MANAGEMENT DISCUSSION AND ANALYSIS
ASIA GOLD CORP.
(formerly MX Capital Corp.)
December 31, 2003
(Stated in U.S. Dollars)

OVERVIEW

Asia Gold Corp.(the "Company" or "AGC") is a mining exploration and development company with a focus on precious and base metal exploration and development in Mongolia and South Korea. Asia Gold Corp was incorporated on February 14, 2002.

Corporate Reorganization

On July 31, 2003, the Company issued 6,130,246 common shares, representing approximately 75% of the common shares then outstanding, to Ivanhoe Mines Ltd. ("Ivanhoe Mines") in exchange for Ivanhoe Mines' interest in 29 exploration licenses in Mongolia and a 90% interest in certain exploration and mining licenses in South Korea. In addition, on July 31, 2003 Ivanhoe Mines converted loans of Canadian ("Cdn"). $1 million in the Company in exchange for 833,333 units, each unit consisting of one common share and one warrant to purchase one common share and, on November 19, 2003, Ivanhoe Mines converted further loans and accrued interest aggregating Cdn. $758,433 into 505,622 common shares. As a result, Ivanhoe Mines held at December 31, 2003 a total of 7,469,201 common shares which represented approximately 51% of the issued and outstanding common shares of the Company.

In connection with the Ivanhoe Mines acquisition, the Company and Ivanhoe Mines entered into a mineral exploration services agreement (the "Exploration Services Agreement") under which the Company contracted with Ivanhoe Mines to conduct exploration on the Company's behalf on its Mongolian properties on a cost recovery basis. Ivanhoe Mines conducted an exploration program during the late summer and fall of 2003 pursuant to this agreement. On October 23, 2003 Ivanhoe Mines and AGC replaced the Exploration Services Agreement with a Technical Consulting Agreement ("Technical Consulting Agreement").

Change of Directors

On August 14, 2003, four nominees were appointed to the Company's Board of Directors consisting of: Mr. Pierre Lebel and Mr. Andre Deepwell and two nominees of Ivanhoe Mines, Mr. Peter Meredith, and Mr. Edward Flood. On November 26, 2003 Mr Douglas Kirwin, also a nominee of Ivanhoe Mines, was appointed to the board replacing Mr. Don Poirier. The current Board of Directors consists of six members, Mr. David Owens being the other member.

Capital Consolidation

On September 22, 2003 the Company consolidated its outstanding share capital on a six for one basis (one new common share for each 6 old common shares outstanding). Accordingly, at December 31, 2003, there were 14,622,349 common shares issued and outstanding as a result of this consolidation.

Initial Public Offering

On December 1, 2003 the Company filed a final prospectus with certain securities regulatory authorities in Canada for an initial public offering ("IPO") of 5 million common shares for gross proceeds of Cdn. $15,000,000. This offering closed on December 11, 2003 and the Company's shares began trading on the TSX Venture Exchange on December 15, 2003. Under the terms of this offering, the Company paid the agents a commission of 5.5% of the gross proceeds of the offering and granted the agents' non-assignable broker warrants to acquire up to an aggregate of 10% of the number of common shares issued pursuant to the offering. Each broker warrant is exercisable for a period of two years following the closing of the offering at Cdn. $3.00 per share. Expenses of the offering, including commissions paid to the agents, were approximately $958,000 .

FORWARD LOOKING STATEMENTS

Except for statements of fact relating to the Company together with its subsidiaries (collectively referred to as the "Company"), certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan", "expect","project","intend","believe","anticipate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the dates the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other ecological data, fluctuating metal prices, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties related to the availability of and costs of financing needed in the future and other factors described in this discussion under the heading "Outlook". The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.

MINING AND EXPLORATION PROPERTIES

Mongolia Exploration Licenses

In early 2002, the Company acquired 11 exploration licenses covering an approximately 900,000 hectare ("ha") site in the West Gobi area located in the west-central portion of the Omnogovi Aimag (province) approximately 510 kilometers ("km") from Ulaan Baatar, Mongolia. On July 31, 2003, the Company acquired from Ivanhoe Mines an additional 29 licenses which cover an area of approximately 3,000,000 ha. 24 of these additional licenses are adjacent to the original 11 licenses owned by the Company (the "Western Gobi Property"); the 5 remaining licenses are known as the Oyut Ovoo property and are located approximately 270 km southwest of Ulaan Baatar.

