

# ANGKOR GOLD CORP.

**Management's Discussion and Analysis**

**For The Six Months Ended January 31, 2017**

# **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JANUARY 31, 2017**

## **BACKGROUND**

This Management's Discussion & Analysis ("MD&A") of Angkor Gold Corp. ("Angkor" or the "Company") provides a review of our financial results, from the viewpoint of management, for the three and six months ended January 31, 2017. This MD&A should be read in conjunction with the Company's January 31, 2017 unaudited condensed interim consolidated financial statements and related notes. This discussion includes the accounts of the Company and its wholly-owned subsidiaries, Prairie Pacific Mining Corp. ("PPMC Canada"), a corporation existing under the provincial laws of Alberta; and Angkor Gold Cambodia Co. Ltd. ("AGC"), a corporation existing under the laws of the Kingdom of Cambodia, and Liberty Mining International Pty Ltd, a corporation existing under the laws of the Kingdom of Cambodia.

Unless otherwise noted, amounts are expressed in Canadian dollars. Where appropriate, for transactions completed in US dollars a conversion rate of \$1 USD equals \$1.34 CDN has been used throughout this report. Where an amount is fixed in USD under the terms of an agreement or contract, the reported Canadian dollar equivalent will fluctuate based on prevailing conversation rates but the USD amount will not change.

This section contains forward-looking statements and should be read in conjunction with the risk factors described in "Risks and Uncertainties" and the "Cautionary Statement on Forward-Looking Information" at the end of this MD&A. Actual events may vary from management's expectations. Readers are encouraged to read the Company's public information filings which can be accessed and viewed through a link to the Company's Canadian Securities Commissions filings via the System for Electronic Data Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

## **FORWARD LOOKING STATEMENTS**

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the size and timing of future exploration on and the development of the Company's properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the volatility of our common share price and volume and other reports and filings with the TSX Venture Exchange ("TSX-V") and applicable Canadian securities regulations. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are

made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies the Company is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

## **DATE & APPROVAL**

This MD&A reflects information available as at March 31, 2017. The Financial Statements and the MD&A were approved by the Board of Directors on March 31, 2017.

## **QUALIFIED PERSON**

The technical and scientific information in this document has been reviewed and approved by Dennis Ouellette, B.Sc., P.Geol., a member of The Association of Professional Engineers and Geoscientists of Alberta (APEGA # 104257) and a Qualified Person as defined by National Instrument 43-101 ("NI 43-101"). He is the Company's Senior Geologist on site in Cambodia.

## **CORPORATE OVERVIEW**

Angkor Gold Corp. was incorporated under the laws of the Province of British Columbia, Canada on October 16, 2008 with its primary focus on mineral exploration in Cambodia. Angkor's five exploration licenses in the Kingdom of Cambodia cover approximately 983 km<sup>2</sup>, which the company has been actively exploring over the past 7 years.

The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol ANK.

As an exploration company, Angkor's business model is to secure licenses to properties to investigate for mineral potential. Initial exploration and investigation is generally done by the Company. Not all projects are given equal priority at all times, depending on the availability of exploration funding, the Company's assessment of geological potential and potential interest from third parties. Not all projects or licenses may be considered "significant" or "material" as those terms are defined in Form 51-102F1, although they may become so in future depending on a number of factors, or conversely may no longer be considered "significant" or "material" should they fail to meet expectations and the necessary criteria over time. As projects within the licenses show positive results through exploration, the Company may seek potential exploration and development partners to assist or fund further exploration by the Company with a view to further possible development. There is no fixed model for such arrangements with third parties but may generally include joint development agreements, funding agreements, earn-ins, partnerships, joint ventures and outright sale. The Company has to date successfully concluded several such third party funding agreements where the other company has fully or partially funded exploration on projects of interest in exchange for future rights. Angkor generally negotiates as part of funding, earn-in and other agreements, a carried interest for the Company should a project be successful. Each agreement is negotiated on its own basis depending on the circumstances, and specific terms may vary from agreement to agreement. The Company believes such third party funding agreements benefit Angkor by reducing the need to go to public markets for capital raises that would result in greater shareholder dilution. The Company

also believes that having multiple projects within a large license package with funding agreements with third parties may serve to reduce some of the risk inherent in mineral exploration and development (see “Risks and Uncertainties”, below).

## **HIGHLIGHTS DURING THE SIX MONTH PERIOD ENDED JANUARY 31, 2017**

### **FINANCING AND CORPORATE**

- **Angkor And Gravitass Agree To Cancel Financing**

On November 18, 2016, the Company announced that the Company and Gravitass Securities Inc. had jointly agreed to cancel the Company’s proposed financing previously announced on August 16, 2016 due to the Company’s requirement to complete a NI 43-101 report on Mesco Gold’s Phum Syarung property.

- **Angkor Gold Announces And Completes Buyback of 2.5% NSR Interest On Phum Syarung Mine**

On November 29, 2016, the Company announced its intention to complete the buyback of the 2.5% Net Smelter Return (“NSR”) interest from all of the original three purchasers for an amount equal to 130% of their original purchase price of \$875,000 USD in exchange for the NSR interests. The Company issued 3,810,625 common shares off the Company with a value of \$1,524,250 as consideration for the NSR buy-back. The common shares are subject to a hold period of four months from the date of issue. As originally reported in a Company press release dated May 2, 2014, the Company sold to shareholders and related parties of Angkor an aggregate of 2.5% of the Company’s sliding scale NSR interest to come from Mesco Gold (Cambodia) Ltd. (“Mesco”) on Mesco’s Phum Syarung mine located in northeastern Cambodia. CEO Mike Weeks and Delayne Weeks represented the related party in this transaction. They received buyback proceeds equal to two fifths of the 2.5% as they originally funded 1% of the NSR. The sale of the NSR interests raised capital for the Company of \$875,000 USD at that time, and included an option for Angkor to buy back the NSR interests once Mesco received licensing and moved closer to production. The buyback options of the original sales agreements were originally to be priced after two years at between 130% and 150% of the original sale price, however the Company subsequently negotiated a uniform rate for all parties’ buyback at 130%, and that the buy-back be fully in stock in lieu of cash. A no-cash, all-stock buyback preserves the Company’s working capital. With the completion of the buyback, Angkor once again owns the original full NSR interest on all future production from Mesco’s Phum Syarung mine, which is based on a sliding scale from 2.0% to 7.5%, based on gold price, the terms of which were announced in company press releases dated November 14, 2013 and January 12, 2016.

- **Angkor Announces Appointment of Stephen Lautens as VP Corporate Affairs**

On December 6, 2016 Angkor announced the appointment of Mr. Stephen Lautens as its new Vice President of Corporate Affairs. Mr. Lautens will be responsible for communications, marketing and investor relations for the Company.

- **Angkor Announces Appointment of New Interim CFO**

On December 6, 2016 Angkor announced the resignation of Mr. Aaron Triplett as Angkor's CFO and the appointment of Mr. Terry Mereniuk, B.Comm., CPA, CMC, as interim CFO. Mr. Mereniuk is currently a director of Angkor.

