Consolidated Financial Statements
(Expressed in Canadian dollars)

ANGKOR GOLD CORP.

Years ended July 31, 2014 and 2013

WOLRIGE MAHON
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Angkor Gold Corp.

We have audited the accompanying consolidated financial statements of Angkor Gold Corp. and its subsidiaries, which comprise the consolidated statements of financial position as at July 31, 2014 and 2013, and the consolidated statements of comprehensive income and loss, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Angkor Gold Corp. and its subsidiaries as at July 31, 2014 and 2013, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 2 in the consolidated financial statements which indicates that Angkor Gold Corp. has a deficit of $13,610,603 as at July 31, 2014 and negative cash flows from operations, before the net change in non-cash working capital items, of $986,341 for the year ended July 31, 2014.. These conditions, along with other matters as set forth in note 2, indicate the existence of a material uncertainty that may cast significant doubt about Angkor Gold Corp.'s ability to continue as a going concern.

"Wolrige Mahon LLP"

CHARTERED ACCOUNTANTS

November 26, 2014
Vancouver, B.C.

ANGKOR GOLD CORP.

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	July 31, 2014	July 31, 2013
Assets		
Current assets		
Cash and cash equivalents	$ **1,419,703**	$ 1,321,170
Amounts receivable	**45,877**	24,612
Prepaid expenses and deposits	**86,091**	40,439
Promissory notes receivable (Note 14)	**1,046,547**	514,350
Total current assets	**2,598,218**	1,900,571
Non-current assets		
Property and equipment (Note 6)	**103,744**	96,004
Exploration and evaluation assets (Note 7)	**13,241,584**	10,521,483
Total non-current assets	**13,345,328**	10,617,487
Total assets	**15,943,546**	12,518,058
Equity and Liabilities		
Current liabilities		
Accounts payable and accruals (Note 13)	**634,997**	715,190
Net smelter royalty buy-back option (Note 15)	**957,776**	-
Total current liabilities	**1,592,773**	715,190
Deferred income tax liability (Note 9)	**500,909**	327,478
Total liabilities	**2,093,682**	1,042,668
Equity		
Share capital (Note 10)	**24,797,488**	22,391,250
Contributed surplus (Note 10)	**2,151,644**	2,247,074
Deficit	**(13,610,603)**	(13,686,731)
Accumulated other comprehensive income	**76,110**	88,572
Warrants (Note 10)	**435,225**	435,225
Total equity	**13,849,864**	11,475,390
Total liabilities and equity	$ **15,943,546**	$ 12,518,058

Going concern (Note 2)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

"Terry Mereniuk" Director "Mike Weeks" Director

ANGKOR GOLD CORP.

Consolidated Statements of Comprehensive Income and Loss
(Expressed in Canadian dollars)

Years ended July 31, 2014 and 2013

	2014	2013
Expenditures		
Salaries, wages and benefits	$ **476,302**	$ 745,713
Corporate development	**31,055**	160,737
Social development (Note 5)	**114,000**	114,064
Share-based compensation	**67,904**	927,814
Office expenses	**179,516**	303,894
Professional fees	**179,080**	231,832
Interest and banking costs	**6,388**	5,818
Total expenditures	**1,054,245**	2,489,872
Other items		
Foreign exchange gain (loss)	**589,511**	282,064
Net proceeds on sale of mineral property (Note 14)	**714,293**	1,373,506
Cost recovery from exploration services	-	16,987
Income (Loss) before income taxes	**249,559**	(817,315)
Deferred income tax expense (note 9)	**(173,431)**	(217,169)
Income (Loss) after income taxes	**76,128**	(1,034,484)
Other comprehensive loss		
Unrealized (loss) gain on translating financial statements	**(12,462)**	(8,062)
Total comprehensive income (loss) for the year attributable to shareholders	$ **63,666**	$ (1,042,546)
Basic and diluted earnings (loss) per share (Note 11)	**0.00**	(0.01)

See accompanying notes to consolidated financial statements.

ANGKOR GOLD CORP.