During 2002, the Company conducted a first stage reconnaissance field exploration program consisting of geological mapping and geochemical sampling on the 11 original Western Gobi Property licenses at a cost of $72,000. This program continued into early 2003 but, due to lack of funding and the time constraints imposed on management during the reorganization negotiations with Ivanhoe Mines, little exploration work was done on these properties with only $31,000 being spent to July 31, 2003. This reconnaissance program resulted in the identification of gold mineralization in several areas.

Based on interpretation of satellite images covering the entire Western Gobi Property, Ivanhoe Mines also completed a helicopter reconnaissance survey of prospective targets in April 2003. In total, 15 areas were selected for study, six locations were visited and four sites were sampled, with 175 samples obtained. Significant geochemical anomalies were reported from rock grab samples.

Ivanhoe Mines geologists visited Oyut Ovoo as part of a regional helicopter-based reconnaissance program, and collected forty-three rock chip grab samples. Some of the samples returned anomalous gold values while eight samples returned significant copper assays with some significant molybdenum values.

Exploration Programs and Budgets.

Previous exploration on the Western Gobi Property by both the Company and Ivanhoe Mines has identified a number of targets for accelerated exploration. In the fall of 2003, geological mapping, additional rock sampling, soil sampling, magnetics and trenching were conducted on first priority targets. Activities conducted on second priority targets included additional sampling, interpretation of Landsat 7 satellite images and geological mapping.

Detailed fieldwork on the main zone of potential mineralization at Oyut Ovoo started in August 2003. The work program included detailed mapping, outcrop sampling and a ground magnetic geophysical survey. The Company also conducted reconnaissance work on the surrounding Oyut Ovoo licenses. A gradient array induced polarization ("IP") geophysical survey was completed in December 2003. Structural interpretation of high-resolution satellite images was completed in conjunction with the field exploration. This work has identified a skarn intrusive complex, with coincident high chargeability and highly magnetic anomalies. There is good correlation between high copper values in outcrop and the geophysical anomalies. A 2,000 metre drill program will commence in 2004.

The field season for exploration work in Mongolia ended in mid-November, 2003. The Company will not conduct any additional field exploration activity until the Spring of 2004. Costs of exploration activity on the Mongolian licenses for the year ended December 31, 2003 were approximately $827,000.

The Company has received the results of the 2003 exploration work carried out by Ivanhoe Mines. This work has identified Dune, Yagaan, Tsagaan Temme and Alag Mtn as high priority areas for follow-up work. Additional mapping, sampling and ground geophysical surveys are planned for these areas to define drill targets; this work is to commence in the spring of 2004. Another eight priority areas have been identified for additional follow-up, and the Company will continue with reconnaissance exploration of the licenses not explored to date. The initial exploration budget for the 2004 field season is approximately $3.8 million.

In accordance with the Technical Consulting Agreement with Ivanhoe Mines, commencing November 30, 2003, the Company is responsible for its own exploration operations, with assistance of Ivanhoe Mines on a cost recovery basis in respect of such matters as may be agreed by the parties from time to time. Accordingly, the Company has commenced the process of sourcing and hiring experienced local and expatriate personnel and to establish the necessary infrastructure in order to commence independent exploration programs in the spring of 2004.

South Korea

The Company carries out exploration and limited production activities at the Eunsan gold and silver mine which is located on the coast of Chollonam-Do Province in the southwestern part of South Korea approximately 25 km south of the port city of Mokp'o. Eunsan was acquired from Ivanhoe Mines on July 31, 2003.