## **EXPLORATION**

- **Angkor Reports Discovery of Gold at Okalla West Concentrated in 2 Metre Thick Soil Layer**

On January 23, 2017 Angkor announced new auger assay results in the Okalla West gold zone showing that gold mineralization is located in a 2 metre thick lateritic soil layer which is covered by soil organics from 0.1 to 0.5 metres thick. Of the 235 samples analysed from within the laterite soil layer, the highest grade returned was 2.45 g/t Au. Retesting of samples using duplicate assays using a slightly different technique also showed considerable variance of results within individual samples, which is suggestive of a strong nugget effect. This presence of erratic coarse gold (the nugget effect) was further confirmed by metallic screen analysis on 11 selected samples of 87 with exceptionally high gold panning concentration index.

- **Assay Results Confirm Gold At Okalla West Prospect**

On November 9, 2016, the Company announced the Phase 1 auger program assay results from the Okalla West, Blue River Resources (TSX-V: BXR) prospect.

The lab results from the augured holes confirmed the surface geochemistry, termite mound, pan-concentrate gold anomaly previously identified in Okalla West. The gold grades in the assays indicated an increase from the surface to the bottom of the holes, ranging from 0.01 to 2.45 g/t. The completed portion of the auger program represented only 0.67 km<sup>2</sup> of the 4 km<sup>2</sup> surface gold anomaly area currently being explored. The hydrothermal gold signature in Okalla West is believed to be significant, as it geochemically connects the previously drilled Okalla prospect to Okalla West, potentially, regionally linking the source for both prospects to the Okan Fault, opening up further gold exploration potential within the Banlung Tenement and locally within the region.

- **Gravity Survey Results Highlight Potential For A Large, Intrusive-Related Gold System**

On November 23, 2016 Angkor announced results from a recent gravity survey conducted along 30 line kms over the Banlung Mafic Intrusive Complex, including the Okalla West surface gold zone in cooperation with Blue River Resources Ltd. (TSXV: BRX). The Okalla West surface gold zone is within the Company's 150 km<sup>2</sup> Banlung Exploration Tenement, Cambodia. The gravity survey indicated a gravity anomaly, which may be interpreted as a felsic intrusive body, located directly beneath the previously delineated 4 km<sup>2</sup> Okalla West surface gold anomaly. The encouraging gravity results, combined with surface gold anomalism, indicate the potential for a large, sub-surface, Intrusive Related Gold system (IRG) in the Okalla West prospect zone.

## SUBSEQUENT EVENTS

The following material events occurred up to the filing date of this MD&A and subsequent to the period ended January 31, 2017.

- **Exploration Update at Okalla West – Trenching / Pit Observations**

On March 6, 2017 Angkor announced that new trenching at Okalla West, consisting of a series of pits dug on lines at 15m intervals, exposed significantly larger pieces of vein material with visible gold observed in vein material found in Pit 6 on Line 5. Veining and mineralization appears to be typical of the occurrence with the amount of visible gold seen confirming the nugget effect previously observed. Exploration discovered pyrite rich material coming out of auger samples. These field observations confirm the presence of vein material that further assists in the understanding of the larger geological structure underlying the previously identified gold anomalies.

- **Angkor Gold Concludes Agreement With Mesco For Payment of Final Tranche on Phum Syarung**

On March 9, 2017 Angkor announced the completion of an agreement with Mesco Gold Ltd. (“Mesco”) for the payment of Mesco’s final tranche of their USD \$1.9 million obligation under a previous Agreement of Purchase and Sale for Mineral Rights to the Phum Syarung Prospect. Under the previously reported Agreement of Purchase and Sale for Mineral Rights to the Phum Syarung Prospect agreement dated May 5, 2016, Mesco has already paid to Angkor USD \$1.4 million, with a final payment of USD \$500,000 due following the issuance of a mining license to Mesco. The initial mining license for the Phum Syarung Prospect was granted last year, and Mesco, under the new amendment to the original agreement will now pay to Angkor the \$500,000 in installments. Details of the payments are as follows:

- The first payment of USD \$50,000 was agreed to be made by Mesco on or before March 25<sup>th</sup>. As reported in a press release dated March 20, 2017 (see below) Angkor received the USD \$50,000 payment from Mesco.
- Additional payments of USD \$30,000 will be made by Mesco every three months from March 25<sup>th</sup> until the entire amount owing of USD \$500,000 is retired.
- Any amount outstanding after deducting any payments above will be due and payable by Mesco 21 days following the earlier of them receiving an amended mining license or Mesco begins to process ore at Phum Syarung.
- There is no interest payable on the final tranche.
- If Mesco defaults in any of the above payments, Angkor retains all the rights and remedies set out in the original agreement. There is no other change to the original agreement between Angkor and Mesco.

- **Angkor Renews Exploration Licenses in Cambodia**

On March 16, 2017, the Company announced it had successfully renewed five exploration licenses totalling 983 km<sup>2</sup> in Cambodia. The Cambodian Ministry of Mines has renewed the following exploration licenses held by Angkor Gold:

- Andong Meas (187 km<sup>2</sup>)

- Banlung (150 km<sup>2</sup>)
- Koan Nheak (189 km<sup>2</sup>)
- Oyadao (222 km<sup>2</sup>)
- Oyadao South (235 km<sup>2</sup>)

The five license renewals have been granted to Angkor for an initial 3 year term with the option to extend a further 4 years. The Company chose not to renew the Banlung North and Trapeang Kraham licenses as part of its policy to pursue only the areas showing the best mineral potential.

- **Angkor Gold Receives Payment From Mesco On Final Tranche On Phum Syarung**

On March 20, 2017 Angkor announced the receipt of USD \$50,000 from Mesco under the agreement reported on March 9, 2017 as the first payment of Mesco's final tranche of their remaining obligation under a previous Agreement of Purchase and Sale for Mineral Rights to the Phum Syarung Prospect. See above for a description of the terms of the amended payment agreement announced in a press release of March 9, 2017.

- **JOGMEC Joint Exploration Program to Begin at Angkor's Oyadao South Halo Prospect**

On March 30, 2017, Angkor announced that it had received notification of the Effective Date of the Joint Exploration Agreement ("JEA") of the Oyadao South Project from its partner, Japan Oil, Gas and Metals National Corporation ("JOGMEC") to explore Angkor's 100% owned Oyadao South license. (See previous press release dated June 14, 2016 - <http://www.angkorgold.ca/1810-2/>.)

A total investment of US\$3 million in exploration expenditures by JOGMEC over a 3 year period will begin effective March 29, 2017 with Angkor as operator under the previously agreed to JEA. The JEA also gives JOGMEC the option right to acquire 51% of the Oyadao South license.

Angkor also announced that it and JOGMEC have established a Management Committee and planning is underway to initiate a first-round Induced Polarization (IP) program followed by plans for drilling once targets are identified. Angkor has initiated a Request For Proposals (RFP) process for the IP work.

