ANGKOR GOLD CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE AND THREE MONTHS ENDED 30 APRIL 2017

Stated in Canadian Funds

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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MANAGEMENT'S RESPONSIBILITY

To the Shareholders of Angkor Gold Corp.:

Management is responsible for the preparation and presentation of the accompanying condensed interim consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with International Financial Reporting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Audit Committee are composed primarily of directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information presented. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Audit Committee has the responsibility of meeting with management, and the external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Company's external auditors.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with standards established by the Canadian Organization of Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

We draw attention to Note 1 in the condensed interim consolidated financial statements which indicates the existence of a material uncertainty that may cast substantial doubt on the Company's ability to continue as a going concern.

The consolidated financial statements were approved by the Board of Directors on 27 June 2017 and were signed on its behalf by:

"Mike Weeks"	"Terry Mereniuk"
Mike Weeks, CEO	Terry Mereniuk, CFO

Canadian Funds
(unaudited)

CONDENSED INTERIM CONSOLIDATION STATEMENT OF FINANCIAL POSITION

	Note	As at 30 April 2017	As at 31 July 2016
ASSETS			
Current Assets			
Cash and cash equivalents		**$ 297,521**	$ 886,159
Amounts receivable		**233,480**	30,050
Prepaid amounts and deposits		**109,283**	8,132
Current portion of promissory note receivable	(10)	**163,934**	-
		804,218	924,341
Non-current Assets			
Promissory note receivable	(10)	**372,660**	652,800
Long-term prepaid amounts		**74,706**	-
Property and equipment	(7)	**115,935**	117,769
Exploration and evaluation assets	(8)	**7,040,776**	7,371,223
		7,574,917	8,141,792
		$ 8,408,295	$ 9,066,133
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities		**$ 1,498,379**	$ 1,565,256
Net smelter return buy-back option	(9)	**-**	1,145,288
		1,498,379	2,710,544
EQUITY			
Share capital	(11)	**31,578,428**	29,063,028
Subscription receivable		**-**	(783,000)
Contributed surplus	(11)	**2,461,373**	2,453,023
Warrants	(11)	**529,005**	529,005
Deficit		**(29,372,251)**	(26,102,348)
Accumulated other comprehensive income		**1,713,361**	1,195,881
		6,909,916	6,355,589
		$ 8,408,295	$ 9,066,133

Nature of operations and going concern	(1)	Commitments	(13)
Basis of preparation - Statement of Compliance	(2)	Capital management	(14)
Change in accounting policy	(4)	Subsequent events	(15)

The condensed interim consolidated financial statements were approved by the Board of Directors on 27 June 2017 and were signed on its behalf by:

"Mike Weeks" — Mike Weeks, Director

"Terry Mereniuk" — Terry Mereniuk, Director

--The accompanying notes form an integral part of the condensed interim consolidated financial statements—

ANGKOR GOLD CORP.

Statement 2

Canadian Funds
(unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

	Note	**Nine Months 30 April 2017**	Nine Months 30 April 2016 *(Restated Note 4)*	**Three Months 30 April 2017**	Three Months 30 April 2016 *(Restated Note 4)*
EXPENSES					
General and administrative					
Salaries, wages and benefits	(6)	**$ 562,269**	$ 898,512	**$ 197,788**	$ 342,137
Office and travel expenses		**373,083**	377,234	**188,183**	120,534
Professional fees		**326,649**	133,983	**66,757**	34,780
Share based compensation	(11)	**247,000**	49,955	**247,000**	19,980
Consulting fees		**74,720**	-	**74,720**	-
Corporate development		**73,580**	62,023	**23,790**	43
Social development		**40,451**	16,789	**1,361**	1,426
Camp supplies		**36,223**	425,075	**12,572**	237,580
Amortization	(7)	**28,134**	-	**13,815**	-
Interest and banking costs		**7,264**	10,426	**2,202**	3,161
Exploration and evaluation expenditures (recovery)		**-**	-	**-**	(270,322)
		1,769,373	1,973,997	**828,188**	489,319
Other expenses (income)					
Write down of mineral properties	(8)	**972,911**	-	**972,911**	-
NSR Buy back expense	(9)	**351,547**	-	**-**	-
Foreign exchange loss (gain)		**97,912**	380,303	**(30,967)**	116,743
Accretion expense	(10)	**78,160**	-	**78,160**	-
Other Income (loss)		**-**	1,490	**-**	-
		1,500,530	381,793	**1,020,104**	116,743
Income (loss) before taxes		**(3,269,903)**	(2,355,790)	**(1,848,292)**	(606,062)
Deferred income tax recovery		**-**	524,639	**-**	(2,300)
Net income (loss) after taxes		**(3,269,903)**	(1,831,151)	**(1,848,292)**	(608,362)
Other Comprehensive Income (loss)					
Foreign operations – foreign currency translation differences		**517,482**	(1,847)	**534,492**	(1,847)
Comprehensive Loss		**$ (2,752,421)**	(1,832,998)	**$ (1,313,800)**	$ (610,209)
Basic and Diluted Loss per Common Share		**$ (0.03)**	(0.02)	**$ (0.01)**	$ (0.01)
Weighted Average Number of Shares Outstanding		**99,246,122**	93,172,688	**101,639,317**	93,186,865

--The accompanying notes form an integral part of the condensed interim consolidated financial statements—

ANGKOR GOLD CORP.

