

ANGKOR GOLD CORP.

Management's Discussion and Analysis

For the Six Month Period Ending January 31, 2016



Management's Discussion and Analysis of Financial Position and Results of Operations for the Six Month Period ended January 31, 2016

BACKGROUND

Background - This Management's Discussion & Analysis ("MD&A") of Angkor Gold Corp. ("Angkor Gold" or the "Company") is dated as of March 31, 2016, which is the date of filing this document. It provides a review of our financial results, from the viewpoint of management, for the period ended January 31, 2016. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2015. This discussion includes the accounts of the Company and its wholly-owned subsidiaries, Prairie Pacific Mining Corp. ("PPMC Canada"), a corporation existing under the provincial laws of Alberta; and Angkor Gold Cambodia Co. Ltd. ("AGC"), a corporation existing under the laws of the Kingdom of Cambodia, Liberty Mining (Cambodia) Ltd., a corporation existing under the laws of the Kingdom of Cambodia, Liberty Mining International Pty Ltd, a corporation existing under the laws of the Kingdom of Cambodia, and Transol Mining and Exploration Pty Ltd, a corporation existing under the laws of the Kingdom of Cambodia.

BUSINESS UPDATE

JV Agreement with Mesco Gold Ltd. on Oyadao North License

On January 12, 2016, ANGKOR entered into its second definitive joint-venture agreement with Mesco Gold (Cambodia) Ltd. (MESCO) It expands the mineral rights for MESCO; revises an already existing net smelter return (NSR) that ANGKOR holds on MESCO's Phum Syarung Gold Mine; and allows ANGKOR to focus on its core prospects.

The JV Agreement adds to MESCO's current land holdings in the region which includes the soon-to-be-operating Phum Syarung Gold Mine that is scheduled to begin mining in 2016.

MESCO is incorporated under the laws of the Kingdom of Cambodia and is affiliated with Mesco Steel Ltd., a leading vertically-integrated iron and steel producer based in India that has successfully diversified its operations into other raw materials and commodities, including mining.

Highlights:

- The JV Agreement on the Oyadao North Concession provides MESCO with the rights to explore the entire license for minerals and, if deemed warranted, bringing a portion into commercial production by establishing and operating a mine.
- MESCO agrees to spend US\$1,250,000.00 on exploration.
- ANGKOR will maintain a 15% free-carried interest on the Oyadao North license without incurring any financial obligations related to the maintenance of the license and future exploration/mining programs.
- Under the JV agreement, ANGKOR and MESCO have renegotiated the existing net smelter return (NSR) agreement on the Phum Syarung mine such that the new NSR for gold will be at 2.0% while the price of gold is less than US\$1,000.00 and will increase 0.25% for every \$50.00 that the gold price exceeds \$1,000.00 to a maximum of 7.5%. For all other minerals, a 7.5% NSR will be paid.



Warrants

On June 30, 2015, the Company closed on 5.5 million warrants at \$0.50 per common share in the capital of the Company for an aggregate total \$2.75 million proceeds enabling the Company to finance without issuing any additional securities in what continues to be a difficult market for exploration companies to raise capital.

The warrants were originally announced on June 26, 2014 (<http://www.angkorgold.ca/angkor-closes-definitive-agreement-with-strategic-partner/>) as a previously announced transaction with Tohui Beishan Properties Group Holding Limited (“TG”), incorporated under the laws of Hong Kong, China where the Company issued to TG an aggregate of 7,900,000 units of Angkor Gold for aggregate gross proceeds of \$2,250,000. Each unit consisted of one common share at a price of \$0.285 per share and one non-transferrable warrant. Each warrant entitled the holder to purchase one additional common share of Angkor Gold at an exercise price of \$0.50 and was valid until June 30, 2015. Upon approval by TG, the warrants were adjusted to ‘transferrable’ and partially offered to current shareholders in the Company.

The proceeds from the Warrants will be used in continuing exploration on some of the exciting prospects that the company has discovered. Angkor Gold intends to:

- continue exploration at Koan Nheak to define the extent of the precious metals epithermal vein system
- pursue further evaluation of a large gold anomaly discovered this season over Okalla West, immediately west of Okalla porphyry
- further drilling on the CW molybdenum-copper porphyry prospect
- detailed geophysical and continued detailed mapping programs over the newly-discovered Halo molybdenum-copper porphyry prospect

Appointment to the Board of Directors and Management Team

On August 10, 2015, the Company announced the board of directors appointed Rhonda Hewko B.A.Sc., P.Eng., who has over 17 years’ experience in the environmental engineering field. Mrs. Hewko replaces Mr. Robert Neill, who resigned as Director on August 4, 2015 to focus on other business interests. Also on August 10, 2015, the Company announced the appointment of Mr. Stephen Burega to VP Corporate Development. Over the past 10 years, Mr. Burega has been intimately involved in the launch and management of a number of natural resource companies. Previous to that, Mr. Burega worked in the finance, communications, and government relations arenas for 12 years.

The Company also announced the granting of incentive stock options on August 7, 2015, to its directors, officers and consultants to purchase up to an aggregate of 250,000 common shares at a price of \$0.49 per share, exercisable until August 7, 2017. Granting of the options is subject to the approval of the TSX Venture Exchange.

The Company also announced the retirement of Dr. Adrian Mann, VP of Exploration effective August 31, 2015. Dr. Mann joined the Company in 2009 as a consultant overseeing Angkor Gold’s Cambodian properties and assumed the role of Vice President of Exploration in 2011. Dr. Mann was a key contributor in helping guide Angkor Gold towards being a return derived revenue stream company through the development of Angkor Gold’s huge land package.



FORWARD-LOOKING STATEMENTS

This MD&A may contain forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors outside management's control that could cause actual results to differ materially from those expressed in the forward-looking statements. The Company does not assume responsibility for the accuracy and completeness of the forward-looking statements and does not undertake any obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances, other than as required by securities legislation. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below.

SELECTED FINANCIAL INFORMATION

The following is selected financial data from the Company's consolidated financial statements for the twelve month period ended July 31, 2015 and the last two years, ending July 31, 2014 and 2013.

| | July 31, 2015 | Years ended July 31, 2014 | July 31, 2013 |
|---|------------------|---------------------------------|------------------|
| Total revenues | \$ - | \$ - | \$ - |
| Net income (loss) for the year | (1,745,368) | 76,128 | (1,034,484) |
| Income (loss) per share | (0.02) | 0.00 | (0.01) |
| Income (loss) per share – fully diluted | (0.02) | 0.00 | (0.01) |
| Cash and cash equivalents | 1,880,964 | 1,419,703 | 1,321,170 |
| Total assets | 20,812,319 | 15,943,546 | 12,518,058 |
| Total long-term liabilities | 473,030 | 500,909 | 327,478 |



CORPORATE DEVELOPMENT AND STRATEGY

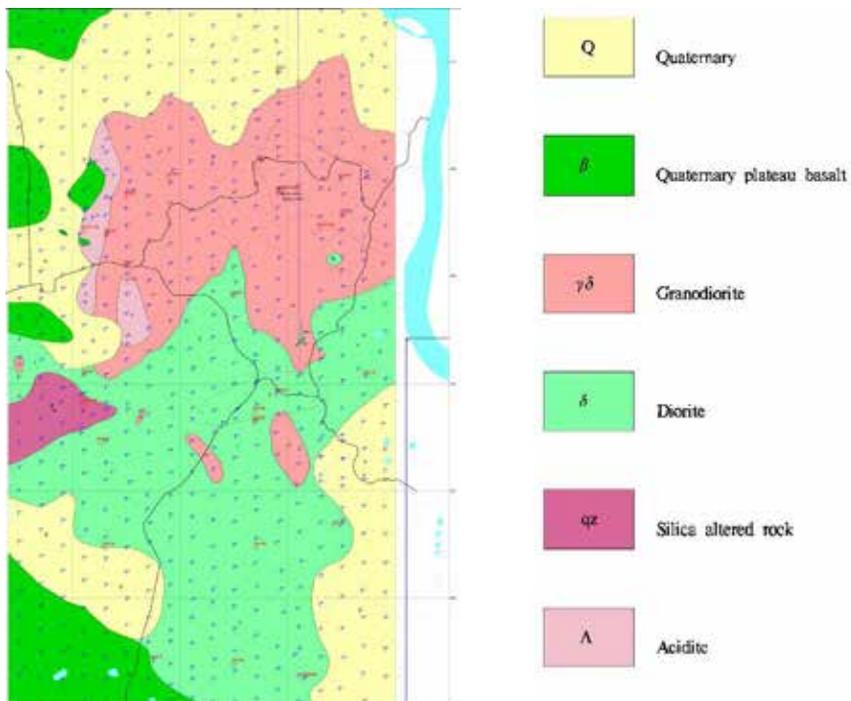
OVERVIEW

Andong Meas Exploration License

A detailed induced polarization (IP) geophysical survey, detailed geological mapping and termite mound geochemical survey over CW prospect was completed. Following this, detailed mapping and termite mound sampling was started on the Wild Boar prospect, and an exploratory IP depth probe was made on the Colonial Prospect, to the west of CW. Detailed lithology mapping was completed on the Colonial prospect.

CW Prospect

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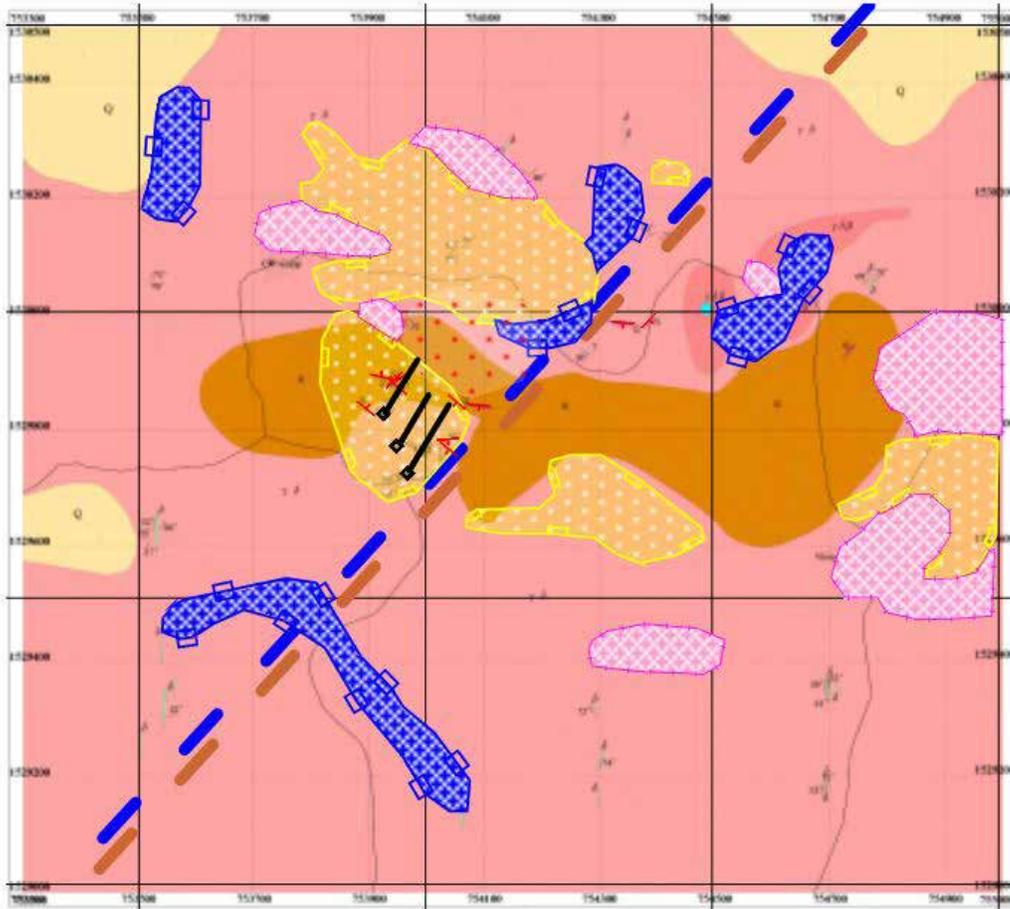


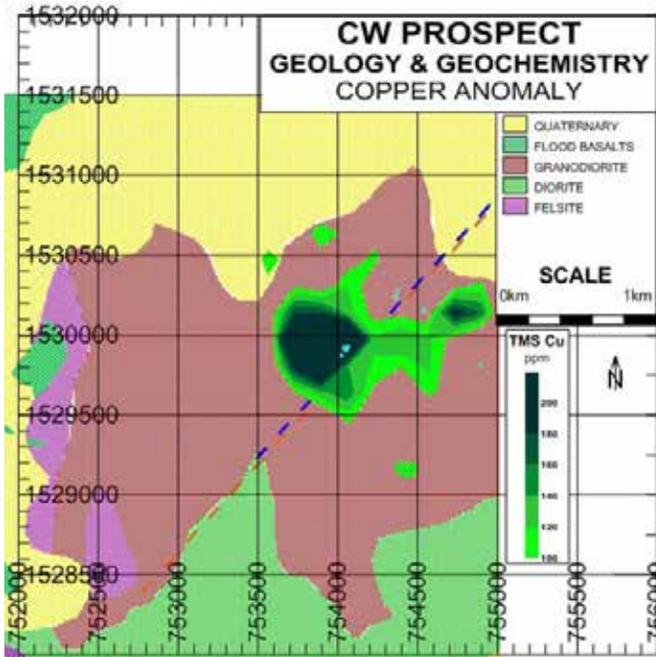
The geology was mapped in considerable detail over the previous quarter, and the map above reflects that mapping. To supplement the lithological mapping, a short wave infra-red survey (SWIR) was done on samples already collected to assess the spatial distribution of clay mineral alteration associated with the copper-molybdenum-gold mineralization. This study complements a field survey of alteration mapping. Geology was mapped in considerable detail over the previous quarter, and the map above reflects that mapping. To supplement the lithological mapping, a short wave infra-red survey (SWIR) was done on samples already collected to assess the spatial distribution of clay mineral alteration associated with the copper-molybdenum-gold mineralization. This study complements a field survey of alteration mapping.



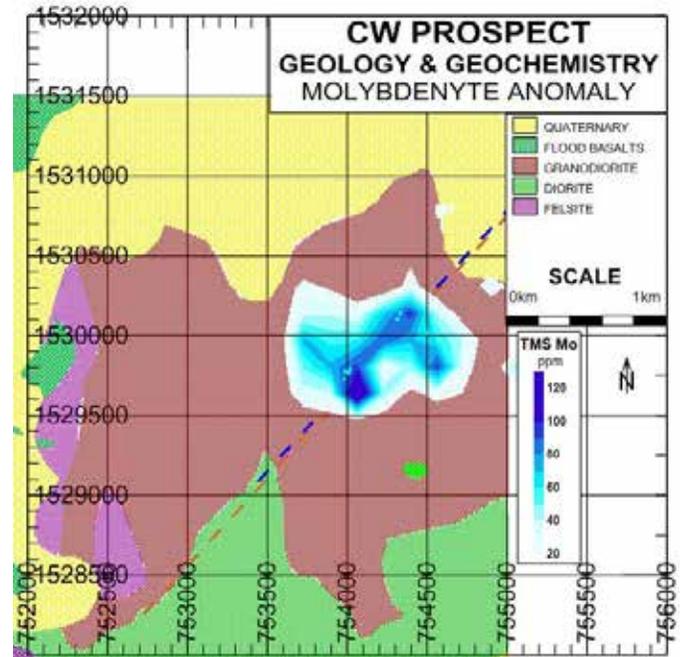
Detailed geological and alteration mapping show a clear leach cap across the prospect stretching (brown in map below) 1200m W-E and from 200 to 400m N-S. Host rock is granodiorite, with outcrops of biotitic granodiorite to the east (below).

The leach cap (brown, at right) is disrupted by the strong northeast striking fault zone (blue dashed line, below). This repeats as a controlling feature with several other parameters. The SWIR alteration mapping (below) showed an outer rim of strong sulphide dissemination in silicification (blue hatch, below). Within this is a ring of argillic alteration (pink hatch), which in turn encloses phyllic alteration (yellow). The field observations agree well with termite mound geochemistry of copper and molybdenum.





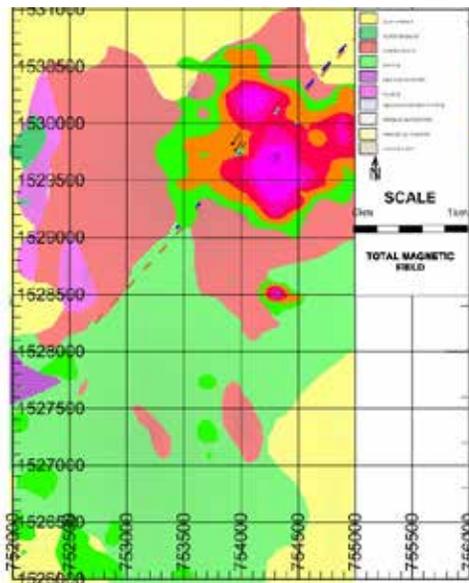
Copper 1.4 x 1km anomaly



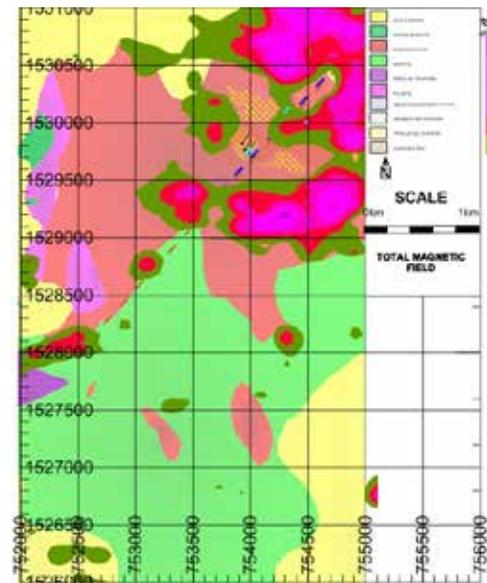
Molybdenum 1.2 x 0.75km anomaly

Geophysics - Surface and depth IP

The surface IP gradient array scan was completed and reported last year. Since then, the company has completed 4 IP depth probes and detailed geological mapping including mapping of structural elements. This is a very prospective property, as evidenced by a strong ring shaped surface resistivity anomaly that surrounds a central strong chargeability anomaly (maps below) that coincides with good copper and molybdenum termite mound and road trench channel geochemical anomalies.