## SELECTED ANNUAL FINANCIAL INFORMATION

The following is selected financial data from the Company's consolidated audited financial statements for the last three fiscal years ending July 31, 2016, 2015 and 2014.

|                                                  | July 31, 2016 | July 31, 2015<br>(Restated) | July 31, 2014<br>(Restated) |
|--------------------------------------------------|---------------|-----------------------------|-----------------------------|
| <b>Total revenues</b>                            | \$nil         | \$nil                       | \$nil                       |
| <b>Net earnings (loss) for the year</b>          | \$(1,984,522) | \$(2,870,907)               | \$76,128                    |
| <b>Earnings (loss) per share</b>                 | \$(0.02)      | \$(0.03)                    | \$0.00                      |
| <b>Earnings (loss) per share – fully diluted</b> | \$(0.02)      | \$(0.03)                    | \$0.00                      |
| <b>Cash and cash equivalents</b>                 | \$886,159     | \$1,880,964                 | \$1,419,703                 |
| <b>Total assets</b>                              | \$9,066,133   | \$9,424,948                 | \$8,305,709                 |
| <b>Total long-term liabilities</b>               | \$nil         | \$473,030                   | \$500,909                   |

## EXPLORATION UPDATE FOR QUARTER ENDED JANUARY 31, 2017

### SUMMARY

Angkor's five exploration licenses in the Kingdom of Cambodia cover approximately 983 km<sup>2</sup>, which the company has been actively exploring over the past 7 years. The company has now covered all license areas with stream sediment geochemical sampling and has flown low level aeromagnetic surveys over most of the ground. Angkor has diamond drilled 21,855 metres in 190 holes, augured 2,643 metres over 728 holes, collected over 165,000 termite mound samples and 'B' and 'C' zone soil samples in over 20 centres of interest over a combined area of more than 140 km<sup>2</sup>, in addition to numerous trenches, IP surveys and detailed geological field mapping.

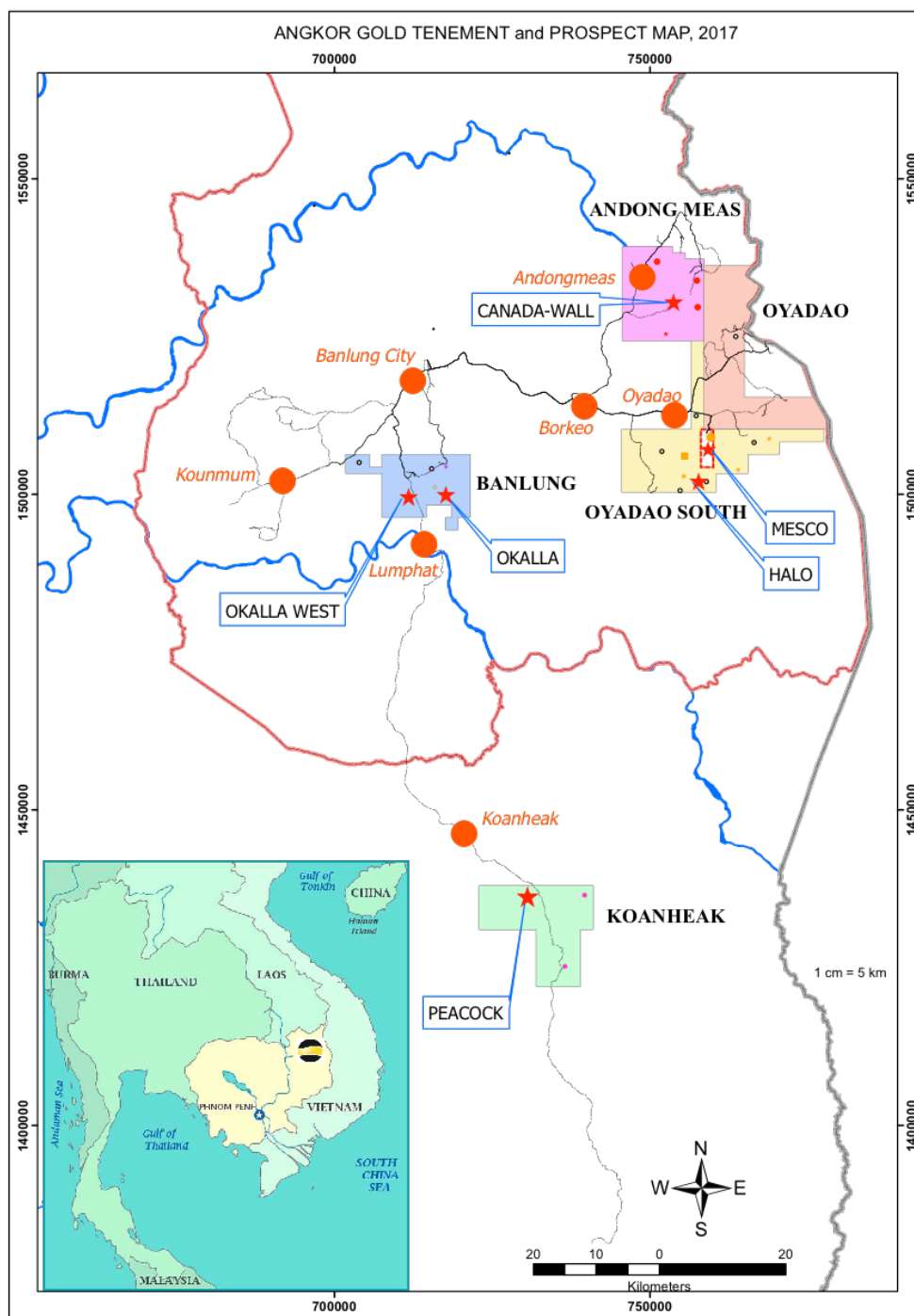
Angkor's licenses are:

- Andong Meas (187 km<sup>2</sup>)
- Banlung (150 km<sup>2</sup>)
- Koan Nheak (189 km<sup>2</sup>)
- Oyadao (222 km<sup>2</sup>)
- Oyadao South (235 km<sup>2</sup>)

As a subsequent event, on March 16, 2017, the Company announced it had successfully renewed the above five exploration licenses totalling 983 km<sup>2</sup> in Cambodia for a period of three years with an option to extend for a further four years, but did not renew the Banlung North license as not being sufficiently prospective. License areas above are approximate. Individual licenses have various prospects contained within them as outlined below.

Exploration activity, any plans for projects within the licenses and their status, and any known or anticipated costs to take the project to the next stage, are described by license area and prospect name below.

Okalla West Prospect, located on the Banlung License, was the only area on which new exploration was conducted during this quarter.



## ANDONG MEAS LICENSE

Andong Meas is Angkor's most northern license with an area of 187 km<sup>2</sup> and includes several prospects – Canada Wall Prospect, Wild Boar Prospect, Colonial Mine Prospect and South Creek Prospect. This license straddles the Sesan River. The company believes there is significant potential and has had expressions of interest from several parties for these areas for further exploration. There are no immediate plans for projects within this license or any known or anticipated costs to take the projects to the next stage. They remain available for prospective future development by potential third parties in cooperation or partnership with the Company through earn-in, royalty, funded-exploration or other types of revenue-generating agreements. In the interim, the license is maintained, secured, and regularly monitored.