Ivanhoe Mines operated the Eunsan property during 2002 and the first half of 2003 but was unable to bring the property into commercial production during this time. Ivanhoe Mines constructed a mill at a cost of $1.3 million which is capable of processing 140 tonnes of ore per day. By the end of 2002, Ivanhoe Mines had processed approximately 25,000 tonnes of ore from the initial open pit. This oxide ore concentrate was initially smelted on site producing approximately 5,000 ounces of gold and 200,000 ounces of silver. In addition, Ivanhoe Mines commenced underground operations which were designed to access a relatively narrow high-grade vein. Due to instability encountered in the underground formations, the underground operations proved largely unsuccessful in gaining access to the vein and in early 2003 were halted. In addition, problems were encountered in the smelting process of the ore concentrate which resulted in recoveries of gold and silver which were well below those anticipated. The mill was idle from the end of 2002 until September 2003, during this time limited underground mining continued and ore was added to the stockpile. By September 2003, the stockpile consisted of 3,158 tonnes of oxide ore and 7,798 tonnes of non-oxide ore.

The Company initiated a number of changes at Eunsan which resulted in improved recoveries. Foremost among these changes, the Company negotiated an agreement whereby the processed ore concentrate was sold to a third party who operates an established smelting facility. In addition, the mill underwent a refurbishment which has resulted in enhanced gold and silver recovery of 95% and 93%, respectively. Finally, the original underground access which was constructed by Ivanhoe Mines was sealed, and a second adit, which encountered underground formations with greater stability, was opened on the opposite side of the ore body. These improvements commenced in August 2003 and were completed in early September 2003. During this time, significant tonnages of ore were mined with the processing of stockpiled ore commencing in September, 2003 and the first sale of concentrate occurring in October, 2003. The mine is producing from the new underground access and to February, 2004 has extracted approximately 7,100 tonnes of sulphide ore and 9,800 tonnes of oxide ore.

The long term viability of the Eunsan property was always entirely dependant upon the discovery of additional high grade ore shoots at either Eunsan or one of the other related South Korean properties which were acquired from Ivanhoe Mines. Exploration activities at Eunsan during the period from September, 2003 through to January, 2004 proved unsuccessful in this regard. Of the other license areas acquired, the Gasado Island property, a 914 hectare intermediate-stage gold-silver exploration property which is located 35 km West Southwest of the Eunsan mine, was the most promising. An inferred gold/silver resource had been identified on this property and consideration was given to a plan which would have seen this resource mined and the ore shipped to the Eunsan mill for processing into concentrate. However, due to geological uncertainty similar to that experienced at Eunsan, environmental risks and a limited (1 year) potential mine life with a low investment return, the Company decided to not pursue development of the Gasado Island property. Accordingly, mining activity at the Eunsan property will be completed in April 2004 and restoration activities on this mine site will be carried out during the spring of 2004. The mill will continue to process stockpiled ore and tailings through to July 2004 after which time all operations will cease at Eunsan.

A total of $800,000 of net cash flow has been received by the Company from the Eunsan project during the period from acquisition to March, 2004. This amount represents the net costs recovered by the Eunsan project from the sale of concentrate in excess of those amounts used for exploration and operational activities during this period. In view of the decision to discontinue activities at Eunsan, the Company reviewed the carrying values of this property and related plant and equipment, and has made impairment provisions aggregating approximately $1,159,000 in the December 31, 2003 accounts.

In April 2004, the Company entered an agreement to sell its 90% interest in its South Korean properties to Hangum Co. Ltd. a South Korean company that currently owns the other 10% interest in these assets. In consideration for the sale of these assets, the Company will receive $422,000 plus all proceeds from the eventual sale of concentrate produced up to March 31, 2004 and held in inventory at that time. This transaction is scheduled to close in mid-June and is subject to regulatory approval.

RESULTS OF OPERATIONS

This review of the results of operations should be read in conjunction with the Consolidated Financial Statements of the Company for the year ended December 31, 2003.

Overview

The net loss for the year ended December 31, 2003 was $2,278,000, the majority of this loss, $2,096,000, was incurred in the five-month period ended that date. Current operations commenced with the completion of the acquisition agreement with Ivanhoe Mines on July 31, 2003. The aggregate net loss for the sixteen month period from February 14, 2002, the date of incorporation, to July 31, 2003 was $438,000 and included exploration expenses of $103,000 and administration costs of $317,000. In contrast, $3,339,000 ($487,000 net of incidental revenues of $2,852,000) was spent on exploration and $653,000 on administration in the five months ended December 31, 2003. This significant increase in expenditures is due to the completion of the acquisition agreement with Ivanhoe Mines on July 31, 2003 and reflects not only the acquisition of the new properties in Mongolia and South Korea, but the availability, from both the IPO and the Ivanhoe Mines loans, of those funds necessary to carry out the Company's exploration programs.