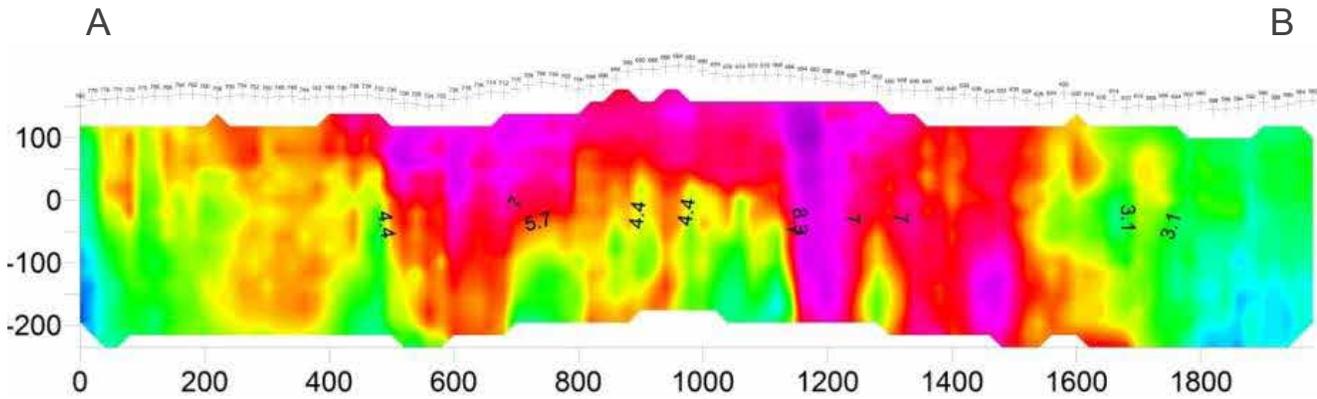
IP surface chargeability



IP surface resistivity



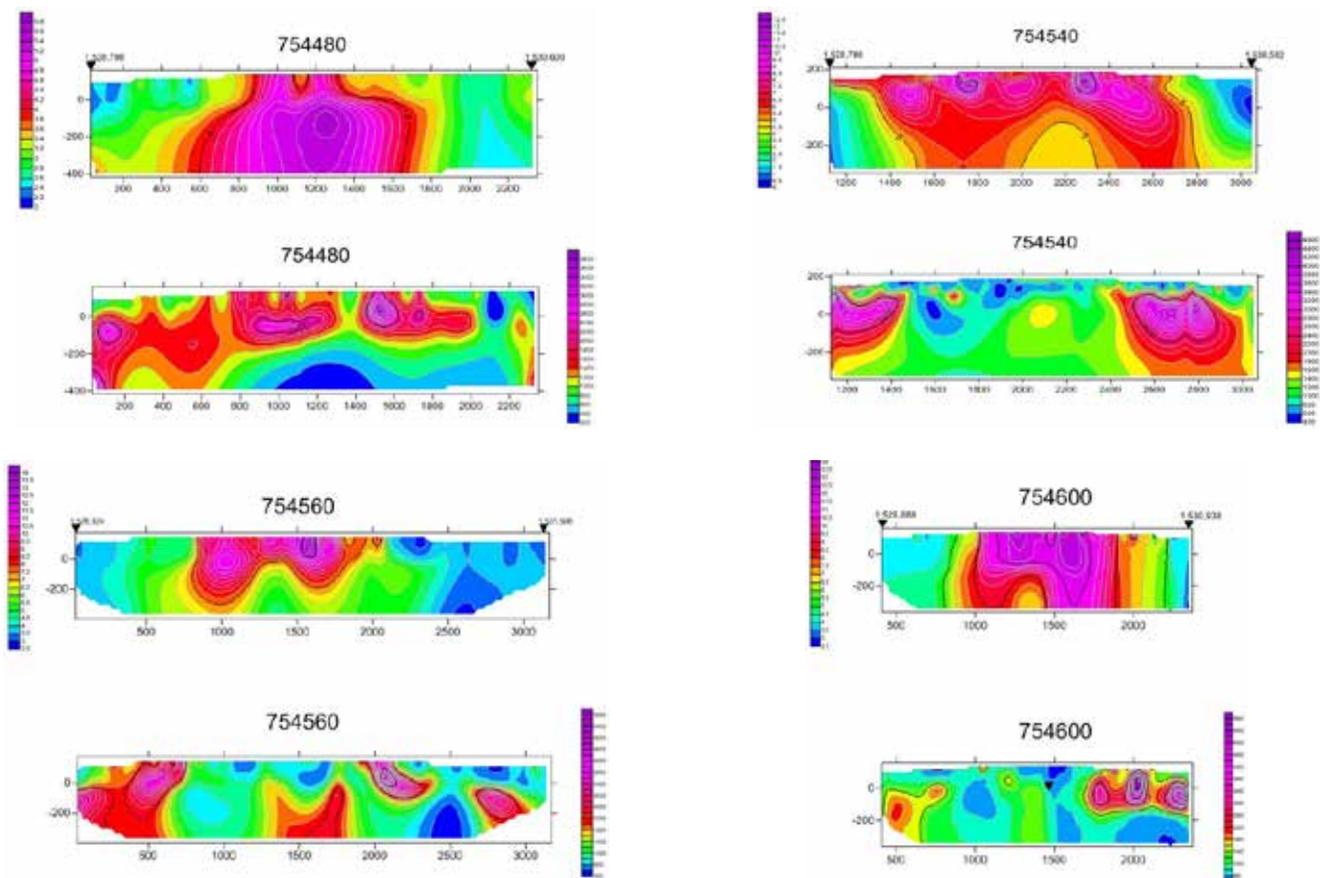
The vertical depth probes (below) indicates that this surface chargeability has the shape of an inverted 'U', with strong chargeability confined to the perimeter and down some 150m in the north and over 300m in the south. This is best illustrated in the pseudo-section below conducted on Easting 754540 between 1528780 and 1529582 North.



Line of Section 754540E Chargeability (%)

This fits our previous interpretation from mapping, and the 3 drill holes completed in 2012, of a multi-phase intrusive body with a halo of sulphide mineralization at the intrusive contact margins.

Deep IP Sections (pseudo-sections) conducted over intermediate surface IP anomalies



IP depth probes were run along 4 lines from north to south; lines 480, 540, 560 and 600. The pseudo-profiles from these are shown below. They demonstrate unequivocally that the body is shaped like an inverted coffee mug, with an inverted 'U' shaped pseudo cross-section.



On the basis of geochemistry, alteration, geology mapping and IP surveys, a diamond drill program consisting of 3 holes for a total of 716m, were completed this year. The table below summarizes the results:

| HOLE | FROM | TO | INT | Cu% | Mo% |
|-----------------|--------|--------|--------|-------|-------|
| CW15-004 | 221.08 | 230.80 | 9.72 | 0.014 | 0.010 |
| CW15-005 | 0.00 | 251.26 | 251.26 | 0.031 | 0.008 |
| CW15-005 | 26.10 | 38.25 | 12.15 | 0.020 | 0.021 |
| CW15-005 | 82.11 | 102.39 | 20.28 | 0.020 | 0.020 |
| CW15-005 | 135.00 | 149.00 | 14.00 | 0.023 | 0.019 |
| CW15-005 | 211.65 | 238.80 | 27.15 | 0.083 | 0.013 |
| CW15-006 | 16.11 | 227.07 | 210.96 | 0.010 | 0.011 |

Drillholes CW15-004 and CW15-006 were drilled as a fence along UTM line 754100E to azimuth 180° at 45° incline. However, CW15-004 had only started to enter the target shear zone (the last 17.2m averaged 0.011% Cu; 0.008% Mo) when it encountered drilling problems and was curtailed at 238m.

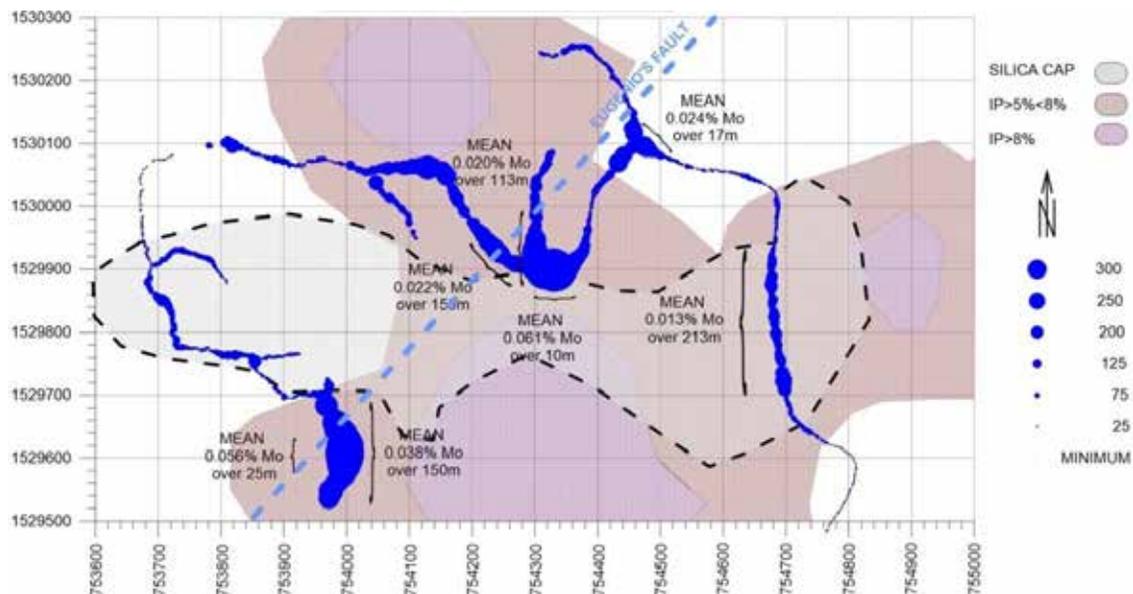
CW15-006 entered mineralization almost immediately, at 16.11m, and continued for 211m averaging 0.011% Mo, and was still in mineralization at the planned total depth of 200m, so the hole continued for a further 27m.

Drillhole CW15-005, which is almost vertical, drilled 200m west and 300m south of CW15-004, shows pervasive copper values, averaging 0.031% Cu over the entire 251m length, and several zones of elevated copper and molybdenum values. These results are very encouraging with consistent large intervals of both moly and copper.

Further surface geochemistry surveys were carried out in the form of shallow trenching. A total of 1491 samples were taken on exposed weathered bedrock on eroded bulldozed tracks. Each sampling was as a pair, such that a 5m section was channel sampled along the line of the track, and a second channel sample, at 5m intervals, was cut across the track at the same location. The map below depicts the results, which are quite extraordinary for surface samples, with the best results in the south-west.

The lack of Mo anomalism in the leach cap is quite consistent with industry mineralisation models for this type of porphyry style mineralisation. The limited trenching results indicate the focus of further trenching should be on the south side of the fault line.

Further trenching and drilling is advocated.

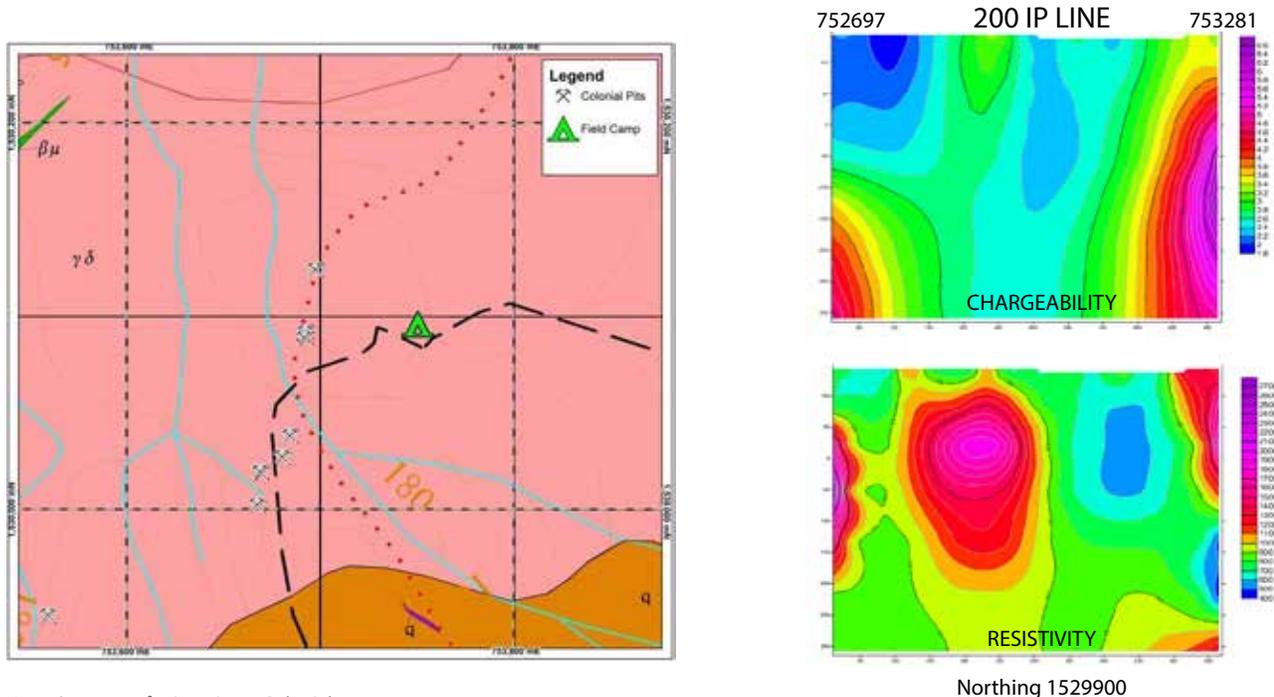


CW Prospect molybdenum in road trenches



Colonial Prospect

This small area, where there has been considerable excavation and mining activity, reputedly from the colonial era of the French occupation (pre 1958), was mapped and a single short east to west IP depth probe completed (200 Line) to the west of the prospect. The mapping showed a similar granodiorite rock type as mapped in the CW area, though no outcrop was found. Also noted were some float of quartz carbonate veins and veintlets containing oxidised sulphide material of no real significance. Panning of the pits did return a few minor dust to fine gold grains in the southern end of the prospect. These results by themselves are not overly encouraging, though when combined with the IP results to the west (below) they present an immediate target for follow-up trenching and potentially short drill testing.



Location map of mine pits at Colonial prospect.

Unfortunately the pseudo section does not intersect the north-south strike of the Colonial mine pits. However some information can be drawn. Line 200 was run immediately to the south-west of Colonial prospect. Note the 100m wide chargeability anomaly between 150 to 250m at surface and continuing to depth, dipping steeply to the west, and eventually ending at 150m below surface in a larger chargeability anomaly to the west. There is also a strong chargeability anomaly to the east, which represents the main zone of CW.

Note the high resistivity zone located from 100m to 300m (Width 200m) in the lower pseudosection.

Combining the geological traverse in this projection and the geophysical analysis one can interpret the central and western high resistivity and medium polarization zones as poor quartz veining or silicification, perhaps an unmineralized quartz vein. The low resistivity and chargeability zone from 300m to 400m may be a fault structure. If similar parallel structures exist in the Colonial prospect, it would lend itself to a potential shallow gold drill test target. To fully test the geophysical prospectivity of the Colonial prospect mining, an additional IP line would need to be run 100m north of 200 line and a further 500m to the east.

Wild Boar Prospect

Detailed mapping shows extensive artisanal workings over an area of roughly 2km², within an area of granitic-granodioritic host rock. Some interesting gold values have been returned from grab samples of vein quartz. The main mineralized zone strikes roughly 140° and appears to dip very steeply to the southwest. Detailed mapping and a more extensive termite mound geochemical survey were started over the area. A short visit was made to the project to sample and map the veins.



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Okalla West Prospect

Prior to the 2014-2015 investigations, the intrusive body was thought to be a single large leuco-gabbro. In reconnaissance mapping in the 2014-2015 season, the complexity of this intrusive began to manifest itself. Within the outlined gabbro, a younger diorite can be seen intruding, with large xenoliths of gabbro ripped into it. In turn, the diorite shows quartz and potassic feldspar veining. Dr. Piilonen of the Canadian Museum of Nature in Ottawa reported nepheline monzosyenite to monzodiorite from a brief petrographic study of several rock samples from the area. Whole rock geochemical analyses of other specimens indicated nepheline-normative monzogabbro to syenogabbro.