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

Years ended July 31, 2014 and 2013

	Share capital	Deficit	Accumulated other comprehensive income	Warrants	Contributed Surplus	Total
Balance at July 31, 2012	$ 19,316,329	$ (12,652,247)	$ 96,634	$ 1,514,277	$ 1,515,000	$ 9,789,993
Issuance of common shares	1,530,000	-	-	-	-	1,530,000
Loss for the year	-	(1,034,484)	-	-	-	(1,034,484)
Unrealized loss on translation of financial statements	-	-	(8,062)	-	-	(8,062)
Issuance of options	-	-	-	-	927,814	927,814
Exercise of warrants	1,096,326	-	-	(1,079,052)	-	17,274
Exercise of options	448,595	-	-	-	(195,740)	252,855
Balance at July 31, 2013	22,391,250	(13,686,731)	88,572	435,225	2,247,074	11,475,390
Issuance of common shares	**2,047,500**	**-**	**-**	**-**	**-**	**2,047,500**
Grant of options	**-**	**-**	**-**	**-**	**67,904**	**67,904**
Exercise of options	**358,738**	**-**	**-**	**-**	**(163,334)**	**195,404**
Income (Loss) for the year	**-**	**76,128**	**-**	**-**	**-**	**76,128**
Unrealized loss on translation of financial statements	**-**	**-**	**(12,462)**	**-**	**-**	**(12,462)**
Balance at July 31, 2014	**$ 24,797,488**	**$ (13,610,603)**	**$ 76,110**	**$ 435,225**	**$ 2,151,644**	**$ 13,849,864**

See accompanying notes to consolidated financial statements.

ANGKOR GOLD CORP.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

Years ended July 31, 2014 and 2013

		2014		2013
Cash provided by (used for) the following activities				
Operating				
Net income (loss)	**$**	**76,128**	$	(1,034,484)
Deferred income tax expense		**173,431**		217,169
Foreign exchange (gain) loss		**(589,511)**		(282,064)
Net proceeds on sale of mineral properties (Note 14)		**(714,293)**		(1,373,506)
Share based compensation (Note 10)		**67,904**		927,814
		(986,341)		(1,545,071)
Changes in working capital accounts				
Amounts receivable		**(21,265)**		16,222
Prepaid expenses and deposits		**(45,652)**		(159)
Accounts payable and accruals		**354,337**		32,959
Net cash from (used in) operating activities		**(698,921)**		(1,496,049)
Financing				
Net Smelter Royalty buy-back option		**546,166**		-
Issuance of common shares (net of share issue costs and adjusted for non cash share issue costs)		**2,047,500**		39,991
Exercise of options		**195,404**		252,855
Exercise of warrants		**-**		17,274
Net cash from financing activities		**2,789,070**		310,120
Investing				
Purchases of property and equipment (Note 6)		**(55,000)**		(14,066)
Proceeds on sale of mineral property (Note 14)		**248,023**		3,091,081
Advancement of exploration and evaluation assets (Note 7)		**(2,178,476)**		(1,698,916)
Net cash used in investing activities		**(1,985,453)**		1,378,099
Net effect of translation on foreign currency cash		**(6,163)**		(242,441)
Increase (decrease) in cash resources		**98,533**		(50,271)
Cash resources, beginning of period		**1,321,170**		1,371,441
Cash resources, end of period	**$**	**1,419,703**	$	1,321,170

See accompanying notes to consolidated financial statements.

1. Organization and description of business:

Angkor Gold Corp. ("Angkor" or the "Company"), formerly Weifei Capital Inc. ("Weifei"), was incorporated under the laws of the Province of British Columbia, Canada on October 16, 2008. 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 26, 2014 by the Board of Directors. The registered address of the Company is Box 153, Sexsmith, Alberta, T0H 3C0.

The Company commenced trading as a Tier 2 mining issuer on the TSX Venture Exchange (the "Exchange") on October 19, 2011 under the trading symbol "ANK".

2. Going concern:

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

The Company has comprehensive income of $63,666 for the year ended July 31, 2014, accumulated losses of $13,610,603 as at July 31, 2014 and cash flows from operations before the net change in working capital items, of $(986,341) for the year ended July 31, 2014.

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.

3. Statement of compliance:

The Company's consolidated financial statements have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the years ended July 31, 2014 and 2013.