CRITICAL ACCOUNTING POLICIES

A detailed summary of all of the Company's significant accounting policies is included in Note 2 to the annual Consolidated Financial Statements for the year ended December 31, 2003.

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

Three Months Ended September 30, 2003 and December 31, 2003

	Three Months Ended	
	September 30, 2003	December 31, 2003
EXPENSES		
Depreciation	$ 2,337	$ (1,062)
Exploration	1,319,102	(821,619)
Investor relations	235	5,580
Legal	26,533	27,515
Office and administration	37,272	55,376
Professional fees	67,625	39,455
Salaries	52,070	110,973
Stock based compensation	-	240,177
Travel	31,649	26,702
	1,536,823	(316,904)
OTHER (INCOME)/EXPENSES		
Interest income	(213)	(16,085)
Interest expense	824	2,833
Foreign exchange (gains) losses	25,874	(263,795)
Loss on disposal of equipment	-	53,418
Write down of mineral property	-	1,078,277
Write down of plant and equipment	-	81,032
Other income	(13,197)	56,879
	13,288	992,559
LOSS BEFORE INCOME TAX RECOVERY	1,550,111	675,655
FUTURE INCOME TAX RECOVERY	-	(35,915)
NET LOSS	$ 1,550,111	$ 639,740

The Company incurred a net loss of $640,000 for the three-month period ended December 31, 2003 as compared to a net loss of $1,550,000 for the preceding three-month period. The loss in the December quarter was largely the result of a write-down of the Eunsan mineral property and plant and equipment costs as a result of the anticipated mine closure. The net loss in the September quarter was primarily due to exploration expenditures incurred during that period.

Of the exploration expenditures of $1,319,000 incurred in the third quarter of 2003, $928,000 was spent on modifications and operations at the Eunsan mine, and $391,000 was spent in respect of the Mongolian properties. Exploration expenditures of $2,031,000 were incurred during the fourth quarter, $416,000 on the Mongolian properties and $1,615,000 on exploration and operations at the Eunsan mine. However, these fourth quarter expenses were offset by the sale of concentrate at Eunsan in the amount of $2,853,000 resulting in a net exploration cost recovery of $822,000. Expenses incurred at the Eunsan mine have been recorded as exploration costs as the Eunsan mine was unable to demonstrate that it could run as a self-sustaining operation.

Professional fees for the six months ended December 31, 2003 include accrued audit fees of $50,000 for the Company's year-end audit, $10,000 for the cost of a review, performed by the Company's auditors, of the Company's September 2003 quarterly financial statements, and consulting fees which were paid to the President of the Company and a former director of the Company.

The increase in investor relations costs results from the Company's change in status to a public entity; the majority of the amount for the December quarter resulting from news release and conference fees.

Legal fees were incurred on a relatively consistent basis throughout the September and December periods. Included in the balance paid over this six-month period is an amount of $35,000 paid to South Korean counsel for their work on the agreement with Ivanhoe Mines. The balance of the charges were for costs paid to counsel for costs associated with the Company's annual general meeting and for general corporate affairs.

Office and administration fees and salary costs also increased as direct result of the IPO. The increase of $18,000 from the September quarter to the December quarter results from additional office infrastructure associated with an increase in corporate staff. Salary and other compensation expense in the fourth quarter increased by $59,000 over those amounts recorded for the September quarter which reflects additional staffing levels associated with both the completion of the IPO as well as a general increase in corporate activity. Stock based compensation in the amount of $240,000 was recorded in the December quarter as a result of employee stock options which were granted in December, 2003.

Interest income increased substantially in the fourth quarter of 2003 as a result of the increase in cash from the completion in December of the Company's IPO. An unrealized foreign exchange gain of $276,000 was recorded in the December quarter, primarily the result of an increase in the U.S. dollar equivalent of Canadian dollar denominated cash deposits.