Large "gabbro" body outline with younger diorite intrusives in pink



Gabbro (black), Diorite (pink)



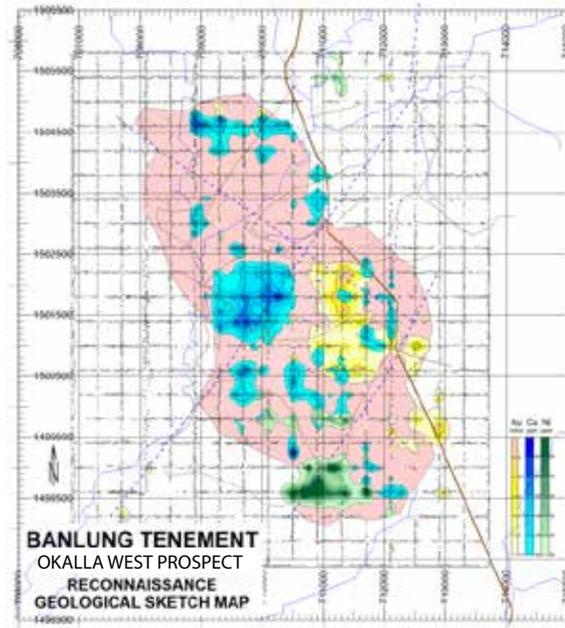
Complex structures in diorite



Termite

In total 16,970 termite mounds were sampled in the reporting period, with some 5,983 (35%), containing gold in the pan concentrates. This number increases to greater than 80% in the Okalla West gold anomaly within a 4km² area in the central east of the gabbro complex intrusive.

The termite mound sampling was conducted in 2 phases, the first covering 57km² area (8.4 x 6.8km) on 40m wide sample traverse corridors spaced every 400m both west-east and north-south. The second phase was to conduct infill sampling on 40m wide sample traverse corridors spaced every 100m both west-east and north-south, within a 4.5km² area (20.25km), with the aim to better define the gold anomaly highlighted in phase one. The results of the 400m and 100m infill termite mound sampling can be seen in the maps below.

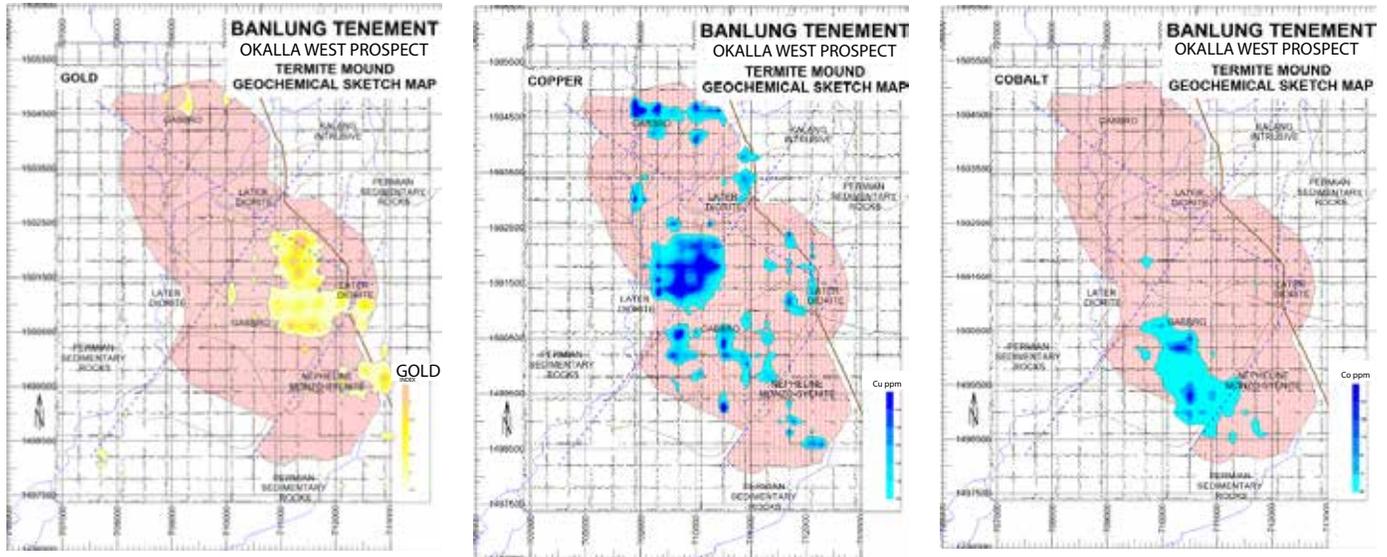


Gabbro complex intrusives identified and mapped to date.

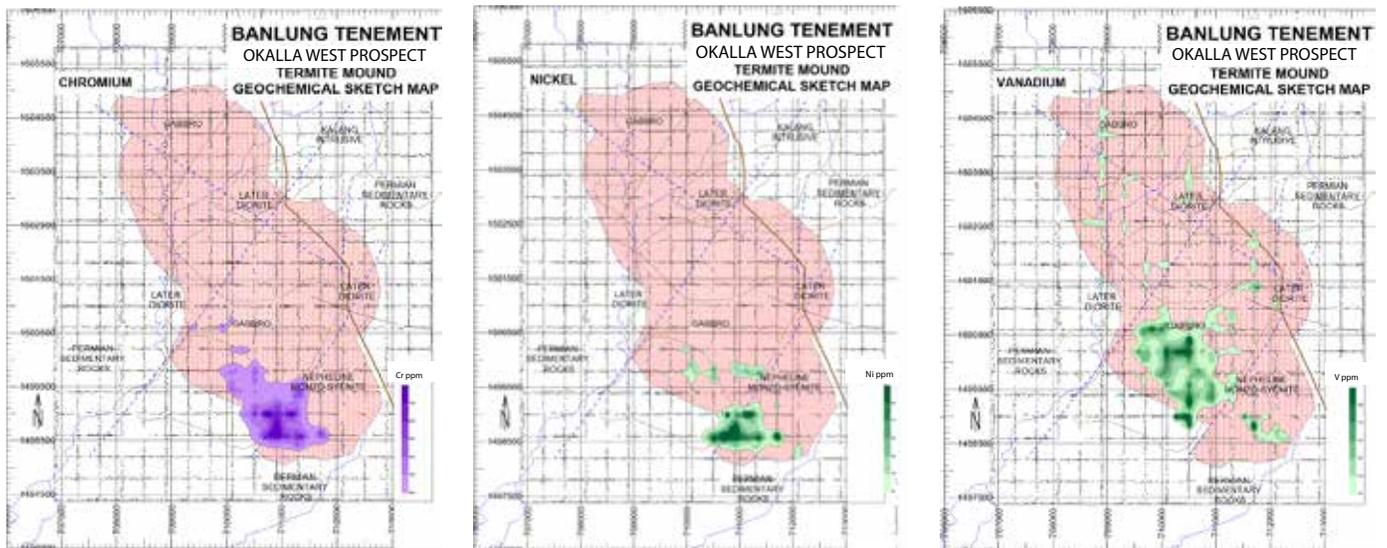


In an effort to elucidate the source of the gold, an auger program of 25 stations at 50m spacing west to east across the gold anomaly was undertaken. In total, 120 samples were collected from varying intervals ranging from 0.3m (B-zone) down to 6.0m. Roughly 40 percent of the auger sites were prevented from augering deeper due to high ground water. The gold is mostly confined to the laterite and lateritic 'B' zone soil horizons.

In addition, there are anomalous concentrations of other elements within the broad "gabbro" occurrence. Note the concentration of nickel (above), cobalt, chromium, vanadium in the southwest (below).

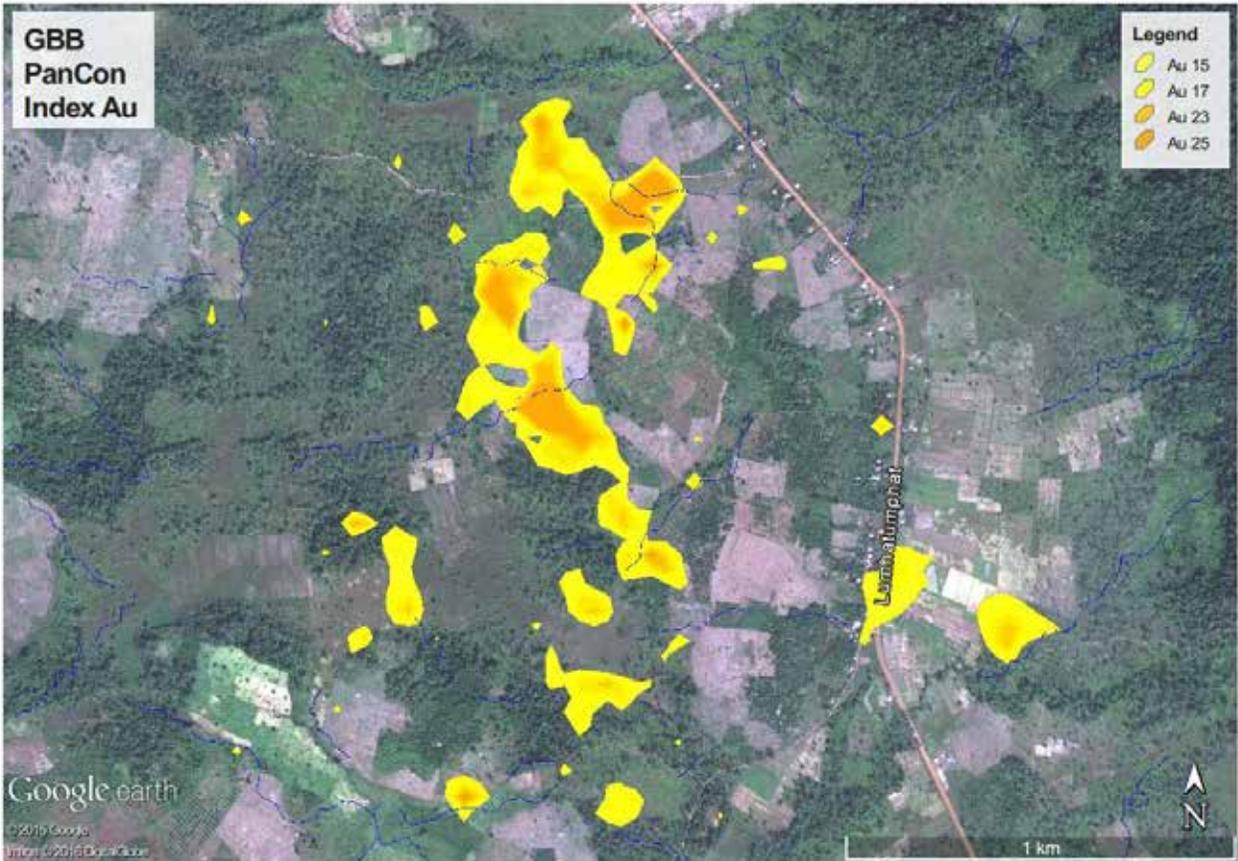


Roughly central to the body, arsenic and copper have a concentration of higher values, clustered upon an interpreted fault (below).



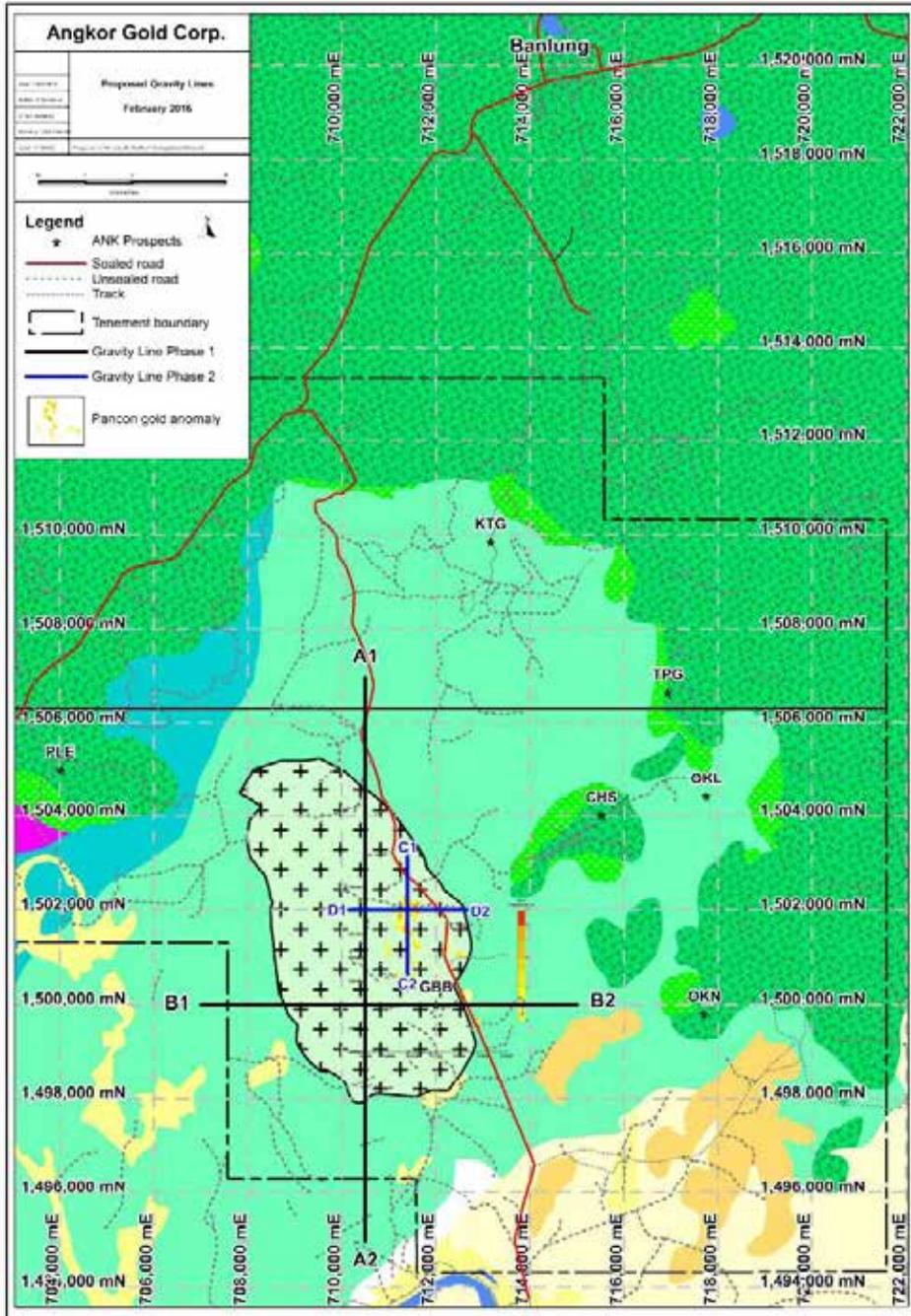
The coincident Ni-Cr anomalies indicate an area of good nickel exploration potential centered on the nepheline syenite in the south of the complex. The coincident V-Co-Zn anomalism highlights potentially another intrusive, not yet identified due to the paucity of surficial outcrop adding further evidence of multiple intrusive phases to the complex. The Cu and Au anomalism where overlapping, coupled with the coincident As-Au anomalism is strong evidence for structurally controlled gold mineralisation, and the area of continued focus for the exploration programs in 2015-2016 field season.

Intermediate IP and ground gravity line surveys are planned to be conducted on the refined anomalies in January 2016, after all the results have been compiled.



Map of 100m infill termite mound pan-concentrate gold anomaly in Okalla West





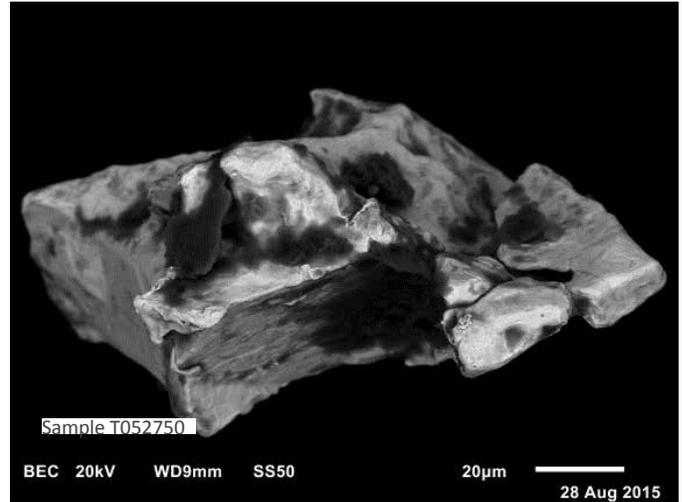
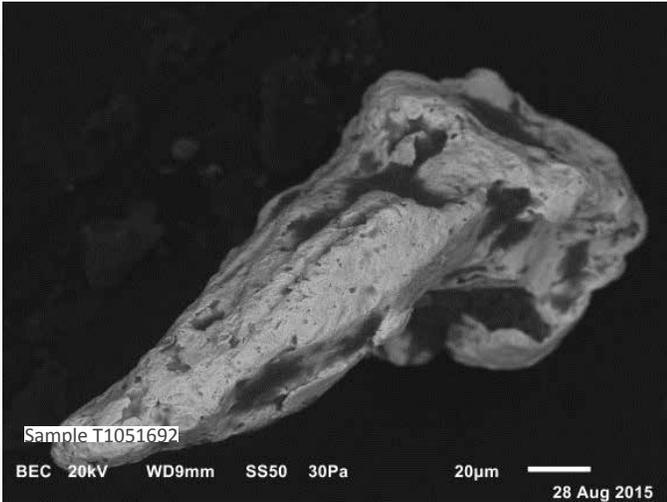
Map of pan-concentrate gold anomaly location and planned gravity survey lines.



The strong concentration of high gold index, is an empirical estimate made from simple panning. These gold indices were initially viewed with some scepticism, until numerous gold grains were observed and extracted from heavy mineral concentrate separations from the 10 highest gold index samples. Additionally, the highest 80 gold indices termite mound samples were re-sampled in bulk (2 kg each from the same mounds) and submitted for fire assay. All samples returned gold, in appreciable concentrations (up to 1g/t Au).