Statement 3

Canadian Funds

(unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital		Amount		Subscriptions Receivable		Warrant Amount		Option Amount		Accumulated Other Comprehensive Income		Deficit		Shareholders' Equity
BALANCE 1 AUGUST 2015	93,165,754	$	27,730,956	$	(20,000)	$	435,225	$	2,130,596	$	721,816	$	(24,119,347)	$	6,879,246
Share based payments	-		-		-		-		29,975		-		-		29,975
Foreign currency translation	-		-		-		-		-		141,194		-		141,194
Loss for the period	-		-		-		-		-		-		(189,805)		(189,805)
Subscriptions received			-		20,000		-		-		-		-		20,000
BALANCE 31 OCTOBER 2015	93,165,754	$	27,730,956	$	-	$	435,225	$	2,160,571	$	863,010	$	(24,309,152)	$	6,880,610
Share based payments	-		-		-		-		20,000		-		-		20,000
Foreign currency translation	-		-		-		-		-		1,407,737		-		1,407,737
Loss for the period	-		-		-		-		-		-		(735,557)		(735,557)
BALANCE 31 JANUARY 2016	93,165,754	$	27,730,956	$	-	$	435,225	$	2,180,571	$	2,270,747	$	(25,044,709)	$	7,572,790
Share based payments	-		-		-		-		19,980		-		-		19,980
Shares issued on options exercise	190,000		36,879		-		-		-		-		-		36,879
Fair value transfer on options	-		23,921		-		-		(23,921)		-		-		-
Foreign currency translation	-		-		-		-		-		(1,847)		-		(1,847)
Loss for the period	-		-		-		-		-		-		(608,362)		(608,362)
BALANCE 30 APRIL 2016	93,355,754	$	27,791,756	$	-	$	435,225	$	2,176,630	$	2,268,900	$	(25,653,071)	$	7,019,440
Private placement	3,126,000		1,250,400		(783,000)		93,780		(93,780)		-		-		467,400
Shares issued on options exercise	-		23,921		-		-		-		-		-		23,921
Fair value transfer on options	-		(3,049)		-		-		3,049		-		-		-
Share based payments	-		-		-		-		367,124		-		-		367,124
Restated loss for the period	-		-		-		-		-		-		(449,277)		(449,277)
Foreign currency translation	-		-		-		-		-		(1,073,019)		-		(1,073,019)
BALANCE 31 JULY 2016	96,481,754	$	29,063,028	$	(783,000)	$	529,005	$	2,453,023	$	1,195,881	$	(26,102,348)	$	6,355,589

--The accompanying notes form an integral part of the condensed interim consolidated financial statements—

ANGKOR GOLD CORP.

Canadian Funds
(unaudited)

Statement 3

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Share Capital	Amount	Subscriptions Receivable	Warrant Amount	Option Amount	Accumulated Other Comprehensive Income	Deficit	Shareholders' Equity
BALANCE 31 JULY 2016	96,481,754	$ 29,063,028	$ (783,000)	$ 529,005	$ 2,453,023	$ 1,195,881	$ (26,102,348)	$ 6,355,589
Shares issued on options exercise	1,110,000	277,500	-	-	-	-	-	277,500
Fair value transfer on option exercise	-	238,650	-	-	(238,650)	-	-	-
Subscription received	-	-	783,000	-	-	-	-	783,000
Foreign currency translation	-	-	-	-	-	282,481	-	282,481
Net loss for the period	-	-	-	-	-	-	(494,922)	(494,922)
BALANCE 31 OCTOBER 2016	97,591,754	29,579,178	-	529,005	2,214,373	1,478,362	(26,597,270)	7,203,648
Shares issued for NSR	3,810,652	1,524,250	-	-	-	-	-	1,524,250
Foreign currency translation	-	-	-	-	-	(299,493)	-	(299,493)
Net loss for the period	-	-	-	-	-	-	(926,689)	(926,689)
BALANCE 31 JANUARY 2017	101,402,379	31,103,428	-	529,005	2,214,373	1,178,869	(27,523,959)	7,501,716
Private placement	1,506,250	482,000	-	-	-	-	-	482,000
Share issuance costs	-	(7,000)	-	-	-	-	-	(7,000)
Share based payment	-	-	-	-	247,000	-	-	247,000
Foreign currency translation	- -	-	-	-	-	534,492	-	534,492
Net loss for the period	-	-	-	-	-	-	(1,848,292)	(1,848,292)
BALANCE 30 APRIL 2017	102,908,629	$ 31,578,428	$ -	$ 529,005	$ 2,461,373	$ 1,713,361	$ (29,372,251)	$ 6,909,916

--The accompanying notes form an integral part of the condensed interim consolidated financial statements—

