Consolidated Financial Statements
(Expressed in Canadian dollars)

ANGKOR GOLD CORP.

(Formerly Weifei Capital Inc.)
(An Exploration Stage Enterprise)

Years ended July 31, 2012 and 2011

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Angkor Gold Corp.

We have audited the accompanying consolidated financial statements of Angkor Gold Corp., which comprise the consolidated statement of financial position as at July 31, 2012, the consolidated statements of comprehensive loss, changes in equity and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Angkor Gold Corp. as at July 31, 2012, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 3 in the consolidated financial statements which indicates that Angkor Gold Corp. has a comprehensive loss of $3,097,638 for the year ended July 31, 2012, a deficit of $12,652,247 as at July 31, 2012 and negative cash flows from operations, before the net change in non-cash working capital items, of $1,487,318 for the year ended July 31, 2012. These conditions, along with other matters as set forth in note 3 in the consolidated financial statements, 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

Without modifying our opinion, we draw attention to note 2 to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended July 31, 2011 has been restated.

The consolidated financial statements of the predecessor company Prairie Pacific Mining Corporation as at and for the year ended July 31, 2011, excluding the restatement described in note 2 to the consolidated financial statements, were audited by another auditor who expressed an unmodified opinion on those financial statements on November 28, 2011.

As part of our audit of the consolidated financial statements as at and for the year ended July 31, 2012, we audited the restatement described in note 2 to the consolidated financial statements that was applied to restate the comparative information as at and for the year ended July 31, 2011. In our opinion, the restatement is appropriate and has been properly applied.

We were not engaged to audit, review, or apply any procedures to the consolidated financial statements as at and for the year ended July 31, 2011 other than with respect to the restatement described in note 2 to the consolidated financial statements and, accordingly, we do not express an opinion or any other form of assurance on the consolidated financial statements as at and for the year ended July 31, 2011 taken as a whole.

KPMG LLP (signed)

Chartered Accountants

November 28, 2012
Vancouver, Canada

ANGKOR GOLD CORP.

(Formerly Weifei Capital Inc.)
(An Exploration Stage Enterprise)

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

July 31, 2012 and 2011

		2012		2011
				(Restated - note 2)
Assets				
Current assets:				
Cash and cash equivalents	$	1,371,441	$	457,085
Amounts receivable		40,834		6,132
Prepaid expenses and deposits		40,280		121,334
Receivable from shareholder		-		2,944
Subscription receivable		39,991		-
		1,492,546		587,495
Property and equipment (note 7)		127,885		104,599
Exploration and evaluation assets (note 8)		8,962,102		5,274,100
	$	10,582,533	$	5,966,194
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities (note 6)	$	682,231	$	551,915
Callable debt (note 11)		-		375,182
		682,231		927,097
Deferred income tax liability		110,309		22,741
		792,540		949,838
Shareholders' equity:				
Share capital (note 12)		19,316,329		11,174,888
Contributed surplus (note 12)		1,515,000		-
Deficit		(12,652,247)		(9,584,060)
Accumulated other comprehensive income		96,634		126,085
Subscription funds (note 14)		-		1,500,000
Warrants (note 12)		1,514,277		1,799,443
		9,789,993		5,016,356
	$	10,582,533	$	5,966,194

Going concern (note 3)
Subsequent event (note 19)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

"Terry Mereniuk" Director   "Mike Weeks" Director

ANGKOR GOLD CORP.

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Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

Years ended July 31, 2012 and 2011

	2012	2011 (Restated - note 2)
Expenditures:		
Salaries, wages and benefits	$ 666,625	$ 332,739
Corporate and social development (note 16)	233,088	75,776
Share-based compensation	710,885	2,041,414
Office expenses	324,285	294,159
Professional fees	263,320	203,235
Interest and banking costs	22,058	274,162
	2,220,261	3,221,485
Foreign exchange (gain) loss	(257,688)	297,500
Pre-exploration expenditures	72,843	191,447
Listing expense (note 17)	945,203	-
Loss before income taxes	2,980,619	3,710,432
Deferred income tax expense (recovery) (note 10)	87,568	(7,866)
Net loss for the year	3,068,187	3,702,566
Other comprehensive loss:		
Unrealized loss (gain) on translating financial statements	29,451	(51,509)
Total comprehensive loss for the year	$ 3,097,638	$ 3,651,057
Basic and diluted loss per share (note 13)	$ 0.05	$ 0.38

See accompanying notes to consolidated financial statements.

ANGKOR GOLD CORP.