Heavy Mineral Separates

Two of the SEM images of the pan-concentrate gold grains are shown below:



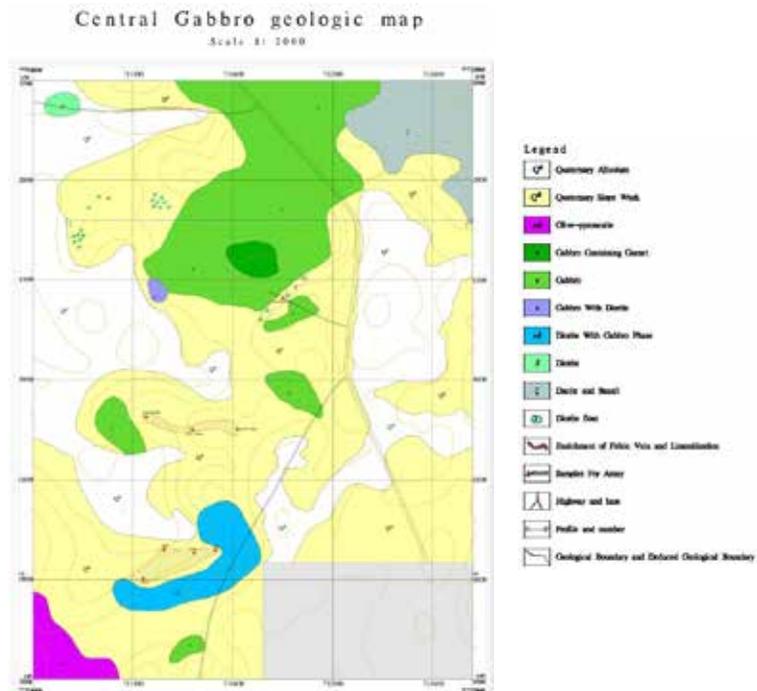
Sub angular elongate gold grain.

Angular gold grain.

The shape of the grains are a good indication to the proximal provenance of their source.

Mapping

Detailed mapping on 1:2000 scale of the gold anomaly area, was undertaken late in the reporting period, with a preliminary map included below. The 1:2000 scale mapping covered an area of 2.2km x 3km (6km²). At the time of reporting the final map, rock sample assay results and report had not been received.



Summary

The discovery of olivine-pyroxenite rocks (within the reporting period) in the centre of the phase 1 planned gravity investigation lines, coupled with the cobalt, copper, chrome, nickel and vanadium termite mound anomalism (see maps above), in the same area as the olivine pyroxenite rock samples, keeps the door open to the potential for economic base metals within the mafic complex.

The gold pan-concentrate anomaly, combined with the airborne magnetic image and scanning electron microscope (SEM) work on gold grain shape by Dr Paula Pillonen at the Canadian Museum of Nature in Ottawa; is strong evidence for structural control to the gold mineralisation, and the area of continued focus for the exploration programs in 2016-2017 field season.

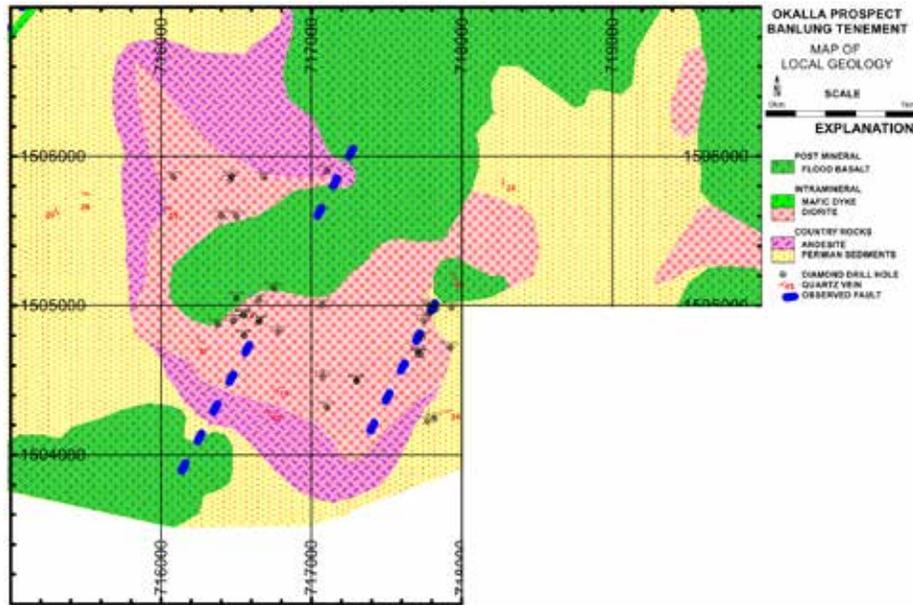
Deep IP and ground gravity line surveys (see map above), along with some test trenches are to be conducted in the defined anomaly areas in the 2016-2017 exploration season.

Early indications on Okalla West show the potential of the area to become a flagship project for the company.



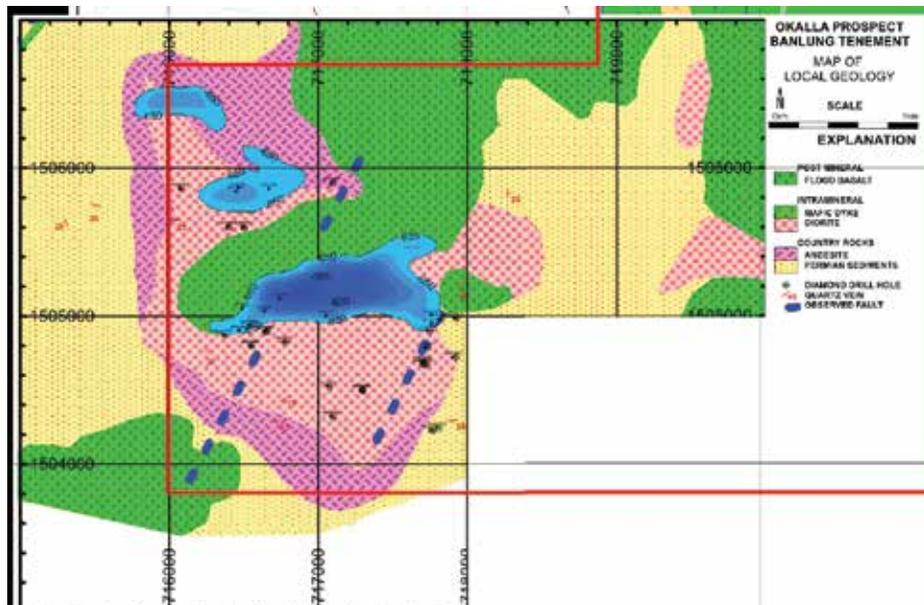
Okalla Prospect

Work over the period included a detailed induced polarization geophysical survey, detailed geological mapping, and diamond drilling in 4 holes over one selected area, plus 1311m of trenching all on the Okalla Prospect.



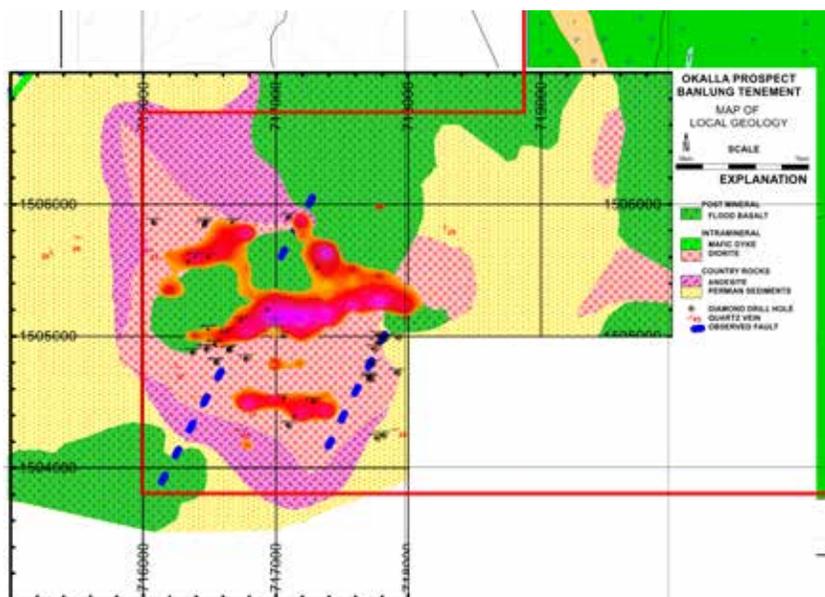
Generalized geological map of the Okalla West and East area

The IP survey was concentrated over the magnetic low in the western outcrop of diorite. The coincidence of these two features is remarkable:



Distribution of total magnetic intensity lows, reduced to poles





Distribution of induced potential chargeability highs

The very clear east-west striking, linear surface IP chargeability anomaly stretching from just east of the main drilling area (holes BL10-020D) to immediately west of the eastern, shallower drilling sites is an obvious target, into which 4 diamond drill holes were drilled in a fence line. They show that the anomaly reflects a disseminated, dominantly pyrite zone, in a breccia zone containing scattered gold bearing epithermal quartz veins with sericitic selvage, containing minor chalcopyrite and molybdenite. The epithermal veins are constrained to an east-west structural zone dominating the drill fence area.

| Drillhole | From | To | Cu % | Mo % | Pb % | Zn % | Au g/t | Ag g/t | m |
|------------------|----------|-------|------|-------|------|------|--------|--------|------|
| BL15-046D | 58.5 | 62.8 | 0.01 | 0.001 | 0.04 | 0.13 | 0.83 | 5.4 | 4.25 |
| | includes | | | | | | | | |
| | 58.75 | 61.75 | 0.02 | 0.002 | 0.13 | 0.43 | 2.60 | 17.1 | 1.00 |
| BL15-047D | 63.0 | 71.4 | 0.04 | 0.000 | 0.01 | 0.02 | 0.35 | 67.1 | 8.40 |
| | includes | | | | | | | | |
| | 69.4 | 70.4 | 0.29 | 0.000 | 0.00 | 0.04 | 0.19 | 545.0 | 1.00 |
| BL15-044D | 44.0 | 48.0 | 0.01 | 0.001 | 0.02 | 0.06 | 0.23 | 0.7 | 4.00 |
| BL15-044D | 96.6 | 103.0 | 0.02 | 0.001 | 0.00 | 0.00 | 0.12 | 0.0 | 6.45 |

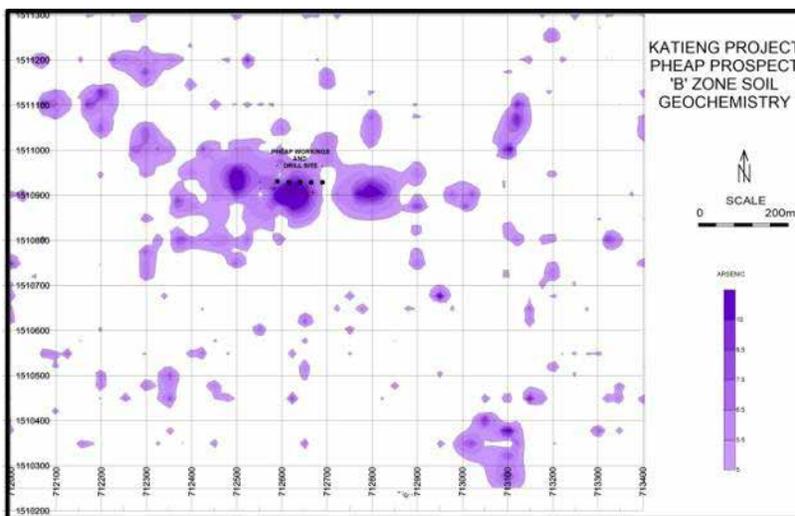
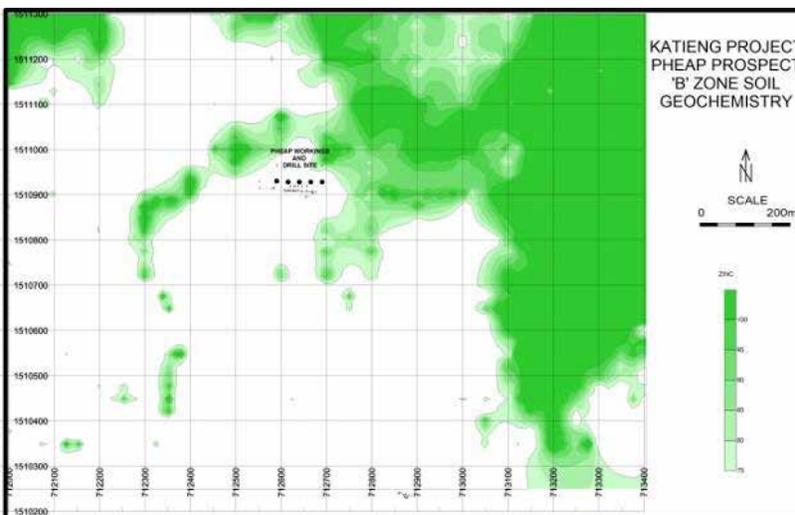
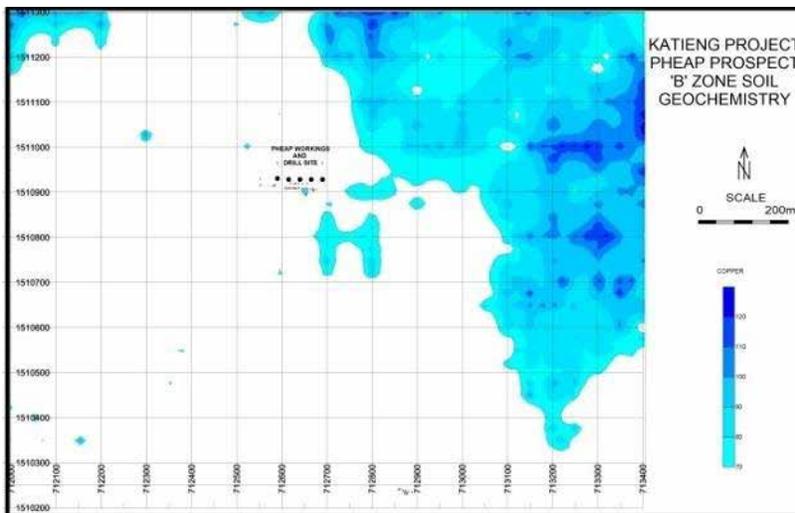
Epithermal Au bearing veins in the drilling led to a test trenching program phase, exposing numerous narrow ex-sulphide-quartz-carbonate veins containing gold up to 17 g/t, to the east of the drilling. Assay results were sufficiently encouraging for follow-up of 18 trenches totalling 1311m, which revealed a plethora of veins, that were sampled and logged. The veins are clearly genetically related to the Okalla porphyry, and are an epithermal distal manifestation of that mineralization; forming as a cluster of structurally controlled, perpendicular pinnate veins on the principal Odeng fault, which strikes 30°. Strike direction of the veins is between 90° to 130°, dipping subvertically and steeply to the north and south. The overall grade of 0.035 g/t Au of the larger trenching program found the grade to be insufficient to warrant further work in the east. However there are further areas epithermal of veining to the north and west of the Okalla intrusive, yet to be tested.



Banlung North Exploration License

Katieng Prospect

Over the Pheap area, a 'B' zone geochemical soil survey complementary to the 2009-2010 Katieng Ocruch 'C' zone soil geochemistry, 700m to the southwest was run.



The copper and zinc values appear to reflect only the location of the late basalt flood cover, with a tail of zinc following the stream. Lead is confined to one small area in the extreme southwest, unrelated to any other element. This bears some investigation. Arsenic appears to reflect the surface location of the Pheap Vein.

Several instances of visible gold from illegal artisanal mining on Katieng Pheap were reported to us by MME staff. These workings proved to be quite extensive, covering a strike of over 120m, with pits, shafts and underhand slot stopes down to 10m in places. Reconnaissance around the area showed further artisanal working, some already known to us, such as Katieng Hilltop, 800m to the south; and Katieng Cha, 500m east, which was mapped and drilled by LMI in 2007-2008.