Canadian Funds
(unaudited)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine Months 30 April 2017	Nine Months 30 April 2016 (Restated Note 4)	**Three Months 30 April 2017**	Three Months 30 April 2016 (Restated Note 4)
OPERATING ACTIVITIES				
Loss for the Period	**$ (3,269,903)**	$ (1,831,151)	**$ (1,848,292)**	$ (608,362)
Items not Affecting Cash				
Amortization	**28,134**	16,140	**13,815**	-
Accretion expense	**78,160**	-	**78,160**	-
Deferred income tax expense (recovery)	**-**	(524,639)	**-**	(524,639)
Share-based compensation	**247,000**	49,955	**247,000**	19,980
Salaries, wages and benefits	**-**	-	**(149,146)**	-
Write-off from E&E	**972,911**	-	**972,911**	-
NSR Buy-back expense	**351,547**	-	**-**	526,939
Foreign exchange (gain) loss	**97,912**	380,303	**69,197**	116,743
	(1,494,239)	(1,909,392)	**(616,355)**	(469,339)
Net Change in Non-cash Working Capital				
Amounts receivable	**(203,430)**	24,372	**(182,455)**	1,948
Prepaid amounts and other assets	**(175,857)**	4,620	**(52,004)**	5,423
Accounts payable and accrued liabilities	**(66,877)**	814,432	**12,458**	702,866
	(1,940,403)	(1,065,968)	**(838,358)**	240,898
INVESTING ACTIVITIES				
Purchases of property and equipment	**(20,206)**	(40,540)	**(47)**	14,688
Proceeds received under exploration and evaluation option agreements	**132,801**	-	**(288,885)**	-
Advancement of exploration and evaluation assets	**(813,812)**	(212,366)	**(239,710)**	(212,366)
	(701,217)	(252,906)	**(528,642)**	(197,678)
FINANCING ACTIVITIES				
Issuance of shares	**475,000**	-	**450,100**	(20,000)
Proceeds from exercise of options	**277,500**	60,800	**277,500**	60,800
Proceeds from subscription receivable	**783,000**	-	**-**	-
Proceeds from exercise of warrants	**-**	20,000	**-**	20,000
	1,535,500	80,800	**727,600**	60,800
Net Effect of Translation on Foreign Currency cash	**517,482**	21,361	**534,492**	12,334
Net (Decrease) Increase in Cash	**(588,638)**	(1,216,713)	**(104,906)**	116,354
Cash position – beginning of period	**886,159**	1,880,964	**402,427**	547,897
Cash Position – End of Period	**$ 297,521**	$ 664,251	**$ 297,521**	$ 664,251
Supplementary Cash Disclosure				
Shares issued for NSR Buy-back	**$ 1,524,250**	$ -	**$ 1,524,250**	$ -
Fair value transfers on option exercises	**238,650**	-	**238,650**	-

--The accompanying notes form an integral part of the condensed interim consolidated financial statements—

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1) Nature of operations and going concern

Angkor Gold Corp. (“Angkor” or the “Company”), was incorporated under the laws of the Province of British Columbia, Canada on 16 October 2008. 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 condensed interim consolidated financial statements were approved and authorized for issue on 27 June 2017 by the Board of Directors. The registered address of the Company is Box 153, Sexsmith, Alberta, T0H 3C0. The Company commenced trading as a Tier 2 mining issuer on the TSX Venture Exchange (the “Exchange”) on 19 October 2011 under the trading symbol “ANK”.

These condensed interim consolidated financial statements (the “Financial Statements”) have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company’s ability to continue in operation for the foreseeable future and to realize its assets and discharge its liabilities in the normal course of operations.

There are several adverse conditions that cast substantial doubt upon the soundness of this assumption. The Company has negative working capital, has incurred operating losses since inception, has no source of revenue, is unable to self-finance operations and has significant on-going cash requirements to meet its overhead requirements and maintain its mineral interests. Further, the business of mining and exploration involves a high degree of risk and there can be no assurance that current or future exploration programs will result in profitable mining operations. The recoverability of intangible exploration and evaluation assets is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties. For the Company to continue to operate as a going concern it must obtain additional financing; although the Company has been successful in the past at raising funds, there can be no assurance that this will continue in the future. These factors indicate a material uncertainty that casts significant doubt over the Company’s ability to continue as a going concern.

If the going concern assumption were not appropriate for these Financial Statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the Condensed Interim Consolidated Statement of Financial Position classifications used and such adjustments could be material.

Rounded (‘000’s)	**30 April 2017**	31 July 2016
Working capital (deficit)	**$ (694,000)**	$ (1,786,000)
Accumulated deficit	**$ (29,372,000)**	$ (26,102,000)

2) Basis of preparation – Statement of Compliance

These Financial Statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

Since the unaudited condensed interim consolidated financial statements do not include all disclosures required by the IFRS for annual consolidated financial statements, they should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended 31 July 2016.

Notes to the Condensed Interim Consolidated Financial Statements

The policies set out were consistently applied to all the periods presented unless otherwise noted below. The preparation of condensed interim consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

3) Summary of significant accounting policies

The accounting policies and methods of computation followed in preparing these Financial Statements are the same as those followed in preparing the most recent audited annual consolidated financial statements. For a complete summary of significant accounting policies, please refer to the Company's audited annual consolidated financial statements for the year ended 31 July 2016. The following note was updated during the nine months ended 30 April 2017.

a) Basis of presentation

Subsidiaries

These Financial Statements incorporate the financial statements of the Company and the entities controlled by the Company, which consist of:

- Angkor Gold Corp. (Cambodia) Co., ("AGC"), which was incorporated in the Kingdom of Cambodia, owned 100% by the Company.
- Prairie Pacific Mining Corp. ("PPMC Canada"), which was incorporated in Canada, owned 100% by the Company.
- Liberty Mining International Pty Ltd. ("Liberty"), which was incorporated in the Kingdom of Cambodia, owned 100% by the Company.

Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3 of the Company's audited annual consolidated financial statements for the year ended 31 July 2016, management is required to make judgments, estimates and assumptions about the carrying amount and classification of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The following are the critical judgments and areas involving estimates, that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognized in the Financial Statements.

- 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 amortization;
- 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;
- The valuation of deferred income tax assets;
- The determination of the functional currency of the Company as the US dollar and the functional currency of the Company and other subsidiaries as the Canadian dollar; and
- 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.

