

Consolidated Financial Statements
(Expressed in Canadian dollars)

ANGKOR GOLD CORP.

Years ended July 31, 2013 and 2012

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Angkor Gold Corp.

We have audited the accompanying consolidated financial statements of Angkor Gold Corp. and its subsidiaries, which comprise the consolidated statement of financial position as at July 31, 2013, and the consolidated statement of comprehensive loss, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Angkor Gold Corp. and its subsidiaries as at July 31, 2013, and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2 in the consolidated financial statements which indicates that Angkor Gold Corp. has a comprehensive loss of \$1,034,484 and negative cash flows from operations, before the net change in non-cash working capital items, of \$1,545,071 for the year ended July 31, 2013. As of that date, it had a deficit of \$13,686,731. These conditions, along with other matters as set forth in note 2, indicate the existence of a material uncertainty that may cast significant doubt about Angkor Gold Corp.'s ability to continue as a going concern.

Other Matter

The consolidated financial statements of Angkor Gold Corp. and its subsidiaries for the year ended July 31, 2012 were audited by another auditor who expressed an unmodified opinion on those statements on November 28, 2012.

"Wolrige Mahon LLP"

CHARTERED ACCOUNTANTS

November 15, 2013

Vancouver, B.C.

ANGKOR GOLD CORP.

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

July 31, 2013 and 2012

	2013	2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,321,170	\$ 1,371,441
Amounts receivable	24,612	40,834
Prepaid expenses and deposits	40,439	40,280
Promissory note receivable (note 15)	514,350	-
Subscription receivable	-	39,991
	1,900,571	1,492,546
Property and equipment (note 6)	96,004	127,885
Exploration and evaluation assets (note 7)	10,521,483	8,962,102
	\$ 12,518,058	\$ 10,582,533

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 715,190	\$ 682,231
	715,190	682,231
Deferred income tax liability (note 9)	327,478	110,309
	1,042,668	792,540
Shareholders' equity:		
Share capital (note 10)	22,391,250	19,316,329
Contributed surplus (note 10)	2,247,074	1,515,000
Deficit	(13,686,731)	(12,652,247)
Accumulated other comprehensive income	88,572	96,634
Warrants (note 10)	435,225	1,514,277
	11,475,390	9,789,993
	\$ 12,518,058	\$ 10,582,533

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

"Terry Mereniuk" _____ Director

"Mike Weeks" _____ Director

ANGKOR GOLD CORP.

Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

Years ended July 31, 2013 and 2012

	2013	2012
Expenditures:		
Salaries, wages and benefits	\$ 745,713	\$ 666,625
Corporate development	160,737	88,143
Social development (note 5)	114,064	144,945
Share-based compensation	927,814	710,885
Office expenses	303,894	324,285
Professional fees	231,832	263,320
Interest and banking costs	5,818	22,058
	<u>2,489,872</u>	<u>2,220,261</u>
Foreign exchange (gain) loss	(282,064)	(257,688)
Pre-exploration expenditures	-	72,843
Listing expense (note 14)	-	945,203
Gain on sale of mineral properties (note 15)	(1,373,506)	-
Cost recovery from exploration services	(16,987)	-
	<u>817,315</u>	<u>2,980,619</u>
Loss before income taxes	817,315	2,980,619
Deferred income tax expense (note 9)	217,169	87,568
	<u>1,034,484</u>	<u>3,068,187</u>
Net loss for the year	1,034,484	3,068,187
Other comprehensive loss:		
Item that may be subsequently reclassified to profit or loss:		
Unrealized loss on translating financial statements	8,062	29,451
	<u>\$ 1,042,546</u>	<u>\$ 3,097,638</u>
Total comprehensive loss for the year	\$ 1,042,546	\$ 3,097,638
Basic and diluted loss per share (note 11)	\$ 0.01	\$ 0.05

See accompanying notes to consolidated financial statements.

ANGKOR GOLD CORP.

Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

Years ended July 31, 2013 and 2012

	Share capital	Deficit	Accumulated other comprehensive income	Subscription funds	Warrants	Contributed surplus	Total
Balance, July 31, 2011	11,174,888	(9,584,060)	126,085	1,500,000	1,799,443	-	5,016,356
Issuance of common shares	7,317,700	-	-	(1,500,000)	-	-	5,817,700
Reversal of PPMC Canada warrants	-	-	-	-	(1,799,443)	-	(1,799,443)
Share issuance costs	(745,660)	-	-	-	-	-	(745,660)
Qualifying transactions	1,157,547	-	-	-	-	-	1,157,547
Loss for the year	-	(3,068,187)	-	-	-	-	(3,068,187)
Receipt of subscription funds	-	-	-	18,800	-	-	18,800
Unrealized gain on translation of financial statements	-	-	(29,451)	-	-	-	(29,451)
Issuance of warrants	-	-	-	-	1,573,740	-	1,573,740
Issuance of options	-	-	-	-	-	1,654,998	1,654,998
Exercise of warrants	64,914	-	-	-	(59,463)	-	5,451
Exercise of options	346,940	-	-	(18,800)	-	(139,998)	188,142
Balance, July 31, 2012	19,316,329	(12,652,247)	96,634	-	1,514,277	1,515,000	9,789,993
Issuance of common shares	1,530,000	-	-	-	-	-	1,530,000
Loss for the year	-	(1,034,484)	-	-	-	-	(1,034,484)
Unrealized gain on translation of financial statements	-	-	(8,062)	-	-	-	(8,062)
Issuance of options	-	-	-	-	-	927,814	927,814
Exercise of warrants	1,096,326	-	-	-	(1,079,052)	-	17,274
Exercise of options	448,595	-	-	-	-	(195,740)	252,855
Balance, July 31, 2013	\$ 22,391,250	\$ (13,686,731)	\$ 88,572	\$ -	\$ 435,225	\$ 2,247,074	\$ 11,475,390

See accompanying notes to consolidated financial statements.

ANGKOR GOLD CORP.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

Years ended July 31, 2013 and 2012

	2013	2012
Cash provided by (used in):		
Operations:		
Loss for the year	\$ (1,034,484)	\$ (3,068,187)
Deferred income tax expense	217,169	87,568
Foreign exchange (gain) loss	(282,064)	(257,688)
Gain on sale of mineral properties (note 15)	(1,373,506)	-
Listing expense (note 14)	-	945,203
Write-down of mineral properties	-	72,843
Share-based compensation (note 10)	927,814	710,885
Interest expense	-	22,058
	(1,545,071)	(1,487,318)
Changes in non-cash operating working capital:		
Amounts receivable	16,222	(34,702)
Prepaid expenses and deposits	(159)	81,054
Receivable from shareholder	-	2,944
Accounts payable and accruals	32,959	(31,393)
	(1,496,049)	(1,469,415)
Financing:		
Issuance of common shares (net of share issue costs and adjusted for non-cash share issue costs)	39,991	5,883,595
Receipt of option premium	-	30,500
Exercise of options	252,855	166,442
Exercise of warrants	17,274	5,452
Receipt of subscription funds (net of share issue costs)	-	10,500
Repayment of callable debt	-	(375,182)
Interest paid	-	(29,802)
	310,120	5,691,505
Investments:		
Purchases of property and equipment	(14,066)	(58,215)
Sale of mineral properties (note 15)	3,091,081	-
Advancement of exploration and evaluation assets	(1,698,916)	(3,108,916)
	1,378,099	(3,167,131)
Net effect of translation of foreign currency cash	(242,441)	(140,603)
Increase (decrease) in cash and cash equivalents	(50,271)	914,356
Cash and cash equivalents, beginning of year	1,371,441	457,085
Cash and cash equivalents, end of year	\$ 1,321,170	\$ 1,371,441

See accompanying notes to consolidated financial statements.