A diamond drill program of 16 holes totaling 409m in was conducted on artisanal workings in the north, called Katieng Pheap, plus 150m in 2 holes on Katieng Cha and 73m in 2 holes on Katieng Hilltop. The drilling in the Pheap area gave some encouraging values, as depicted below.

| Hole | From m | To m | Interval m | Au g/t | Ag g/t |
|-----------|-----------------------|--------------|-------------|--------------|--------------|
| KT15-008D | No significant values | | | | |
| KT15-009D | 17.96 | 19.98 | 2.02 | 0.67 | 1.82 |
| KT15-010D | 13.93 | 15.05 | 1.12 | 2.30 | 3.80 |
| KT15-011D | 15.80 | 17.31 | 1.51 | 3.08 | 4.90 |
| KT15-012D | No significant values | | | | |
| KT15-013D | 10.90 | 12.34 | 1.44 | 5.92 | 2.83 |
| | includes | | 0.20 | 42.50 | 17.90 |
| KT15-014D | 8.56 | 9.77 | 1.21 | 1.21 | 4.04 |
| KT15-015D | 10.12 | 11.35 | 1.23 | 0.62 | 2.50 |
| KT15-016D | 25.14 | 25.97 | 0.83 | 1.01 | 3.49 |
| KT15-017D | 22.15 | 23.50 | 1.35 | 14.54 | 14.79 |
| | includes | | 0.30 | 65.40 | 65.30 |
| KT15-018D | 26.40 | 28.00 | 1.60 | 0.35 | 3.76 |
| KT15-019D | 22.15 | 23.25 | 1.10 | 0.56 | 4.16 |
| KT15-023D | 22.90 | 23.28 | 0.38 | 0.76 | 1.50 |
| KT15-024D | 19.55 | 19.95 | 0.40 | 2.91 | 7.90 |
| KT15-025D | 12.50 | 13.00 | 0.50 | 0.98 | 2.60 |
| KT15-026D | 12.65 | 13.50 | 0.85 | 10.30 | 7.80 |

Prior to drilling Cha, the 2008 LMI holes were relogged and sampled:

| Hole | From m | To m | Interval m | Au g/t |
|-----------|--------------|--------------|-------------|-------------|
| BL08-R03D | 145.40 | 145.80 | 0.40 | 0.11 |
| BL08-R04D | 26.33 | 28.26 | 1.93 | 3.67 |
| BL08-R05D | 102.80 | 103.60 | 0.80 | 0.03 |

These results gave sufficient encouragement to drill Cha but no significant values were returned in either hole. Rather better was Hilltop:

| Hole | From | To | Interval | Au g/t | Ag g/t |
|-----------|-------|-------|----------|--------------|--------------|
| KT15-020D | 16.00 | 16.40 | 0.40 | 0.41 | 2.20 |
| KT15-021D | 15.00 | 15.30 | 0.30 | 11.20 | 13.90 |



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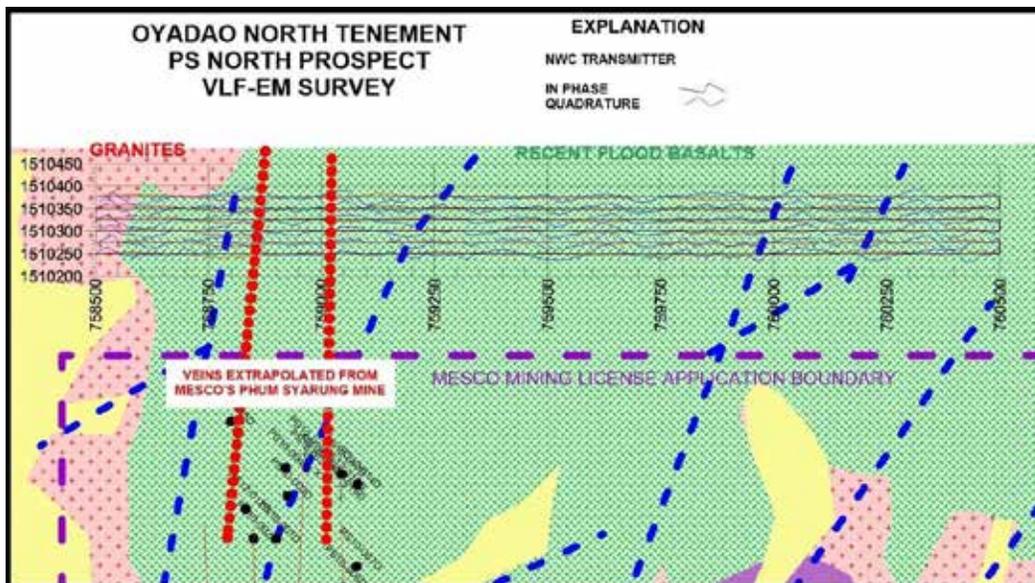
Kong Thom Prospect

In a single catchment east of the national highway near the village of this name, there are multi-element (including gold), stream sediment anomalies. A free traverse reconnaissance over the area, which purports to be basalt, showed apparently granitic soils. The geological maps by BRGM and the Russians, and the detailed interpretation by Cotton, indicate that the underlying rock is basalt, but Lockett's interpretation shows a diorite outcrop further to the east of the hamlet of Kong Thom. This was the subject of reconnaissance mapping, because this area also has some interesting stream sediment rare earth geochemical anomalies. A traverse to 761045E; 1513948N which is central to the apparent intrusive, showed only basalt derived soils surrounding the hill which seems to be the basis of the intrusive. There are outcrops of basalt on the hill, which appears to be only a manifestation of a basaltic vent. There was no other outcrop within about 400m in all directions from this hill. Investigations continue.

Phum Syarung North Prospect

Before Phum Syarung was sold, exploration was moving slowly to the north, but the presence of the flood basalts, obscuring the underlying geology, discouraged further work. After a prolonged desk exercise collating data from the original work done by Angkor Gold on Mesco Gold's Phum Syarung gold mine, a careful Electromagnetic survey using the VLF technique was run over 6 west-east lines immediately north of the boundary of the area covered by Mesco's mining license application. The lines were spaced 25m apart, with recording stations at 10m intervals along each line. Readings were taken for both JJI and NWC.

Results were superimposed on the geological map of the area, drawn by photo interpretation by Dr. Nick Lockett.

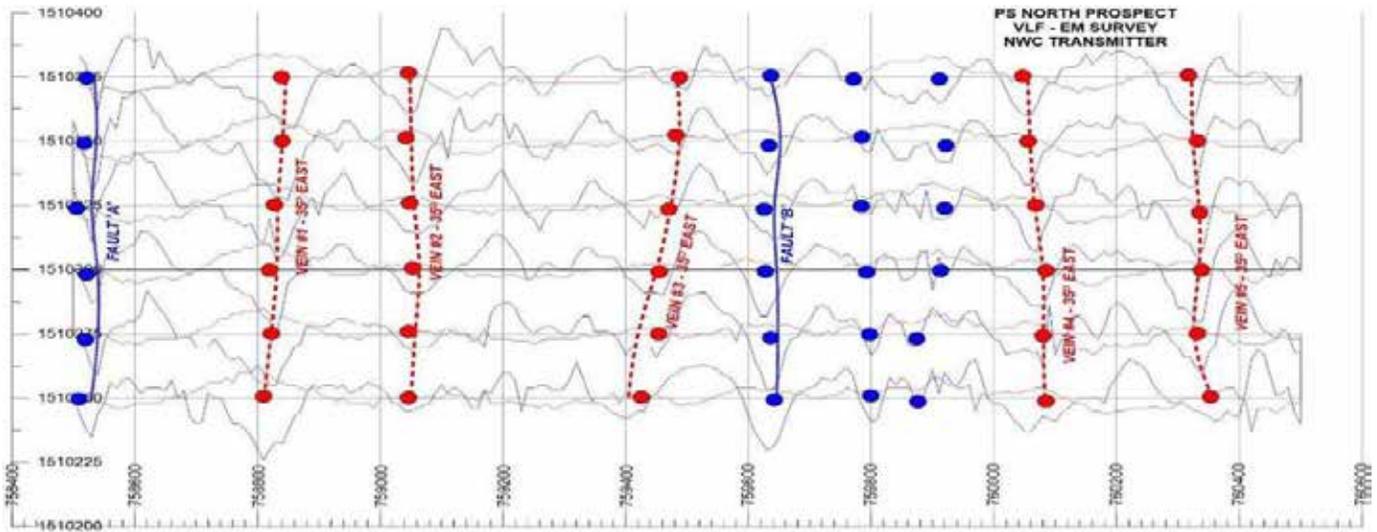


The geological map indicates that the area of interest is well to the west, and is on the feather edge of the flood basalts that cover the east. Two fault lineaments picked up by Lockett in the east, striking 20°, appear to coincide with 2 strong conductors. These in turn probably relate to the aeromagnetic lineaments, which follow the Phum Syarung-Dokyong fault corridor.

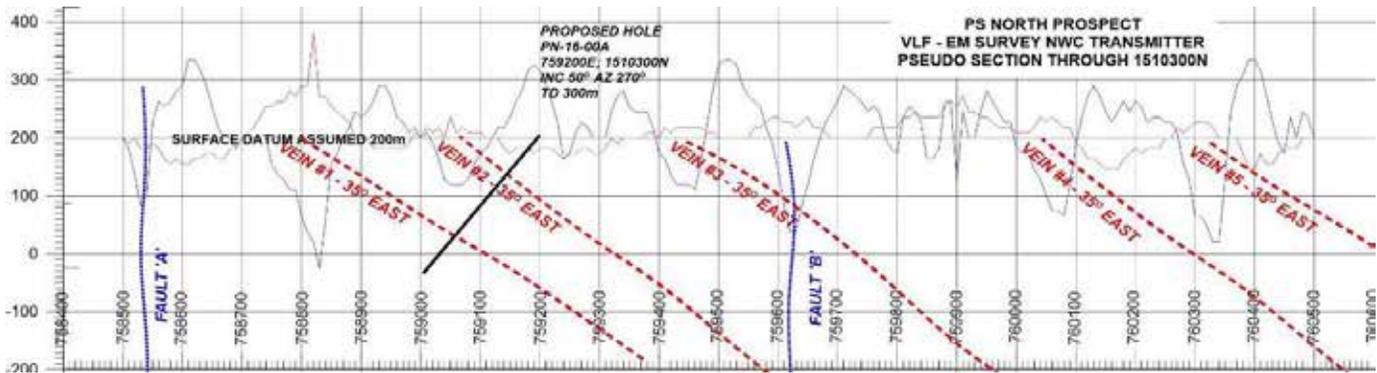
In the west, there were 2 primary veins (#13 and #8) picked out by artisanal workings, 'C' zone soil geochemistry and diamond drilling over the Mesco's Phum Syarung properties. The major one of these, called #13, lies along 759050E. The footwall vein, #8, lies along 758800E. Both strike subparallel roughly north-south. Vein #13 appears to be well depicted in the VLF-EM survey, with a strong crossover in NWC frequency transmission. It is not as apparent in the JJI frequency. Vein #8 also seems to have a strong showing, in both JJI and NWC frequencies.



The figure below, exploded for greater clarity, depicts the conductors picked up by the NWC transmitter survey. In-phase is shown in blue, quadrature in red.



The interpretation of the results is shown in the pseudo section below, which traces line 1510300N, and assumes a surface datum of 200m amsl.



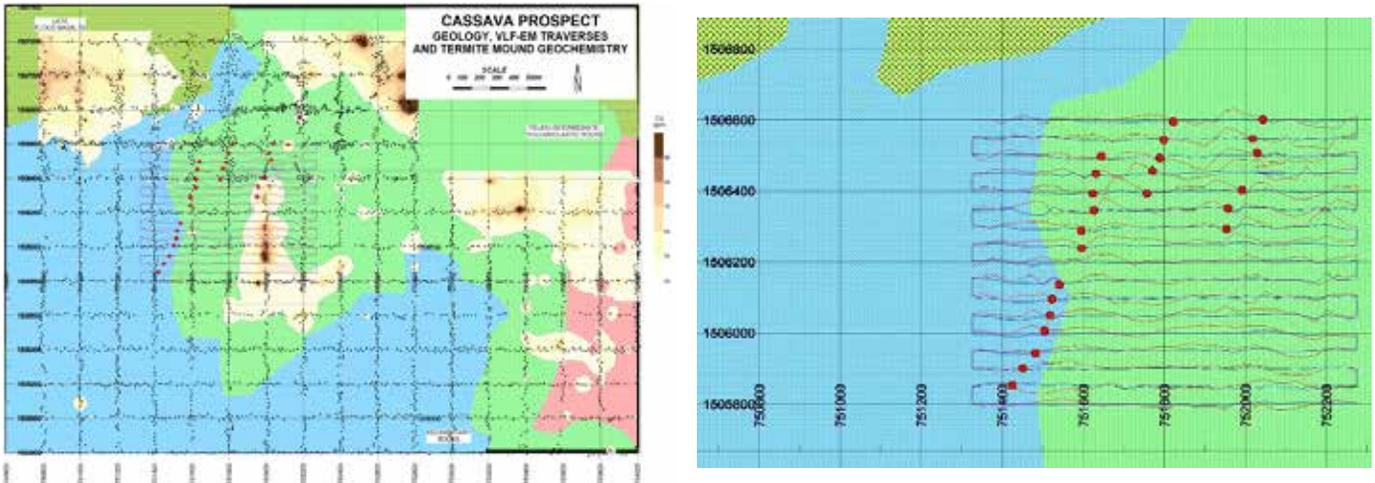
To test the veracity of this interpretation, a single diamond drill hole is recommended, hole PN16-001, at collar 759200E; 1510300N at 50° incline towards azimuth 270° to final measured depth of 300m. This will ensure that the hole cuts both #13 and #8 veins, which are here named Vein #1 and Vein #2. These veins are extrapolated at dips of about 35° E based on drilling results at Phum Syarung in 2012. Vein thicknesses are anticipated to be between 1 and 5m, any gold bearing intercept would be encouragement enough to further drill test along strike as well as the interpreted veins to the east.



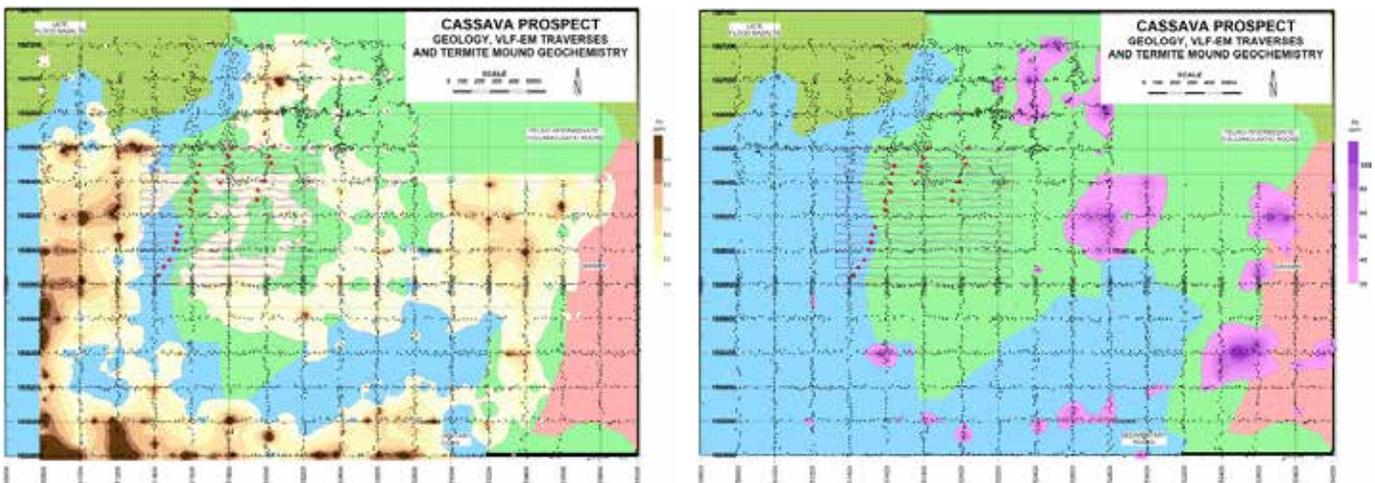
Oyadao South Exploration License

Cassava Prospect

The area was mapped in detail and a termite mound geochemical survey completed over an area of 7km², in which 2899 samples were collected and analysed by XRF on the -80 mesh and below particle size.



Within the centre of the area, a VLF-EM survey using JJI transmitted station, and collecting readings at 10m intervals on lines spaced 25m apart, was completed. This is depicted in detail above on the right (conductors depicted with a red dot), while the distribution of arsenic is shown on the left. The main concentration of arsenic is in the Permian clastic sedimentary rocks to the west and south, but note the higher values that concentrate along the eastern EM conductor, striking 30°, parallel to the other 2.

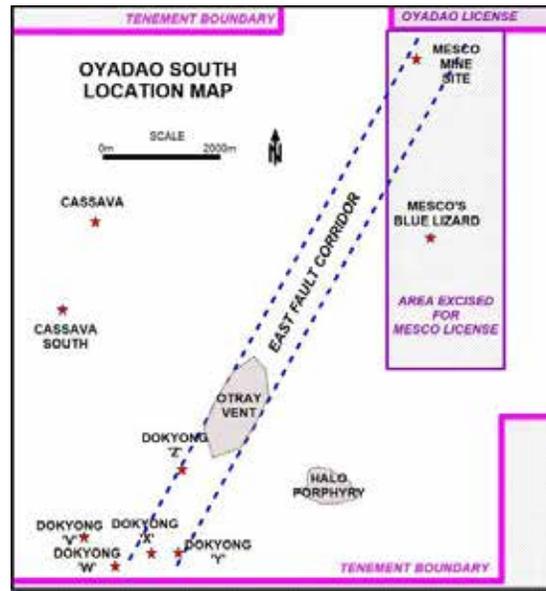


Copper is concentrated along this same conductor (shown on the left) but not lead (right). These conductors are manifest in the field as robust vuggy linear iron rich quartz veins, with good thickness (from 1.0 to 5m) and continuous strike over several hundred metres. Gold values both in termite samples by panning index and from chipped grabs are minimal. However, the veins themselves look to be richly mineralized.

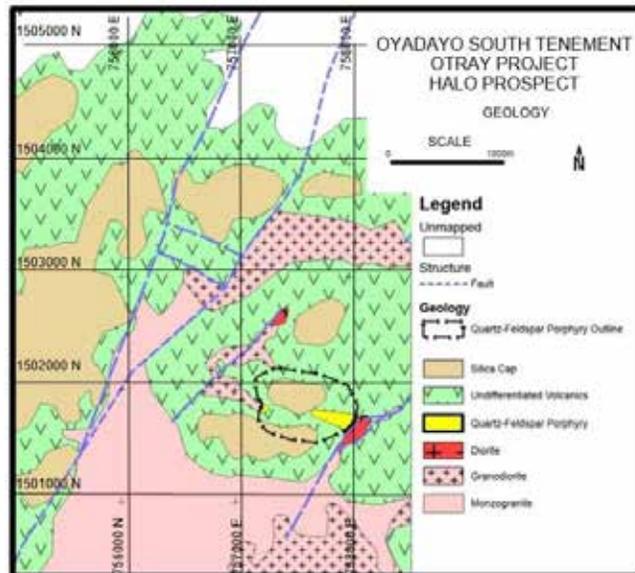


Halo Prospect

Exploration work on Halo, Otray and Dokyong, in the form of detailed free traverse mapping; coupled with a termite mound geochemical survey, involving over 26,000 samples (10,249 in the current year, shown by the small black dots on the magnetic map below), that covered over 30km² with lines every 200m (in places every 100m) has demonstrated the existence of a very attractive target. The molybdenum anomaly covers an area of 1200m by 750m with the copper anomaly dwarfing that with an anomaly coverage of 2.8 km by 2.4 km. Mapping identified molybdenite and copper mineralization in veins and veinlets in intrusive and volcanic rocks. Follow-up work included a free traverse rock chip geochemical survey; creek rock-chip channel sampling; VLF-EM geophysics; a single line IP depth probe; short-wave infrared (SWIR) alteration mineralization studies and mapping; and rigid traverse lithology mapping.



