MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

September 30, 2004

(Stated in U.S. Dollars)

(Prepared by Management Without Audit)

ASIA GOLD CORP.
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OVERVIEW

Asia Gold Corp. (which, together with its subsidiaries, is collectively referred to the "Company") is a mining exploration and development company with a focus on precious and base metal exploration and development in Mongolia. In the second quarter of 2004, Asia Gold Corp. sold its 90% interest in its South Korean properties (see 'Sale of Assets in South Korea'). Asia Gold Corp. trades on the TSX Venture exchange under the symbol ASG.

FORWARD LOOKING STATEMENTS

Except for statements of fact relating to 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

The Company holds 58 exploration licenses in Mongolia covering an aggregate area of approximately 4.7 million hectares ("ha"). Forty-two of these licenses, the Western Gobi Property, are located in the west-central portion of the Omnogovi Aimag (province) approximately 510 kilometers ("km") southwest of Ulaan Baatar, Mongolia. Six of the remaining licenses are known as the Oyut Ovoo property and are located approximately 270 km southwest of Ulaan Baatar. In addition, six licenses are held in Dornod Aimag which is located approximately 300 km northeast of Ulaan Baatar, three licenses are held in Khuvsgul Aimag in northern Mongolia and a single license is held in Khovd Aimag in western Mongolia.

Exploration licenses in Mongolia are granted for a period of three years followed by two two-year extensions (for a total of seven years) and require escalating rent payments which are due annually. Accordingly, the longer an exploration license is held, the higher the annual cost becomes. For this reason, certain of the Company's exploration targets have been prioritized on the basis of the age of the exploration license with the advanced or greater-cost licenses receiving priority for current exploration programs. As certain of these licenses are identified as having limited mineral potential, they will be surrendered in order to minimize rental fees. The number of licenses held will therefore fluctuate on a period to period basis as new properties are acquired and older ones surrendered.

Exploration Programs

Western Gobi Properties

Yagaan

A program consisting of detailed and regional geologic mapping, geochemical sampling, trenching and induced polarization ("IP") commenced on the Yagaan project in May, 2004. Approximately 7,500 metres of trenching has been completed and 416 samples were collected over key areas. A drill program consisting of approximately 1,300 metres in 8 holes was completed in October, 2004 with assay results currently pending. Correlation of data from the geologic mapping and drilling programs is currently ongoing.

Maikhan

Geologic mapping using satellite and IP data has been completed. A drill program consisting of a single hole of approximately 200 metres was completed in October, 2004. Assay results from this hole are pending, the results from this analysis will determine if further drilling of identified targets is warranted.

Har Temmee

Detailed geologic mapping at Har Temmee was completed in October, 2004. A 3-hole drill program of approximately 500 metres commenced in November, 2004 and will likely represent the last of the drill programs for the 2004 season.

Tsagaan Temmee

The Tsagaan Temmee prospect was downgraded after geologic mapping and sampling in the third quarter of 2004. No further work is planned on this prospect at this time.

Yagaan Region

A reconnaissance program consisting of mapping, limited IP and stream sediment sampling was completed. No further work is planned for the Yagaan region this year.

In addition to the foregoing, a total of 79 additional potential exploration targets were identified using satellite data in other areas of the West Gobi properties. Of these, 33 sites were visited and 435 samples taken; assay results are pending. This program resulted in the identification of 8 targets that will likely warrant additional mapping and sampling. Exploration programs for these targets will be developed for the 2005 field season.

Oyut Ovoo Property

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. An 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 magnetic anomalies.

The Company completed an initial diamond drilling program in April, 2004 on the Oyut Ovoo property consisting of 1,715 metres in six drill holes. Five of the six holes were drilled to test the skarn intrusive complex, and only intersected minor amounts of copper mineralization. The sixth hole was drilled to test a large IP anomaly on a second target located about one kilometre southeast of the skarn. This hole intersected anomalous copper mineralization in weakly altered granite between downhole depths of 120 and 243 metres. A table of drill results for this hole is available on the Company's website www.asiagold.com. A further program of trenching on the second target will commence in November, 2004, the results of which will be used to determine the extent, if any, of further exploration programs on this prospect.

Dornod Property

In addition to the six licenses currently held in Dornod Aimag, a further 5 licenses are currently under application. Interpretation of satellite images has identified 4 areas of interest. A total of 25 samples were taken during reconnaissance exploration in the second quarter of 2004.