4) Change in accounting policy

During the year ended 31 July 2016, the Company retroactively changed its accounting policy for exploration and evaluation expenditures. Previously, the Company capitalized acquisition costs and deferred exploration and evaluation expenditures of mineral properties to the specific mineral properties, net of recoveries received. Under the new policy, the Company capitalizes activities directly related to exploration and evaluation activities such as acquisition costs, exploration drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource. All other activities are expensed during the period. Management believes that this treatment provides a more accurate depiction of the asset base of the Company prior to establishing the economic feasibility of its resource base. As required by IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the Company included the restated statement of financial position as of 1 August 2014 in the audited financial statements for year ended 31 July 2016.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Company has accounted for this change in accounting policy on a retrospective basis with a restatement of the opening deficit balance and the exploration and evaluation asset for the prior period presented as if the new accounting policy had always been applied. The impact of this change is as follows:

	30 April 2016 As previously reported	Restatement	30 April 2016 As restated
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Exploration and evaluation assets	$ 18,099,918	$ (11,684,798)	$ 6,415,120
Total assets	19,719,255	(11,684,798)	8,034,457
Deficit – Closing	(16,889,695)	(11,982,225)	(28,871,920)
CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS			
Total expenditures	$ 1,676,570	$ 297,427	$ 1,973,997
Net loss after income tax	$ 1,533,724	$ 297,427	$ 1,831,151
CONSOLIDATED STATEMENT OF CASH FLOWS			
Loss for the period	$ 1,533,724	297,427	$ 1,831,151

5) Financial instruments and risk management

a) Financial instrument classification and measurement

Financial instruments of the Company carried on the Condensed Interim Consolidated Statement of Financial Position are carried at amortized cost.

The fair value of the Company's marketable securities are quoted in active markets. The Company classifies the fair value of these transactions according to the following hierarchy.

- Level 1 – quoted prices in active markets for identical financial instruments.
- Level 2 – quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3 – valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The nature of these instruments and operations expose the Company to certain risks. The Company manages and monitors its exposure to these risks to ensure appropriate measures are implemented in a timely and effective manner.

b) Market risk

Market risk is the risk that changes in market prices will affect the Company's earnings or the value of its financial instruments. Market risk is comprised of commodity price risk and interest rate risk. The objective of market risk management is to manage and control exposures within acceptable limits, while maximizing returns. The Company is not exposed to significant market risk.

c) 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 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 exposed to credit risk as the unsecured promissory note receivable to Mesco is outstanding in the amount of $536,594 (US$450,000). However, the Company has amended the payment of this note to now involve a payment plan described in Note 10.

d) 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.

The contractual undiscounted future cash flows of the Company's significant non-derivative financial liabilities are as follows:

As at 30 April 2017	**Less than 1 Year**	**1 to 3 years**
Accounts payable and accrued liabilities	**$ 1,498,379**	**$ -**
	$ 1,498,379	**$ -**

As at 31 July 2016	Less than 1 Year	1 to 3 years
Accounts payable and accrued liabilities	$ 1,565,256	$ -
Net smelter return buy-back option	1,145,288	-
	$ 2,710,544	$ -

e) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

f) 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 dollar performance bonds. 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 is exposed to foreign exchange risk. The Company has not entered into any derivative instruments to manage foreign exchange fluctuations; however, management monitors foreign exchange exposure and if rates continue to fall management will look at entering into derivative contracts. Should the USD-CAD exchange have changed by 12% at the period end the impact to profit or loss would be +/- $63,000.

The Company's monetary assets and liabilities denominated in U.S. dollars are shown here in Canadian dollars

		30 April 2017		31 July 2016
Cash	$	**91,768**	$	316,729
Promissory note receivable	$	**536,594**	$	652,800
Performance bond	$	**-**	$	104,448
Accounts payable	$	**(181,234)**	$	(53,158)
NSR buy back option	$	**-**	$	(1,145,288)

6) Social Development

During the year ended 31 July 2016, under a consulting agreement with the Company's Chief Executive Officer ("CEO") $9,500 per month payable to the CEO for services rendered was 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 31 July 2016, a provision of $294,582 (31 July 2015 - $180,582) is included in accounts payable and accrued liabilities with respect to these expenditures.

During the nine months period ended 30 April 2017, the Company and the CEO agreed to amend the terms of the agreement that all fees relating to the services rendered by the CEO will be classified as "salaries, wages, and benefits" within the condensed interim consolidated statement of loss and comprehensive loss and the previously accrued amounts will be settled as such with the CEO.

As a result, the Company has reclassified $28,500 for the three months ended 30 April 2016 and $85,500 for the nine months ended 30 April 2016 from "social development expense" to "salaries, wages and benefits" within the condensed interim consolidated statement of loss and comprehensive loss as this reclassification more accurately reflects the nature of the originally accrued expense.

7) Property and Equipment

	Heavy Equipment	IT Equipment	Processing Equipment	Small Equipment and Tools	Vehicles	Total
COST OR DEEMED COST						
Balance at 1 August 2015	$ 53,791	$ 28,024	$ 10,545	$ 154,504	$ 205,227	$ 452,091
FX Adjustment	(136)	(159)	(27)	(518)	(777)	(1,617)
Additions	-	5,211	-	7,602	15,353	28,166
Balance at 31 July 2016	53,655	33,076	10,518	161,588	219,803	478,640
FX Adjustment	**2,491**	**1,535**	**489**	**7,500**	**10,833**	**22,848**
Additions	**-**	**-**	**-**	**-**	**20,206**	**20,206**
Balance at 30 April 2017	**$ 56,146**	**$ 34,611**	**$ 11,007**	**$ 169,088**	**$ 250,842**	**$ 521,694**
AMORTIZATION						
Balance at 1 August 2015	$ 53,791	$ 17,940	$ 8,999	$ 87,177	$ 150,251	$ 318,158
FX Adjustment	(136)	(164)	(29)	(520)	(700)	(1,549)
Amortization	-	7,060	392	17,774	19,036	44,262
Balance at 31 July 2016	53,655	24,836	9,362	104,431	168,587	360,871
FX Adjustment	**2,491**	**1,152**	**435**	**4,848**	**7,828**	**16,754**
Amortization	**-**	**3,450**	**220**	**10,496**	**13,968**	**28,134**
Balance at 30 April 2017	**$ 56,146**	**29,438**	**10,017**	**119,775**	**190,383**	**405,759**
CARRYING AMOUNTS						
At 31 July 2016	$ -	$ 8,240	$ 1,156	$ 57,157	$ 51,216	117,769
At 30 April 2017	**$ -**	**$ 5,173**	**$ 990**	**$ 49,313**	**$ 60,459**	**$ 115,935**