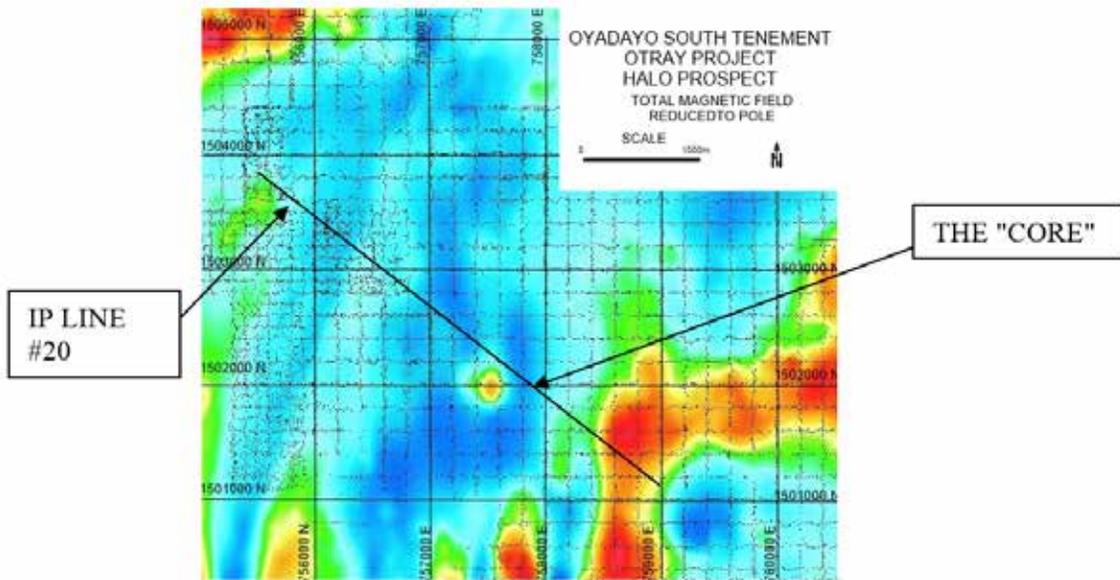
Location map showing the Halo and Otray vent



Geological map of the Halo environs

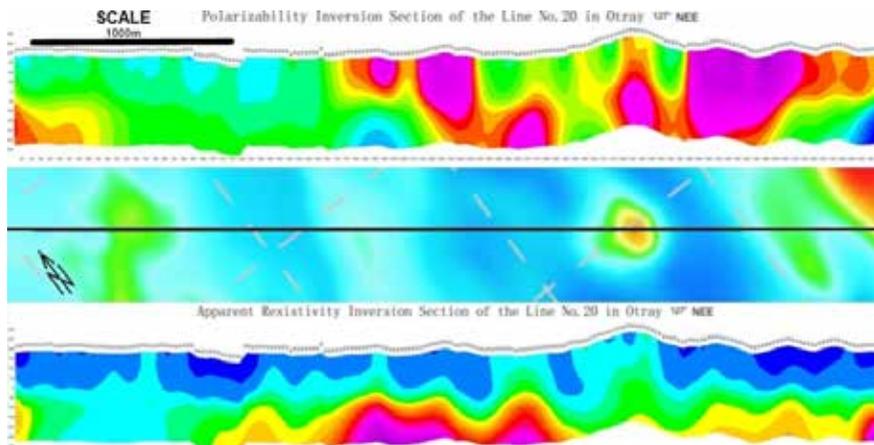
The prospect is located on the edge of a monzogranite pluton to the south, hosted in felsic and intermediate volcanic rocks, which are overlain by prominent silica cap outcrops on many hilltops in the area. The volcanic rocks were intruded by later diorite, granodiorite, and a quartz feldspar porphyry stock, which brought in molybdenite and copper mineralization in veins and veinlets that are found in both the intrusive and volcanic units. Reprocessing of aeromagnetic data showed a “doughnut” feature coinciding with the area of interest, and with a “core” of high magnetic field in the centre of a halo of lower magnetic field (below). An IP line (#20) crosses the area where there is abundant molybdenite veining and other disseminated sulphides in outcrop.





Total field reduced to poles aeromagnetic map

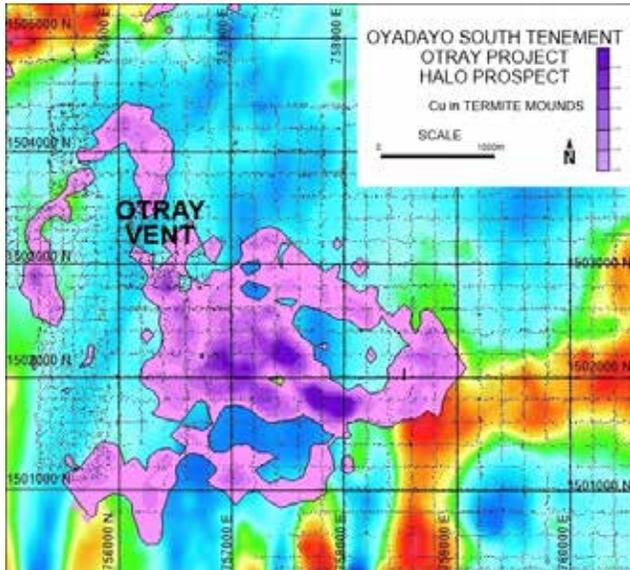
An IP line (#20) crosses the area where there is abundant molybdenite veining and other disseminated sulphides in outcrop.



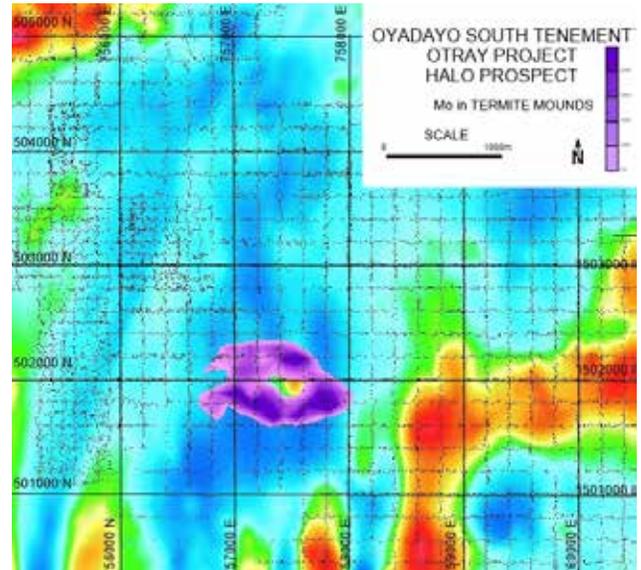
Total field reduced to poles aeromagnetic map

That IP profile demonstrates that the “core,” while coinciding with a rugged hilltop, was not merely a function of topography. The magnetic core relates to a resistive zone, flanked by a strongly chargeable periphery that coincides with the magnetic low.



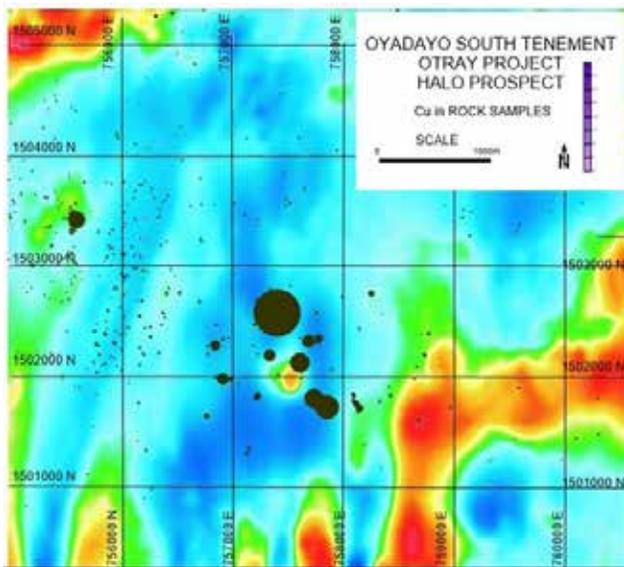


Termite mound geochemistry over Halo for copper

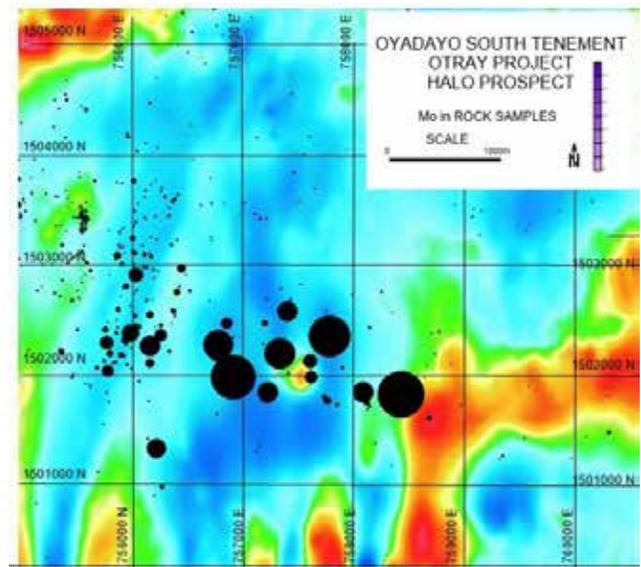


Termite mound geochemistry over Halo for molybdenum

Copper in the termite mounds is concentrated around the “core,” covering a doughnut of some 1.5km extent WNW-ESE; 1.0km NNE-SSW. Copper highs in excess of 700ppm are recorded, and the main anomaly is generally >250ppm. This anomaly features a concentration of molybdenum, which is confined almost exclusively to the doughnut around the “core.” Molybdenum highs in excess of 400ppm are recorded, and the main anomaly is generally >100ppm. The dimensions of the molybdenum anomaly are slightly more than 1,200m (1.2 km) east-west and 750m north-south.



Rock chip geochemistry over the Halo for copper



Rock chip geochemistry over the Halo for molybdenum

The distributions of molybdenum and copper in rock samples in the survey area, shown in the map above, are equally compelling. The radii of the circles are proportional to the metal content: copper ranges up to 7470 ppm, molybdenum up to 1450ppm. There is no lead or zinc anomaly associated with the “core,” although both these elements form broad anomalous crescents to the north of the porphyry.

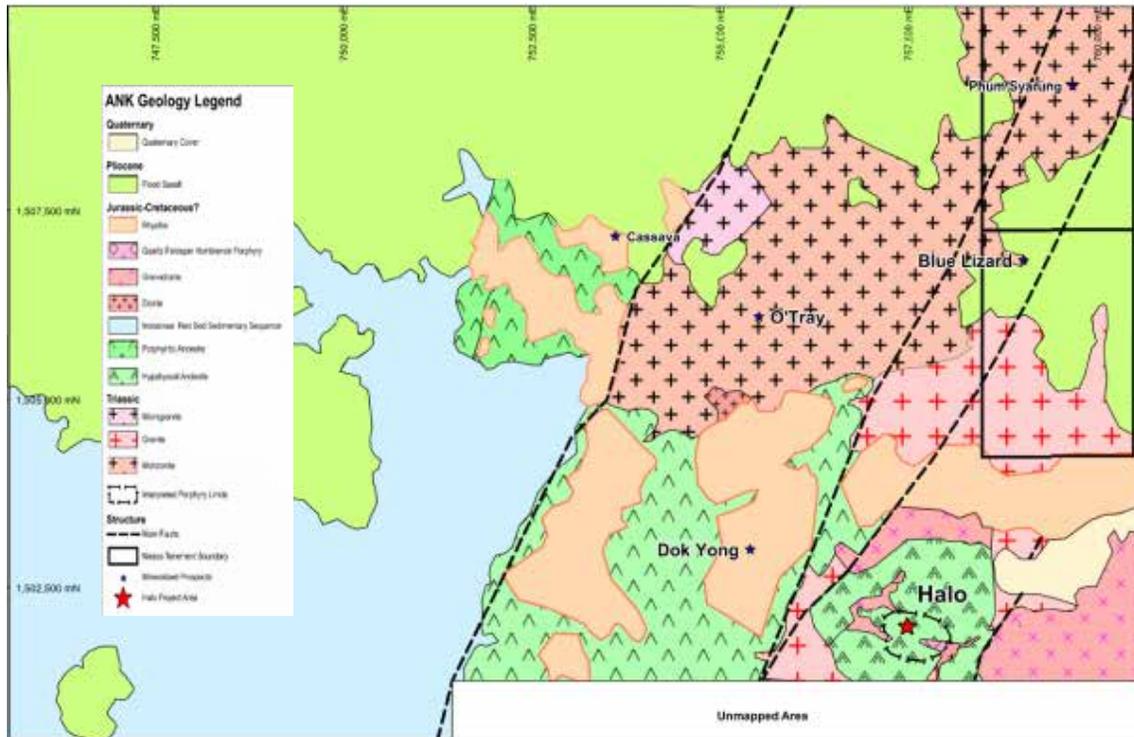
Current work is confined to an ongoing research program at the MDRU at UBC, which includes detailed petrographic studies, geochronology, SEM probing and whole rock geochemistry, and a detailed chip channel sample operation. The Halo area was the subject of detailed fixed traverse mapping late in the 2015 season. A preliminary version of this map, and the sampling locations of the chip channels are depicted below.

Of the chip-channel samples collected to date, some 1360, are currently being processed and the results are awaited.

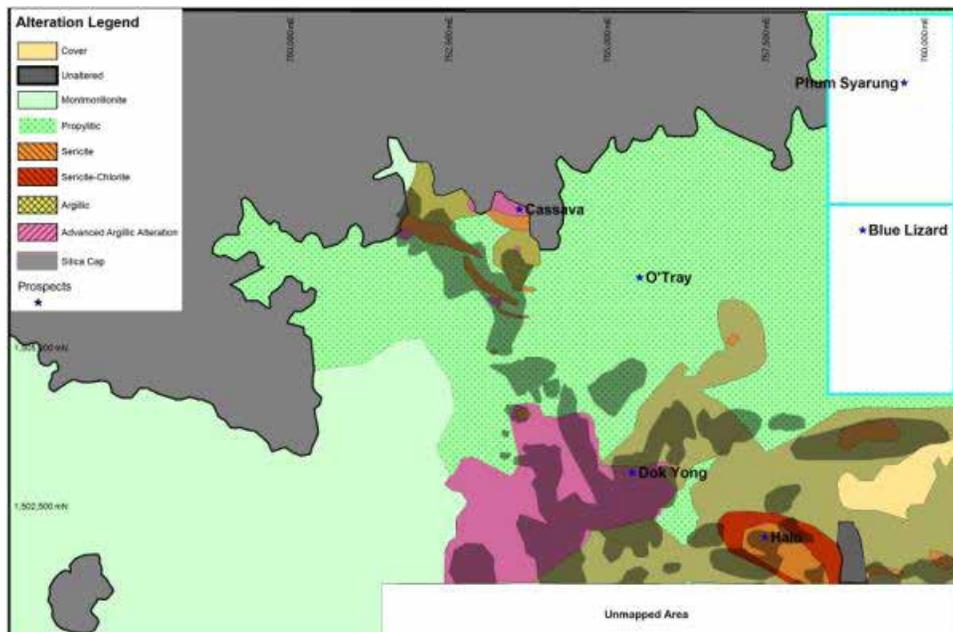


Otray Prospect

Mapping identified two areas of significant polymetallic quartz vein mineralization. The current geological model is based on field investigations of the area and from drill core from Dokyong. Generally, felsic rocks (felsic tuff and rhyolite) are stratigraphically above the intermediate volcanics (porphyritic and aphanitic andesite, intermediate tuff) and underlain by polyolithic volcanic breccias and pyroclastics. Alteration mineral identification by SWIR interpretation is an ongoing process. Alteration styles observed include advanced argillic, argillic, phyllic, and propylitic alteration assemblages. Detailed mapping of the silica caps throughout Oyadao South is vital in understanding the potential mineralized systems beneath them, characterizing the silica alteration paragenesis, and identifying any remnants of sulphidation in any veinlets or vugs in each occurrence of the silica cap. The geological mapping of the area, and the alteration facies, are shown below:



Current geological interpretation of Halo, Otray, Dok Yong and Cassava areas in Oyadao South. An update on this interpretation is expected in the fiscal year ended 2016.



Most mineralization is hosted in quartz veins with a variety of textures: comb, vuggy, druse, massive, and lattice textures have been observed in a number of veins.

The textures associated with favourable gold grade tend to be comb, crustiform, druse vuggy, and lattice textures. Two distinct quartz vein trends have been identified from field observations: one follows the regional fault trend from 20-45°; the other runs from 120-150°. These two fault systems are of different ages: the 20-45° system is younger, cross cutting the 120-150° gold related system. Both sets of mineralized veins seem to disappear beneath the silica cap; which suggests two possibilities: the veins have produced the silica cap as they ascended or a separate silica flooding phase concealed these previously emplaced veins.