ANGKOR GOLD CORP.

Consolidated Notes to Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)

Years ended July 31, 2013 and 2012

1. Organization and description of business:

Angkor Gold Corp. ("Angkor" or the "Company"), formerly Weifei Capital Inc. ("Weifei"), was incorporated under the laws of the Province of British Columbia, Canada on October 16, 2008. On October 7, 2011, the Company completed a reverse acquisition (the "Qualifying Transaction", note 14). The Company, together with its subsidiaries, is principally engaged in the exploration of its mineral property interests. The Company focuses on mineral property interests located in the Kingdom of Cambodia in the Banlung and Oyadao Regions. These consolidated financial statements were approved and authorized for issue on November 15, 2013 by the Board of Directors. The registered address of the Company is 1230 639-5th Ave. South West, Calgary, Alberta, T2P 0M9.

The Company, the accounting acquiree of the reverse acquisition (note 14), changed its fiscal year end from December 31 to July 31 to conform with that of the accounting acquirer, Prairie Pacific Mining Corp. ("PPMC Canada").

In connection with the Qualifying Transaction, the Company changed its name to Angkor Gold Corp., and commenced trading as a Tier 2 mining issuer on the TSX Venture Exchange (the "Exchange") on October 19, 2011 under the trading symbol "ANK".

2. Going concern:

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company has a comprehensive loss of \$1,042,546 for the year ended July 31, 2013, accumulated losses of \$13,686,731 as at July 31, 2013 and negative cash flows from operations before the net change in working capital items, of \$1,545,071 for the year ended July 31, 2013.

The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds there from, and to continue to obtain financing from the capital markets sufficient to meet current and future obligations and/or restructure the existing debt and payables. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Company were unable to continue its operations.

Management intends to complete a financing in the next fiscal year in order to continue operations and advance its exploration plan. While there are no assurances, the Company has been successful in raising equity capital for these purposes in the past.

ANGKOR GOLD CORP.

Consolidated Notes to Financial Statements
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Years ended July 31, 2013 and 2012

3. Statement of compliance:

The Company's consolidated financial statements have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the years ended July 31, 2013 and 2012.

4. Significant accounting policies:

These consolidated financial statements have been prepared in accordance with IFRS and include the following significant accounting policies:

(a) Basis of presentation:

The Company's consolidated financial statements are reported in Canadian dollars and have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in this note.

(b) Basis of consolidation:

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries (the "Group"), PPMC Canada, a corporation existing under the provincial laws of Alberta; Angkor Gold Corp. (Cambodia) Co. Ltd. (formerly Prairie Pacific Mining (Cambodia) Co. Ltd. or "PPMC Cambodia"), a corporation existing under the laws of the Kingdom of Cambodia; Liberty Mining International Pty Ltd. ("Liberty"), a corporation existing under the laws of Australia; Transol Mining and Exploration Pty Ltd. ("Transol Australia"), a corporation existing under the laws of Australia; Liberty Mining (Cambodia) Ltd. ("LMC Cambodia"), a corporation existing under the laws of the Kingdom of Cambodia; Liberty Mining International Pty Ltd. ("LMI Cambodia"), a corporation existing under the laws of the Kingdom of Cambodia; and Transol Mining and Exploration Pty Ltd. ("Transol Cambodia"), a corporation existing under the laws of the Kingdom of Cambodia. Inter-company balances and transactions are eliminated in preparing the financial statements.

(c) Foreign currency translation:

The Company's presentation currency is the Canadian dollar ("C\$"). The functional currency for the Company and its subsidiaries, being the currency of the primary economic environment in which the entity operates, is the Canadian dollar, except for Angkor Gold Corp. (Cambodia) Co. Ltd. whose functional currency is the US dollar ("USD").

Items included in the financial statements of each consolidated entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the statements of comprehensive loss in the year in which the gain or loss arises.

ANGKOR GOLD CORP.

Consolidated Notes to Financial Statements
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4. Significant accounting policies (continued):

(c) Foreign currency translation (continued):

Assets and liabilities are translated at the period-end rates of exchange, and the results of its operations are translated at average rates of exchange for the period. The resulting translation adjustments are recognized in other comprehensive income. Additionally, foreign exchange gains and losses related to certain intercompany loans that are permanent in nature are included in other comprehensive income.

(d) Income taxes:

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the consolidated statement of comprehensive loss.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates at the end of the period, and which are expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that enactment or substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(e) Loss per share:

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(f) Cash and cash equivalents:

Cash and cash equivalents include cash in hand and deposits held with banks. Where GIC deposits held with banks have a maturity in excess of three months, but are redeemable without principal penalty, they will be classified as cash equivalents.

ANGKOR GOLD CORP.

Consolidated Notes to Financial Statements
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Years ended July 31, 2013 and 2012

4. Significant accounting policies (continued):

(g) Financial instruments:

(i) Financial assets:

Financial assets classified at fair value through profit or loss ("FVTPL") are those financial assets that are held for trading and are classified as such from the inception of the trade. This applies to assets acquired from the outset with the intention of resale in the short term, derivatives not categorized as hedges or when the Company has elected to use this classification. These assets are initially recorded at fair value and are measured at each reporting date at fair value, based upon quoted market prices from external sources or using a discounted cash flow valuation technique or quoted prices from external sources for similar assets. The Company does not have any financial assets classified at FVTPL.

Financial assets classified as "loans and receivables" are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, less any impairment losses. The effective interest method is a method used to calculate the amortized cost of a financial asset and of allocating the interest income over the expected life of the financial asset. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired. The effective interest rate is the rate that exactly discounts estimated future cash flows over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. This category includes cash and cash equivalents, promissory note receivable, and subscription receivable.

(ii) Other financial liabilities:

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the expected life of the financial liability. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The Company has classified accounts payable and accrued liabilities as other financial liabilities.

ANGKOR GOLD CORP.

Consolidated Notes to Financial Statements
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Years ended July 31, 2013 and 2012

4. Significant accounting policies (continued):

(g) Financial instruments (continued):

(ii) Other financial liabilities (continued):

Derecognition of financial liabilities:

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Interest, dividends, losses, and gains relating to financial liabilities are recognized in profit or loss in interest and banking costs.

(h) Investments in joint ventures:

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control (i.e., when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

Joint venture arrangements that involve the joint ownership of one or more assets that are dedicated to the purposes of the joint venture are referred to as jointly controlled assets ("JCA's"). In accordance with IAS 31, *Interests in Joint Ventures*, the Company recognizes its interest in JCA's by recognizing its interest in the assets of the joint venture and the Company's share of expenses incurred in the joint venture.

ANGKOR GOLD CORP.

Consolidated Notes to Financial Statements
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Years ended July 31, 2013 and 2012

4. Significant accounting policies (continued):

(i) Property and equipment:

Property and equipment ("PE") are initially recorded at cost and subsequently carried at cost less any accumulated depreciation and accumulated impairment losses. Depreciation is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives. The Company capitalizes amortization expense to exploration and evaluation assets as permitted by IFRS 6.

	Rate
Vehicles	5 years
IT equipment	3 years
Small equipment and tools	5 years
Heavy and processing equipment	5 years

An item of PE is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of comprehensive loss.

The Company conducts an annual assessment of the residual balances, useful lives, and depreciation methods being used for PE and any changes arising from the assessment are applied by the Company prospectively. The Company assesses whether there is any indication that an item of PE may be impaired at the end of each reporting period. If any such indication exists, the recoverable amount of the asset is estimated.