8) Exploration and evaluation assets

The Company has interests in mineral properties; details of which follow for the period ended 30 April 2017 and the year ended 31 July 2016:

	Andong Meas (ADM)	Banlung North (BLN)	Banlung South (BLS)	Koan Nheak (KHN)	TK	Oyadao (OY)	Oyadao South (OYS)	Total
Balance at 1 August 2015	$ 1,236,615	$ 451,959	$ 2,148,604	$ 1,896,642	$ 141,410	$ 218,317	$ 474,984	$ 6,568,531
Additions	190,535	104,962	205,351	17,398	29,612	53,768	523,906	1,125,532
Funds received under option agreements	-	-	(194,650)	-	-	-	-	(194,650)
Write-down of exploration and evaluation assets	-	-	-	-	(172,179)	-	-	(172,179)
Adjustment on currency translation	7,447	4,102	8,026	680	1,157	2,101	20,476	43,989
Balance at 31 July 2016	$ 1,434,597	$ 561,023	$ 2,167,331	$ 1,914,720	$ -	$ 274,186	$ 1,019,366	$ 7,371,223
Balance at 1 August 2016	**$ 1,434,597**	**$ 561,023**	**$ 2,167,331**	**$ 1,914,720**	**$ -**	**$ 274,186**	**$ 1,019,366**	**$ 7,371,223**
Additions	**66,749**	**385,848**	**130,805**	**99,456**	**-**	**60,259**	**70,695**	**813,812**
Funds received under option agreements	**-**	**-**	**(513,487)**	**-**	**-**	**-**	**-**	**(513,487)**
Write down of exploration and evaluation assets	**-**	**(972,911)**	**-**	**-**	**-**	**-**	**-**	**(972,911)**
Adjustments on currency translation	**66,587**	**26,040**	**100,598**	**88,873**	**-**	**12,726**	**47,315**	**342,139**
Balance at 30 April 2017	**$ 1,567,933**	**$ -**	**$ 1,885,247**	**$ 2,103,049**	**$ -**	**$ 347,171**	**$ 1,137,376**	**$ 7,040,776**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

<u>During the nine months ended 30 April 2017:</u>

On 6 March 2017, the Company determined no further work was warranted on the Banlung North property and as a result has dropped the property from its holdings and no longer owns any interest in the property. As a result of this management assessment, the Company has written off accumulated costs pertaining to that property in the amount of $972,911 in accordance with the accounting policy described in the audited Consolidated Financial Statements as at 31 July 2016.

On 16 March 2017, the Company announced it had successfully renewed five exploration licenses for an initial three year term with the option to extend a further four years. The exploration licenses include: Andong Meas, Banlung South, Koan Nheak, Oyadao and Oyadao South.

a) Mesco Gold (Cambodia) Ltd. ("Mesco") Agreements:

On 20 February 2013, the Company sold to 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 was to receive a 10% Net Smelter Return ("NSR") (the "Mesco Return") (subsequently adjusted to a sliding scale NSR based on the gold price, see below) from all future production at the Phum Syarung prospect. Mesco paid the Company US$1,200,000 (US$700,000 in cash and a US$500,000 promissory note described in Note 10), for the prospect. The costs that had been capitalized to the portion of the license sold totalled US$503,355 resulting in the gain on sale of Phum Syarung prospect of $701,485 (US$696,645).

On 11 November 2013, the Company closed a Purchase Agreement with Mesco which extended their existing land package from 6 square kilometres to 12 square kilometres to include Angkor's recently identified Blue Lizard prospect. Angkor was to receive US$700,000 in staged payments through 2013 – 2015. This payment was in addition to the US$1,200,000 from its sale of the Phum Syarung Prospect in February 2013. The Company received the proceeds for this transaction before the end of fiscal 2015.

Angkor and Mesco agreed to amend the 10% Mesco Return and to introduce a 2-7.5% sliding scale NSR on production from the expanded land package based on the price per ounce of gold.

In addition, the Company assigned 2.5% of the NSR to various individuals and subsequently purchased back the NSR option described in Note 9.

On 6 December 2015, the Company entered into an agreement with Mesco to explore Angkor's 100% owned Oyadao North tenement in Ratanakiri Province, Cambodia. The agreement gives Mesco the right to acquire an 85% participating interest in the Oyadao North project and license. The Commencement Date of the agreement is deemed to be the later of (i) the date of the agreement, (ii) date of receipt of the written confirmation from the Ministry of Mines and Energy of the Kingdom of Cambodia (as defined in the agreement) and (iii) the date of the fully executed amendment to the Amended and Restated NSR agreement between Mesco and the Company described above.

Mesco is entitled to its participating interest from the Commencement Date, in return for which Mesco will (i) pay all liabilities and perform all obligations under the license post Commencement Date, (ii) pay all Expenditures (as defined in the agreement) post Commencement Date and (iii) make minimum Expenditure payments of $250,000 for each of five years post Commencement Date subject to certain maximum amounts as detailed in the agreement.

<u>During the nine months ended 30 April 2017:</u>

As at 30 April 2017, $536,594 (US$450,000) (31 July 2016 - $652,800, US$500,000) is outstanding and has been included in promissory notes receivable described in Note 10.

