Company. The Company has the right to prepay the outstanding advances and accrued and unpaid interest, in whole or in part, at any time without penalty. If the Company completes an equity financing in excess of $20 million then all amounts under the line of credit would be repayable in full from the proceeds of the financing. At December 31, 2006, $5.5 million had been drawn on the facility, accounts payable to Ivanhoe of $343,991 had been transferred to the line of credit, coal expenditures of $187,229 paid by Asia Gold on behalf of Ivanhoe had been deducted from the line of credit and $178,739 of interest had been accrued.

Upon completion of the coal transaction and subject to regulatory approval, the Company's indebtedness to Ivanhoe under the working line of credit can be converted, in whole or in part, into common shares of the Company at the election of either the Company or Ivanhoe. Until the first anniversary of the closing of the coal transaction, the Company may convert amounts outstanding under the Line of Credit into common shares of the Company at a conversion price of

7. AMOUNTS DUE UNDER LINE OF CREDIT (Continued)

Cdn$2.09 per share. Until 90 days after the first anniversary of the closing of the coal transaction, Ivanhoe may convert amounts outstanding under the Line of Credit in common shares of the Company at a conversion price of Cdn$2.35 per share.

8. 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 3,200,000 shares pursuant to the Plan. At December 31, 2006, an aggregate of 11,434 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:

	2006		**2005**	
	Number of Options	Weighted-average Exercise Price (Expressed in CDN $)	Number of Options	Weighted-average Exercise Price (Expressed in CDN $)
Balance, beginning of year	**2,199,000**	**$ 1.82**	**1,278,000**	**$ 2.73**
Options granted	**985,000**	**2.01**	**1,167,000**	**0.93**
Options exercised	**(215,631)**	**1.00**	**(19,233)**	**0.96**
Options cancelled	**(14,667)**	**2.09**	**(226,767)**	**2.36**
Balance, end of year	**2,953,702**	**$ 1.94**	**2,199,000**	**$ 1.82**

8. SHARE CAPITAL (Continued)

(a) Stock options (continued)

The following table summarizes information about stock options outstanding and exercisable at December 31, 2006:

Options Outstanding			Options Exercisable	
Number Outstanding at December 31, 2006	Weighted-average Remaining Contractual Life (years)	Exercise Price (Expressed in CDN $)	Number Exercisable at December 31, 2006	Exercise Price (Expressed in CDN $)
797,000	1.91	$ 3.00	797,000	$ 3.00
100,000	2.06	3.00	100,000	3.00
5,000	2.19	2.14	5,000	2.14
30,000	2.24	2.00	30,000	2.00
30,000	2.32	2.07	30,000	2.07
5,000	2.40	1.65	5,000	1.65
53,334	2.65	1.06	53,334	1.06
654,000	3.22	0.86	429,293	0.86
7,000	3.40	0.70	332	0.70
15,000	3.67	0.95	10,000	0.95
182,368	3.70	1.00	87,357	1.00
90,000	3.88	1.24	56,660	1.24
25,000	4.01	1.26	8,333	1.26
25,000	4.03	1.20	8,333	1.20
50,000	4.11	1.16	16,665	1.16
885,000	4.47	2.10	294,975	2.10
2,953,702	3.25	$ 1.94	1,932,282	$ 2.11

The weighted average fair value of the stock options granted during 2006 and 2005 was Cdn.$1.55 and Cdn. $0.68, respectively. The fair value of these options was determined using the Black-Scholes option pricing model, recognizing forfeitures as they occur, using the following weighted average assumptions:

	2006	2005
Risk free interest rate	**4.28%**	3.74%
Expected life	**5 years**	5 years
Expected volatility	**102%**	94%
Expected dividend per share	**$Nil**	$Nil

(Stated in U.S. dollars)

8. SHARE CAPITAL (Continued)

(a) Stock options (continued)

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.

(b) Share purchase warrants

Effective June 26, 2006 1,153,998 outstanding warrants were exercised into 576,999 common shares for total proceeds of $715,797 (CDN $804,914).