Year Ended December 31, 2003

Both administrative charges and exploration costs increased for 2003 over those incurred in 2002 commensurate with the increase in corporate activity associated with the commencement of exploration activities in August 2003 and the preparation of the Company's prospectus. The net loss incurred in 2003 increased almost tenfold over the corresponding 2002 amount and reflects these increased activities. A comparison of costs incurred for 2002 versus those incurred for 2003 will not be made as the Company did not acquire the majority of exploration properties nor commence its current operations until after July 31, 2003. Those costs incurred in 2002 reflect an administrative focus and start-up activities, the costs incurred in 2003, particularly those for the five-month period ended December 31, 2003, have resulted from the availability of financing and reflect commencement of exploration activities and those costs associated with a public offering and administration of a public company. Comparative discussion of the results of operations for the third and fourth quarters presented above encompasses the vast majority of activities during the 2003 year.

Related party transactions

Certain administrative costs are paid to Global Mining Management ("GMM") for corporate secretarial, accounting, investor relations and administrative services performed on behalf of the Company. GMM is related to Asia Gold Corp. as certain officers and directors are common to each company. GMM provides these services to a group of companies some of which are related to Asia Gold Corp., such as Ivanhoe Mines, and others which are not. The services provided by GMM are incurred on an as-used basis. The Company has utilized the services of the GMM staff and office since June 1, 2003 and has incurred costs for the seven-month period to December 31, 2003 totaling $219,000.

Under the Exploration Services Agreement, the Company contracted Ivanhoe to conduct exploration on the Company's behalf on its Mongolian properties during the latter half of 2003. Ivanhoe was reimbursed a total of $572,000 for personnel and services used in this regard. In addition, Ivanhoe was paid interest of $3,000 on loans it advanced to the Company during August and October, 2003.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2003, the Company had a working capital balance of $10.9 million and cash resources of $11.9 million. It is anticipated that a further $667,000 will be made available during the first six months of 2004 as net cash flow is generated from the Eunsan mine. Budgeted expenditures for 2004 are $5,000,000, consisting of exploration and administrative expenditures in Mongolia of $3.8 million and corporate administrative costs of $1.2 million. Planned exploration expenditures are contingent upon the relative success of exploration initiatives, and may be adjusted during the year accordingly. In addition, the Company is actively pursuing exploration opportunities outside the scope of its existing properties; should any of these opportunities come to fruition, the annual exploration budget would need to be revised to encompass the additional expenditures. For 2004, the Company expects to fund its exploration programs and ongoing administrative costs from the balance of working capital on hand.

Despite the foregoing, the Company does not have the funds or the ability to generate funds necessary to complete all planned exploration activities or maintain operations for the long term. Significant additional funding will be required in future periods, and this funding will likely be in the form of additional equity financings. There can be no assurance given; however, that such funding will be available when required or on terms which are acceptable to the Company.

SECURITIES ISSUED

A summary of all securities authorized and issued by the Company up to April 5, 2004 is included in Note 8 to the annual Consolidated Financial Statements for the year ended December 31, 2003.

RISK FACTORS

The business of mineral exploration and extraction involves a high degree of risk. Few properties that are explored are ultimately developed into production. At present, none of the Company's properties, with the potential exception of the ore stockpile at Eunsan, has a known body of commercial ore. In addition to specific risks disclosed throughout this discussion, other risks facing the Company include competition, reliance on third parties, environmental and insurance risks, political instability, statutory and regulatory requirements, metal prices and foreign currency fluctuations, share price volatility, and title risks.

OUTLOOK

The Company will concentrate its efforts on (i) identification and drilling of prospective copper-gold targets on its exploration licenses in Mongolia, (ii) cessation of mining activities at Eunsan, restoration work on the mine site, and processing of the remaining ore stockpile, and (iii) identification and acquisition of new mineral property exploration opportunities. The Company is well positioned to conduct its activities as market prices for gold and copper are at multi-year highs and, due to its proximity to China, it has access to a market which has a strong demand for raw materials and precious metals.

April 5, 2004