As at 30 April 2017, the Commencement Date for the agreement dated 6 December 2015 was not established.

b) Blue River Resources ("Blue River") Agreement:

On 3 May 2016 the Company entered into an agreement with Blue River to explore Angkor's 100% owned Banlung tenement in Ratanakiri Province, Cambodia. The agreement gives Blue River the right to acquire up to a 70% interest in the Banlung license upon exercise of the First, Second, Third and Fourth options, as defined in the agreement. Blue River initially has the right, based on the first three options, to participate in up to a 50% interest in the Banlung license after the completion of a total investment of US$3.5 million in exploration expenditures over a 4-year period. Once the first 3 options have been satisfied, Blue River may then exercise their option on an additional 20% interest of the Banlung tenement through the commission and completion of a Bankable Feasibility Study (as defined in the agreement) on the property or portion thereof.

The payments required are based on the following schedule:

Option 1 – 10% earn-in interest

- US$50,000 to paid to the Company upon execution of the agreement (paid);
- US$50,000 to paid to the Company within 30 days of the execution of the agreement (paid);
- US$200,000 of exploration and development expenditures to be incurred or caused to be incurred by 30 June 2016 (paid);
- US$200,000 of exploration and development expenditures to be incurred or caused to be incurred by 31 December 2016 (paid);
- US$200,000 of exploration and development expenditures to be incurred or caused to be incurred by 30 June 2017 (paid US$100,000);
- US$200,000 of exploration and development expenditures to be incurred or caused to be incurred by 31 December 2017;
- US$100,000 of exploration and development expenditures to be incurred or caused to be incurred by 31 March 2018;

Option 2 – 30% earn-in interest

- US$1,500,000 of exploration and development expenditures to be incurred within two years of all the cash payments and expenditures under Option 1 having been incurred;

Option 3 – 10% earn-in interest

- US$1,000,000 to be paid to the Company within one year of all the expenditures under Option 2 having been incurred;

Option 4 – 20% earn-in interest

- Exercisable at any time subsequent to the exercise of Options 1-3 and upon completion of a Bankable Feasibility Study;

After exercise of Option 4, Angkor has the option, at its sole discretion, to continue to hold the 30% free-carried participating interest in the property or to convert this to a 5% NSR provided that, if, subsequent to the conversion to the 5% NSR, Blue River enters into a proposed sale of the property with a third party then Angkor will have a right of first refusal to match any written offer and to convert its 5% NSR to a 30% free-carried participating interest in the property.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

During the nine months ended 30 April 2017:

The Company recognized $513,487 (31 July 2016 - $194,650) from Blue River which are recorded against the exploration and evaluation asset base for Banlung property and recorded $140,503 which is included in accounts receivable.

c) Agreement to sell 5% beneficial interest in exploration and evaluation assets

On 26 February 2015, the Company entered into an agreement with various investors ("Participants") for gross proceeds of $1,427,933. The agreement resulted in a sale of a 5% beneficial interest in all mineral claims, including the potential NSR of Phum Syarung described in Note 8. Of this 5%, 1% (total investment of $285,667) is held by the spouse of the CEO.

The Company retained the right to buy back this beneficial interest at fair value within two years.

The total proceeds received were deducted from the cost of total exploration and evaluation assets during the year ended 31 July 2015.

During the nine months ended 30 April 2017:

The two-year period whereby the Company had the right to buy-back the 5% beneficial interest expired. Management is currently working with the various investors to extend the buy-back option period but there is no guarantee that the buy-back option period will be successfully extended.

d) Japan Oil, Gas and Metals National Corporation ("JOGMEC") Agreement:

On 14 June 2016, the Company entered into a joint exploration agreement with JOGMEC to explore the Company's 100% owned Oyadao license. The agreement gives JOGMEC the option to acquire 51% of the Oyadao South license for a total investment of US$3 million in exploration expenditures over a 3-year period, subject to meeting a minimum expenditure of US$1 million at the end of each of 31 March 2017, 2018, 2019, respectively. In addition, a condition of the agreement was that the Company acquire a renewal or a new license with a minimum 3-year term. JOGMEC may accelerate its earn-in period by meeting the minimum expenditure of US$3 million at any time prior to 31 March 2019.

During the nine months ended 30 April 2017:

The Company renewed the license for an initial 3-year term with the option to extend a further 4 years. The exploration expenses have not hit the first milestone for this agreement.

9) Net Smelter Return buy-back option

During the year ended 31 July 2015, the Company assigned, to various individuals, 2.5% of the Mesco Return (the "Mesco Return Interest") described in Note 8 for gross proceeds of US$875,000. Of the various individuals that purchased the Mesco Return Interest, 1% or US$350,000 was assigned to a director and officer of the Company to cover debts owed to them.

The Company had the option to re-purchase the Mesco Return Interest from the recipients at a price equal to 115-150% of the purchase price if exercised within a period of 2 years.

In the event that Mesco formally declared that it will not mine the license area or in the event the Company becomes aware of circumstances that make it impossible for Mesco to mine the license area, the Company would repurchase the NSR interest at a price equal to 150% of the purchase price. The exercise price could be payable through the issuance of common shares at a deemed price equal to the last closing price of the common shares of the Company on the TSX Venture Exchange.

During the nine months ended 30 April 2017:

On 16 December 2016, the Company announced the completion of the buy back of the 2.5% of Mesco Return Interest for an amount equal to 130% of the original purchase price of US$875,000 which was paid by the Company in common shares at the deemed price of $0.40 per share for a total of 3,810,625 common shares. This allowed the Company to maintain its original rights to the 2.5% NSR based on the sliding scale depending on the price of gold described in Note 8.