(Formerly Weifei Capital Inc.)
(An Exploration Stage Enterprise)

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

Years ended July 31, 2012 and 2011

	Share capital	Deficit	Accumulated other comprehensive income	Subscription funds	Warrants	Contributed surplus	Total
Balance, July 31, 2010, (restated – note 2)	$ 7,404,807	$ (5,881,494)	$ 74,576	$ 1,416,231	$ -	$ -	$ 3,014,120
Issuance of common shares	3,475,558	-	-	-	-	-	3,475,558
Loss for the year	-	(3,702,566)	-	-	-	-	(3,702,566)
Unrealized gain on translation of financial statements	-	-	51,509	-	-	-	51,509
Conversion of subscription funds	-	-	-	(1,416,231)	-	-	(1,416,231)
Receipt of subscription funds	-	-	-	1,500,000	-	-	1,500,000
Issuance of warrants	-	-	-	-	2,091,013	-	2,091,013
Exercise of warrants	294,523	-	-	-	(291,570)	-	2,953
Balance, July 31, 2011 (restated – note 2)	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)
Receive 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

See accompanying notes to consolidated financial statements.

ANGKOR GOLD CORP.

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Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

Years ended July 31, 2012 and 2011

	2012	2011 (Restated - note 2)
Cash provided by (used in):		
Operations:		
Loss for the year	$ (3,068,187)	$ (3,702,566)
Deferred income tax expense	87,568	(7,866)
Accrued interest on callable debt (note 11)	-	42,148
Accretion	-	103,709
Foreign exchange (gain) loss	(257,688)	297,500
Listing expense (note 17)	945,203	-
Write-down of mineral properties	72,843	-
Non-cash interest on convertible debentures	-	274,162
Share-based compensation (note 12)	710,885	2,041,414
Interest expense	22,058	-
	(1,487,318)	(951,499)
Changes in non-cash operating working capital:		
Amounts receivable	(34,702)	7,097
Prepaid expenses and deposits	81,054	(118,093)
Receivable from shareholder	2,944	(2,944)
Accounts payable and accruals	(31,393)	(93,562)
	(1,469,415)	(1,159,001)
Financing:		
Issuance of common shares (net of share issue costs and adjusted for non-cash share issue costs)	5,883,595	386,235
Receipt of option premium	30,500	-
Exercise of options	166,442	-
Exercise of warrants	5,452	2,944
Receipt of subscription funds (net of share issue costs)	10,500	1,383,000
Repayment of callable debt (note 11)	(375,182)	-
Advances of convertible debt	-	510,200
Advances from shareholders	-	623,034
Repayment of advances from shareholders	-	(290,000)
Interest paid	(29,801)	-
	5,691,506	2,615,413
Investments:		
Purchases of property and equipment	(58,215)	(53,056)
Advancement of exploration and evaluation assets (note 8)	(3,108,916)	(1,990,935)
	(3,167,131)	(2,043,991)
Net effect of translation of foreign currency cash	(140,603)	(8,010)
Increase (decrease) in cash and cash equivalents	914,357	(595,589)
Cash and cash equivalents, beginning of year	457,085	869,093
Cash and cash equivalents, end of year	$ 1,371,442	$ 273,504

See accompanying notes to consolidated financial statements.

1. Organization and description of business:

Angkor Gold Corp., formerly Weifei Capital Inc., ("Angkor" or the "Company") was incorporated under the laws of the Province of British Columbia on October 16, 2008. On October 7, 2011, the Company completed a reverse acquisition (the "Qualifying Transaction", note 16). 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 28, 2012 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 16), 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"). The comparative financial statements reflect the operations and financial position of PPMC Canada.

In connection with the Qualifying Transaction, the Company changed its name to Angkor Gold Corp., ceased to be a Capital Pool Company ("CPC") as defined by Policy 2.4 of the TSX Venture Exchange (the "Exchange"), and commenced trading as a Tier 2 mining issuer on the TSX Venture Exchange on October 19, 2011. On commencement of trading, the Company's trading symbol changed from "WF.P" to "ANK".

2. Restatement:

During the year ended July 31, 2012, and in connection with the reverse acquisition (note 17), management undertook a review of all accounting policies for its subsidiaries in comparison to current international financial reporting standards and has adjusted the comparative period financial statements for the following errors:

(a) As a result of a correction to the estimated tax basis for the exploration and evaluation asset and to recognize the exchange differences on deferred foreign tax liabilities, the Company has corrected the opening deficit by $30,607, recorded a deferred tax liability at July 31, 2011 of $22,741 and recorded a deferred income tax recovery of $7,866 for the year ended July 31, 2011 (see note 10).