The 2 principal vein systems identified in the Otray area are:

Craig's Vein

A small area of about 300m NS by 300m EW was surveyed by VLF-EM on tape and compass lines at 25m line intervals and 5m station intervals to define more exactly the vein locations. The survey showed a strong conductor over the observed vein, running 120-150°, and another parallel to it, some 700m to the northeast. The suggestion from the survey is that this vein dips at a moderate angle to the southwest. A second direction is also very obvious towards 45°; with 3 parallels roughly 300m apart. Dip direction is difficult to estimate, but could be steeply east. At the same time, this area was mapped in minute detail; and, to improve exposure, power washing removed loose soil and rocks from the outcrop. A significant portion of the outcrop was exposed and a dominant orientation of the base of the breccia was measurable with a consistent average vein orientation at 168°/54°W and a true width of a minimum of 6m possibly 10 m wide. The upper contact was not observed and the lower contact of the breccia body disappears into soil on the edge of the creek.



Crustiform quartz from an 8 g/t Au outcrop at Craig's vein

Following these operations, and after power washing the outcrops, a drilling program was undertaken. Commencing in the centre, working outwards based on the orientation of the breccia body, 7 holes totalling 570m were drilled on Craig's Vein, encountering a shear hosted polymetallic quartz-carbonate vein with galena, chalcopyrite, pyrite and possibly sphalerite. In addition, abundant veining and hydrothermal breccia were intercepted, but assays returned nominal values for gold, silver and copper, lead, zinc. A short hole of 27m probed a subparallel vein some 100m to the west, again without encountering any values of interest.

Mud Crab Veins

Several veins from 0.5m to 3.0m in thickness, occur roughly a kilometre south of Craig's Vein. These seem to be en echelon, striking about 45°, forming as pinnate veins on the principal north-south fault of the eastern fault corridor. This orientation would indicate a right lateral (dextral) sense to that faulting. As a scouting exercise, 3 of the veins were selected, and 3 holes totalling 103m probed these 3 of the Mudcrab veins, on only a single hole, OT15-011 was there a good intercept.



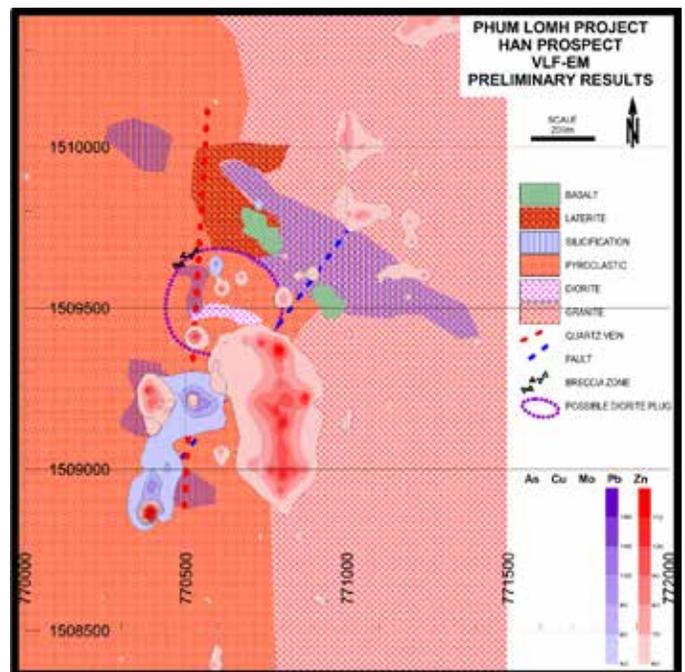
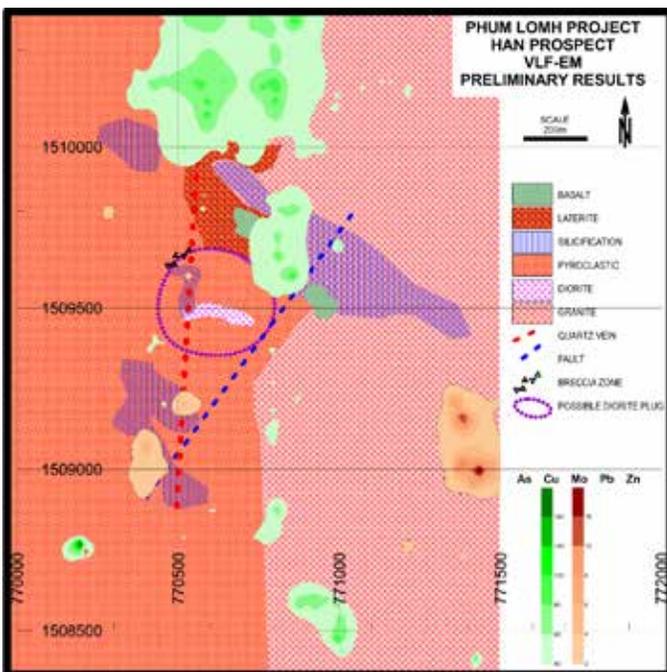
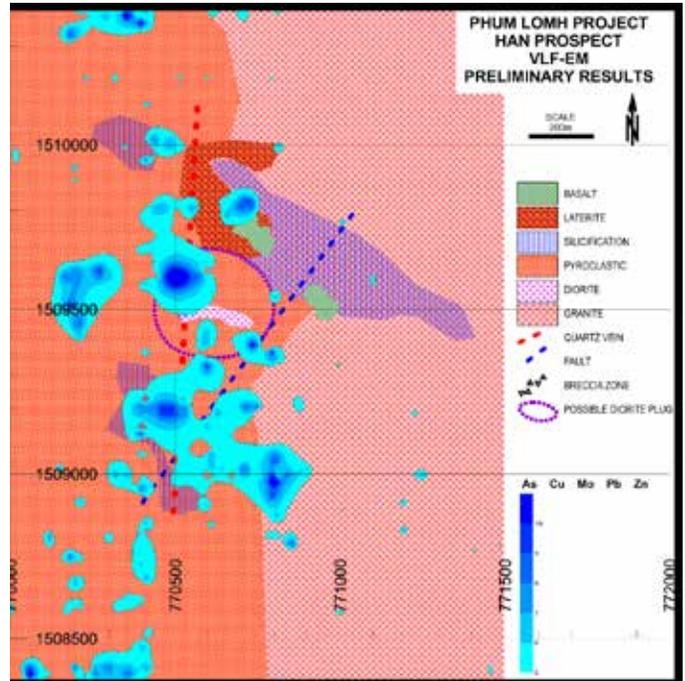
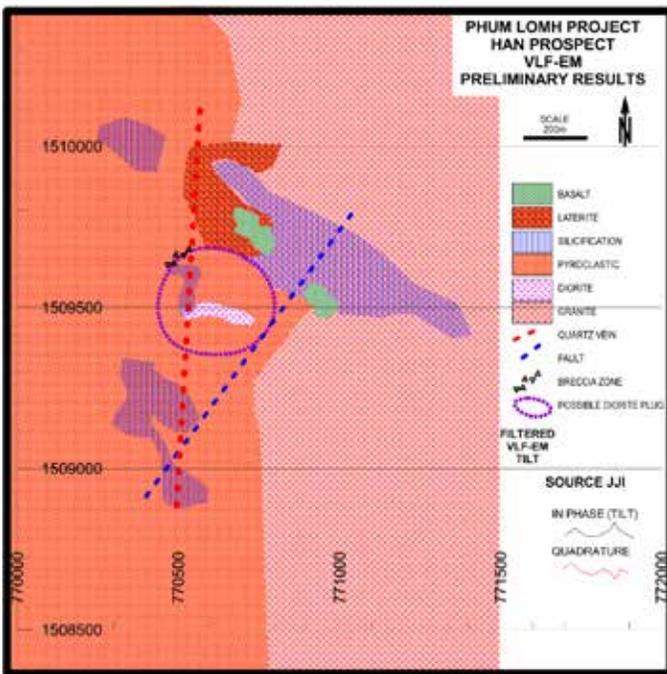
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Phum Lomh Prospect

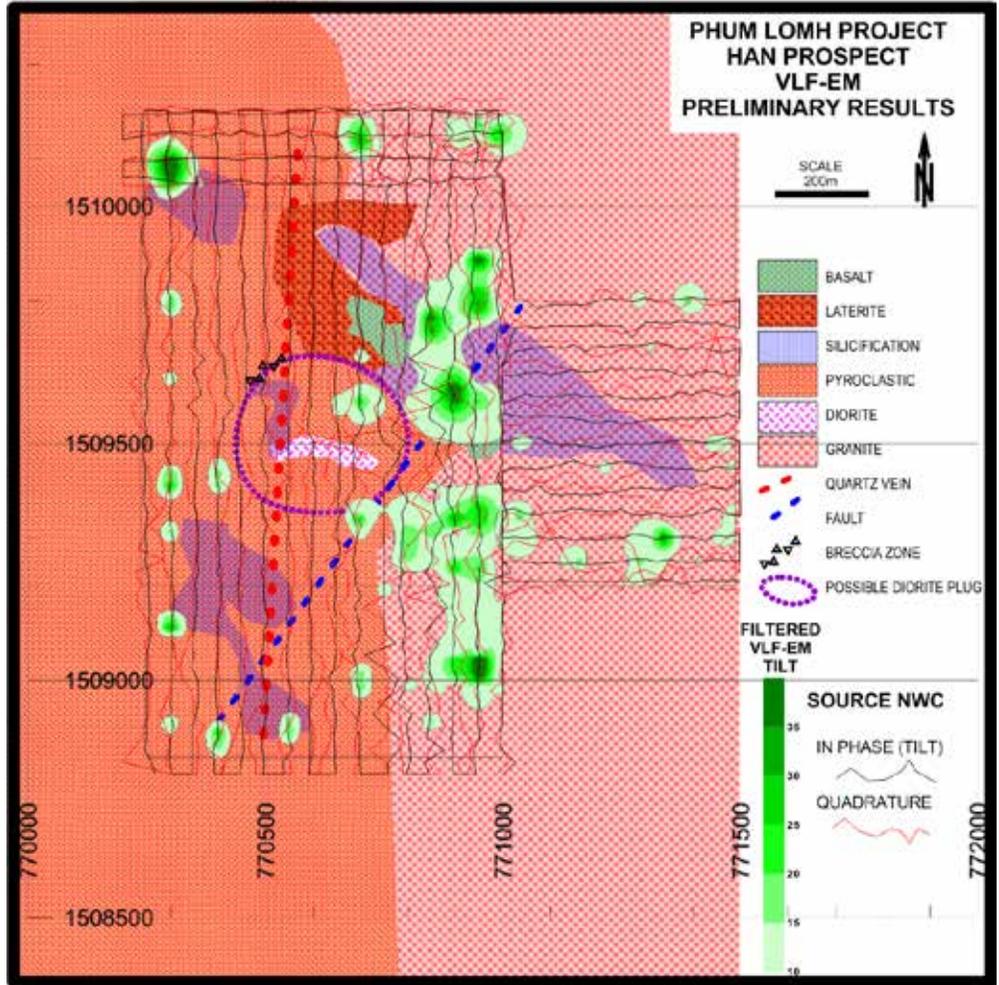
Although the stream sediment anomalies straddle the boundary between the 2 tenements, operations to date have concentrated on the mineralization in Oyadao South. Further investigation is warranted, but not of sufficient priority to warrant this field season.

Han Vein

An area of 1.5km² was mapped in some detail. The vein trends approximately 10°, extending a total length at about 1km. Three cross veins were also discovered. Dominantly, a central vein running approximately perpendicular to Han Vein was found, with 2 lesser veins to the north and south. At the intersection of the two major veins, SWIR survey detected epidote-albite indicating a propylitic zone; moving further south into an argillic zone with the evidence of possible alunite.



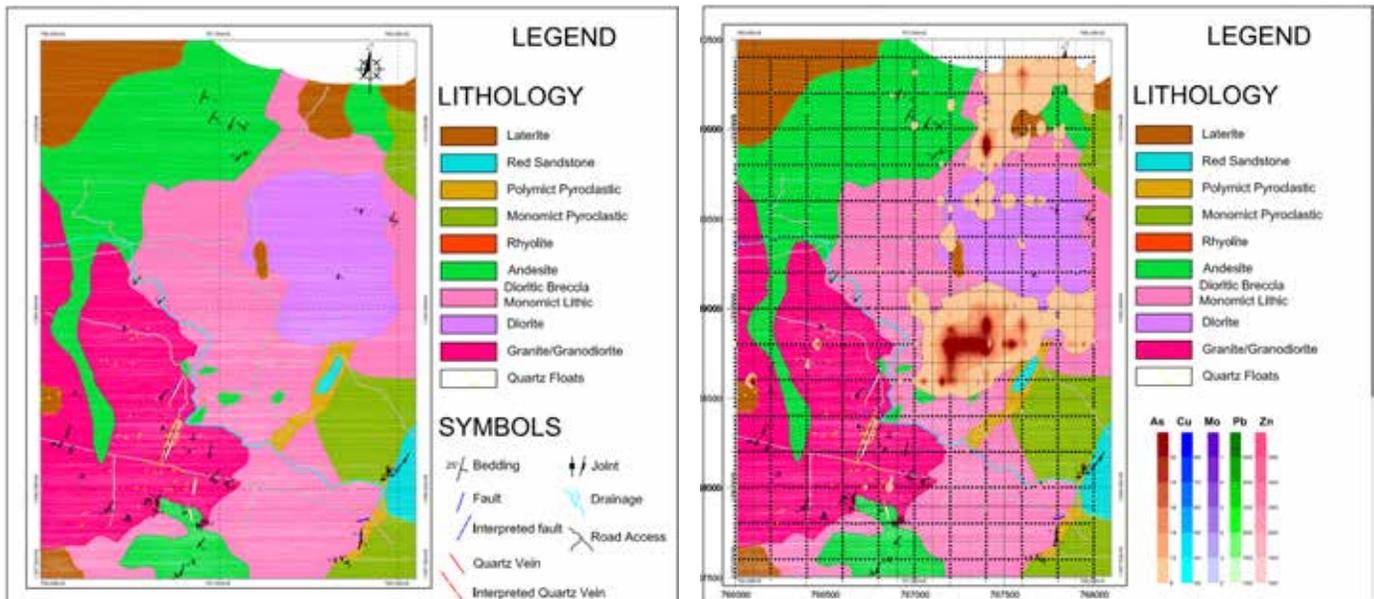
Clearly there is interesting geochemistry around the Han vein itself, and also associated with the 40° fault zone, and around some of the outcrops quartz vein stockwork, often vuggy with ex-sulphide voids. The geological mapping and termite mound geochemical survey was supplemented with the deployment of 2 VLF-EM teams into the mapped area, which picked out the 30° trending fault in the vicinity of the eastern edge of the possible diorite plug. The contact between the dioritic pyroclastics and the granite also seems to be conductive, at least in the south, but lies further east than was mapped. A VLF-EM survey will be run in an east-west direction to infill the missing east-west data as can be seen by the map below.



Adrian Vein

An area of some 6km² has been mapped in detail. Granite and Intrusive dioritic breccia are the most predominant rocks in the area, while diorite and pyroclastics occur to the north and east of Adrian Zone. There are strata of massive andesite at the top of the hills to the east and scattered rhyolite float occurs all around the area.

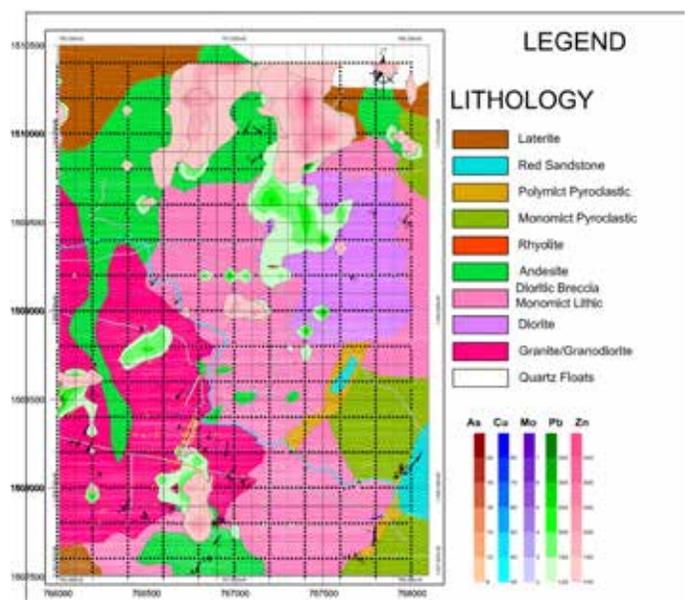
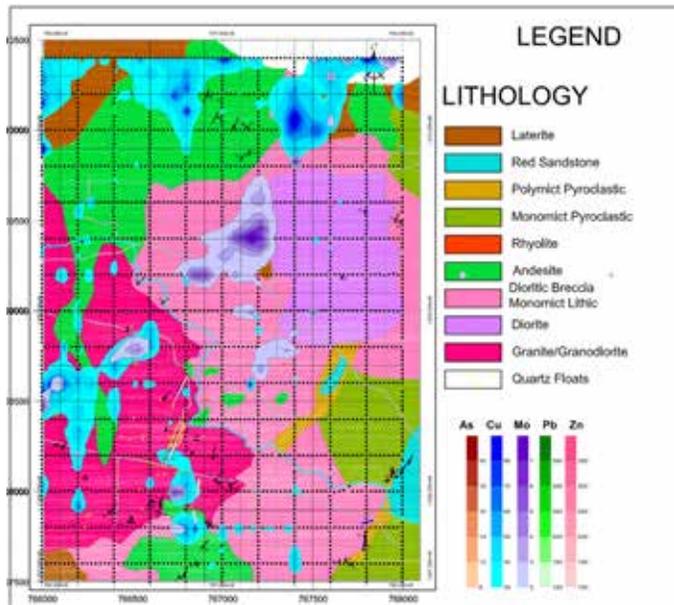
Preliminary mapping shows xenolithic granodiorite in the west, whereas, in the east, a diorite intrusive is surrounded by dioritic volcanic breccia and an outer ring of andesite to the west and pyroclastics to the east. In the granite, in the south are 4 occurrences of almost north-striking vein quartz within a strike of about a kilometre. A window of outcrops and abundant float of red sandstone occur at the east-central and southeast corner of the area. The big stream that crosses the area seems to follow an important structural control from northwest to southeast and defines the lithological contact between granite and diorite.