4. Significant accounting policies:

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

(a) Basis of presentation:

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

(b) Basis of consolidation:

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

(c) Foreign currency translation:

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

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

4. Significant accounting policies (continued):

(c) Foreign currency translation (continued):

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

(d) Income taxes:

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the consolidated statement of comprehensive income (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) Income (Loss) per share:

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (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.

4. Significant accounting policies (continued):

(g) Financial instruments:

(*i*) Financial assets:

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

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

(*ii*) Other financial liabilities:

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

The Company has classified accounts payable and accrued liabilities and net smelter royalty buy back option as other financial liabilities.

4. Significant accounting policies (continued):

(g) Financial instruments (continued):

(*ii*) Other financial liabilities (continued):

Derecognition of financial liabilities:

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

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

(i) Property and equipment:

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

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

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

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

4. Significant accounting policies (continued):

(j) Exploration and evaluation assets:

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

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

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

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

4. Significant accounting policies (continued):

(j) Exploration and evaluation expenditures (continued):

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

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

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

(k) Impairment of non-financial assets:

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

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

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.

4. Significant accounting policies (continued):

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

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

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

(l) Decommissioning costs:

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

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

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

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

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

4. Significant accounting policies (continued):

(m) Share based payments:

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

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

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

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

(n) Critical accounting estimates:

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

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

(o) Critical accounting judgments:

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

4. Significant accounting policies (continued):

(p) New accounting pronouncements effective in future periods:

Amendments to IFRS 7 *Financial Instruments: Disclosures* outline the disclosures required when initially applying IFRS 9 Financial Instruments. These amendments are effective for annual periods beginning on or after January 1, 2018.

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.

5. Social development:

Under a Consulting Agreement with the Company's Chief Executive Officer, $9,500 (2013 - $9,500) per month payable to the Chief Executive Officer for services rendered is to be retained by the Company for social development projects in the Kingdom of Cambodia. These amounts have been accrued as social development expenditures. At July 31, 2014, a provision of $66,582 (2013 - $57,529) 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.

(Expressed in Canadian dollars, unless otherwise noted)

6. Property and equipment:

	Heavy equipment	IT equipment	Processing equipment	Small equipment and tools	Vehicles	Total
Cost:						
Balance, August 1, 2013	$ 42,276	$ 17,254	$ 8,288	$ 70,637	$ 123,692	$ 262,147
Adjustment on currency translation	2,404	982	471	5,697	7,031	16,585
Additions	-	-	-	52,000	-	52,000
Balance, July 31, 2014	$ 44,680	$ 18,236	$ 8,759	$ 128,334	$ 130,723	$ 330,732
Accumulated depreciation:						
Balance, August 1, 2013	$ 41,881	$ 4,397	$ 5,010	$ 27,638	$ 87,217	$ 166,143
Adjustment on currency translation	2,382	251	285	1,570	4,959	9,447
Depreciation (capitalized)	417	3,096	1,752	24,561	21,572	51,398
Balance, July 31, 2014	$ 44,680	$ 7,744	$ 7,047	$ 53,769	$ 113,748	$ 226,988
Net book value **July 31, 2014**	**$ -**	**$ 10,492**	**$ 1,712**	**$ 74,565**	**$ 16,975**	**$ 103,744**

	Heavy equipment	IT equipment	Processing equipment	Small equipment and tools	Vehicles	Total
Cost:						
Balance, August 1, 2012	$ 41,039	$ 5,654	$ 8,046	$ 65,948	$ 120,074	$ 240,761
Adjustment on currency translation	1,237	235	242	4,689	3,618	10,021
Additions	-	11,365	-	-	-	11,365
Balance, July 31, 2013	$ 42,276	$ 17,254	$ 8,288	$ 70,637	$ 123,692	$ 262,147
Accumulated depreciation:						
Balance, August 1, 2012	$ 32,448	$ 2,883	$ 3,255	$ 13,639	$ 60,651	$ 112,876
Adjustment on currency translation	1,147	105	131	683	2,323	4,389
Depreciation (capitalized)	8,286	1,409	1,624	13,316	24,243	48,878
Balance, July 31, 2013	$ 41,881	$ 4,397	$ 5,010	$ 27,638	$ 87,217	$ 166,143
Net book value July 31, 2013	$ 395	$ 12,857	$ 3,278	$ 42,999	$ 36,475	$ 96,004