(b) The Company determined that there were unrecorded liabilities with respect to activities associated with its exploration and evaluation expenditures in Cambodia. As a result, the Company recorded an increase to exploration and evaluation assets of $221,282 and a corresponding increase to accounts payables and accruals for the year ended July 31, 2011.

(c) The Company determined that certain exploration expenditures capitalized to exploration and evaluation assets in the year ended July 31, 2011 were better characterized as pre-exploration expenditures and, therefore, should be recorded in the consolidated statement of comprehensive loss. Accordingly, the Company recorded a pre-exploration expense of $191,447 for the year ended July 31, 2011 and reduced exploration and evaluation assets by a corresponding amount as at July 31, 2011.

2. Restatement (continued):

The above adjustments have the following effect to the comparative financial statements.

	As reported	Adjustments		As restated
	($)	($)		($)
Balance sheet				
Exploration and evaluation assets	5,243,715	30,385	b,c	5,274,100
Accounts payable and accruals	330,084	221,831		551,915
Deferred income tax liabilities	-	22,741		22,741
Statement of comprehensive loss				
Pre-exploration expenditures	-	191,447	a	191,447
Deferred income tax recovery	-	(7,866)	a	(7,866)
Net loss	3,518,985	183,581		3,702,566
Basic and diluted loss per share	0.36	0.02		0.38
Statement of comprehensive loss				
Deficit at July 31, 2010	5,850,887	30,607		5,881,494
Statement of cash flow				
Net loss	3,518,985	183,581		3,702,566
Accounts payable and accruals	90,019	102,581		(93,562)
Advancement of exploration and evaluation assets	2,182,382	191,547		1,990,835

3. 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 $3,097,638 for the year ended July 31, 2012, accumulated losses of $12,652,247 as at July 31, 2012 and negative cash flows from operations before the net change in working capital items, of $1,487,318 for the year ended July 31, 2012.

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.

4. Statement of compliance:

The Company's consolidated financial statements have been prepared in accordance with and using accounting policies in full compliance with the 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, 2012 and 2011.

5. 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, and Prairie Pacific Mining (Cambodia) Co. Ltd. ("PPMC 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 consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company. The functional currency of PPMC Canada and PPMC Cambodia is Canadian dollars and US dollars, respectively.

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 transaction. 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 comprehensive loss for the year.

Assets and liabilities of entities with functional currencies other than Canadian dollars are translated at the period-end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. The resulting translation adjustments are included 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.

4. Significant accounting policies (continued):

(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.

5. 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 intension 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 measured at amortized cost using the effective interest method, less any impairment losses. The effective interest method is used to spread the total costs of or income from a financial instrument over the life of the instrument. This category includes cash and cash equivalents, amounts receivable, receivable from shareholder and subscription receivable.

(*ii*) Equity and other financial liabilities:

Equity:

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the sum of the proceeds received, net of direct issue costs.

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 corresponding period. 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 and callable debt as other financial liabilities.

5. Significant accounting policies (continued):

(g) Financial instruments (continued):

(*ii*) Equity and 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.

The conversion feature associated with convertible debentures that have an exercise price in US dollars which differs from the functional currency of the Company (Canadian dollars) is treated as a derivative financial liability and the fair value movement during the period is recognized in the statement of comprehensive loss.

Interest, dividends, losses, and gains relating to the financial liability are recognized in profit or loss in financing costs.

The derivative liability is designated at fair value through profit or loss. The debt component of the convertible debenture was classified as other financial liabilities.

(*iii*) Compound financial instruments:

Compound financial instruments issued by the Company may comprise convertible debentures or warrants that can be converted to common shares at the option of the holder for a fixed number of common shares.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component, if any, is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

(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.

5. Significant accounting policies (continued):

(i) Property and equipment:

Property and equipment ("PE") are initially recorded at cost. 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.

(j) Exploration and evaluation expenditures:

Exploration and evaluation expenditures 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.

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 and loss.

Expenditures incurred before the Company has obtained the legal rights to explore specific areas are expensed as pre-exploration expenditures in the consolidated statement of comprehensive 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.

5. 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 it recoverable amount, the asset is impaired and an impairment loss is charged to profit and loss so as to reduce the carrying amount in the statement of financial position to its recoverable amount.

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.

5. 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) Asset retirement obligations:

An asset retirement 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 as soon as 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.

Discount rates using a pre tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or 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 profit or 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 profit or 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.