Khuzsgul and Khovd Properties

No exploration activities have commenced on these license areas. The Company is currently compiling existing published data on these areas for interpretation.

The Company adopted a revised exploration budget for the second half of 2004 in the amount of $2.7 million. For the three months ended September 30, 2004, exploration expenses totaling $1.2 million had been spent in respect of this budget. This amount is approximately $200,000 under budget, which is the result of the delay of certain planned exploration programs.

Sale of Assets in South Korea

Effective April 1, 2004, Asia Gold Corp. has sold its 90% interest in its South Korean properties to Hangum Co. Ltd., a South Korean company that owned the remaining 10% of these assets. In consideration for the sale of these assets, Asia Gold Corp. received $422,000 plus all proceeds of $421,845 from the sale of concentrate produced from the Eunsan Mine up to March 31, 2004 and held in inventory at that time. This transaction resulted in a net loss of $49,274.

Asia Gold Corp. received an aggregate of $1.4 million in net cash flow from the Eunsan project during the period from acquisition in 2003 to July, 2004 when the sale transaction was finalized. This amount includes both the net costs recovered by the Eunsan project from the sale of concentrate in excess of expenditures used for exploration and operational activities, as well as the sale proceeds noted above.

RESULTS OF OPERATIONS

SIGNIFICANT 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.

All direct costs related to the acquisition of mineral property interests are capitalized by property. Exploration costs 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 those taxes is uncertain.

The Company reviews the carrying values of its other 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 those assets is not recoverable and exceeds their fair value.

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 substantially 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 quarterly and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

The Company accounts for stock options granted to directors, officers and employees using the fair value method of accounting. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model, as required by generally accepted accounting principles, and stock-based compensation is accrued and charged to operations, with an offsetting credit to contributed surplus, on a straight-line basis over the vesting periods. 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 the grant or thereafter.

Overview

This review of the results of operations should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the three and nine month periods ended September 30, 2004 and 2003.

Current operations commenced with the completion of the acquisition agreement with Ivanhoe Mines on July 31, 2003 and from financing provided by the Company's initial public offering in December, 2003. For these reasons, the aggregate net loss for the three-month and nine-month periods ended September 30, 2003 do not represent results, both in scope and magnitude, which are comparative to the results for the same periods of 2004. In addition, as the Company is in the exploration stage, financial results are generally not fully comparable to those of the corresponding periods in the prior year due to potential significant changes to the nature of the Company's operations. Accordingly, the current quarter's operating results will be compared to those of the immediately preceding quarters.

Three Months Ended September 30, 2004, June 30, 2004 and March 31, 2004

	Three Months Ended		
	September 30, 2004	June 30, 2004	March 31, 2004
EXPENSES			
Depreciation	$ 4,091	$ 4,653	$ 920
Exploration	1,193,171	962,072	17,930
Investor relations	14,723	11,898	14,628
Legal	23,051	10,476	28,782
Office and administration	101,426	119,241	80,304
Professional fees	9,309	10,024	11,071
Salaries	130,102	120,011	117,248
Stock-based compensation	68,583	62,213	73,874
Travel	34,223	46,648	35,382
	1,578,679	1,347,236	380,139
OTHER (INCOME)/EXPENSES			
Interest income	(48,956)	(85,250)	(23,955)
Foreign exchange (gains) losses	(507,760)	234,896	110,438
Loss on disposal of subsidiary	-	49,274	-
Other	-	-	17,416
	(556,716)	198,920	103,899
NET LOSS	$ 1,021,963	$ 1,546,156	$ 484,038

The Company incurred a net loss of $1.0 million for the three-month period ended September 30, 2004 as compared to a net loss of $1.5 million for the preceding three-month period. The losses in the September and June quarters as well as the increase in expenditures from the March period are largely the result of increases in exploration costs. The net loss in the March 2004 quarter was primarily attributable to administrative costs as exploration expenditures incurred during that period were largely offset by incidental revenues of $1.4 million from the sale of gold-silver concentrate by the Eunsan mine in Korea.

Exploration expenditures of $1.2 million were incurred on the Mongolian properties during the three months ended September 30, 2004 as compared to expenditures of $962,000 for the June quarter.

The increase in exploration expenditures on the Mongolian properties reflects the height of the 2004 exploration field season and the resultant seasonal increase in exploration activities. The exploration costs incurred during the third quarter were anticipated to be $200,000 in excess of what was ultimately spent, however, certain programs experienced delays and it is anticipated that these costs will now be incurred during the forthcoming fourth quarter.