(Expressed in Canadian dollars, unless otherwise noted)

7. Exploration and evaluation assets:

On October 5, 2009, the Company entered into an agreement with Liberty Mining International Pty. 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 90% of the participating interest in the Banlung Gold and Base metals project and the Oyadao Base metals project that were owned by Liberty. Under this joint venture agreement, Liberty was to provide to the Company any mining information that it received from parties other than the Company. The terms of this joint venture agreement were to result in payments by the Company being classified as either non-earn in payments or earn-in payments toward a participating interest.

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

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

On August 30, 2012, the Company acquired all of the outstanding shares of Liberty from Interactive Industrial Solutions Inc. (“IISI”) in exchange for cash in the amount of $200,000 and 4,250,000 common shares in the capital of the Company.

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

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

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

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

	Non-earn in payments	Earn-in payments	Total
Cost:			
Balance, August 1, 2013	$ 5,903,810	$ 4,617,673	$ 10,521,483
Adjustment for currency translation	366,131	161,249	527,380
Sale of mineral property interests (note 14)	(36,479)	-	(36,479)
Additions	2,229,200	-	2,229,200
Balance, July 31, 2014	$ 8,462,662	$ 4,778,922	$ 13,241,584

(Expressed in Canadian dollars, unless otherwise noted)

7. Exploration and evaluation assets (continued):

	Non-earn in payments	Earn-in payments	Total
Cost:			
Balance, August 1, 2012	$ 6,209,569	$ 2,752,533	$ 8,962,102
Adjustment for currency translation	151,185	82,962	234,147
Sale of mineral property interests (note 14)	(2,231,925)	-	(2,231,925)
Additions	1,774,981	1,782,178	3,557,159
Balance, July 31, 2013	$ 5,903,810	$ 4,617,673	$ 10,521,483

8. Related party transactions:

Name	Country of incorporation	Relationships	% equity interest as at July 31,2014
Prairie Pacific Mining Corp.	Canada	Subsidiary	100%
Angkor Gold Corp. (Cambodia) Co. Ltd.	Cambodia	Subsidiary	100%
Liberty Mining International Pty Ltd.	Australia	Subsidiary	100%
Transol Mining and Exploration Pty Ltd.	Australia	Subsidiary	100%
Liberty Mining (Cambodia) Ltd.	Cambodia	Subsidiary	100%
Liberty Mining International Pty Ltd.	Cambodia	Subsidiary	100%
Transol Mining and Exploration Pty Ltd.	Cambodia	Subsidiary	100%

Angkor Gold Corp. is the parent company.

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

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

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:

	2014	2013
Management payments	$ 480,941	$ 719,185
Share-based compensation	44,102	480,434
	$ 525,043	$ 1,199,619

(Expressed in Canadian dollars, unless otherwise noted)

9. Income taxes:

The applicable statutory tax rate is 25.33% (2013 – 25.0%)

		2014		2013
Loss before income tax	$	249,559	$	(817,315)
Income tax at statutory rate of 25.33% (2013 – 25.0%)	$	63,213	$	(204,329)
Non-deductible share-based compensation		17,202		231,954
Share issuance costs booked to equity		(52,650)		-
Utilization of tax basis of mineral property to offset taxes payable		(212,518)		(298,048)
Permanent differences and other		2,061		17,346
Reverse acquisition		-		(75,047)
Non-deductible foreign exchange		12,028		(122)
Revision of prior years estimates		-		121,439
Changes and differences in tax rates		(54,040)		69,525
Tax benefit not recognized		398,135		354,451
	$	173,431	$	217,169
Current tax expense	$	-	$	-
Deferred tax expense	$	173,431	$	217,169

(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.

		2014		2013
Exploration and evaluation assets	$	500,909	$	327,478

(Expressed in Canadian dollars, unless otherwise noted)

9. Income taxes (continued):

(b) Unrecognized deferred tax assets:

Management has not recognized deferred tax assets in any of the jurisdictions in which it currently operates due to the fact that is not probable that these assets will be realized in the foreseeable future. The following represents deferred tax assets by jurisdiction using an estimated future tax rate of 26%.