### ***South Creek Prospect:***

No exploration work was done this quarter. The IP survey, detailed lithological and alteration mapping completed in 2015-2016 showed evidence of gold-copper-molybdenum porphyry mineralization in this area. Future work will include completing the termite mound sampling and rock sampling over the prospect. Geological mapping over recently cleared areas also proposed. This program would take approximately two weeks at an approximate cost of \$5,500. There is currently no start date for this work but it is anticipated to be completed before the end of the year depending on the availability of resources and finances.

## BANLUNG EXPLORATION LICENSE

Angkor Gold signed an exploration funding agreement with Blue River Resources on May 9, 2016 to fund work on Banlung. The tenement covers a mixed farming area, straddling the new paved highway from Banlung to the old provincial capital Lumphat, and then south through Koan Nheak to Sen Monorom.

Angkor renewed the license for the Banlung area in early 2017 for a period of three years with an option to extend for an additional four years. Exploration continues under the agreement with Blue River. New permitting, license fees, performance guarantees, and related costs are anticipated to be between CDN \$80,000 and \$100,000, which will be part of the exploration funding by Blue River as set out under the agreement.

The presence of the 7000m (N-S) by 2500m (E-W) "Central Gabbro" intrusive body was first recognized in 1970, and again in the 1990s. This was corroborated by an aeromagnetic survey over the tenement and a satellite image geological interpretation with limited ground ascertainment done in 2007. A stream sediment geochemical survey conducted that year suggested that the intrusive could host base metals and gold. Several traverses were made through the area in 2009 and 2011, with some pilot termite geochemical surveys done in 2013.

Pancon, laboratory analysis and SWIR clay analysis continued on samples collected during earlier programs. On January 23, 2017, field work on the license commenced. The intent of the program is twofold. The first is to test the laterite for gold content. The second is to test the bedrock beneath the laterite for an in-situ gold source. The work consists of digging two-metre-long by one-metre-wide pits through the laterite to weathered bedrock. An auger hole is then drilled from the bottom of the pit as deep as possible to map and test the bedrock. Since the pit walls ~~were~~ are also mapped, the length of the auger hole includes the thickness of the laterite. The laterite is then sampled from top to bottom over the entire thickness of the unit. Two

samples are collected: one for processing by pan concentration in Banlung and the second to be sent off to ALS for metallic screen analysis. The number and type of samples processed, collected and sent for analysis by the end of this reporting period is illustrated in the table below:

**Table 1: Total Samples and Testing At Banlung  
To January 31, 2017**

|                        |      |
|------------------------|------|
| XRF                    | 235  |
| Pancon                 | 60   |
| Laboratory assay       | 193  |
| Auger Soil             | 5    |
| SWIR clay              | 42   |
| Drilling - Auger holes | 5    |
| Total Metres           | 20.5 |

### **Glossary of Technical Terms**

“XRF” means x-ray fluorescence analyzer, used to identify over 30 different elements in each sample.

“Pancon” refers to pan concentration of half of each sample.

“Laboratory Assay” refers to samples sent to ALS Chemex, an international independent laboratory service used by the Company for assay analysis.

“SWIR” is an acronym for short wavelength infrared, a form of imagery uses wavelength to identify clay minerals formed by alteration processes.

“Magsus” refers to magnetic susceptibility, a technique to measure magnetic strength in rock.

“pH Soil” refers to testing soil acidity, which can be a good tool to indicate the presence of decaying sulphides.

“Auger Soil” refers to samples collected under the drilling auger program.

“Gravity” refers to a technique of exploration that measures differences in gravity deep below surface to several kilometres, the difference in rock density will dictate a difference in gravity, so it is an indication of a change in the structure.

“IP” means Induced Polarization, a technique for imaging used to determine the ability of a rock to conduct or resist, and to hold, an induced electric charge, essentially near surface (10-20m).

“Deep IP Sounding” means Induced polarization that generally measures at depths from 200 to 500 metres.

“VLF-EM” means very low frequency electro-magnetics, a ground-probing technique that uses the distortion of VLF radio signals to locate zones of conductivity in the ground, down to 50m maximum depth.

### **Okalla West Prospect:**

The auger program completed to date on the Okalla West Prospect consists of 723 holes completed with a maximum auger depth of 9.2 metres. The auger sampling program was initiated to confirm results from earlier pan concentration of termite mound sampling. The auger samples were also processed through pan concentration and did confirm that there is gold in the laterite. To attempt to obtain a qualitative result of the amount of gold in the laterite samples, 235 samples from 116 holes were sent for multi-element analysis through ALS Chemex. The results from the analysis of the auger hole laterite samples did not correlate with the pan

concentration results so 11 were re-analysed using the screen metallic procedure, which is best used when samples contain coarse gold, and a better correlation was achieved. Some of the auger samples sent for analysis returned anomalous gold values from below the laterite in the bedrock. This resulted in an added component to this quarter's exploration program – testing the bedrock for an in-situ gold mineralized source.

On January 23rd a new exploration program was initiated (see release dated January 23, 2017) to test both the laterite and the bedrock beneath the laterite. The procedure followed to test the laterite and the bedrock consists of excavating one-metre-wide by two-metre-long pits that are dug to the bottom of the laterite formation. They are dug on 15-metre centers along lines spaced 120 to 200 metres apart. The lines cross over the areas which produced the highest gold index numbers from previously completed auger sampling pan concentration. Two laterite samples are collected from each pit. One is processed by pan concentration and the other is to be sent off to ALS for the screen metallic procedure. To the end of January, 2017, 5 pits were dug and sampled. A further series of 90 pits were completed and reported on March 6, 2017, (<http://www.angkorgold.ca/angkor-gold-reports-discovery-mineralization-expansion-trenching-program/>) on five lines dug on lines at 15m intervals. Assay results are pending, but visual observations confirm significantly larger pieces of the vein material under the laterite in areas and visible gold confirming the nugget effect previously observed and are believed to be indicative of a close source and a large system. Additional test pits are underway to follow the mineralization.

To test for a bedrock source of gold mineralization, the Company takes auger samples from the bottom of each pit. Although the auger holes are started from the bottom of the pit, the pit itself is logged as if part of the auger hole. The deepest sample of bedrock from the auger holes collected during the program will be sent off for gold analysis. The rest of the auger samples are stored at the Company's secure facility should further analysis be required.

A proposed exploration program to follow up the results of the current program would consist of SWIR clay analysis and XRF analysis of samples collected. Positive results from the current program would justify a Phase 1 diamond drill program consisting of 10 short holes (total 1,500 to 2,000 metres) to test the altered diorite in contact with the gabbro. A program of this magnitude, with field and office support and assay costs, is estimated to cost approximately \$600,000 and could be completed in 60 to 70 days from commencement. Exploration at Okalla West is funded through an exploration funding agreement with Blue River Resources (TSXV: BXR) and will proceed as funds are made available.