5. 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.

(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 value-added taxes receivable which are included in the consolidated statements of financial position;
- 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 profit or loss; and,
- Management determination of 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.

(o) Critical accounting judgments:

Significant judgements about the future and other sources of judgement 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 PPMC Cambodia as the US dollar and the functional currency of the Company as the Canadian dollar.

5. Significant accounting policies (continued):

(p) New accounting pronouncements effective in future periods:

IFRS 9, *Financial Instruments*, was originally issued in November 2009 and reissued in October 2010 and will eventually form a complete replacement for IAS 39, *Financial Instruments: Recognition and Measurement*. This standard sets out the recognition and measurement requirements for financial instruments and some contracts to buy or sell non-financial items. This standard is effective for annual periods beginning on or after January 1, 2015. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

IFRS 10, *Consolidated Financial Statements*, was issued in May 2011 to replace IAS 27, *Consolidated and Separate Financial Statements*, and SIC 12, *Consolidation - Special Purpose Entities*. The new consolidation standard changes the definition of control so that the same criteria to determine control apply to all entities (both operating and special purpose entities). The revised definition states that both power and variable returns are required before control is present. This standard is effective for annual periods beginning on or after January 1, 2012. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

IFRS 11, *Joint Arrangements*, was issued in May 2011 to replace IAS 31, *Interest in Joint Ventures*. The new standard defines two types of arrangements, Joint Operations and Joint Ventures. Parties are required to recognize the individual assets and liabilities to which they have rights or for which they are responsible (even if the joint venture arrangement operates in a separate legal entity). This standard is effective for annual periods beginning on or after January 1, 2012. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

IFRS 12, *Disclosure of Interests in Other Entities*, was issued in May 2011 to provide comprehensive disclosure standards to enable users of financial statements to evaluate the nature of, and risks associated with, the Company's interest in other entities (subsidiaries, joint arrangements, unconsolidated "structured" entities and associates) and the effects of those interests on its financial position, financial performance and cash flows. This standard is effective for annual periods beginning on or after January 1, 2012. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

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5. Significant accounting policies (continued):

(p) New accounting pronouncements effective in future periods (continued):

IFRS 13, *Fair Value Measurement*, was issued in May 2011 and establishes a single framework for measuring fair value (of both financial and non-financial items measured at fair value) where that is required by other Standards. Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". IFRS 13 does not apply to share-based payment transactions accounted for under IFRS 2, leasing transactions within the scope of IAS 17, measurements that have some similarities to fair value but that are not fair value, such as net realizable value under IAS 2 Inventories or value in use under IAS 36, *Impairment of Assets*. This standard is effective for annual periods beginning on or after January 1, 2012. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

IAS 28, *Investments in Associates and Joint Ventures*, was reissued in May 2011 and outlines how to apply, with certain limited exceptions, the equity method to investments in associates and joint ventures. The standard also defines an associate by reference to the concept of "significant influence", which requires power to participate in financial and operating policy decisions of an investee (but not joint control or control of those polices). This standard is effective for annual periods beginning on or after January 1, 2012. The Company is currently assessing the impact of adopting this standard on its consolidated financial statements.

6. Corporate and 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 are to be retained by the Company for social development projects in the Kingdom of Cambodia. These amounts have been accrued as corporate and social development expenditures. At July 31, 2012, a provision of $114,000 (2011 - nil) 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.

7. Property and equipment:

	Heavy equipment	IT equipment	Processing equipment	Small equipment and tools	Vehicles	Buildings	Total
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

	Heavy equipment	IT equipment	Processing equipment	Small equipment and tools	Vehicles	Buildings	Total
Cost:							
Balance, August 1, 2010	$ 42,288	$ 2,608	$ 3,660	$ 15,602	$ 73,101	$ -	$ 137,259
Adjustment on currency translation	(3,089)	(191)	(267)	(1,140)	(5,340)	-	(10,027)
Additions	-	-	4,292	2,966	39,776	-	47,034
Balance, July 31, 2011	$ 39,199	$ 2,417	$ 7,685	$ 17,428	$ 107,537	$ -	$ 174,266
Accumulated depreciation:							
Balance, August 1, 2010	$ 16,520	$ 522	$ 732	$ 7,174	$ 20,914	$ -	$ 45,862
Adjustment on currency translation	(1,207)	(64)	(53)	(304)	(1,384)	-	(3,012)
Depreciation (capitalized)	7,840	1,154	893	393	16,537	-	26,817
Balance, July 31, 2011	$ 23,153	$ 1,612	$ 1,572	$ 7,263	$ 36,067	$ -	$ 69,667
Net book value July 31, 2011	$ 16,046	$ 805	$ 6,113	$ 10,165	$ 71,470	$ -	$ 104,599

8. 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 $2,249,354 and non-earn in payments of $1,029,000, which entitled the Company to 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%.