			2014	2013
	Canada	Cambodia	Total	Total
Property and equipment	$ -	$ 84,702	$ 84,702	$ 84,702
Share issuance costs	127,680	-	127,680	144,122
Non-capital loss carry forwards	2,272,160	-	2,272,160	1,869,716
Charitable donations	2,269	-	2,269	2,182
	$ 2,402,109	$ 84,702	$ 2,486,811	$ 2,087,147

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

	Canada	Cambodia	Total
2029	$ 2,573,549	$ -	$ 2,573,549
2030	110,363	-	110,363
2031	1,337,447	-	1,337,447
2032	1,675,941	-	1,675,941
2033	1,781,563	-	1,781,563
2034	1,260,215	-	1,260,215
	$ 8,739,078	$ -	$ 8,739,078

Management has not recognized deferred tax assets of other deductible temporary differences related to share issuance costs in Canada of $491,076 (2013 - $576,487) and property and equipment in Cambodia of $282,341 (2013 - $237,091).

(Expressed in Canadian dollars, unless otherwise noted)

10. Share capital:

(a) Authorized:

Common shares

Unlimited number of common shares

Preferred shares

Unlimited number of preferred shares

(b) Issued:

Balance, July 31, 2012	68,913,735	$	19,316,329
Issuance of common shares on acquisition of Liberty (*i*)	4,250,000		1,530,000
Shares issued upon exercise of options (*ii*)	933,429		448,595
Exercise of warrants	4,611,334		1,096,326
Balance, July 31, 2013	78,708,498	$	22,391,250
Private placement – net of share issuance costs (*iii*)	7,900,000		2,047,500
Shares issued upon exercise of options (*iv*)	781,615		358,738
Balance, July 31, 2014	87,390,113	$	24,797,488

(*i*) In connection with the acquisition of Liberty, the Company acquired all of the outstanding shares of Liberty from Interactive Industrial Solutions Inc. ("IISI") in exchange for cash in the amount of $200,000 and 4,250,000 common shares in the capital of the Company (note 7), which had a fair value of $0.36 per share based on the trading price of the shares at the time of the agreement.

(*ii*) 933,429 common shares issued upon exercise of options

- 640,000 options with an exercise price of $0.25 per option.
- 3,429 options with an exercise price of $0.175 per option.
- 200,000 options with an exercise price of $0.288 per option.
- 50,000 options with an exercise price of $0.33 per option.
- 40,000 options with an exercise price of $0.25 per option.

(*iii*) On June 26, 2014, the Company issued 7,900,000 units as part of a non-brokered private placement for gross proceeds of $2,250,000. Each unit consists of one common share at a price of $0.285 per share and one non-transferrable warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.50 and expires June 30, 2015. Share issuance costs of $202,500 related to the transaction were capitalized to equity.

(*iv*) 781,615 common shares issued upon exercise of options with an exercise price of $0.25 per option.

10. Share capital (continued):

(c) Escrowed shares:

Upon completion of a reverse acquisition on October 7, 2011 (the "Qualifying Transaction"), a total of 11,752,081 shares were being held in escrow pursuant to the PPMC Canada and CPC escrow agreements.

(*i*) PPMC Canada escrow agreement:

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

- 5% - upon final exchange approval to a Qualifying Transaction by the Company
- 5% - 6 months following the initial release;
- 10% - 12 months following the initial release;
- 10% - 18 months following the initial release;
- 15% - 24 months following the initial release;
- 15% - 30 months following the initial release; and
- 40% - 36 months following the initial release.

- As per the PPMC Canada escrow agreement, 918,061 shares were released on October 31, 2011 (first release), 1,377,094 were released on February 18, 2012 (second release), 1,377,095 were released on October 18, 2012 (third release), 1,377,099 were released on February 18, 2013 (fourth release), and 1,377,099 (fifth release) were released on February 18, 2014. As at July 31, 2014, there were 2,754,204 shares (2013: 4,131,303 shares) in escrow under the PPMC Canada escrow agreement. All shares were released from escrow subsequent to year end.

(*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.