9. 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, 2006	Year ended December 31, 2005
Consulting	**$ -**	$ 40,000
Office and administrative expenses	**360,560**	242,443
Salaries and benefits expenses	**704,617**	448,016
Interest	**178,739**	-
	$ 1,243,916	$ 730,459

(b) Accounts receivable include the following amounts:

	December 31, 2006	December 31, 2005
Accounts receivable from Ivanhoe	**$ 49,148**	$ -

(Stated in U.S. dollars)

9. OTHER RELATED PARTY TRANSACTIONS (Continued)

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

		December 31, 2006		December 31, 2005
Amounts due for administration to Global Mining Management, a company related by way of directors and officers in common	**$**	**107,122**	$	70,728
Amount due to Ivanhoe		**42,009**		379,424

10. CASH FLOW INFORMATION

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

		Year ended December 31, 2006		Year ended December 31, 2005
Net increase in:				
Accounts receivable	**$**	**(81,405)**	$	(39,335)
Prepaid expenses		**(285,056)**		(9,198)
Net increase (decrease) in:				
Accounts payable and accrued liabilities		**93,064**		(336,631)
	$	**(273,397)**	$	(385,164)

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

During the year ended December 31, 2006, the Company issued 95,821 common shares at a value of $200,000 for acquisition of a mineral property (Note 4(b)).

(Stated in U.S. dollars)

11. SEGMENT DISCLOSURES

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

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

		December 31, 2006		December 31, 2005
Mongolia	**$**	**403,360**	$	260,726

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

		December 31, 2006		December 31, 2005
Mongolia	**$**	**84,398**	$	98,843
Canada		**32,157**		19,191
Bulgaria		**56,140**		10,394
Indonesia		**59,890**		-
	$	**232,585**	$	128,428

12. FINANCIAL INSTRUMENTS

(a) *Fair value of financial instruments*

The Company's financial instruments include cash, accounts receivable, and accounts payable. The carrying values approximate fair values due primarily to their immediate or short term maturity.

The fair value of the line of credit facility, by its nature, is not readily determinable.

(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. The company has not entered into any derivative instruments to manage foreign exchange fluctuations.

13. SUBSEQUENT EVENTS

Subsequent to December 31, 2006:

(a) The Company decided to terminate its mineral exploration activities in Bulgaria and has formally notified Hereward Ventures Bulgaria AD that the Company is withdrawing from its Bulgarian Joint Venture with Hereward effective as of March 2, 2007.

ASIA GOLD CORP.
Consolidated Schedule of Exploration Expenses
Years Ended December 31, 2006 and 2005
(Stated in U.S. dollars)

	2006				
	Mongolia	Bulgaria	Indonesia	Other	Total
Assaying	$ 267,786	$ 58,079	$ 2,337	$ -	$ 328,202
Camp costs	346,561	30,000	89,858	-	466,419
Consulting - geophysics	75,098	-	71,941	-	147,039
Consulting - geological	546,643	323,165	202,780	22,754	1,095,342
Depreciation	21,382	-	12,555	-	33,937
Drilling	625,728	173,490	9,771	-	808,989
License fees	1,066,509	20,890	21,284	26	1,108,709
Fuel	15,412	-	9,500	-	24,912
Legal	10,370	15,795	50,206	7,969	84,340
Maps, photos and reproductions	964	1,035	6,643	28	8,670
Office	450,612	95,001	86,988	1,625	634,226
Rental, lease and charter costs	119,623	45,267	23,426	-	188,316
Salaries	359,874	228,589	229,433	410	818,306
Supplies	6,704	121	4,865	-	11,690
Travel	115,436	112,611	142,181	7,982	378,210
Loss on disposal of capital assets	10,076	-	-	-	10,076
Option and expense recovery	(26,477)	(6,126)	-	-	(32,603)
	$ 4,012,301	$ 1,097,917	$ 963,768	$ 40,794	$ 6,114,780

	2005				
	Mongolia	Bulgaria	Indonesia	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	67,450	8,077	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	738	115	4,153
Office	334,444	54,779	837	723	390,783
Rental, lease and charter costs	130,523	17,498	44,163	2,000	194,184
Salaries	451,887	83,512	10,046	5,457	550,902
Supplies	4,065	-	-	-	4,065
Travel	217,743	50,809	32,935	26,425	327,912
	$ 3,777,227	$ 597,437	$ 157,471	$ 123,062	$ 4,655,197