10) Promissory note receivable

As part of the agreement dated 20 February 2013 with Mesco, the Company received a note payable of US$500,000 from the sale price in the amount of US$1,900,000 from sale of Phum Syarung Prospect. This promissory note is unsecured and bears no interest.

During the nine months ended 30 April 2017, the Company agreed to amend the note payable in the amount of US$500,000 so that it could be paid in scheduled installments. The initial installment payment of US$50,000 was due on 25 March 2017 (received on 20 March 2017) with additional payments of US$30,000 required every three months until the US$500,000 is retired or the earlier of an amended mining license being issued or Mesco begins processing ore at Phum Syarung.

The note receivable is initially measured at fair value, adjusted for transaction costs, and is subsequently measured at amortized cost using the effective interest method. As at 30 April 2017, the effective interest rate is 7% which is the rate that discounts the remaining balance of $536,594 (US$450,000) over the expected life of this promissory note as follows:

		30 April 2017
Promissory note receivable – face value	$	614,754
Less: discount		(78,160)
Carrying amount		**536,594**
Less current portion		(163,934)
Non-current portion	**$**	**372,660**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

11) Share capital

a) Authorized:

Unlimited common shares without par value.

b) Issued or allotted and fully paid:

See Condensed Interim Consolidated Statements of Changes in Equity for further detail.

	Number of Shares	Amount
Balance 1 August 2015	93,165,754	$ 27,730,956
Shares issued upon exercise of options	190,000	81,672
Private placement – net of share issuance costs	3,126,000	1,250,400
Balance 31 July 2016	96,481,754	$ 29,063,028
Shares issued upon exercise of options	**1,110,000**	**516,150**
Shares issued for NSR buy-back	**3,810,625**	**1,524,250**
Private placement – net of share issuance costs	**1,506,250**	**475,000**
Balance 30 April 2017	**102,908,629**	**$ 31,578,428**

On 21 April 2016, 190,000 common shares issued upon exercise of options with an exercise price of $0.32 per option for a value of $60,800 in settlement of accounts payable. Of the $60,800, the Company settled $19,200 in accounts payable owing to officers of the Company.

On 28 July 2016, the Company completed a non-brokered private placement for 3,126,000 Units at $0.40 per unit for gross proceeds of $1,250,400. Each Unit comprises one common share plus one half warrant, with each full warrant exercisable at $0.50 per common share within one year from the issuance of the Units. Of the total funds raised, $783,000 was received subsequent to 31 July 2016. The value of $93,780 ascribed to the warrants was determined on a residual value basis.

On 19 October 2016, 1,110,000 common shares were issued upon exercise of options with an exercise price of $0.25 per option for a value of $277,500. Of the value of $277,500, the Company received $24,900 cash, $149,146 was applied to settle current period expenses and $38,750 is included in accounts receivable at 30 April 2017. Of the $149,146 used to settle current expenses, $111,646 is included in salaries, wages and benefits and $37,500 is included in professional fees within the statements of loss and comprehensive income for the nine months ended 30 April 2017. Upon exercise of the options, $238,650 in contributed surplus was allocated to share capital.

On 16 December 2016, the Company issued 3,810,625 common shares of the Company with a value of $1,524,250 to complete the NSR buy-back (Note 9).

On 11 April 2017, the Company completed a non-brokered private placement for 1,506,250 shares at $0.32 per share for gross proceeds of $482,000. No commissions were paid on the private placement. Of the total shares, approximately 337,500 were purchased by management of Angkor.

c) Summary of stock option activity

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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.

During the nine months ended 30 April 2017:

On 11 April 2017, the Company granted 2,990,000 incentive stock options to its directors, officer, and consultants at an exercise price of $0.38 per share and a life of five years from the date of grant. These options vested immediately.

On 19 October 2016, 1,110,000 common shares were issued upon exercise of options with an exercise price of $0.25 per option for a value of $277,500. Upon exercise of the options, $238,650 in contributed surplus was allocated to share capital.

Stock option activity during periods ended 30 April 2017 and 31 July 2016 are as follows:

STOCK OPTION ACTIVITY	30 April 2017		Weighted Average Exercise price	31 July 2016		Weighted Average Exercise price
Balance – beginning of period	**4,559,000**	**$**	**0.20**	2,789,000	$	0.30
Granted	**2,990,000**		**0.38**	2,250,000		0.45
Expired	**(512,000)**		**0.10**	(290,000)		0.28
Exercised	**(1,110,000)**		**0.25**	(190,000)		0.32
Balance – end of period	**5,927,000**	**$**	**0.29**	4,559,000	$	0.20

Details of stock options outstanding as at 30 April 2017 and 31 July 2016 are as follows:

Date of Grant	Expiry Date		Exercise Price	30 April 2017 Outstanding	30 April 2017 Exercisable	31 July 2016 Outstanding
19 October 2011	19 October 2016	$	0.25	**-**	**-**	1,247,000
28 March 2012	28 March 2017	$	0.22	**-**	**-**	230,000
7 June 2012	7 June 2017	$	0.34	**30,000**	**30,000**	30,000
4 December 2012	4 December 2017	$	0.24	**235,000**	**235,000**	235,000
21 March 2014	21 March 2017	$	0.32	**-**	**-**	145,000
21 June 2014	21 June 2017	$	0.33	**150,000**	**150,000**	150,000
13 April 2015	13 April 2020	$	0.19	**272,000**	**272,000**	272,000
7 August 2015	7 August 2017	$	0.11	**250,000**	**250,000**	250,000
14 June 2016	14 June 2021	$	0.20	**2,000,000**	**2,000,000**	2,000,000
11 April 2017	11 April 2022	$	0.38	**2,990,000**	**2,990,000**	-
				5,927,000	**5,927,000**	4,559,000

d) Escrowed Shares

During 2011 the Company and PPMC Canada completed a reverse take-over transaction. As a result of that transaction each party entered into share escrow agreements (the PPMC Canada and CPC escrow agreements), whereby a total of 11,752,081 shares were initially held in escrow to be released according to a pre-determined release schedule. All shares, under each escrow agreement, were released from escrow during the year ended 31 July 2016.