(Expressed in Canadian dollars, unless otherwise noted)

10. Share capital (continued):

- As per the CPC escrow agreement, 257,141 shares were released on October 19, 2011 (first release), 385,705 shares were released on February 18, 2012 (second release), 385,707 shares were released on October 18, 2012 (third release), 385,709 were released on February 18, 2013 (fourth release), 385,709 were released on October 18, 2013 (fifth release), and 385,709 were released on February 18, 2014 (sixth release). As at July 31, 2014, there were 385,749 shares (2013; 1,157,167 shares) in escrow under the CPC escrow agreement. All shares were released from escrow subsequent to year end.

(d) Contributed surplus:

The following table summarizes all transactions during the period.

	Number	Amount
Balance, July 31, 2012	3,956,159	$ 1,515,000
Incentive stock options (*ii*)	4,616,000	927,814
Exercise of incentive stock options (*i and ii*)	(930,000)	(195,459)
Exercise of agent's options (*i*)	(3,429)	(281)
Expiry of incentive stock options (*ii*)	(370,000)	-
Balance, July 31, 2013	7,268,730	$ 2,247,074
Incentive stock options (*iii*)	670,000	67,904
Exercise of agent's options (*i*)	(336,615)	(67,659)
Exercise of incentive stock options (*i*)	(445,000)	(95,675)
Expiry of incentive stock options (*i, ii and iii*)	(1,940,115)	-
Balance, July 31, 2014	5,217,000	$ 2,151,644

(i) In connection with the Qualifying Transaction, 604,700 agent options were granted entitling the holder to purchase one unit of Angkor at a price of $0.25 per unit on or before October 19, 2013. Each unit consists of one Angkor share and one-half of one share purchase warrant, each whole warrant entitling the holder to purchase one additional Angkor share at a price of $0.45 for a period of two years from the date of issue. The fair value of the agent options of $121,545 was recorded as part of share issuance costs. All options vested immediately, and the maximum term is 5 years. In the year ended July 31, 2014, 336,615 options were exercised by the holders and 119,115 options expired.

On October 19, 2011, the Company granted 3,337,000 stock options to directors, officers, and consultants of Angkor entitling the holder to purchase one Angkor share at a price of $0.25 per share on or before October 19, 2016. All options vested immediately. The underlying shares were unavailable for resale until February 19, 2012 if these options are exercised before that date. In the year ended July 31, 2014, 445,000 options (2013 – 680,000 options) were exercised by the holders, and 405,000 options (2013 – 125,000 options) expired.

10. Share capital (continued):

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, 2014, 140,000 options (2013 – nil options) expired.

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

On October 16, 2012, the Company granted 500,000 options to a consultant of Angkor entitling the holder to purchase one Angkor share at a price of $0.325 per share on or before October 16, 2014. 100,000 options vest on signing, 200,000 options vest after 6 months, and 200,000 options vest after 12 months. In the year ended July 31, 2014 these options expired.

On December 4, 2012, the Company granted 476,000 options to employees of Angkor entitling the holders to purchase one Angkor share at a price of $0.33 per share on or before December 4, 2017. All options vested immediately. In the year ended July 31, 2014, 186,000 options (2013 – nil options) expired

On December 4, 2012, the Company granted 2,735,000 options to directors, officers, and consultants of Angkor entitling the holder to purchase one Angkor share at a price of $0.33 per share on or before December 4, 2014. All options vested immediately. In the year ended July 31, 2014, nil options (2013 - 50,000 options) were exercised by the holders, and 180,000 options (2013 - 245,000 options) expired.

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

On February 1, 2013, the Company granted 350,000 options to consultants of Angkor entitling the holder to purchase one Angkor share at a price of $0.325 per share on or before February 1, 2015. All options vested immediately. In the year ended July 31, 2014 these options expired.

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

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

(iii) On March 21, 2014, the Company granted 395,000 options to consultants and officers of Angkor entitling the holder to purchase one Angkor share at a price of $0.32 per share on or before March 21, 2016. 270,000 options will vest immediately upon granting. The remaining 125,000 of the options will vest in equal portions over a period of two years. In the year ended July 31, 2014, 60,000 options expired.