## **BANLUNG NORTH EXPLORATION LICENSE**

On March 16, 2017, the Company announced it chose to not renew its Banlung North license as it was one of the least prospective licenses. In the period from the end of the last quarter to the present, no field work was been done on this license. As it is no longer an asset of the Company, there will be no future reporting on it.

## **KOAN NHEAK EXPLORATION LICENSE**

Koan Nheak license is the company's only license in Mondulakiri province, which is due south of Ratanakiri province and the other 4 licenses. Koan Nheak is 189 km<sup>2</sup>, mostly flat terrain in a

light deciduous forest area. The tenement straddles the new paved highway from Banlung via Lumphat to Sen Monorom.

The Company believes there is potential at Koan Nheak for further exploration, however, no exploration is currently planned for this license. The Company is actively looking for potential alliances or partners to facilitate further exploration of this area. It is not possible to estimate anticipated timing or costs at this time over and above regular maintenance.

***Peacock Prospect:***

No exploration work was done since the end of last quarter. Extensive exploration work done previous returned encouraging gold mineralization results related to the quartz veining system.

Previous detailed geological mapping, SWIR clay alteration studies, termite mound geochemical and VLF-EM geophysical surveys that followed up promising results from previous operations, outlined an 800m long strike of anomalous pan concentrated gold associated with quartz veining on the southern edge of a diorite intrusive. This lies between the diorite and a quartz vein stockwork with limonite and pyrite in sandstones to the south of the anomaly. Assay values from vein float and outcrop in this area confirm the gold concentration.

Previous work (see press release dated August 15, 2016), at the Peacock Prospect reported surface values up to 31.8 g/t gold. The work program was conducted over six months targeting the priority prospects on the Koan Nheak license covering 34.5 km<sup>2</sup> of mapping, 15.5 km<sup>2</sup> surface geochemistry and 20 km<sup>2</sup> of IP surveys over the Peacock prospect area. The interpreted result is a north-south structurally complex, anomalous gold corridor, epithermal vein system, related to the Peacock intrusive diorite and Lockett fault. To the immediate south of the Peacock intrusive, within the structural corridor, is a newly identified 1250m x 750m zone of intense quartz veining. This zone extends south along the Lockett fault zone into the sandstones, siltstones and limestones with evidence of strong limonite oxidation, quartz veinlets at surface and assay values ranging from zero up to 1.85 g/t gold.

The Peacock Prospect requires a program of close spaced soil sampling over the north to south corridor connecting the high-grade gold-in-quartz float area to the southern brecciated sandstone zone. Believed to be the most prospective area, the program would include a VLF-EM geophysical survey and minor hand trenching to sample bedrock and attempt to find in-situ vein mineralization. The program is estimated to take three weeks to complete with a budget of \$12,000. It is planned to commence in the last half of 2017.

***East Ring Prospect:***

No field work was done on this prospect this quarter and is not considered a high priority target at present. It is not possible to estimate anticipated timing or costs at this time over and above regular maintenance.

## **OYADAO EXPLORATION LICENSE**

Oyadao license is 222 km<sup>2</sup> and connects directly north of Oyadao South license and borders the north end of Phum Syarung site owned by Mesco. This license remains under option to Mesco, which is responsible for all work and for keeping the license current and in good standing.

## OYADAO SOUTH EXPLORATION LICENSE

Oyadao South license, 235 km<sup>2</sup> is located in rolling, rugged terrain, accessible by road but more challenging areas are somewhat limited during heavy rains due to water flow in seasonal streams. As reported above, in March 2017 Angkor received a 3-year renewal of this license which includes the Halo Prospect. Exploration is expected to immediately commence, funded by Japan Oil, Gas and Metals National Corporation (“JOGMEC”) under its agreement with Angkor (see above and press release of March 30, 2017).

With the funding agreement with JOGMEC now active, a total investment of US\$3 million in exploration expenditures by JOGMEC over a 3 year period began effective March 29, 2017 with Angkor as operator under the previously agreed to Joint Exploration Agreement (“JEA”).

Angkor announced that it and JOGMEC have established a Management Committee and planning is underway to initiate a first-round Induced Polarization (IP) programme followed by plans for drilling once targets are identified. Angkor has initiated a Request For Proposals (RFP) process for the IP work.. With funding in place following the start of the Joint Exploration Agreement with JOGMEC (see press release of March 29, 2017), up to USD \$1 million will be spent by the Company on exploration at Oyadao South License by the end of 2017 with an expected focus on the Halo Prospect. As the JEA only just came into effect, exploration planning is still underway and will be reported by the Company when finalized. A variety of factors, including weather, will determine how much work can be completed by end of 2017. Further exploration and planning will be driven by results.

### ***Halo Prospect:***

Previous exploration by the Company on the Halo Prospect has identified the potential of copper-molybdenum-gold mineralization as expressed by hydrothermal alteration that covers an area of approximately 7.25 square kilometres. Halo remains a focal point for exploration activity by JOGMEC and Angkor within the Oyadao South license. Planned work includes line cutting and camp construction to facilitate the above-mentioned IP geophysical survey followed closely by a diamond drill program.

### ***Otray Prospect:***

The Otray Prospect within the Oyadao South license has been previously explored and mapped using the interpretation of 4581 termite samples previously collected and tested for pH from the across the Oyadao South License. This prospect is of less priority to the main work being planned for the exploration of the Halo Prospect. It is not possible to estimate anticipated timing or costs at this time over and above regular maintenance.

## MAINTENANCE OF LICENSES

The Cambodian Ministry of Mines and Energy (“MME”) has prepared a new sub-decree for exploration and exploitation licenses. Under that format, an initial 3-year exploration period is followed by two terms of two years each for continued exploration. The five licenses recently granted are under the terms of the recently passed sub-decree to the Mining Law. (See: Subsequent Events, below.)

Annual rental fees, training fees, and inspection fees are part of the maintenance program. Exploration reports are required by MME on each license on a bi-annual basis.

The physical maintenance of the licenses requires ongoing security of any camp structures in periods of inactivity, regular reconnaissance, and general minimal technical operations. Social development activities are considered part of exploration-related activities and continue on each project through both rainy and dry seasons.

## RESULTS OF OPERATIONS

### **Three months ended January 31, 2017, compared to the three months ended January 31, 2016.**

The Company recorded a net loss of \$926,689 (\$0.01 loss per common share) for the three months ended January 31, 2017 (the “current quarter”) compared to a net loss of \$1,032,984 (\$0.01 loss per common share) during the three months ended January 31, 2016 (the “prior quarter”), a decrease of \$305,117 as highlighted by the following:

- Consulting fees were \$64,276 lower in the current quarter as management is working to reduce consulting fees.
- Camp supplies were \$93,263 lower in the current quarter as the Company worked to conserve cash resources. Expenditures that were incurred, met the criteria for capitalization and have been included in exploration and evaluation assets on the balance sheet.
- Exploration and evaluation expenditures were \$192,129 lower in the current quarter as the Company worked to conserve cash resources. Expenditures that were incurred, met the criteria for capitalization and have been included in exploration and evaluation assets on the balance sheet.
- Professional fees were \$141,325 higher in the current quarter due to additional legal fees and expenses relating to the Company retaining KPMG to help provide compilation services for its Cambodian subsidiary.
- Foreign exchange gain was \$196,969 higher in the current quarter due to changes in the USD/CAD exchange rates.
- NSR buy-back expense was \$351,547 in the current quarter due to the Company completing the 2.5% NSR buy-back.