(j) Exploration and evaluation assets:

Exploration and evaluation assets include the cost of acquiring licenses, exploration and evaluation activity, and the fair value, at the date of acquisition, of exploration and evaluation assets acquired in a business combination. Subsequent to initial recognition, exploration and evaluation assets are carried at cost less any accumulated impairment losses.

Exploration and evaluation expenditures are capitalized as incurred, including expenditures associated with the acquisition of exploration and evaluation assets through a business combination or an asset acquisition. The capitalized exploration and evaluation expenditures will be amortized against revenue from future production or written off if the area of interest is abandoned or sold. Costs incurred before the Company has obtained legal rights to explore the area are recognized in profit or loss.

Acquisition costs, including general and administration costs, are only capitalized to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploration or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

The amounts shown for exploration and evaluation expenditures represent costs incurred to date, less recoveries, and do not necessarily reflect present or future values.

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Consolidated Notes to Financial Statements
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Years ended July 31, 2013 and 2012

4. Significant accounting policies (continued):

(j) Exploration and evaluation expenditures (continued):

Indicators of impairment of exploration and evaluation assets are assessed at each reporting period. If an indicator of impairment exists to suggest that the technical feasibility and commercial viability of the project is in question, and facts and circumstances suggest the carrying amount exceeds the recoverable amount, the carrying value of the exploration and evaluation assets will be written down to the estimated recoverable amount.

Once technical feasibility and commercial viability of the extraction or mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to the area of interest are first tested for impairment and then reclassified to mining property and development assets within property and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(k) Impairment of non-financial assets:

At the end of each reporting period the carrying amounts of the Company's assets, including exploration and evaluation assets, are reviewed to determine whether there are any indication the assets are impaired. The Company uses external factors, such as changes in expected future prices, costs and other market factors to assess for indication of impairment. If any such indication exists an estimate of the asset's recoverable amount is calculated, being the higher of fair value less direct costs to sell and the asset's value in use.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired and an impairment loss is charged to the consolidated statements of comprehensive loss so as to reduce the carrying amount in the consolidated statements of financial position to its recoverable amount, except to the extent they reverse gains previously recognized in accumulated other comprehensive loss/income.

Fair value is determined as the amount that would be obtained from the sale of assets in an arm's length transaction between knowledgeable and willing parties. Fair values for mineral assets are generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted by a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, to arrive at a net present value of the asset.

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Consolidated Notes to Financial Statements
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4. Significant accounting policies (continued):

(k) Impairment of non-financial assets (continued):

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company's continued use and cannot take into account future development.

In testing for indications of impairment and performing impairment calculations, assets are considered as collective groups and referred as to cash generating units. Cash generating units are the smallest identifiable group of assets, liabilities, and associated goodwill that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

(l) Decommissioning costs:

A decommissioning cost obligation to incur restoration, rehabilitation, and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for, and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability when the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Pre tax discount rates that reflect the time value of money are used to calculate the net present value. These costs are charged against the consolidated statements of comprehensive loss over the economic life of the related asset, through amortization using either the unit of production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in the consolidated statements of comprehensive loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in the consolidated statements of comprehensive loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation, and environmental obligations as the disturbance to date are minimal.

ANGKOR GOLD CORP.

Consolidated Notes to Financial Statements
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4. Significant accounting policies (continued):

(m) Share based payments:

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

(n) Critical accounting estimates:

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities 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 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.

(o) Critical accounting judgments:

Significant judgments about the future and other sources of judgment uncertainty that management has made at the financial position reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities relate to but are not limited to the determination of the functional currency of Angkor Gold Corp. (Cambodia) Co. Ltd. as the US dollar and the functional currency of the Company as the Canadian dollar.

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4. Significant accounting policies (continued):

(p) New accounting pronouncements effective in future periods:

Amendments to IFRS 7 *Financial Instruments: Disclosures* outline the disclosures required when initially applying IFRS 9 *Financial Instruments*. These amendments are effective for annual periods beginning on or after January 1, 2015.

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, 2015. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

IFRS 10, *Consolidated Financial Statements*, IFRS 11, *Joint Arrangements*, IFRS 12, *Disclosure of Interests in Other Entities* (all effective for annual reporting periods beginning on or after January 1, 2013) provide revised guidance on the accounting treatment and associated disclosure requirements for joint arrangements and associates, and a revised definition of "control" for identifying entities which are to be consolidated. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

IFRS 13, *Fair Value Measurements* (effective for annual reporting periods beginning on or after January 1, 2013) provides new guidance on fair value measurement and disclosure requirements. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

IAS 27, *Consolidated and Separate Financial Statements* (effective for annual reporting periods beginning on or after January 1, 2013) provides accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements and IAS 28, *Investments in Associates and Joint Ventures* sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

5. Social development:

Under a Consulting Agreement with the Company's Chief Executive Officer, \$9,500 per month payable to the Chief Executive Officer for services rendered is to be retained by the Company for social development projects in the Kingdom of Cambodia. These amounts have been accrued as social development expenditures. At July 31, 2013, a provision of \$57,529 (2011 - \$114,000) is included in accounts payable and accruals with respect to these expenditures. To the extent that the funds are ultimately not used for social development projects in the Kingdom of Cambodia, the accrued amounts will be paid to the Chief Executive Officer as compensation expense.

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6. Property and equipment:

	Heavy equipment	IT equipment	Processing equipment	Small equipment and tools	Vehicles	Buildings	Total
Cost:							
Balance, August 1, 2012	\$ 41,039	\$ 5,654	\$ 8,046	\$ 65,948	\$ 120,074	\$ -	\$ 240,761
Adjustment on currency translation	1,237	235	242	4,689	3,618	-	10,021
Additions	-	11,365	-	-	-	-	11,365
Balance, July 31, 2013	\$ 42,276	\$ 17,254	\$ 8,288	\$ 70,637	\$ 123,692	\$ -	\$ 262,147
Accumulated depreciation:							
Balance, August 1, 2012	\$ 32,448	\$ 2,883	\$ 3,255	\$ 13,639	\$ 60,651	\$ -	\$ 112,876
Adjustment on currency translation	1,147	105	131	683	2,323	-	4,389
Depreciation (capitalized)	8,286	1,409	1,624	13,316	24,243	-	48,878
Balance, July 31, 2013	\$ 41,881	\$ 4,397	\$ 5,010	\$ 27,638	\$ 87,217	\$ -	\$ 166,143
Net book value July 31, 2013	\$ 395	\$ 12,857	\$ 3,278	\$ 42,999	\$ 36,475	\$ -	\$ 96,004
Cost:							
Balance, August 1, 2011	\$ 39,199	\$ 2,417	\$ 7,685	\$ 17,428	\$ 107,537	\$ -	\$ 174,266
Adjustment on currency translation	1,840	134	361	818	5,050	77	8,280
Additions	-	3,103	-	47,702	7,487	(77)	58,215
Balance, July 31, 2012	\$ 41,039	\$ 5,654	\$ 8,046	\$ 65,948	\$ 120,074	\$ -	\$ 240,761
Accumulated depreciation:							
Balance, August 1, 2011	\$ 23,153	\$ 1,612	\$ 1,572	\$ 7,263	\$ 36,067	\$ -	\$ 69,667
Adjustment on currency translation	1,129	82	82	360	1,808	15	3,476
Depreciation (capitalized)	8,166	1,189	1,601	6,016	22,776	(15)	39,733
Balance, July 31, 2012	\$ 32,448	\$ 2,883	\$ 3,255	\$ 13,639	\$ 60,651	\$ -	\$ 112,876
Net book value July 31, 2012	\$ 8,591	\$ 2,771	\$ 4,791	\$ 52,309	\$ 59,423	\$ -	\$ 127,885

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7. Exploration and evaluation assets:

On October 5, 2009, the Company entered into an agreement with Liberty Mining International Ltd. ("Liberty") (a related party - see note 8) whereby the two parties agreed upon a joint venture agreement giving the Company the option to earn up to a 90% of the participating interest in the Banlung Gold and Base metals project and the Oyadao Base metals project that are owned by Liberty. Under this joint venture agreement, Liberty will provide to the Company any mining information that it receives from parties other than the Company. The terms of this joint venture agreement will result in payments by the Company being classified as either non-earn in payments or earn-in payments toward participating interest.