e) Warrants

WARRANTS	30 April 2017	Weighted Average Exercise price	31 July 2016	Weighted Average Exercise price
Balance – beginning of period	**1,563,000**	**$ 0.50**	-	$ -
Issued	**-**	**-**	1,563,000	0.50
Balance – end of period	**1,563,000**	**$ 0.50**	1,563,000	$ 0.50

Details of warrants outstanding as at 30 April 2017 are as follows:

Date of Grant	Expiry Date	Exercise Price	30 April 2017	30 April 2016
28 July 2016	28 July 2016	$ 0.50	**1,563,000**	1,563,000
			1,563,000	1,563,000

On 28 July 2016, the Company completed a non-brokered private placement issuing 3,126,000 Unit at $0.40 per Unit for gross proceeds of $1,250,000. Each Unit comprised of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share for $0.40 until 28 July 2017. These warrants were extended subsequent to the period end (See note 15).

	30 April 2017	31 July 2016
The outstanding warrants have a weighted-average exercise price of:	**$ 0.50**	$ 0.50
The weighted average remaining life of the outstanding warrants (years):	**0.24**	0.99

f) Share-based payments

During the period ended 30 April 2017, the Company granted 2,990,000 incentive stock options to its directors, officer, and consultants and recognized share based payments as follows:

	30 April 2017	31 July 2016
Total Options Granted	**2,990,000**	2,250,000
Average exercise price	**$ 0.38**	$ 0.45
Estimated fair value of compensation	**$ 247,000**	$ 437,079
Estimated fair value per option	**$ 0.08**	$ 0.19

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The fair value of the stock-based compensation of options to be recognized in the accounts has been estimated using the Black-Scholes Model with the following weighted-average assumptions:

	30 April 2017	31 July 2016
Risk free interest rate	**1.08%**	0.65%
Expected dividend yield	**0.00%**	0.00%
Expected stock price volatility (calculated monthly)	**72.00%**	71.00%
Expected option life in years	**5.0**	5.0
Expected maturity rate	**100%**	100%

The Black-Scholes Option Pricing Model was created for use in estimating the fair value of freely tradable, fully transferable options. The Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the highly subjective input assumptions can materially affect the calculated values, management believes that the accepted Black-Scholes model does not necessarily provide a reliable measure of the fair value of the Company's stock option awards.

12) Related party transactions

Transactions and balances with related parties not disclosed elsewhere in the Financial Statements are as follows:

RELATED PARTY DISCLOSURE

Name and Principal Position	Period[(i)]		Remuneration or fees[(ii)]		Share-based awards		Amounts Payable
Mike Weeks – CEO	**2017**	**$**	**105,500**	**$**	**31,391**	**$**	**806,577**
	2016	$	36,000	$	-	$	-
Delayne Weeks, VP of Social Development	**2017**	**$**	**20,000**	**$**	**24,783**	**$**	**412,851**
	2016	$	36,000	$	-	$	-
Terry Mereniuk, Interim CFO	**2017**	**$**	**34,250**	**$**	**28,913**	**$**	**-**
	2016	$	-	$	-	$	-
Stephen Burega, VP of Corporate	**2017**	**$**	**63,000**	**$**	**27,964**	**$**	**-**
Development	2016	$	56,970	$	150,000	$	-

(i) For the nine month periods ended 30 April 2017 and 2016.

(ii) Amounts disclosed were paid or accrued to the related party.

These transactions were in the normal course of operations, which is the amount of consideration established and agreed to by the related parties. There are no set terms of repayment for the balances owed to the related parties.

13) Commitments

The Company previously entered into an exploration services agreement with Beijing Explo-Tech Engineering Co. Ltd. ("BETEC") under the following terms:

Cash payments due were $287,500 of which $203,500 was made during fiscal 2016 and $46,200 (US$35,000) was paid during the nine months ended 30 April 2017. In addition to the cash payments, the Company was due to issue BETEC shares of the Company with an aggregate value of $287,500.

During the nine months ended 30 April 2017, the Company renegotiated the terms of the agreement with BETEC such that all previous cash payments were deemed satisfied, and the shares issuable under the agreement were replaced with a cash payment due of $180,000. The renegotiated cash payment is payable in twelve equal installments of $15,000 beginning on 1 December 2016. As at 30 April 2017, the Company had advanced BETEC $75,000 under the amended terms.

14) 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, and 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 30 April 2017, the Company's capital structure consists of 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. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable.

During the nine months ended 30 April 2017, 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 planned financings, sufficient capital resources are available to support further expansion and development of its mining assets.

15) Subsequent events

Subsequent to the year end, TSX Venture Exchange accepted the Company's request to extend the expiry date of 1,563,000 common share purchase warrants by twelve months that were issued as part of a non-brokered private placement completed by the Company in July 2016. The new expiry date is 29 July 2018.

On 21 June 2017 150,000 options priced at $0.33 expired unexercised.

On 26 June 2017, the Company reported the results of the Annual General and Special Meeting of Shareholders held July 23, 2017. At the meeting shareholders approved and the Company announced that, subject to the TSX Venture Exchange approval, 589,164 shares at a deemed price of $0.40 will be issued to the CEO for debt, representing a portion of his accrued salary for several years.