### **Six months ended January 31, 2017, compared to the six months ended January 31, 2016**

The Company recorded a net loss of \$1,421,611 (\$0.01 loss per common share) for the six months ended January 31, 2017 (the “current period”) compared to a net loss of \$1,222,789 (\$0.01 loss per common share) during the six months ended January 31, 2016 (the “prior period”), an increase of \$198,822 as highlighted by the following:

- Consulting fees were \$191,894 lower in the current period as management is working to reduce consulting fees.
- Camp supplies were \$163,844 lower in the current period as the Company worked to conserve cash resources. Expenditures that were incurred, met the criteria for capitalization and have been included in exploration and evaluation assets on the balance sheet.

- Exploration and evaluation expenditures were \$270,322 lower in the current period as the Company worked to conserve cash resources. Expenditures that were incurred, met the criteria for capitalization and have been included in exploration and evaluation assets on the balance sheet.
- Professional fees were \$160,689 higher in the current period due to additional legal fees and expenses relating to the Company retaining KPMG to help provide compilation services for its Cambodian subsidiary.
- Foreign exchange gain was \$134,681 higher in the current period due to changes in the USD/CAD exchange rates.
- NSR buy-back expense was \$351,547 in the current period due to the Company completing the 2.5% NSR buy-back.

### **Working Capital and Total Assets**

As at January 31, 2017, the Company had \$8,970,137 in total assets and a net working capital deficiency of \$782,586. Its credit and interest rate risk is minimal and amounts payable and other liabilities are short term and non-interest bearing. The Company has traditionally supplemented equity financing from time to time by obtaining loans from related parties. These are used to provide interim, short-term financing to meet day-to-day cash flow needs on occasion, and are not intended to be a long-term source of capital. The Company also has received funds from project partners. The Company's use of cash at present occurs, and in the future is expected to continue to occur, principally in two areas, namely, funding of its general and administrative expenditures and funding of its resource exploration activities, which include the cash components of the cost of acquiring, maintaining and exploring its mineral claims. Except for properties where exploration and licensing / permitting costs are fully funded through agreements with third parties (Banlung and Oyadao South License) exploration will be limited until such time as further equity has been raised by Angkor. For fiscal 2017, the Company's expected operating expenses are estimated to be between \$75,000 and \$85,000 per month for recurring operating costs. The Company will also continue to evaluate its projects. The Company is in the process of searching for partners, as well as planning to raise additional equity capital which will allow the Company to continue with its projects.

Subsequent to the fiscal year, the Company announced an equity financing in the amount of \$1.5 million CDN, which was later cancelled (see "Subsequent Events" below). The Company expects to pursue a similar financing in early 2017. The Company is not anticipated to have sufficient cash to fund its operating expenses for the twelve months ended July 31, 2017 without an equity financing. The Company will have to raise additional equity capital for fiscal 2017 in amounts sufficient to fund both exploration work and working capital requirements. The major variables are expected to be the size, timing and results of the Company's exploration program and its ability to continue to access capital to fund its ongoing operations. Any further exploration programs on its properties are subject to the Company raising capital, funding by existing partners or finding new partners.

## Summary of Quarterly Results

The following table provides selected financial information of the Company for each of the last eight quarters ended January 31, 2017.

|                                           | For the quarters ended |                     |                  |                   |
|-------------------------------------------|------------------------|---------------------|------------------|-------------------|
|                                           | January 31,<br>2017    | October 31,<br>2016 | July 31,<br>2016 | April 30,<br>2016 |
| Total comprehensive income (loss)         | \$ (1,226,182)         | \$ (212,441)        | \$(3,124,533)    | \$1,291,302       |
| Income (loss) after taxes                 | \$(926,689)            | \$(494,922)         | \$(507,798)      | \$(252,414)       |
| Earnings (loss) per share                 | (\$0.01)               | \$0.00              | \$0.00           | \$0.00            |
| Earnings (loss) per share – fully diluted | (\$0.01)               | \$0.00              | \$0.01           | \$0.00            |
| Cash and cash equivalents                 | \$416,873              | \$769,190           | \$886,159        | \$664,251         |
| Total assets                              | \$8,970,137            | \$9,510,508         | \$9,066,133      | \$19,719,255      |
| Total long-term liabilities               | -                      | -                   | -                | \$460,498         |

|                                           | For the quarters ended |                     |                                   |                                   |
|-------------------------------------------|------------------------|---------------------|-----------------------------------|-----------------------------------|
|                                           | January 31,<br>2016    | October 31,<br>2015 | July 31,<br>2015<br>(as restated) | April 30<br>2015<br>(as restated) |
| Total comprehensive income (loss)         | \$372,906              | \$(48,611)          | \$(1,634,751)                     | \$(113,504)                       |
| Income (loss) after taxes                 | \$(1,032,984)          | \$(189,805)         | \$(571,937)                       | \$(589,658)                       |
| Earnings (loss) per share                 | \$0.00                 | \$0.00              | \$(0.03)                          | \$0.00                            |
| Earnings (loss) per share – fully diluted | \$0.01                 | \$0.00              | \$(0.03)                          | \$0.00                            |
| Cash and cash equivalents                 | \$547,897              | \$1,349,163         | \$1,880,964                       | \$1,113,326                       |
| Total assets                              | \$20,783,057           | \$20,257,207        | \$9,424,948                       | \$10,105,583                      |
| Total long-term liabilities               | \$515,279              | \$472,892           | \$473,030                         | \$543,668                         |

## CAPITAL EXPENDITURES

During the six months ended January 31, 2017, the Company capitalized \$574,102 of deferred exploration expenditures over 6 licenses, noting that on March 6, 2017, the Banlung North license was dropped from the Company's holdings.