As at July 31, 2010, the Company had made earn-in payments of \$2,249,353 and non-earn in payments of \$1,029,000, which entitled the Company to a 51% participating interest in the joint venture.

On September 10, 2010, the Agreement was amended for the Company to acquire an additional 39% for a payment of USD\$575,000. On September 23, 2010, the Company made the USD\$575,000 (CAD\$545,776) payment to increase its total participating interest in the joint venture to 90%.

On August 30, 2012, the Company acquired all of the outstanding shares of Liberty from Interactive Industrial Solutions Inc. ("IISI") in exchange for cash in the amount of \$200,000 and 4,250,000 common shares in the capital of the Company. These shares were voluntarily escrowed for 6 months.

IISI is an Alberta corporation controlled by the Chief Executive Officer and President of Angkor. Liberty is an Australian corporation which owns LMI Cambodia, a Cambodian subsidiary company, which owns a 10% interest in Angkor's Banlung, Banlung North and Oyadao concessions. Liberty also owns Transol Cambodia, which owns 100% of the 209 square kilometer Andong Meas concession in Cambodia and a 10% interest in Angkor's Oyadao South gold exploration property.

In completing this transaction, Angkor now holds a 100% interest in the Banlung, Banlung North, Oyadao, Oyadao South, and Andong Meas concessions by way of its 100% interest in Liberty.

As a result of this transaction, the Company now holds 100% of the Banlung Gold and Base Metals project and the Oyadao Base Metals project.

The following summarizes the direct expenditures incurred which qualify for participating interest as well as non-earn in payments that were made through the years:

	Non-earn in payments	Earn-in payments	Total
Cost:			
Balance, August 1, 2012	\$ 6,209,569	\$ 2,752,533	\$ 8,962,102
Adjustment for currency translation	151,185	82,962	234,147
Sale of mineral property interests (note 15)	(2,231,925)	-	(2,231,925)
Additions	1,774,981	1,782,178	3,557,159
Balance, July 31, 2013	\$ 5,903,810	\$ 4,617,673	\$ 10,521,483

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7. Exploration and evaluation assets (continued):

	Non-earn in payments	Earn-in payments	Total
Cost:			
Balance, August 1, 2011	\$ 2,644,963	\$ 2,629,137	\$ 5,274,100
Adjustment for currency translation	140,242	123,396	263,638
Additions	3,424,364	-	3,424,364
Balance, July 31, 2012	\$ 6,209,569	\$ 2,752,533	\$ 8,962,102

8. Related party transactions:

Name	Country of incorporation	Relationships	% equity interest as at July 31, 2013
Prairie Pacific Mining Corp.	Canada	Subsidiary	100%
Angkor Gold Corp. (Cambodia) Co. Ltd.	Cambodia	Subsidiary	100%
Liberty Mining International Pty Ltd.	Australia	Subsidiary	100%
Transol Mining and Exploration Pty Ltd.	Australia	Subsidiary	100%
Liberty Mining (Cambodia) Ltd.	Cambodia	Subsidiary	100%
Liberty Mining International Pty Ltd.	Cambodia	Subsidiary	100%
Transol Mining and Exploration Pty Ltd.	Cambodia	Subsidiary	100%

Angkor Gold Corp. is the parent company.

In August 2012, Liberty became a subsidiary of the Company when the outstanding shares of Liberty were acquired by the Company.

The shares of Liberty were acquired from a company owned by the Company's CEO, which acquired 100% of the issued and outstanding shares of Liberty in June 2011. The transaction is described in note 7.

The following transactions occurred during the years ended July 31, 2013 and 2012:

- Expense report reimbursements to certain directors and officers of the Company in the amount of \$178,435 (2012 - \$140,419).

Of these related party transactions, \$2,960 is remaining in accounts payable as at July 31, 2013 (2012 - \$20,887), which is unsecured, non-interest bearing and have no specific terms of repayment.

All related party transactions were measured at the exchange amount, which is the amount of consideration agreed to by the related parties.

The remuneration of directors and other members of key management were as follows:

	2013	2012
Management payments	\$ 719,185	\$ 720,634
Stock-based payments	480,434	589,225
	\$ 1,199,619	\$ 1,309,859

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9. Income taxes:

The applicable statutory tax rate is 25.0% (2012 – 25.6%)

	2013	2012
Loss before income tax	\$ (817,315)	\$ (2,980,619)
Income tax at statutory rate of 25.0% (2012 – 25.6%)	\$ (204,329)	\$ (763,038)
Non-deductible stock based compensation	231,954	185,536
Share issuance costs booked to equity	-	(254,585)
Utilization of tax basis of mineral property to offset taxes payable	(298,048)	-
Permanent differences and other	17,346	(30,897)
Reverse acquisition	(75,047)	241,972
Non-deductible foreign exchange	(122)	(80,955)
Revision of prior years estimates	121,439	125,535
Changes and differences in tax rates	69,525	8,199
Tax benefit not recognized	354,451	655,801
	\$ 217,169	\$ 87,568
Current tax expense	\$ -	\$ -
Deferred tax expense	\$ 217,169	\$ 87,568

(a) Recognized deferred tax liabilities:

Certain expenditures capitalized for accounting purposes are considered current year expenses for tax purposes and form part of the Company's tax loss carry forward. Due to uncertainty in realizing the tax benefit of these tax loss carry forwards, the Company has not recognized the corresponding tax asset. As such, Management has recognized a deferred tax liability in Cambodia related to the accounting value in excess of the tax value of the exploration and evaluation assets.

	2013	2012
Exploration and evaluation assets	\$ 327,478	\$ 110,309

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9. Income taxes (continued):

(b) Unrecognized deferred tax assets:

Management has not recognized deferred tax assets in any of the jurisdictions in which it currently operates due to the fact that it is not probable that these assets will be realized in the foreseeable future. The following represents deferred tax assets by jurisdiction.

			2013	2012
	Canada	Cambodia	Total	Total
Property and equipment	\$ -	\$ 71,127	\$ 71,127	\$ 58,021
Share issuance costs	144,122	-	144,122	260,511
Non-capital loss carry forwards	1,869,716	-	1,869,716	1,466,517
Charitable donations	2,182	-	2,182	2,182
Unrealized foreign exchange loss	-	-	-	-
	\$ 2,016,020	\$ 71,127	\$ 2,087,147	\$ 1,787,231

(c) Loss carry-forward by year of expiry:

	Canada	Cambodia	Total
2029	\$ 2,573,549	\$ -	\$ 2,573,549
2030	110,363	-	110,363
2031	1,337,447	-	1,337,447
2032	1,675,941	-	1,675,941
2033	1,781,563	-	1,781,563
	\$ 7,478,863	\$ -	\$ 7,478,863

Management has not recognized deferred tax assets of other deductible temporary differences related to share issuance costs in Canada of \$576,487 (2012 - \$1,042,044) and property and equipment in Cambodia of \$237,091 (2012 - \$193,403).