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, 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

	Non-earn in payments	Earn-in payments	Total
Cost:			
Balance, August 1, 2010	$ 1,029,000	$ 2,249,354	$ 3,278,354
Adjustment for currency translation	(75,166)	(164,309)	(239,475)
Additions	1,691,129	544,092	2,235,221
Balance, July 31, 2011	$ 2,644,963	$ 2,629,137	$ 5,274,100

9. Related party transactions:

Name	Country of incorporation	Relationships	% equity interest as at July 31, 2012
Prairie Pacific Mining Corp.	Canada	Subsidiary	100%
Prairie Pacific Mining (Cambodia) Co. Ltd.	Cambodia	Subsidiary	100%
Liberty Mining International Ltd.	Australia	CEO/Director owned	0%

Angkor Gold Corp. is the parent company.

In June 2011, Liberty became a related party to the Company when the shares of Liberty were purchased by a director and officer of the Company.

The following transactions occurred during the years ended July 31, 2012 and 2011:

- Rent payments made to related parties in the amount of nil (2011 - $4,791).
- Expense report reimbursements to related parties in the amount of $140,419 (2011 - $68,869).

Of these related party transactions, $20,887 is remaining in accounts payable as at July 31, 2012 (2011 - $124), which is non-interest bearing and have no specific terms of repayment.

All related party transactions were conducted in the normal course of operations and 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:

	2012	2011
Management payments	$ 720,634	$ 486,455
Stock-based payments	589,225	2,041,414
	$ 1,309,859	$ 2,527,869

10. Income taxes:

The applicable statutory tax rate is 25.6% (2011 - 27%)

		2012		2011
Loss before income tax	$	(2,980,619)	$	(3,710,432)

				(Restated – note 2
Income tax at statutory rate of 25.6% (2011 - 27%)	$	(763,038)	$	(1,001,817)
Non-deductible stock based compensation		185,536		553,734
Share issuance casts booked to equity		(254,585)		(41,115)
Accretion on callable debt		-		28,131
Permanent differences and other		(30,897)		1,142
Reverse acquisition		241,972		-
Non-deductible foreign exchange		(80,955)		-
Revision of prior years estimates		125,535		56,613
Changes in current and future tax rates		8,199		(34,762)
Tax benefit not recognized		655,801		430,208
	$	87,568	$	(7,866)
Current tax expense	$	-	$	-
Deferred tax expense	$	87,568	$	(7,866)

(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.

		2012		2011
				(Restated - note 2)
Exploration and evaluation assets	$	110,308	$	22,741

10. Income taxes:

(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 is not probable that these assets will be realized in the foreseeable future. The following represents deferred tax assets by jurisdiction.

			2012	2011
	Canada	Cambodia	Total	Total
Property and equipment	$ -	$ 58,021	$ 58,021	$ 34,837
Share issuance costs	260,511	-	260,511	81,412
Non-capital loss carry forwards	1,347,417	119,100	1,466,517	977,993
Charitable donations	2,182	-	2,182	-
Unrealized foreign exchange loss	-	-	-	37,188
	$ 1,610,110	$ 177,121	$ 1,787,231	$ 1,131,430

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

	Canada	Cambodia	Total
2015	$ -	$ 99,000	$ 99,000
2016	-	60,000	60,000
2017	-	238,000	238,000
2029	2,557,402	-	2,557,400
2031	1,163,778	-	1,163,770
2032	1,668,500		1,668,500
	$ 5,389,680	$ 397,000	$ 5,786,670

Management has not recognized deferred tax assets of other deductible temporary differences related to share issuance costs in Canada of $1,042,044 and property and equipment in Cambodia of $193,403.

11. Callable debt:

During the year ended July 31, 2011, the Company received advances from a shareholder for gross proceeds of USD$350,000 ($333,034). There was one additional advance from a shareholder in the amount of $290,000. The financing was required primarily to support operations in Cambodia, but it could also be used for working capital, repayment of debt due, general and administrative expense and other general corporate purposes. The debt had a term to maturity of less than one year, was callable, and bore interest at a rate of 12% per annum.

During the year ended July 31, 2012, the Company repaid the $375,182 (USD$372,456) of callable debt outstanding as at July 31, 2011.