Investor relations costs consist primarily of printing costs and conference registration fees. There was no significant change to the level of these costs on a period over period basis.

Legal fees increased in the third quarter of 2004 as legal costs of $20,000 associated with the closing of the sale of the Company's Korean assets were incurred in July, 2004. Legal costs for the second quarter of 2004 include costs associated with the Company's Annual General Meeting held in June. The balance of legal charges were for costs associated with the Company's regulatory affairs, including issues associated with corporate governance, filing, registration and disclosure.

The decrease in office and administration costs during the September, 2004 quarter is attributable primarily to the cost of liability insurance programs of $27,000 incurred during the June period that were not incurred during the September period. Otherwise, the costs of salaries and office and administration remained relatively stable on a period over period basis. Certain of the Company's administrative staff and office facilities are employed/provided by Global Mining Management ("GMM")(see 'Related party transactions' below) whose costs are allocated on an as-used basis. Accordingly, quarterly fluctuations in the costs of administrative and personnel costs can be expected commensurate with increases or decreases in quarterly corporate activity and the level of personnel employed.

Professional fees for the three months ended September 30, 2004 and June 30, 2004 consist primarily of the cost of reviews of the Company's quarterly financial statements. There was no significant change to the level of these costs on a period over period basis.

Stock based compensation in the amount of $69,000 was recognized in the September quarter and $62,000 in the June quarter. Stock-based compensation is recognized over the vesting periods of the stock options to which it relates, which can result in quarterly fluctuations in the level of costs recorded on a period over period basis.

Administrative travel expenses have remained relatively stable on a quarterly basis throughout 2004. These costs increased slightly during the June quarter as a result of a concentration of travel during the start-up of the exploration field season in Mongolia.

A foreign exchange gain of $508,000 was recorded in the September quarter versus a loss of $235,000 for the June period. This gain is primarily the result of changes to the U.S. to Canadian dollar exchange rates during the third quarter and the resultant increase in the U.S. dollar equivalent of Canadian dollar denominated cash deposits.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	**2004**	2003
EXPENSES				
Depreciation	**$ 4,091**	$ 2,337	**$ 9,664**	$ 2,337
Exploration	**1,193,171**	1,319,102	**2,173,172**	1,339,573
Investor relations	**14,723**	235	**41,249**	1,946
Legal	**23,051**	25,849	**62,309**	31,052
Office and administration	**101,426**	37,957	**300,971**	50,192
Professional fees	**9,309**	67,626	**30,403**	101,137
Salaries	**130,102**	52,070	**367,361**	52,988
Stock-based compensation	**68,583**	-	**204,670**	-
Travel	**34,223**	31,648	**116,253**	41,221
	1,578,679	1,536,823	**3,306,052**	1,620,445
OTHER (INCOME)/EXPENSES				
Interest income	**(48,956)**	(213)	**(158,162)**	(228)
Foreign exchange (gains) losses	**(507,760)**	25,874	**(162,426)**	30,423
Interest Expense	-	14,645	-	14,645
Other	-	(27,018)	**17,418**	(27,018)
Loss on disposal of subsidiary	-	-	**49,274**	-
	(556,716)	13,288	**(253,897)**	17,822
NET LOSS	**$ 1,021,963**	$ 1,550,111	**$ 3,052,155**	$ 1,638,267

Three Months Ended September 30, 2004 and 2003

Results for the three months ended September 30, 2003 consist of amounts representative of only two months of activity, which is of comparative value to the 2004 quarter as current operations commenced with the completion of the agreement with Ivanhoe Mines on July 31, 2003. This discrepancy should be considered when drawing comparative conclusions.

Exploration expenses during the 2003 period were $1.3 million as compared to $1.2 million in the 2004 quarter. The 2003 expenditures included $928,000 which was spent on the Korean project and $391,000 which was spent on the Mongolian properties. The 2004 exploration amount was spent entirely on the Company’s Mongolian properties as the Korean properties were sold during April, 2004. The increase in expenditures on the Mongolian properties is reflective of a full exploration field program during 2004 versus start-up operations in the 2003 quarter.

Investor relations costs increased in the 2004 quarter which is reflective of the fact that the Asia Gold Corp. became a public company in December, 2003. Accordingly, certain costs associated with trade shows and printed promotional materials were not incurred in the 2003 period. Similarly, office and administration costs and salaries increased in 2004 commensurate with the increased administrative work load of a public versus private company.