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10. Share capital:

(a) Authorized:

Common shares

Unlimited number of common shares

Preferred shares

Unlimited number of preferred shares

(b) Issued:

Private PPMC Canada prior to reverse acquisition (note 14):

	Number	Amount
PPMC Canada, Class A common shares:		
Balance, July 31, 2011	7,610,310	\$ 6,545,973
Shares cancelled in exchange for ANK shares (i)	(7,610,310)	(6,545,973)
Balance, July 31, 2013 and 2012	-	\$ -

	Number	Amount
PPMC Canada, Class B common shares		
Balance, July 31, 2011	4,425,000	\$ 4,626,755
Shares cancelled in exchange for ANK shares (i)	(4,425,000)	(4,626,755)
Balance, July 31, 2013 and 2012	-	\$ -

	Number	Amount
PPMC Canada, Class C common shares:		
Balance, July 31, 2011	2,111	\$ 2,160
Shares cancelled in exchange for ANK shares (i)	(2,111)	(2,160)
Balance, July 31, 2013 and 2012	-	\$ -

	Number	Amount
PPMC Canada, Class D common shares:		
Balance, July 31, 2011	8,000,000	\$ 1,904,800
Shares cancelled in exchange for ANK shares (i)	(8,000,000)	(1,904,800)
Balance, July 31, 2013 and 2012	-	\$ -

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10. Share capital (continued):

(b) Issued (continued):

Public Weifei Capital Inc. prior to reverse acquisition:

	Number	Amount
Balance, July 31, 2011	4,857,143	\$ 695,146
Balance, July 31, 2012 (iii)	4,857,143	\$ 695,146

Public Angkor Gold Corp.:

	Number	Amount
PPMC Canada Class A common shares, prior to reverse acquisition	7,610,310	\$ 6,545,973
PPMC Canada Class B common shares, prior to reverse acquisition	4,425,000	4,626,755
PPMC Canada Class C common shares, prior to reverse acquisition	2,111	2,160
PPMC Canada Class D common shares, prior to reverse acquisition	8,000,000	1,904,800
Elimination of PPMC Canada share capital	(12,037,421)	-
Issuance of common shares on reverse acquisition (note 14)	35,461,167	1,157,547
Issuance to brokers for finder's fees (ii)	1,200,000	-
Outstanding common shares of Weifei brought forward	4,857,143	-
Concurrent share offering (iv)	12,000,000	2,857,200
Balance, October 7, 2011 after reverse acquisition	61,518,310	17,094,435
Private placement (v)	6,123,646	2,555,700
Shares issued upon exercise of options	1,014,397	346,940
Shares issued upon exercise of warrants	257,382	64,914
Less: share issuance costs	-	(745,660)
Balance, July 31, 2012	68,913,735	\$ 19,316,329
Issuance of common shares on acquisition of Liberty (vi)	4,250,000	1,530,000
Shares issued upon exercise of options (vii)	933,429	448,595
Exercise of warrants	4,611,334	1,096,326
Balance, July 31, 2013	78,708,498	\$ 22,391,250

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10. Share capital (continued):

(b) Issued (continued):

- (i) PPMC Class A shares were exchanged for ANK shares at 2.82 ANK shares for every 1 PPMC Class A share. PPMC Class B shares were exchanged for ANK shares at 3.1626 ANK shares for every 1 PPMC Class B share. PPMC Class C shares were exchanged for ANK shares at 2.641 ANK shares for every 1 PPMC Class C share. PPMC Class D shares were exchanged for ANK shares at 1 ANK share for every 1 PPMC Class D share.
- (ii) In connection with the Qualifying Transaction, 1,200,000 common shares of Angkor were issued as finders' fees. The value of these shares was \$0.25 per share and was included in share issuance costs.
- (iii) In connection with the reverse-takeover, Weifei effected a consolidation of its common shares (8,500,000 outstanding prior to the Qualifying Transaction) resulting in one new common share ("Post-Consolidation Weifei Common Share") being issued for every 1.75 pre-consolidation common shares of Weifei resulting in a total of 4,857,143 Post-Consolidation Weifei Common Shares being acquired by PPMC Canada. The share consolidation has been applied retrospectively.
- (iv) Concurrently with the completion of the Qualifying Transaction, Angkor issued 12,000,000 units through a brokered private placement. Each Angkor unit consisted of one common share of Angkor and one-half of one common share purchase warrant of Angkor. The value of these units was \$0.25 per unit, resulting in gross proceeds of \$3,000,000. \$142,800 of the proceeds was assigned to the warrants.
- (v) On April 2, 2012, the Company issued 6,123,646 units as part of a brokered private placement. Each unit consisted of one common share of Angkor and one-half of one common share purchase warrant of Angkor. The value of these units was \$0.45 per unit, resulting in gross proceeds of \$2,755,641. \$186,772 of the proceeds was assigned to the warrants.
- (vi) In connection with the acquisition of Liberty, the Company acquired all of the outstanding shares of Liberty from Interactive Industrial Solutions Inc. ("IISI") in exchange for cash in the amount of \$200,000 and 4,250,000 common shares in the capital of the Company, which had a fair value of \$0.36 per share (note 8) based on the trading price of the shares at the time of the agreement. These shares were voluntarily escrowed for 6 months.
- (vii) 933,429 common shares issued upon exercise of options
 - 640,000 options with an exercise price of \$0.25 per option.
 - 3,429 options with an exercise price of \$0.175 per option.
 - 200,000 options with an exercise price of \$0.288 per option.
 - 50,000 options with an exercise price of \$0.33 per option.
 - 40,000 options with an exercise price of \$0.25 per option.

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10. Share capital (continued):

(c) Escrowed shares:

Upon completion of the Qualifying Transaction, a total of 11,752,081 shares were being held in escrow pursuant to the PPMC Canada and CPC escrow agreements.

(i) PPMC Canada escrow agreement:

After the completion of the Qualifying Transaction, as required by the British Columbia Securities Commission and the Exchange, 9,180,652 shares were deposited into escrow, to be released as follows based on the PPMC Canada escrow agreement:

- 5% - upon final exchange approval to a Qualifying Transaction by the Company
 - 5% - 6 months following the initial release;
 - 10% - 12 months following the initial release;
 - 10% - 18 months following the initial release;
 - 15% - 24 months following the initial release;
 - 15% - 30 months following the initial release; and
 - 40% - 36 months following the initial release.
- As per the PPMC Canada escrow agreement, 918,061 shares were released on October 31, 2011 (first release), 1,377,094 were released on February 18, 2012 (second release), 1,377,095 were released on October 18, 2012 (third release) and 1,377,099 were released on February 18, 2013 (fourth release). As at July 31, 2013, there were 4,131,303 shares in escrow under the PPMC Canada escrow agreement.

(ii) CPC escrow agreement:

An aggregate of 2,571,429 shares were deposited in escrow under the CPC escrow agreement, as required by the British Columbia Securities and the Exchange, to be released as follows based on the CPC escrow agreement:

- 10% - upon final exchange approval to a Qualifying Transaction by the Company
 - 15% - 6 months following the initial release;
 - 15% - 12 months following the initial release;
 - 15% - 18 months following the initial release;
 - 15% - 24 months following the initial release;
 - 15% - 30 months following the initial release; and
 - 15% - 36 months following the initial release.
- As per the CPC escrow agreement, 257,141 shares were released on October 19, 2011 (first release), 385,705 shares were released on February 18, 2012 (second release), 385,707 shares were released on October 18, 2012 (third release) and 385,709 were released on February 18, 2013 (fourth release). As at July 31, 2013, there were 1,157,167 shares in escrow under the CPC escrow agreement.