(Expressed in Canadian dollars, unless otherwise noted)

10. Share capital (continued):

On June 26, 2014, the Company granted 275,000 options to a director and a officer of Angkor entitling the holder to purchase one Angkor share at a price of $0.33 per share on or before June 26, 2017. 150,000 of the options vest immediately, whereas the remaining 125,000 vest in equal portions over two years.

(e) Stock option plan:

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

The following table summarizes all options outstanding at July 31, 2014.

	Options outstanding			Options exercisable	
Exercise price	Options outstanding	Weighted average exercise price	Weighted average remaining contractual (life years)	Exercisable options	Weighted average exercise price
$ 0.25	1,432,000	$ 0.25	2.97	1,432,000	$ 0.25
0.34	300,000	0.34	1.16	300,000	0.325
0.33	2,260,000	0.33	3.11	2,260,000	0.33
0.33	290,000	0.33	3.43	290,000	0.33
0.39	100,000	0.39	1.38	100,000	0.39
0.41	225,000	0.41	1.60	225,000	0.41
0.32	335,000	0.32	2.00	210,000	0.32
0.33	275,000	0.33	2.00	150,000	0.33
	5,217,000	$ 0.31	2.77	4,967,000	$ 0.31

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

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

(Expressed in Canadian dollars, unless otherwise noted)

10. Share capital (continued):

(f) Warrants:

	Number		Fair value at grant date
Balance, July 31, 2012	17,737,647	$	1,514,277
Warrants exercised	(4,611,334)		(1,079,052)
Balance, July 31, 2013	13,126,313	$	435,225
Warrants expired	(13,126,313)		-
Warrants granted (*i*)	7,900,000		-
Balance, July 31, 2014	7,900,000	$	435,225

(*i*) On June 26, 2014, the Company issued 7,900,000 units as part of a non-brokered private placement for gross proceeds of $2,250,000. Each unit consists of one common share at a price of $0.285 per share and one non-transferrable warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of $0.50 and expires June 30, 2015. Share issuance costs of $202,500 related to the transaction were capitalized to equity. The value assigned to the warrants was $nil under the residual method.

The following table summarizes all warrants outstanding at July 31, 2014.

	Warrants outstanding			Warrants exercisable	
Exercise price	Warrants outstanding	Weighted average exercise price	Weighted average remaining contractual (life years)	Exercisable warrants	Weighted average exercise price
$ 0.50	7,900,000	$ 0.50	1.00	7,900,000	$ 0.50
	7,900,000	$ 0.50	1.00	7,900,000	$ 0.50

11. Earnings per share:

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

		2014		2013
Numerator:				
Net earnings (loss) before income taxes	$	76,128	$	(1,034,484)

	2014	2013
Denominator:		
Weighted average number of shares outstanding - basic and diluted	79,936,674	80,648,577

(Expressed in Canadian dollars, unless otherwise noted)

11. Earnings per share (Continued):

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

12. Capital management:

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

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

At July 31, 2014, 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, 2014, there were no significant changes in the processes used by the Company or in the Company's objectives and policies for managing its capital. The Company expects that based on the proceeds from the equity financings, sufficient capital resources are available to support further expansion and development of its mining assets.

The Company manages the following as capital:

	2014	2013
Cash	$ 1,419,703	$ 1,321,170
Share capital	24,797,488	22,391,250
	$ 26,217,191	$ 23,712,420

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

13. Financial instruments:

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

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

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

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

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

At July 31, 2014, the Company does not have any financial instruments measured at fair value.

At July 31, 2014, there is no significant difference between the carrying values and fair values of the Company's financial instruments.

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

13. Financial instruments (continued):

(a) Foreign currency risk:

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

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

The Company's monetary assets and liabilities denominated in U.S. dollars and shown here in Canadian dollars include cash in the amount of $1,309,593 (2013 - $461,367), accounts receivable in the amount of $45,877 (2013: $Nil), promissory notes receivable in the amount of $1,046,547 (2013 - $514,350), prepaid expenses in the amount of $86,091 (2013 - $40,336), and accounts payable in the amount of $425,996 (2013 - $391,832). A 12% (2013 - 12%) change in the exchange rate of the U.S. dollar to Canadian dollar at July 31, 2014 would result in a change in net income (loss) of $90,532 (2013 - $75,285).