During the year, total interest expensed in profit and loss relating to the debt was $23,056 (2011 - $42,148).

12. Share capital:

(a) Authorized:

Common shares

Unlimited number of common shares

Preferred shares

Unlimited number of preferred shares

12. Share capital (continued):

(b) Issued:

Private PPMC Canada prior to reverse acquisition (note 16):

	Number		Amount
PPMC Canada, Class A common shares:			
Balance, July 31, 2010	3,048,250	$	2,778,052
Issuance to management and directors (*i*)	294,375		294,523
Issuances (*ii*)	4,267,685		3,627,458
Less: share issuance costs	-		(154,060)
Balance, July 31, 2011 and October 7, 2011 prior to reverse acquisition	7,610,310	$	6,545,973

		Number		Amount
PPMC Canada, Class B common shares				
Balance, July 31, 2010 and October 7, 2011 prior to reverse acquisition	$	4,425,000	$	4,626,755

	Number		Amount
PPMC Canada, Class C common shares:			
Balance, July 31, 2010	-	$	-
Issuance to management and directors (*iii*)	2,111		2,160
Balance, July 31, 2011 and October 7, 2011 prior to reverse acquisition	2,111	$	2,160

	Number		Amount
PPMC Canada, Class D common shares:			
Balance, July 31, 2010 and 2011	-	$	-
Issuance (*iv*)	8,000,000		1,904,800
Balance, July 31, 2011 and October 7, 2011 prior to reverse acquisition	8,000,000	$	1,904,800

12. Share capital (continued):

(b) Issued:

Public Weifei Capital Inc. prior to reverse acquisition:

	Number		Amount
Balance, July 31, 2010 (*vi*)	2,285,714	$	200,000
Private placement	285,715		25,000
Initial public offering	2,285,714		400,000
Shares issued upon exercise of options	-		262,130
Less: share issuance costs	-		(191,984)
Balance, July 31, 2011 and October 7, 2011 prior to reverse acquisition (*vi*)	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 17)	35,461,167		1,157,547
Issuance to brokers for finder's fees (*v*)	1,200,000		-
Outstanding common shares of Weifei brought forward	4,857,143		-
Concurrent share offering (*vii*)	12,000,000		2,857,200
Balance, October 7, 2011 after reverse acquisition	61,518,310		17,094,435
Private placement (*viii*)	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

12. Share capital (continued):

(b) Issued (continued):

(*i*) 294,375 Class A shares issued upon exercise of warrants. The warrants were valued at approximately $1.00 per warrant.

(*ii*) Of the 4,267,685 Class A shares issued during the year ended July 31, 2011, 2,246,922 ($1,751,574) shares were issued on May 1, 2011 upon the conversion of convertible debt. The conversion feature of the debt resulted in 1 share issued for every $0.75 USD ($0.76 CAD) of outstanding debt. The remaining balance of 2,020,763 shares was issued as follows:

- 1,037,000 Class A shares that were issuable as at July 31, 2010 were issued August 18, 2010 at a value of $1.00 USD (from $1.02 CAD to $1.06 CAD).
- On August 30, 2010, 25,750 shares were issued as finder's fees. These shares are included in share issue costs at a value of $1.00 USD ($1.06 CAD).
- On October 27, 2010, 25,000 Class A Common shares were issued for gross proceeds of $25,000.
- On November 1, 2010, 503,013 Class A Common shares were issued in extinguishment of shareholder debt at a value of $1.00 USD ($0.92 CAD). These shares were issuable as at July 31, 2010.
- On April 30, 2011, 430,000 Class A Common shares were issued for gross proceeds of $430,000.

(*iii*) 1,732 ($1,788) Class C shares were issued from subscription funds on October 22, 2010. These shares were given a value of $1.00 USD ($1.03 CAD) per share.

380 ($372) Class C common shares were issued on March 15, 2011 in exchange for compensation to management and contractors for services performed throughout the year ended July 31, 2011.

(*iv*) 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 $2,000,000. 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, were converted into one-half of one common share purchase warrant of Angkor).

(*v*) 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.

12. Share capital (continued):

(b) Issued (continued):

(*vi*) 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.

(*vii*) Concurrently with the completion of the Qualifying Transaction, Angkor issued 12,000,000 common shares 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 shares was $0.25 per share, resulting in gross proceeds of $3,000,000.

(*viii*) 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.

(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 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) and 1,377,094 were released on February 18, 2012 (second release). As at July 31, 2012, there were 6,885,497 shares in escrow under the PPMC Canada escrow agreement.