Most of the lithology units have not seen any hydrothermal alteration except the andesite which has moderate to pervasive silica alteration with pyrite (arsenopyrite) dissemination 1-3%, and possibly marcasite. This alteration is located near the contact between granite and Intrusive breccia. Further east the andesite is fresh without pyrite.

Over the area of detailed mapping, 'B' zone sampling traverses were run at 200m intervals, sampled at 25m spacing and analysed by XRF for base metals. Arsenic shows a strong concentration in the centre-southeast, where a very minor molybdenum anomaly coincides with it. The fault zone that strikes roughly 20° is picked up by the arsenic, and repeated again by the distributions of lead and zinc. Copper-lead-zinc picks out the vein occurrences in the south, but the most marked trend is one along 45° which is most strongly followed by copper-molybdenum-lead. A secondary concentration of these same elements coincides with the linear distribution of andesite towards the southeast of the mapped area. This lineament is most strongly manifest in the arsenic concentration mentioned above.





A VLF-EM survey over this veining was completed. Surprisingly, it shows no conductors over the observed vein quartz occurrences, but shows a strong conductor slightly to the southeast of the andesite lineament, striking 45° again. The fault that strikes 110°, following the river in the south, also shows strong conductivity.



Koan Nheak Exploration License

With the completion of the new highway, the road is now sealed all the way from Banlung. Coupled with commissioning of the new bridge over the Sre Pok, the main prospect areas in Koan Nheak are now easily accessible. Planning is now well in hand for a major deployment of effort onto the property during the dry season.

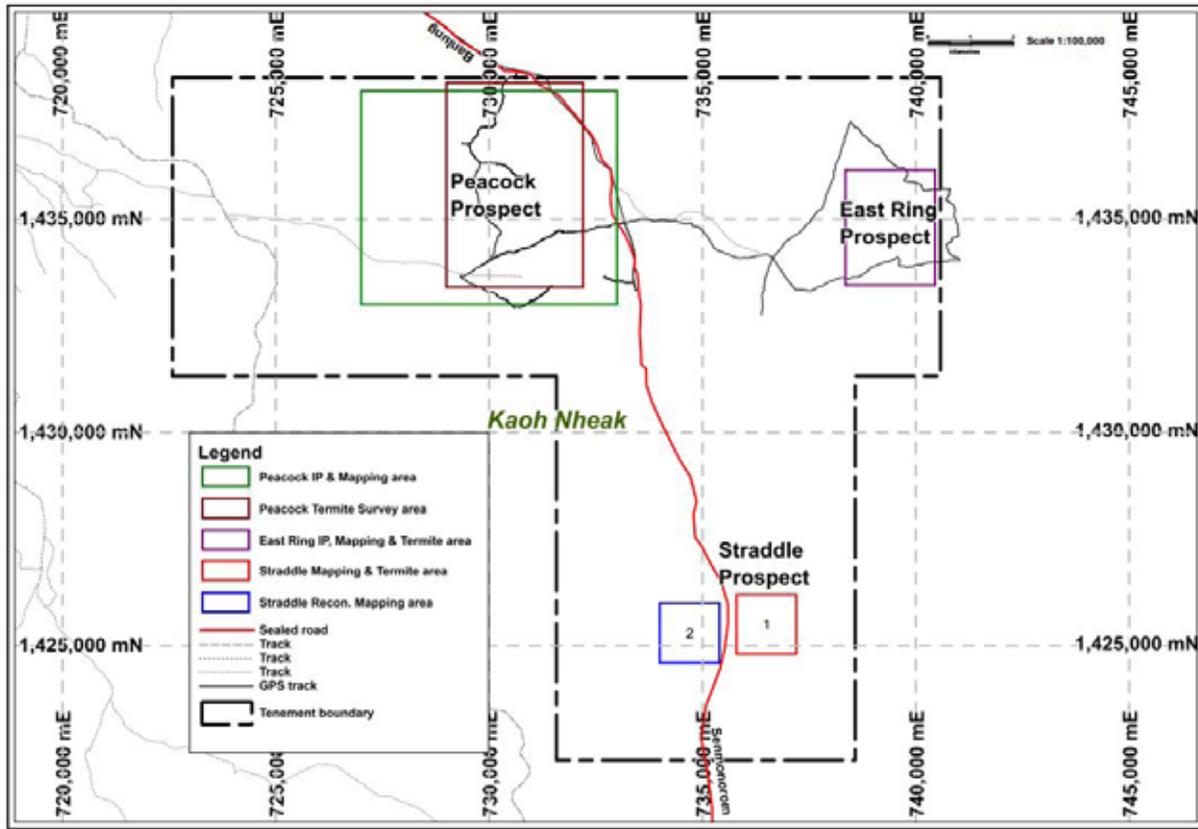


Figure 2. Map of Koan Nheak proposed work programs 2015-2016

At the end of the reporting period, the planned surface (intermediate) IP, mapping and termite mound sampling programs had started, with only some preliminary results at hand. Final results will be included in the first half year semi-annual report 2016.



Peacock Prospect (Priority 1)

A 36km² surface IP survey and mapping at 1:10,000 scale is planned and has started along with a 15km² termite mound geochemistry survey program.

At the 31st of December approximately 20% of the surface IP program in Peacock had been completed, 1,706 termite mound samples had been collected along with 157 rock samples and 3 line kilometers of surface mapping. From the geology work diorite, sandstone, mudstone and mineralised veins have been identified.

Straddle Prospect

Two contiguous catchments showed strongly anomalous antimony and arsenic in stream sediment geochemistry. These elements are good pathfinders for hydrothermal gold, and although there was no gold reported from early reconnaissance surveys, it is worthwhile following up on such pathfinder elements. The catchments are within the folded sedimentary rocks, in which calcareous horizons have been observed. Skarn type epithermals are therefore a distinct possibility. The 2 areas of investigation totalling 2.8km², each 1.4km², are planned for the Straddle prospect, to follow up on the arsenic and antimony anomalies highlighted by stream sediment sampling. Area 1 is most prospective and has both creek geology mapping and a termite mound sampling program planned on a 200m by 200m grid north-south and east to west. Area 2 is only planned to do some geology reconnaissance.

At the 31st of December, 12 line kilometers in Area 1 had been mapped and reconnaissance work on Area 2 had not yet begun. The rocks identified so far are dominantly sediments, consisting of shale's and carbonaceous siltstones, fine grained sandstones and multiple intrusive igneous sills of andesite, porphyritic andesite, microdiorite, and feldspar porphyry. Alteration in the form of hornfels is limited to sill contact margins. Chlorite, silica and clay alteration is observable in the sills. The exact type of clay alteration will need to be investigated using Shortwave Infrared (SWIR). Minor pyrite and arsenopyrite has been observed in some of the sills along with brecciated veins containing ex-sulphides. To date 69 rock samples and 331 termite mound geochemistry samples have been collected.

East Ring Prospect

As at the end of the reporting period, no work had started in the East Ring prospect.



SUMMARY

- Halo and CW both require further exploration based on the geochemical, geophysical, alteration and field mapping results to date. Both currently have the potential to contain large tonnage, low grade porphyry mineralisation.
- Okalla West, whilst still in an early stage of investigation currently has the potential to host structurally controlled gold of a significant size. Further mapping, geochemistry and geophysics surveys, should highlight good drilling targets before the end of the 2015-2016 field season.
- Okalla still has potential epithermal gold vein deposits and requires further investigation in this regard.
- Phum Syarung North could easily host gold bearing epithermal vein extensions related to the current Phum Syarung mine deposit. Further ground geophysics surveys to compliment and confirm the VLF-EM results would provide the confidence required to narrow down drilling targets in this area.
- Whilst the rest of the prospects in this report remain under explored, they are of insufficient ranking in regards to the current budget, to warrant exploration funding in the 2015-2016 field exploration season. However if funding becomes available Phum Syarung North Vein, Han Vein, Adrian Vein, Wild Boar, Okalla (epithermal veins), Katieng and Phum Lomh prospects, would be obvious targets for further investigation when manpower and budget permit.
- The highest ranking key exploration targets for the 2015-2016 exploration field season are Halo, Okalla West, Koan Nheak and CW.
- Work on Wild Boar prospect is still suspended, due to the local villagers objecting to our operations. Their concerns are being addressed, and work will restart as the position resolves itself. This involves termite mound sampling, detailed mapping a reconnaissance VLF-EM geophysical survey and survey of all artisional workings.
- The results of the trenching at Okalla were not favourable enough to warrant drilling at this time.
- At Okalla West, the full sampling results of the termite mound geochemical survey, will determine the next step. Augering and a drilling campaign will be the next logical step.
- No termite mound pan concentrates or sieve-sort samples have been processed as processing of samples from Okalla West is ongoing at the time of reporting. No geochemistry results from the current programs are at hand.
- All programs and results are expected to be completed on the Koan Nheak prospects before the coming wet season.



OVERALL PERFORMANCE FOR THE REPORTING PERIOD

For the six month period ended January 31, 2016, the Company recorded a loss of \$1,222,789 (\$0.00 loss per share).

The \$1,222,789 loss in the six month period ended January 31, 2016 was driven by:

(i) salaries, wages, and benefit costs of \$499,375, (ii) corporate development expenses of \$61,980, (iii) social development costs of \$72,363, (iv) office and travel expenses of \$256,700, (v) professional fees of \$99,203, and (vi) reversal of deferred income taxes of \$526,939.

For the six month period ended January 31, 2015, the Company recorded a loss of \$7,768 (\$0.00 loss per share).

The \$7,768 loss in the three month period ended January 31, 2015 was driven by:

(i) salaries, wages, and benefit costs of \$143,007, (ii) corporate development expenses of \$30,000, (iii) social development costs of \$57,800, (iv) office expenses of \$65,732, (v) professional fees of \$114,929, (vi) foreign exchange gain of \$246,284 and (vii) Net smelter return income of \$160,117.

Working Capital and Total Assets

As at January 31, 2016, the Company had \$20,783,057 in total assets and a net working capital deficiency of \$998,256.



| | For the quarters ended | | | April 30, 2015 |
|---|------------------------|-------------------|--------------------|-------------------|
| | Jan 31, 2016 | Oct 31, 2015 | July 31, 2015 | |
| Total comprehensive income (loss) | (324,295) | (48,611) | 1,219,944 | 50,695 |
| Income (loss) after income taxes | (1,222,789) | (189,805) | (1,612,905) | (124,695) |
| Earnings (loss) per share | (0.00) | (0.00) | (0.01) | (0.00) |
| Earnings (loss) per share – fully diluted | (0.00) | (0.00) | (0.01) | (0.00) |
| Cash and cash equivalents | 547,897 | 1,349,163 | 1,880,964 | 1,113,326 |
| Total assets | 20,783,057 | 20,257,207 | 20,812,319 | 17,980,229 |
| Total long-term liabilities | 515,279 | 472,892 | 473,030 | 543,668 |

The main driver that affects comprehensive income each quarter is the foreign exchange on the resource properties as the United States Dollar increased in value relative to the Canadian dollar. The increase was more significant in the fiscal year ended 2015.

| | For the quarters ended | | | April 30, 2014 |
|---|------------------------|-------------------|-------------------|-------------------|
| | Jan 31, 2016 | Oct 31, 2014 | July 31, 2014 | |
| Total comprehensive income (loss) | \$191,351 | \$62,343 | \$366,178 | \$222,302 |
| Income (loss) after income taxes | (41,288) | 33,520 | 423,290 | 166,646 |
| Earnings (loss) per share | (0.00) | (0.00) | (0.00) | (0.00) |
| Earnings (loss) per share – fully diluted | (0.00) | (0.00) | (0.00) | (0.00) |
| Cash and cash equivalents | 548,393 | 841,565 | 1,419,703 | 398,884 |
| Total assets | 15,830,141 | 16,001,519 | 15,943,546 | 12,483,525 |
| Total long-term financial liabilities | 523,563 | 511,928 | 500,909 | 332,386 |

CAPITAL EXPENDITURES

During the six month period ended January 31, 2016, the Company capitalized \$Nil of deferred exploration expenditures and \$Nil of property, plant and equipment.

During the six month period ended January 31, 2015, the Company capitalized \$1,035,763 of deferred exploration expenditures and \$nil of property, plant and equipment.

LIQUIDITY AND CAPITAL RESOURCES

The Company has an unaudited loss before income taxes of \$1,222,789 for the six months ended January 31, 2016, accumulated losses of \$16,578,760 as at January 31, 2016 and negative cash flows from operating activities of \$1,286,866 for the six months ended January 31, 2016.

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



TRANSACTIONS WITH RELATED PARTIES

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

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

| | January 31, 2016 | January 31, 2015 |
|---------------------|------------------|------------------|
| Management payments | \$175,724 | \$173,006 |

Included in accounts payable and accruals is \$63,224 due to the Chief Executive Officer and his spouse and \$20,000 due to the Company's country manager. 1% of the 5% Joint Venture Interest is related to the spouse of the CEO – see Note 17.

OFF BALANCE SHEET ARRANGEMENTS

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

FINANCIAL INSTRUMENTS

As disclosed in its audited consolidated financial statements for the year ended July 31, 2015, the Company has identified several financial instruments that it utilizes in its day-to-day operations. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

OUTSTANDING SHARE DATA

a) Authorized:

Common Shares

Unlimited number of common shares

Preferred Shares

Unlimited number of preferred shares

b) Issued and outstanding:

January 31, 2016: 93,165,754 common shares / 2,904,000 stock options

March 25, 2016: 93,335,754 common shares / 2,714,000 stock options



RISKS AND UNCERTAINTIES

The exploration for and development of mineral deposits are highly speculative activities and are subject to significant risks. The Company's ability to realize its investments in exploration projects is dependent upon a number of factors, including its ability to continue to raise the financing necessary to complete the exploration and development of those projects and the existence of economically recoverable reserves within its projects. Other significant risks are listed below.

Operations in Cambodia

The Company's primary mineral properties are located in Cambodia and as such, are exposed to various levels of political, economic, and other risks and uncertainties. These risks and uncertainties include, but are not limited to, terrorism, hostage taking, military repression, crime, political instability, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits, approvals and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange or repatriation, and changing political conditions and governmental regulations. Changes, if any, in mining or investment policies or shifts in political attitude in Cambodia may adversely affect the operations or profitability of the mineral properties. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of properties, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use, mine safety, and the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Failure to comply strictly with applicable laws, regulations, and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the mineral properties.

Stage of Development

The Company's primary mineral properties are in the exploration stage and the Company does not have an operating history with respect to its exploration activities. Exploration and development of mineral resources involves a high degree of risk and few properties which are explored are ultimately developed into producing properties. The amounts attributed to the Company's interest in its properties as reflected in its financial statements represent acquisition and exploration expenses and should not be taken to represent realizable value. There is no assurance that the Company's exploration and development activities will result in any discoveries of commercial bodies of ore. The long term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors such as unusual or unexpected geological formations, and other known and unknown factors.

Environmental

Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in exploration programs. Unknowns with respect to geological structures and other conditions are involved. Existing and future environmental laws may cause additional expense and delays in the activities of the Company, and they may render the Company's properties uneconomic. The Company has no liability insurance, and the Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Company's financial position.

Future Financings

If the Company's exploration programs are successful, additional funds will be required for further exploration and development to place a property into commercial production. The Company's available sources of funds are: (i) the Company's existing cash and cash equivalents, (ii) the further sale of equity capital or (iii) the offering by the Company of an interest in its properties to be earned by another party or parties carrying out further exploration or development thereof. There is no assurance such sources will continue to be available on favourable terms or at all. If available, future equity financings may result in dilution to current shareholders.

Profitability of Operations

The Company is not currently operating profitably consistently, and it should be anticipated that it will operate at a loss at least until such time as production is achieved from its properties, if production is, in fact, ever achieved. Investors also cannot expect to receive any dividends on their investment in the foreseeable future.



Currency Risk

The Company's mineral property operations incur costs which are denominated in USD. Future changes in exchange rates could materially affect the viability of exploring and developing these properties.

NEW ACCOUNTING PRONOUNCEMENTS EFFECTIVE IN FUTURE PERIODS

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

ADDITIONAL DISCLOSURES FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The following is a breakdown of the material costs for exploration and evaluation assets for the period ended July 31, 2015 and the years ended July 31, 2014 and 2013:

| | Years ended July 31. | | |
|----------------------------|----------------------|---------------|---------------|
| | 2015 | 2014 | 2013 |
| Non-earn in payments | \$ 12,565,889 | \$ 8,462,662 | \$ 5,903,810 |
| Earn in payments | 5,390,012 | 4,778,922 | 4,617,673 |
| Total | \$ 17,955,901 | \$ 13,241,584 | \$ 10,521,483 |
| General and administrative | \$ 1,196,294 | \$ 1,054,245 | \$ 2,489,872 |

General and administrative expenses are provided by category of major expense in the Consolidated Statements of Comprehensive Loss included in the audited financial statements.

OTHER INFORMATION

Additional information relating to the Company is available on the SEDAR website at www.sedar.com.