(b) Interest rate risk:

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

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

(c) Liquidity risk:

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

(Expressed in Canadian dollars, unless otherwise noted)

13. Financial instruments (continued):

(c) Liquidity risk (continued):

	Less than 1 year	1 to 2 years	Total
As at July 31, 2014:			
Accounts payable and accruals	$ 634,997	$ -	$ 634,997
	$ 634,997	$ -	$ 634,997

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

(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, 2014.

14. Sale of mineral properties:

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

On February 20, 2013, the Company sold to Mesco Gold (Cambodia) Ltd. (“Mesco”) the rights to develop and mine the Company’s Phum Syarung prospect located within its Oyadao South Concession in Ratanakiri Province, Cambodia. As per the Definitive Agreement the Company was to originally receive a 10% Net Smelter Royalty (“NSR”) (subsequently adjusted to 7.5%) from all future production at the Phum Syarung prospect. Mesco paid the Company $1,200,000 USD, ($700,000 USD in cash and a $500,000 USD promissory note), for the prospect. The costs that had been capitalized to the portion of the license sold totaled $503,355 USD resulting in net proceeds on sale of $701,485 ($696,645 USD). The promissory note was payable either two months from closing or when the Cambodian government granted a preliminary exploitation license to Mesco, whichever was later. The carrying amount of the $543,597 ($500,000 USD) promissory note is not materially different from the amortized cost due to the short-term nature of the item. It is management’s judgment that the preliminary exploitation license will be granted in not more than the next twelve months; therefore the promissory note has been treated as a current asset.

On November 11, 2013, the Company closed a Purchase Agreement with Mesco which extended their existing land package from 6 square kilometers to 12 square kilometers to include Angkor’s recently identified Blue Lizard prospect. Angkor will receive $700,000 USD in staged payments through 2013 – 2015. This payment is in addition to the $1,200,000 USD from its sale of the Phum Syarung Prospect in February 2013. Angkor and Mesco have also agreed to amend the 10% NSR and to introduce a sliding scale NSR on production from the expanded land package based on the price per ounce of gold as follows: 7.5% between $1,300 to $1,700, increasing by 0.5% per $50 increase in the price of gold above $1,700, decreasing by 0.5% per $50 decrease in the price of gold below $1,300. As at July 31, 2014, $502,950 ($468,750 USD) is still outstanding and has been included in promissory notes receivable.

15. Net Smelter Royalty buy-back option

During the year, the Company assigned 2.5% of NSR referred to in Note 14 of the financial statements for gross proceeds of $875,000 USD to various individuals. Of the various individuals that purchased the NSR, 1% or $350,000 USD was assigned to a director and CEO of the Company to cover debts owed to them.

The Company now owns a 5% NSR on all future production at Phum Syarung by Mesco Gold Ltd. The NSR is based on a sliding scale gold price referred to in Note 14.

The Company has the option to re-purchase the royalty interest from the recipients at a price equal to 115-130% of the purchase price if exercised within a period of 2 years.

In the event that Mesco Gold Ltd. (“Mesco”) formally declares that it will not mine the license area or in the event the Company becomes aware of circumstances that will make it impossible for Mesco to mine the license area, the Company shall re-purchase the royalty interest at a price equal to 150% of the purchase price. The exercise price shall be payable through the issuance of common shares at a deemed price equal to the last closing price of the common shares of the Company on the TSX Venture Exchange.

16. Option to Purchase 15% of Angkor Gold Cambodia Co, Ltd.

On June 15, 2014, Angkor Gold Corporation (Cambodia) Co., Ltd entered into an option agreement with Tohui Beishan Property Group Holding Limited ("TG") to purchase 15% of the ordinary shares of AGC, for the exercise price of CAD $4,285,000. The option expires on June 30, 2015 and the options vest immediately.

Upon exercise of the option, TG may appoint a nominee to the Board of Director(s) of AGC. The number of director(s) TG is eligible to appoint are as follows:

The greater of:

a) The number equal to the number of total directors multiplied by the percentage represented by the number of ordinary shares owned by TG divided by the number of ordinary shares of AGC issued and outstanding at such time, and;

b) One director.