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10. Share capital (continued):

(d) Contributed surplus:

The following table summarizes all transactions during the period.

Private PPMC Canada prior to reverse acquisition:

	Number	Amount
Balance, July 31, 2012	-	\$ -

Public Weifei Capital Inc. prior to reverse acquisition:

	Number	Amount
Balance, July 31, 2012	714,285	\$ 262,130

Public Angkor Gold Corp.:

	Number	Amount
PPMC Canada, prior to reverse acquisition	-	\$ -
Replacement options issued concurrent with the reverse acquisition (i)	714,285	62,384
Exercise of Weifei options (i)	(615,427)	(55,804)
Expiry of Weifei options (i)	(95,429)	-
Agent's options (ii)	604,700	121,545
Exercise of agent's options (ii)	(148,970)	(29,944)
Replacement warrants issued concurrent with the reverse acquisition (iii)	-	662,504
Incentive stock options (iv)	3,747,000	808,065
Exercise of incentive stock options (iv)	(250,000)	(53,750)
Balance, July 31, 2012	3,956,159	\$ 1,515,000
Incentive stock options (v)	4,616,000	927,814
Exercise of incentive stock options (iv and v)	(930,000)	(195,459)
Exercise of agent's options (i)	(3,429)	(281)
Expiry of incentive stock options (v)	(370,000)	-
Balance, July 31, 2013	7,268,730	\$ 2,247,074

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10. Share capital (continued):

(d) Contributed surplus (continued):

- (i) In connection with the Qualifying Transaction, the Company effected a consolidation of its outstanding options (1,249,999 outstanding prior to the Qualifying Transaction) resulting in one new option ("Weifei option") being issued for every 1.75 pre-consolidation options of the Company resulting in a total of 714,285 post-consolidation Weifei options. The consolidation has been applied retrospectively. Of the Weifei options:
- 228,571 are agent's options which upon completion of the Qualifying Transaction entitle the holder to purchase one Angkor share at a price of \$0.175 per share on or before November 5, 2012. Upon completion of the Qualifying Transaction, the fair value of the replacement options of \$18,743 was recorded as part of listing expense. All options vested immediately. During the year ended July 31, 2013, 3,429 options (2012 – 225,141) were exercised by the holder. As at the year ended July 31, 2013, the 228,571 agent's options have all been exercised.
 - 485,714 are compensation options which upon completion of the Qualifying Transaction entitle the holder to purchase one Angkor share at a price of \$0.175 per share. Upon completion of the Qualifying Transaction, the fair value of the replacement options of \$43,641 was recorded as part of listing expense. All options vested immediately. In the year ended July 31, 2012, 390,286 options were exercised by the holders and 95,429 options expired.
- (ii) In connection with the Qualifying Transaction, 604,700 agent options were granted entitling the holder to purchase one unit of Angkor at a price of \$0.25 per unit on or before October 19, 2013. Each unit consists of one Angkor share and one-half of one share purchase warrant, each whole warrant entitling the holder to purchase one additional Angkor share at a price of \$0.45 for a period of two years from the date of issue. The fair value of the agent options of \$121,545 was recorded as part of share issuance costs. All options vested immediately, and the maximum term is 5 years. In the year ended July 31, 2012, 148,970 options were exercised by the holders.
- (iii) Prior to the Qualifying Transaction, PPMC Canada had 1,816,750 compensation warrants outstanding each entitling the holder to purchase one PPMC Canada Class A share for \$0.01 per share on or before March 15, 2013. As part of the Qualifying Transaction, these warrants were replaced with 4,858,716 warrants each entitling the holder to purchase one Angkor share for \$0.00375 per share on or before March 13, 2013. The incremental decrease in the fair value of the replacement warrants of \$662,504 was included as part of contributed surplus.

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10. Share capital (continued):

(d) Contributed surplus (continued):

- (iv) On October 19, 2011, the Company granted 3,337,000 stock options to directors, officers, and consultants of Angkor entitling the holder to purchase one Angkor share at a price of \$0.25 per share on or before October 19, 2016. All options vested immediately. The underlying shares were unavailable for resale until February 19, 2012 if these options are exercised before that date. In the year ended July 31, 2013, 680,000 options (2012 – 250,000 options) were exercised by the holders, and 125,000 options (2012 – nil) expired.

On March 28, 2012, the Company granted 410,000 stock options to directors, officers, and consultants of Angkor entitling the holder to purchase one Angkor share at a price of \$0.34 per share on or before March 28, 2017. All options vested immediately.

- (v) On June 7, 2012, the Company granted 30,000 options to a consultant of Angkor entitling the holder to purchase one Angkor share at a price of \$0.34 per share on or before June 7, 2017. All options vested immediately.

On October 16, 2012, the Company granted 500,000 options to a consultant of Angkor entitling the holder to purchase one Angkor share at a price of \$0.325 per share on or before October 16, 2014. 100,000 options vest on signing, 200,000 options vest after 6 months, and 200,000 options vest after 12 months.

On December 4, 2012, the Company granted 476,000 options to employees of Angkor entitling the holders to purchase one Angkor share at a price of \$0.33 per share on or before December 4, 2017. All options vested immediately.

On December 4, 2012, the Company granted 2,735,000 options to directors, officers, and consultants of Angkor entitling the holder to purchase one Angkor share at a price of \$0.33 per share on or before December 4, 2014. All options vested immediately. In the year ended July 31, 2013, 50,000 options were exercised by the holders, and 245,000 options expired.

On February 14, 2012, the Company granted 200,000 options to a consultant of Angkor entitling the holder to purchase one Angkor share at a price of \$0.288 per share on or before February 14, 2017. All options vested immediately. In the year ended July 31, 2013, 200,000 options were exercised by the holders.

On February 1, 2013, the Company granted 350,000 options to consultants of Angkor entitling the holder to purchase one Angkor share at a price of \$0.325 per share on or before February 1, 2015. All options vested immediately.

On March 25, 2013, the Company granted 100,000 options to a consultant of Angkor entitling the holder to purchase one Angkor share at a price of \$0.39 per share on or before March 18, 2015. All options vested immediately.

On June 6, 2013, the Company granted 225,000 options to consultants of Angkor entitling the holder to purchase one Angkor share at a price of \$0.41 per share on or before June 6, 2015. All options vested immediately.

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10. Share capital (continued):

(e) Stock option plan:

The Company has adopted an incentive stock option plan ("the "Plan"). The essential elements of the Plan provide that the aggregate number of common shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the number of issued shares of the Company at the time of the granting of the options. Options granted under the Plan will have a maximum term of ten years. The exercise price of options granted under the Plan will be fixed by the Board of Directors at the time the option is granted, provided however that the exercise price complies with the requirements of the Exchange. According to the 2010 stock option plan, the vesting periods of options granted under the plan may vary at the discretion of the Board of Directors, subject to regulatory approval.

The following table summarizes all options outstanding at July 31, 2013.