| Actual Exploration & Evaluation Expenditures<br>For the Six Months Ended January 31, 2017 |                      |                        |                        |                     |                      |                       |                   |
|-------------------------------------------------------------------------------------------|----------------------|------------------------|------------------------|---------------------|----------------------|-----------------------|-------------------|
|                                                                                           | Andong Meas<br>(ADM) | Banlung<br>North (BLM) | Banlung<br>South (BLS) | Koan Nheak<br>(KHN) | Oyadao North<br>(OY) | Oyadao<br>South (OYS) | Total             |
| <b>Exploration and evaluation:</b>                                                        |                      |                        |                        |                     |                      |                       |                   |
| License fees                                                                              | \$ 42,917            | \$ 20,562              | \$ 42,947              | \$ 29,625           | \$ 42,917            | \$ 42,917             | \$ 221,885        |
| Laboratory                                                                                | -                    | -                      | -                      | -                   | -                    | -                     | -                 |
| UXO Clearance                                                                             | -                    | -                      | -                      | -                   | -                    | -                     | -                 |
| Assays and Geophysics, field activity                                                     | 6,719                | 34,829                 | 101,405                | 19,802              | 4,323                | 4,333                 | 171,411           |
| Drilling                                                                                  | -                    | -                      | -                      | -                   | -                    | -                     | -                 |
| Freight, field supplies,                                                                  | 36                   | -                      | 1,890                  | -                   | -                    | 93                    | 2,019             |
| Technical staff - salaries and wages                                                      | 8,155                | 3,946                  | 154,845                | 3,949               | 3,946                | 3,946                 | 178,787           |
| <b>Total exploration and evaluation</b>                                                   | <b>\$ 57,827</b>     |                        | <b>\$ 301,087</b>      | <b>\$ 53,376</b>    | <b>\$ 51,186</b>     | <b>\$ 51,289</b>      | <b>\$ 574,102</b> |

| Exploration & Evaluation Anticipated Expenditures<br>For the Three month February 1, 2017 - April 30, 2017 |                         |                           |                        |                      |                          |                   |
|------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------|------------------------|----------------------|--------------------------|-------------------|
|                                                                                                            | Andong<br>Meas<br>(ADM) | Banlung<br>South<br>(BLS) | Koan<br>Nheak<br>(KHN) | Oyadao<br>North (OY) | Oyadao<br>South<br>(OYS) | Total             |
| <b>Exploration and evaluation:</b>                                                                         |                         |                           |                        |                      |                          |                   |
| License fees                                                                                               | \$ 43,236               | \$ 42,244                 | \$ 43,289              | \$ 44,174            | \$ 44,522                | \$ 217,464        |
| Laboratory                                                                                                 | -                       | 4,000                     | -                      | -                    | 2,000                    | 6,000             |
| UXO Clearance                                                                                              | -                       | 1,500                     | -                      | -                    | 3,000                    | 4,500             |
| Assays and Geophysics, field activity                                                                      | -                       | 19,250                    | 45,000                 | -                    | 57,200                   | 121,450           |
| Drilling                                                                                                   | -                       | 19,250                    | -                      | -                    | 14,300                   | 33,550            |
| Freight, field supplies,                                                                                   | 241                     | 2,170                     | 241                    | -                    | 2,170                    | 4,821             |
| Technical staff - salaries and wages                                                                       | 2,219                   | 44,377                    | 2,219                  | 1,775                | 38,164                   | 88,754            |
| <b>Total exploration and evaluation</b>                                                                    | <b>45,696</b>           | <b>132,791</b>            | <b>90,749</b>          | <b>45,949</b>        | <b>161,356</b>           | <b>476,540</b>    |
| Funded under agreement with Blue River                                                                     | -                       | ( 132,791)                | -                      | -                    | -                        | ( 132,791)        |
| Funded under agreement with JOGMEC                                                                         | -                       | -                         | -                      | -                    | ( 161,356)               | ( 161,356)        |
| <b>Total exploration and evaluation from Company funds</b>                                                 | <b>\$ 45,696</b>        | <b>\$ -</b>               | <b>\$ 90,749</b>       | <b>\$ 45,949</b>     | <b>\$ -</b>              | <b>\$ 182,393</b> |

## LIQUIDITY AND CAPITAL RESOURCES

The Company has a comprehensive loss of \$1,438,623 for the six months ended January 31, 2017, accumulated deficit of \$27,523,959 as at January 31, 2017 and negative cash flows from operating activities of \$877,884 for the six months ended January 31, 2017.

During the six months ended January 31, 2017, the Company received \$421,686 in proceeds relating to the Company's option agreement with Blue River Resources.

The Company's assets have not been put into commercial production and the Company has no operating revenues. Accordingly, the Company is dependent on the equity markets as sources of operating capital. The Company's capital resources are largely determined by the strength of the junior resource markets and the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. There can be no assurance that additional financing, whether debt or equity, will be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

## TRANSACTIONS WITH RELATED PARTIES

### *Key management compensation:*

Key management comprises directors and executive officers. The remuneration of directors and other members of key management were as follows:

| <b>For the six months ended</b> | <b>January 31,<br/>2017</b> | <b>January 31,<br/>2016</b> |
|---------------------------------|-----------------------------|-----------------------------|
| Consulting fees                 | \$107,596                   | \$175,724                   |
| Share-based compensation        | -                           | -                           |
| <b>Total</b>                    | <b>\$107,596</b>            | <b>\$175,724</b>            |

As at January 31, 2017, included in accounts payable and accruals is \$1,120,899 (July 31, 2016 - \$1,036,717) due to a director and officer of the Company and \$9,773 (July 31, 2016: \$20,000) is due to the Company's country manager. Of the amounts due to a director and officer of the Company, \$294,582 relates to the amounts previously accrued for social development expense.

As at January 31, 2017, \$41,250 is due from a director of the Company and is included in accounts receivable, which was received subsequent to January 31, 2017.

During the six months ended January 31, 2017, the Company executed its option to buy-back the 2.5% NSR buyback option by issuing 3,810,625 common shares of the Company for a total value of \$1,524,250. Of the shares issued for the buyback, 1,524,250 shares (\$609,700) were issued to a director and officer of the Company for their portion (1.0%) of the NSR buy-back.

## OFF BALANCE SHEET ARRANGEMENTS

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the company.

## FINANCIAL INSTRUMENTS

As disclosed in its audited consolidated financial statements for the year ended July 31, 2016, the Company has identified several financial instruments that it utilizes in its day-to-day operations. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

## OUTSTANDING SHARE DATA

### a) Authorized:

Common Shares: Unlimited number of common shares  
Preferred Shares: Unlimited number of preferred shares

### b) Issued and outstanding:

|                   |                                                                            |
|-------------------|----------------------------------------------------------------------------|
| January 31, 2017: | 101,402,379 common shares<br>3,312,000 stock options<br>1,563,000 warrants |
| April 3, 2017:    | 101,402,379 common shares<br>2,937,000 stock options<br>1,563,000 warrants |

## RISKS AND UNCERTAINTIES

### i) Exploration and Development Risk

The Company's properties in Cambodia are in early exploration stages and are without a known body of commercial ore. Exploration for mineral resources involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. Discovery of mineral deposits is dependent upon a number of factors, not the least of which are the technical skills of the exploration personnel involved and the capital required for the programs. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. There is no assurance that the Company's mineral exploration activities will result in any discoveries of new bodies of commercial ore. There is also no assurance that even if commercial quantities of ore are discovered that a new ore body would be developed and brought into commercial production. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which are the particular attributes of the deposit (such as size, grade and proximity to infrastructure), commodity prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Most of the above factors

are beyond the control of the Company. The Company attempts to mitigate its exploration risk by maintaining a diversified portfolio that includes several metal commodity targets in a number of geologic environments. Management also balances the exploration risks through option and funding agreements with other companies. Beyond exploration and development risk, management is faced with a number of other risk factors. The more significant ones include:

## **ii) Financial Markets**

Presently, the Company obtains the majority of its working capital from other companies that are funding exploration on Angkor projects in order to earn an interest in the mineral rights. However, the Company will be dependent on the equity markets as its main source of operating working capital and funding for any advanced exploration and development activities that may be needed on its projects. The Company's capital resources are largely determined by the strength of the resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects. Consequently, there can be no assurance that equity financing will be available to the Company in the amount required at any time or for any period or if available, that it can be obtained on terms satisfactory to the Company.