12. Share capital (continued):

(c) Escrowed shares (continued):

(*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) and 385,705 shares were released on February 18, 2012 (second release). As at July 31, 2012, there were 1,928,583 shares in escrow under the CPC escrow agreement.

(d) Contributed surplus:

The following table summarizes all transactions during the period.

Private PPMC Canada prior to reverse acquisition (note 16):

	Number		Amount
Balance, July 31, 2010 and 2011 and October 7, 2011 prior to reverse acquisition	-	$	-

Public Weifei Capital Inc. prior to reverse acquisition:

	Number		Amount
Balance, July 31, 2010	-	$	-
Agent options issued in connection with initial public offering	228,571		76,443
Compensation options issued to directors and officers in connection with initial public offering	485,714		185,687
Balance, July 31, 2011 and October 7, 2011 prior to reverse acquisition	714,285	$	262,130

12. Share capital (continued):

(d) Contributed surplus (continued):

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 replacement options (*i*)	(615,427)		(55,804)
Expiry of replacement options	(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

(*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, 2012, 225,141 options were exercised by the holder.

- 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. In the year ended July 31, 2012, 148,970 options were exercised by the holders.

12. Share capital (continued):

(d) Contributed surplus (continued):

(*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.

(*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 are unavailable for resale until February 19, 2012 if these options are exercised before that date. In the year ended July 31, 2012, 250,000 options were exercised by the holders.

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. In the year ended July 31, 2012, 250,000 options were exercised by the holders.

(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 TSX Venture 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, 2012.

	Options outstanding			Options exercisable	
Exercise price	Options outstanding	Weighted average exercise price	Weighted average remaining contractual (life years)	Exercisable options	Weighted average exercise price
$ 0.175	3,429	$ 0.175	0.26	3,429	$ 0.175
0.25	3,542,730	0.25	4.03	3,542,730	0.25
0.34	410,000	0.34	4.66	410,000	0.34
	3,956,159	$ 0.22	4.09	3,956,159	$ 0.22

12. Share capital (continued):

(e) Stock option plan (continued):

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:

	2011
Expected annual volatility	50%
Risk free interest rate	0.97 - 1.57%
Expected life	0.25 - 5 years
Expected dividend yield	0%
Exercise price	$0.18 - $0.34/share

(f) Warrants:

The following table summarizes all transactions during the period.

Private PPMC Canada prior to reverse acquisition (note 16):

	Number	Fair value at grant date
Balance, July 31, 2010	-	$ -
Warrants issued (*i*)	2,111,125	2,091,013
Warrants exercised	(294,375)	(291,520)
Balance, July 31, 2011 and October 7, 2011 prior to reverse acquisition	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*)	(1,816,750)	(1,799,443)
Issuance of Angkor warrants (note 16)	4,858,716	1,136,940
Warrants included in interim financing units (*ii*)	4,000,000	95,200
Warrants issued in concurrent financing units (*iii*)	6,000,000	142,800
Warrants issued in April 2012 financing units (*iv*)	3,061,828	186,772
Warrants issued as a result of exercise of agents options	74,785	12,028
Warrants exercised	(257,382)	(59,463)
Balance, July 31, 2012	17,737,947	$ 1,514,277

12. 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 16).

(*ii*) During the period, 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 expire on August 8, 2013, 500,000 expire on August 11, 2013 and 500,000 expire on September 9, 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 on or before October 7, 2013.

(*iv*) On April 2, 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 3,061,823 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, 2012.

	Warrants outstanding			Warrants exercisable	
Exercise price	Warrants outstanding	Weighted average exercise price	Weighted average remaining contractual (life years)	Exercisable warrants	Weighted average exercise price
$ 0.01	4,611,334	$ 0.01	0.62	4,611,334	$ 0.01
0.45	10,064,485	0.45	1.11	10,064,485	0.45
0.70	3,061,823	0.70	1.68	3,061,823	0.70
	17,737,642	$ 0.26	1.08	17,737,642	$ 0.26

12. 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:

	2011
Expected annual volatility	50%
Risk free interest rate	0.97 -1.22%
Expected life	1.4 - 2 years
Expected dividend yield	0%
Exercise price	$0.24 - $0.70/share

13. Earnings per share:

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

	2012	2011
Numerator:		
Net loss	$ 3,068,187	$ 3,702,566

	2012	2011
Denominator:		
Weighted average number of shares outstanding - basic and diluted	60,814,261	9,717,195

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, such as preference shares and convertible debentures, 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.