Exercise price	Options outstanding			Options exercisable	
	Options outstanding	Weighted average exercise price	Weighted average remaining contractual (life years)	Exercisable options	Weighted average exercise price
\$ 0.25	2,737,730	\$ 0.25	3.03	2,737,730	\$ 0.25
0.325	850,000	0.325	1.41	850,000	0.325
0.33	2,916,000	0.33	3.37	2,916,000	0.33
0.34	440,000	0.34	3.68	440,000	0.34
0.39	100,000	0.39	1.63	100,000	0.39
0.41	225,000	0.41	1.85	225,000	0.41
	7,268,730	\$ 0.30	2.96	7,268,730	\$ 0.30

The fair values of the stock options were estimated at the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

Expected annual volatility	50 – 145.11%
Risk free interest rate	0.97 – 1.29%
Expected life	2 – 5 years
Expected dividend yield	0%
Share price at grant date	\$0.28 - \$0.42/share
Exercise price	\$0.25 - \$0.41/share

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10. Share capital (continued):

(f) Warrants:

The following table summarizes all transactions during the period.

Private PPMC Canada prior to reverse acquisition:

	Number	Fair value at grant date
Balance, July 31, 2012 <i>(i)</i>	1,816,750	\$ 1,799,443

Public Angkor Gold Corp.:

	Number	Fair value at grant date
Balance, July 31, 2011 and October 7, 2011 prior to reverse acquisition	1,816,750	1,799,443
Cancellation of PPMC Canada warrants <i>(i)</i>	(1,816,750)	(1,799,443)
Issuance of Angkor warrants (note 14(f))	4,858,716	1,136,940
Warrants included in interim financing units <i>(ii)</i>	4,000,000	95,200
Warrants issued in concurrent financing units <i>(iii)</i>	6,000,000	142,800
Warrants issued in April 2012 financing units <i>(iv)</i>	3,061,828	186,772
Warrants issued as a result of exercise of agents options	74,485	12,028
Warrants exercised	(257,382)	(59,463)
Balance, July 31, 2012	17,737,647	\$ 1,514,277
Warrants exercised	(4,611,334)	(1,079,052)
Balance, July 31, 2013	13,126,313	\$ 435,225

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10. Share capital (continued):

(f) Warrants (continued):

- (i) On March 15, 2011, PPMC Canada issued and delivered 1,000 warrants per Class C common share to each holder of Class C common shares for a total issuance of 2,111,125 warrants. The warrants were issued for compensation to directors. Each warrant entitles the holder to purchase one Class A common share at a price of \$0.01 per share on or before March 15, 2013. These warrants were cancelled upon the reverse acquisition (note 14).
- (ii) During the year ended July 31, 2011, 8,000,000 interim financing units were issued with one-half of one common share purchase warrant of PPMC Canada attached to each unit (which, upon completion of the Qualifying Transaction were converted into warrants of Angkor) resulting in a total issue of 4,000,000 common share purchase warrants of Angkor. Each warrant entitles the holder to purchase one common share of Angkor at a price of \$0.45 per share. 3,000,000 warrants were set to expire on August 8, 2013, 500,000 were set to expire on August 11, 2013 and 500,000 were set to expire on September 9, 2013. During the year ended July 31, 2013, the expiry dates of these warrants were extended to April 14, 2014, per the directors' resolution dated July 23, 2013.
- (iii) In connection with the Qualifying Transaction, 12,000,000 concurrent financing units were issued with one-half of one common share purchase warrant of Angkor attached to each unit, resulting in a total issue of 6,000,000 common share purchase warrants of Angkor. Each warrant entitles the holder to purchase one common share of Angkor at a price of \$0.45 per share, and were set to expire on October 7, 2013. During the year ended July 31, 2012, 10,000 warrants were exercised and the expiry date of the remaining warrants was extended to April 14, 2014, per the directors' resolution dated July 23, 2013.
- (iv) On April 4, 2012, the Company issued 6,123,646 units as part of a brokered private placement. These units were issued with one-half of one common share purchase warrant of Angkor attached to each unit resulting in a total issue of 3,061,828 common share purchase warrants of Angkor. Each warrant entitles the holder to purchase one common share of Angkor at a price of \$0.70 per share on or before April 4, 2014.

The following table summarizes all warrants outstanding at July 31, 2013.

Exercise price	Warrants outstanding			Warrants exercisable	
	Warrants outstanding	Weighted average exercise price	Weighted average remaining contractual (life years)	Exercisable warrants	Weighted average exercise price
\$ 0.45	10,064,485	\$ 0.45	0.11	10,064,485	\$ 0.45
0.70	3,061,828	0.70	0.68	3,061,828	0.70
	13,126,313	\$ 0.51	0.24	13,126,313	\$ 0.51

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10. Share capital (continued):

(f) Warrants (continued):

The fair values of the warrants were estimated at the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

Expected annual volatility	50 – 62.43%
Risk free interest rate	0.88 – 0.93%
Expected life	1.5 - 2 years
Expected dividend yield	0%
Exercise price	\$0.45 - \$0.70/share

11. Earnings per share:

Basic and diluted loss per share has been calculated as follows:

	2013	2012
Numerator:		
Net loss	\$ 817,315	\$ 3,068,187
Denominator:		
Weighted average number of shares outstanding - basic and diluted	80,648,577	60,814,261

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents in the weighted average number of common shares outstanding during the year, if dilutive. All options and warrants were excluded from the diluted loss per share calculation as they were anti-dilutive.

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12. Capital management:

The Company's objectives are to safeguard its ability to continue as a going concern in order to support the Company's normal operating requirements, continue the development and exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including capital deployment, results from operations, results from the exploration and development of its properties and general industry conditions.

At July 31, 2013, the Company's capital structure consists of cash and cash equivalents and the share capital of the Company. The Company is not subject to any externally imposed capital requirements. In order to maximize ongoing development efforts, the Company does not pay dividends.

For the year ended July 31, 2013, there were no significant changes in the processes used by the Company or in the Company's objectives and policies for managing its capital. The Company expects that based on the proceeds from the equity financings, sufficient capital resources are available to support further expansion and development of its mining assets.

The Company manages the following as capital:

	2013	2012
Cash	\$ 1,321,170	\$ 1,371,441
Share capital	22,391,250	19,316,329
	\$ 23,712,420	\$ 20,687,770

The Company monitors capital on the basis of total liabilities to capital.

The Company is not subject to any externally imposed capital requirements.

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13. Financial instruments:

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to interest rate, commodity price, and industry credit risks. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

The Company is required to classify fair value measurements using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – inputs for the asset or liability that are not based on observable market data.

At July 31, 2013, the Company does not have any financial instruments measured at fair value.

At July 31, 2013, there is no significant difference between the carrying values and fair values of the Company's financial instruments.

The financial risk arising from the Company's operations are currency risk, interest rate risk, credit risk, and liquidity risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

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13. Financial instruments (continued):

(a) Foreign currency risk:

The Company's major operating expenses and acquisition costs are denominated in U.S. dollars and a portion of the expenses of the Company are in Canadian dollars. The Company's corporate office is based in Canada and the exposure to exchange rate fluctuations arises mainly on foreign currencies which are the U.S. dollar.

The Company has not entered into any derivative instruments to manage foreign exchange fluctuations; however, management monitors foreign exchange exposure.

The Company's monetary assets and liabilities denominated in U.S. dollars and shown here in Canadian dollars include cash in the amount of \$461,367 (2012 - \$199,413), accounts receivable in the amount of \$514,350 (2012 - nil), prepaid expenses in the amount of \$40,336 (2012 - \$40,336), and accounts payable in the amount of \$391,832 (2012 - \$46,010). A 12% (2012 - 12%) change in the exchange rate of the U.S. dollar to Canadian dollar at July 31, 2013 would result in a change in net income (loss) of \$75,285 (2012 - \$34,243).

(b) Interest rate risk:

The Company is exposed to interest rate risk on the variable rate of interest earned on its cash. The fair value interest rate risk on cash is insignificant as deposits are either short term or pay interest at rates of 1.2% or less.