## **iii) Metal Prices**

The price of gold is affected by numerous factors including central bank sales, producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, supply and demand, political, economic conditions and production levels. In addition, the price of gold has been volatile over short periods of time due to speculative activities. The price of other metals and mineral products that the Company may explore for, all have the same or similar price risk factors. The prevailing price of metals and speculation on future price of metals by the investing public can have strong impacts on the share prices of exploration companies like Angkor.

## **iv) Currency Risk**

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Cambodia and as such, a large portion of its expenses are incurred in U.S. dollars, which is the functional currency of Cambodia, and as such could cause a significant change in the results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations as the Company considers these risks at a minimum.

## **v) Cash Flows**

The Company currently has no revenue from mining operations, however it does generate revenues from overhead recovery fees charged to partners for administration of project development work. If any of its exploration programs are successful and optionees of properties complete their earn-in, the Company may have to provide its share of ongoing exploration and development costs depending on the specific agreement in order to maintain its interest or be reduced in interest or to a royalty interest. Additional capital would be required to put a property into commercial production. The sources of funds currently available to the Company are the sale of its marketable securities, equity capital or the offering of an interest in its projects to another party.

## **vi) Credit Risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and cash equivalents and amounts receivable are exposed to credit risk. The Company reduces its credit risk on cash and cash equivalent by placing these instruments with institutions of high credit worthiness. The majority of the Company's cash is held through large Canadian and US financial institutions with a high investment grade rating.

## **vii) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk through the management of its capital structure and financial leverage. The Company insists on pre-payment of costs for exploration programs that have been approved by partner companies. Work does not commence unless funds to cover the cost of the work have been received. Accounts Payable and accrued liabilities are due and paid within the current operating period.

## **viii) Interest Rate Risk**

The Company's exposure to interest rate risk arises from the interest rate impact on its cash. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any short-term investments included in cash due to the short term nature.

## **ix) Market Volatility for Marketable Securities**

The Company's marketable securities consist of shares of exploration companies that are historically very volatile. There is no assurance that the Company will be able to recover the current fair market value of those shares. The Company also may not be able to sell the shares it holds in other companies in an illiquid market.

## **x) Possible Dilution to Present and Prospective Shareholders**

The Company's plan of operation, in part, contemplates the financing of its business by the issuance of securities and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued shares of common stock, or securities convertible into common stock, would result in dilution, possibly substantial, to present and prospective holders of common stock. The Company usually seeks partners to fund in whole or in part exploration projects. This dilutes the Company's interest in properties. This dilution is undertaken to spread or minimize the risk and to expose the Company to more exploration opportunities. However, it means that any increased market capitalization or profit that might result from a possible discovery would be shared with the partner. There is no guarantee that the Company can find a partner for any property.

## **xi) Trading Volume**

The relatively low trading volume of the Company's shares reduces the liquidity of an investment in its shares. Trading volumes fluctuate with market conditions and seasons. The Company attempts to reduce this risk by having multiple projects that are continually generating news and therefore investor interest and trading volume.

## **xii) Volatility of Share Price**

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries or discouraging exploration results, changes in financial results, and other factors could have a significant effect on share price.

## **xiii) Competition**

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other exploration and mining companies, many of which have greater financial resources than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

## **xiv) Dependence on Management**

The Company depends heavily on the business expertise of its management. There is risk to the Company's ability to execute its business plans if some or all of the current management team were to suddenly leave the Company or become incapable of performing their individual and collective responsibilities. The Company has mitigated the risk of its managers leaving for other companies through competitive compensation, cash bonuses and by providing options to purchase Angkor stock. Some of the senior managers hold substantial share positions in Angkor and are motivated to remain with the Company. The Company has also developed the necessary depth such that it can replace senior managers with more junior staff if necessary. Despite the mitigation measures the Company still depends heavily on its current management.

## **xv) Title Risk**

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee a clear title. Property title may be subject to unregistered prior agreements and regulatory requirements. The Company is not aware of any disputed claims of title.

## **xvi) Environmental**

The Company's exploration and development activities are subject to extensive laws and regulations governing environment protection. The Company is also subject to various reclamation related conditions. Although the Company closely follows and believes it is operating in compliance with all applicable environmental regulations, there can be no assurance that all future requirements will be obtainable on reasonable terms. Failure to comply may result in enforcement actions causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures. Intense lobbying over environmental concerns by nongovernmental organizations has caused some governments to cancel or restrict development of mining projects. Current publicized concern over climate change may lead to carbon taxes, requirements for carbon offset purchases or new regulation. The costs or likelihood of such potential issues to the Company cannot be estimated at this time.

## **xvii) Laws and Regulations**

The Company's exploration activities are subject to extensive federal, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters in all the jurisdictions in which it operates. These laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. The Company applies the expertise of its management, advisors, employees and contractors to ensure compliance with current laws.

## **xvii) Mineral Resource Estimates**

The estimation of reserves and mineralization is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. No assurances can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated.

## **NEW ACCOUNTING PRONOUNCEMENTS EFFECTIVE IN FUTURE PERIODS**

IFRS 9, Financial Instruments, was originally issued in November 2009 and reissued in October 2010 and will eventually form a complete replacement for IAS 39, Financial Instruments: Recognition and Measurement. This standard sets out the recognition and measurement requirements for financial instruments and some contracts to buy or sell non-financial items. This standard is effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

Other changes to IFRS which are effective in future periods are not currently expected to be material to the Company.

## **CRITICAL ACCOUNTING ESTIMATES**

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, which could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The recoverability of exploration and evaluation assets presented on the consolidated statement of financial position;
- The estimated useful lives of property and equipment which are included in the consolidated statement of financial position and the related depreciation;
- The inputs used in accounting for share-based payment transactions in the consolidated statements of comprehensive income and loss;
- Management's determination that there is no material restoration, rehabilitation, and environmental exposure, based on the facts and circumstances that existed during the period; and,
- The valuation of deferred income tax assets.

- Functional currency: the determination of the functional currency of Angkor Gold Corp. as the US dollar and the functional currency of the Company and other subsidiaries as the Canadian dollar.
- Going concern: The Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.
- Recoverability of the promissory note receivable: The promissory note was reclassified to a long-term asset in 2015. It is management's assumption the note will be collectible but there are uncertainties surrounding the time frame the proceeds will be received.

## **OTHER INFORMATION**

Additional information relating to the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).