14. Subscription funds:

Subscription funds consist of payments that have been received but the shares have not been issued to the holder and are as follows:

		2012		2011
Weifei options (*i*)	$	-	$	-
Class D Common shares (*ii*)		-		1,500,000
Subscription funds	$	-	$	1,500,000

(*i*) $10,500 of subscription funds was received, entitling the holder to receive 60,000 common shares of Angkor at a price of $0.175 per share. The shares were issued on February 24, 2012.

(*ii*) In connection with the Interim Financing (note 11(b)(iv)), the Company received subscription funds for 6,000,000 units for total gross proceeds of $1,500,000. The units were issued on August 8, 2011.

15. 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, 2012, 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, 2012, 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.

15. Capital management (continued):

The Company manages the following as capital:

	2012	2011
Cash	$ 1,371,441	$ 457,085
Share capital	19,316,329	11,174,888
Callable debt	-	375,182
Subscription funds	-	1,500,000
	$ 20,687,770	$ 13,507,155

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

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

16. 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, 2011, the Company does not have any financial instruments measured at fair value.

At July 31, 2011, there is no significant difference in 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.

16. Financial instruments (continued):

(a) Foreign currency risk:

The Company's borrowings, 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 arise mainly on foreign currencies which is 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 include cash in the amount of $199,413 (2011 - $106,569), prepaid expenses in the amount of $40,336 (2011 - $41,158), accounts payable in the amount of $46,010 (2011 - $44,192), and callable debt in the amount of nil (2011 - $349,869). A 12% (2011 - 12%) change in the exchange rate of the U.S. dollar to Canadian dollar at July 31, 2011 would result in a change in net income (loss) of $34,243 (2011 - $26,393).

(b) Interest rate risk:

The Company is exposed to interest rate risk on the variable rate of interest earned on some of its short and long-term money market investments. The fair value interest rate risk on cash is insignificant as the 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.

16 Financial instruments (continued):

(c) Liquidity risk (continued):

	Less than 1 year	1 to 2 years	Total
As at July 31, 2012:			
Accounts payable and accruals	$ 682,230	$ -	$ 682,230
	$ 682,230	$ -	$ 682,230

	Less than 1 year	1 to 2 years	Total
As at July 31, 2011:			
Accounts payable and accruals	$ 551,915	$ -	$ 551,915
Callable debt	375,182	-	375,182
	$ 927,097	$ -	$ 927,097

(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, 2012.

17. 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 have 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.

17. 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 (note 11(b)(*vii*)).

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.

17. 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)
Listing expense	$	945,203

18. Convertible Debt:

During the year ended July 31, 2010, the Company issued convertible debentures for gross proceeds of $804,261 and for the extinguishment of $135,473 of shareholder debt. During the year ended July 31, 2011 the Company issued additional convertible debentures for gross proceeds of $510,200. The financing was required primarily to support operations in Cambodia, but was also used for working capital, repayment of debt due, general and administrative expense and other general corporate purposes.

The key commercial terms of the financing included:

- Interest - 12% per annum plus an increase to 24% should the holder convert their loan balance to Class A common shares;
- Term - Maximum of 28 months (amount payable plus accrued interest due May 1, 2012);
- Conversion price - $0.75 USD per Class A common share; and
- Conversion timing - the holder has the option to convert any portion of the principle and accrued interest before or at the due date of the note.

The Company recorded the liability component of the convertible debt as a long-term liability with the conversion value of the shares as a derivative liability. The liability portion of the debt was measured at amortized cost using the effective interest rate. The difference between the debt component and the principal amount of the debt outstanding was accreted to income over the expected life of the convertible debt.

The Company was not publically listed during the years ended July 31, 2011 and 2010. As such, there was no quoted market price in an active market for the Company's common shares and the fair value of the derivative component could not be readily determined. Therefore the derivative component of the convertible debenture was carried at cost.

As of July 31, 2012, all of the convertible debentures were converted to common shares of the Company.

19. Subsequent event:

On August 30, 2012, the Company acquired all of the outstanding shares of Liberty Mining International Pty Ltd. ("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 Angkor. These shares are voluntarily escrowed for 6 months.

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

In determining whether this related party transaction was in the best interests of shareholders, the Board of Directors engaged in qualified third party to opine on the fairness of the terms of the transaction. The fairness opinion supported management's recommendation of the Board of the Company should enter into this transaction.

As a result of this transaction, subsequent to year end the Company now holds 100% of the Banlung Gold and Base Metals project and the Oyadao Base Metals project discussed in note 7.