Professional fees decreased for the 2004 quarter as costs incurred during the 2003 period associated with the agreement with Ivanhoe Mines were not duplicated during the current period.

There was no stock-based compensation expense recorded for the 2003 quarter as stock options were not granted until December, 2003.

Both interest income and foreign exchange gains and loss amounts in the 2003 quarter were but a fraction of those recorded in 2004. The income and gain amounts experienced during 2004 resulted primarily from cash balances from the Company's initial public offering in December, 2003. Prior to this time, the Company's cash balances were minimal.

Nine Months Ended September 30, 2004 and 2003

Results for the nine months ended September 30, 2003 consist of amounts representative of only five months of activity, which is of comparative value to the 2004 period as current operations commenced with the completion of the agreement with Ivanhoe Mines on July 31, 2003. This discrepancy should be considered when drawing comparative conclusions.

Exploration expenses during the 2004 period were $2.2 million as compared to $1.3 million in the 2003 period. The 2003 expenditures included $928,000 which was spent on the Korean project and $411,000 which was spent on the Mongolian properties. The 2004 exploration amount represents expenditures of $2.4 million on the Mongolian properties and a net credit of $202,000 from the Korean project. The increase in expenditures on the Mongolian properties is reflective of a full nine-month exploration field program during 2004 versus start-up operations in 2003 which is representative of only two-months activity. The credit from the Korean project reflects the net proceeds from the sale of concentrate from the Eunsan mine up until its' sale in April, 2004; there was no concentrate sold during the 2003 period as plant and mine refurbishments were being conducted at that time.

Investor relations, office and administration, salaries and stock-based compensation costs all increased during the nine-months ended September, 2004 over those incurred for the same period in 2003 for the same reasons discussed in the 2004 versus 2003 quarterly results above.

Professional fees decreased in the 2004 period as costs incurred during the 2003 period associated with the agreement with Ivanhoe Mines were not duplicated during the current period.

Both interest income and foreign exchange gain and loss amounts in the 2004 period exceeded those in 2003 for the same reasons discussed in the 2004 versus 2003 quarterly results above.

Summary of quarterly results

	2004			2003	
	Sept. 30	June 30	March 31	Dec. 31	Sept. 30
Net loss	$ 1,021,963	$ 1,546,156	$ 484,038	$ 727,897	$ 1,550,111
Basic and diluted loss per share	$ 0.07	$ 0.11	$ 0.03	$ 0.21	$ 0.22

Related party transactions

Certain administrative costs are paid to 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. The services provided by GMM are incurred on an as-used basis at cost. The Company has utilized the services of the GMM staff and office since June 1, 2003 and has incurred costs of $193,000, $174,000 and $159,000 for the three-month periods ended September 30, 2004, June 30, 2004 and March 31, 2004, respectively.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2004, the Company had a working capital balance of $8.8 million and cash resources of $9.6 million. Budgeted expenditures for the fourth quarter of 2004 are $1.6 million, consisting of exploration and administrative expenditures in Mongolia of $1.3 million and corporate administrative costs of $300,000. 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 remaining exploration budget would require revision to encompass the additional expenditures. For the remainder of 2004, the Company expects to fund its exploration programs and ongoing administrative costs from the balance of working capital on hand.

At September 30, 2004, the Company had approximately $7.1 million in Canadian funds which amount exposes the Company to risks associated with foreign exchange fluctuations. Due to a strengthening in value of the Canadian dollar versus its U.S. counterpart during the third quarter of 2004, an unrealized foreign exchange gain in the Company's Canadian dollar denominated cash holdings in the amount of $715,000 was recorded during the third quarter of 2004 ($485,000 for the nine month period). To September 30, 2004, the Company had converted a total of $2.6 million Canadian dollars into U.S. dollars; subsequent to this date a further CDN $2.0 million was also exchanged. It is the Company's intention to convert the bulk of its Canadian dollar holdings into U.S. dollars while current exchange rates remain favorable.

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. 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.

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 has a known body of commercial ore. In addition, 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, title risks and uncertainty of additional financing.

OUTLOOK

The Company will concentrate its efforts on identification and drilling of prospective copper-gold targets on its exploration licenses in Mongolia, and identification and acquisition of new mineral property exploration opportunities. The Company is well positioned to conduct its planned activities as it has sufficient working capital to complete its current programs and, due to its proximity to China, has access to a market which has a strong demand for raw materials and precious metals.

November 19, 2004