The Company has not entered into any derivative instruments to manage interest rate fluctuations; however, management closely monitors interest rate exposure and the risk exposure is limited.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to settle or manage its obligations associated with financial liabilities. In the management of liquidity risk, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. The directors of the Company are of the opinion that, taking into account the Company's cash reserves and external financial resources, the Company has sufficient working capital for its current obligations.

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13. Financial instruments (continued):

(c) Liquidity risk (continued):

	Less than 1 year	1 to 2 years	Total
As at July 31, 2013:			
Accounts payable and accruals	\$ 715,190	\$ -	\$ 715,190
	\$ 715,190	\$ -	\$ 715,190
As at July 31, 2012:			
Accounts payable and accruals	\$ 682,231	\$ -	\$ 682,231
	\$ 682,231	\$ -	\$ 682,231

(d) 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. Credit risk for the Company is associated with amounts receivable and cash which is held with reputable financial institutions.

The amounts receivable includes amounts that have been accumulated to date. Based on currently available information, the Company anticipates full recoverability of amounts due on account.

The Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly as at July 31, 2013.

14. Reverse acquisition:

On October 7, 2011, the Company, formerly Weifei Capital Inc. ("Weifei"), completed its previously announced Qualifying Transaction, consisting of the acquisition of all of the issued and outstanding securities of PPMC Canada. As a result of the Qualifying Transaction, the shareholders of PPMC Canada acquired control of Weifei and consequently for accounting purposes PPMC Canada was deemed to be the acquirer. The acquisition was accounted for as a reverse take-over. Since Weifei was not deemed to be a business at the time of the acquisition, the acquisition was accounted for as a purchase of the net monetary assets of Weifei and its TSX Venture Exchange listing, and the financial statements are a continuation of the operations of PPMC Canada. Immediately prior to effecting the Qualifying Transaction, Weifei effected a consolidation of its issued and outstanding common shares and options on a one new for one point seven five (1.75) old basis. The continuing company has changed its name to Angkor Gold Corp.

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14. Reverse acquisition (continued):

Prior to the completion of the Qualifying Transaction, PPMC Canada completed a private placement (the "Interim Financing"). The Interim Financing consisted of an offering and issuance of an aggregate of 8,000,000 units of PPMC Canada ("PPMC Units") at a price of \$0.25 per PPMC Unit for gross proceeds of \$2.0 million. Each PPMC Unit consisted of one common share of PPMC Canada (which, upon completion of the Qualifying Transaction, converted into one common share of Angkor) and one-half of one common share purchase warrant of PPMC Canada (which, upon completion of the Qualifying Transaction, converted into one-half of one common share purchase warrant of Angkor) with each whole warrant entitling the holder to subscribe for one additional common share at a price of \$0.45 for a period of 24 months from the date of closing. 6,000,000 of the units were issued on August 8, 2011 for gross proceeds of \$1,500,000. The remaining 2,000,000 units were issued on September 9, 2011, for gross proceeds of \$500,000. Concurrent with the completion of the Qualifying Transaction, Angkor completed a brokered private placement for aggregate gross proceeds of \$3.0 million.

In connection with the completion of the Qualifying Transaction, Angkor issued the following securities of Angkor to holders of PPMC Canada securities:

- (a) 2.82 Common Shares in the capital of Angkor ("Angkor Shares") were issued in exchange for each Class A Share of PPMC Canada, for a total of 21,461,087 Angkor Shares;
- (b) 3.1626 Angkor Shares for each Class B Share of PPMC Canada, for a total of 13,994,505 Angkor Shares;
- (c) 2.641 Angkor Shares for each Class C Share of PPMC Canada, for a total of 5,575 Angkor Shares;
- (d) one Angkor Share for each Class D Share of PPMC Canada, for a total of up to 8,000,000 Angkor Shares;
- (e) one warrant of Angkor ("Angkor Warrant"), each entitling the holder thereof to purchase one Angkor Share at a price of \$0.45 per share for a period of 24 months from the date of issue, for each PPMC Canada Class D Warrant, for a total of up to 4,000,000 Angkor Warrants entitling the holders thereof to purchase up to 4,000,000 Angkor Shares; and
- (f) 2.6744 warrants ("Angkor Compensation Warrants"), each entitling the holder thereof to purchase one Angkor Share at a price of \$0.00375 per share until March 13, 2012, for each PPMC Canada Compensation Warrant, for a total of 4,858,716 Angkor Compensation Warrants entitling the holders thereof to purchase up to 4,858,716 Angkor Shares.

In the year ended July 31, 2013, 4,611,334 options (2012 – 247,382) were exercised by the holders. As at the year ended July 31, 2013, the 4,858,716 options have all been exercised.

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14. Reverse acquisition (continued):

Based on the statement of financial position of Weifei at the time of the transaction, the assets acquired by the Company consisted of cash with a fair value of \$274,728. The Company did not assume any liabilities. The purchase price was allocated as follows:

Fair value of shares issued	\$	1,157,547
Fair value of options issued		62,384
Assets acquired consisting of cash		(274,728)
<hr/>		
Listing expense	\$	945,203

15. Sale of mineral properties:

On December 19, 2012, the Company sold a 78 square kilometer subsection of its 300 square kilometer Oyadao tenement to All Solutions (Cambodia) Co. Ltd. The Company retains the remaining 222 square kilometer section of the existing Oyadao license. Proceeds of \$2,396,849 USD were received. The costs that had been capitalized to the portion of the license sold totaled \$1,729,465 USD resulting in a gain on sale of \$672,021 (\$667,384 USD).

On April 30, 2013, the Company sold Mesco Gold Ltd. ("Mesco") the rights to develop and mine the Company's Phum Syarung prospect located within its Oyadao South Concession in Ratanakiri Province, Cambodia. As per the Definitive Agreement the Company will receive a 10% net smelter royalty from all production at the Phum Syarung prospect. Mesco paid the Company \$1,200,000 USD, \$700,000 USD in cash and a \$500,000 USD promissory note, for the prospect. The costs that had been capitalized to the portion of the license sold totaled \$503,355 USD resulting in a gain on sale of \$701,485 (\$696,645 USD). The promissory note is payable either two months from closing or when the Cambodian government grants a preliminary exploitation license to Mesco, whichever is later. The carrying amount of the \$500,000 USD promissory note is not materially different from the amortized cost due to the short-term nature of the item. It is management's judgment that the preliminary exploitation license will be granted in not more than the next twelve months; therefore the promissory note has been treated as a current asset.

16. Subsequent events:

Subsequent to July 31, 2013, the Cambodian Ministry of Industry, Mines, and Energy issued two exploration agreements to Angkor Gold Corp. (Cambodia) Co. Ltd. for the Trapeang Kraham and Koan Nheak tenements.

Subsequent to July 31, 2013, the Company issued 336,615 common shares with respect to the exercise of 336,615 options for proceeds of \$84,154.

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16. Subsequent events (continued):

Subsequent to July 31, 2013, the Company closed a Purchase Agreement with Mesco which extends their existing land package from 6 square kilometers to 12 square kilometers to include Angkor's recently identified Blue Lizard prospect. Angkor will receive \$700,000 USD in staged payments through 2013 – 2015. This payment is in addition to the \$1,200,000 USD from its sale of the Phum Syarung Prospect in January 2013. Angkor and Mesco have also agreed to introduce a sliding scale Net Smelter Royalty on production from the expanded land package based on the price of gold as follows: 7.5% between \$1,300 to \$1,700, increasing by 0.5% per \$50 change in the price of gold above \$1,700, decreasing by 0.5% per \$50 change in the price of gold below \$1,300.