ASIAMET RESOURCES LIMITED

(formerly Kalimantan Gold Corporation Limited)

Annual Report

Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

and Auditors' Report to the Shareholders

ASIAMET RESOURCES LIMITED

(formerly Kalimantan Gold Corporation Limited)

MANAGEMENT DISCUSSION and ANALYSIS

For the year ended December 31, 2015

(In United States dollars, unless otherwise noted)

Date

The following discussion is management's assessment and analysis of the results of operations and financial conditions ("**MD&A**") of Asiamet Resources Limited (formerly Kalimantan Gold Corporation Limited) (the "**Company**" or "**Asiamet**") and should be read in conjunction with the accompanying consolidated financial statements and related notes thereto for the year ended December 31, 2015, (the "**Financial Report**") which are available on the SEDAR website at www.sedar.com.

All financial information in this MD&A related to 2015 and 2014 has been prepared in accordance with International Financial Reporting Standards and all dollar amounts are expressed in US dollars unless otherwise indicated.

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

The effective date of this MD&A is April 28, 2016.

Overview

Description of the Business

Asiamet is incorporated in Bermuda and is engaged in the business of acquiring, exploring and developing mineral properties in Indonesia. The Company is a reporting issuer in British Columbia, Alberta and Ontario and trades in Canadian dollars on the TSX Venture Exchange in Canada and in British Pounds Sterling on the AIM Market in London under the symbol ARS.

Asiamet has three principal areas of interest: the KSK Contract of Work ("**KSK CoW**") in Central Kalimantan with multiple copper and gold prospects including the BKM Deposit with Resources and Preliminary Economic Assessment ("**PEA**") completed all compliant with NI 43-101; the Beutong Izin Usaha Pertambangan ("**Beutong IUP**") on the island of Sumatra, Indonesia which covers two porphyry copper-gold-molybdenum prospects - West and East Porphyries and the Beutong Skarn (copper-gold) prospect; and the Jelai Izin Usaha Pertambangan ("**Jelai IUP**") epithermal gold prospect in North Eastern Kalimantan.

The strategic vision of Asiamet is to build a leading Asia Pacific copper-gold company. Over the past year the Company has put in place three core fundamentals for delivering on this vision:

- High quality copper project pipeline
- Proven team
- Supportive shareholder base

Closely aligned with Asiamet's strategy, its principal activity in 2015 has been the evaluation of the potential for the development of a medium scale copper mine at the Beruang Kanan Main ("**BKM**") deposit within the KSK CoW. The BKM deposit is the subject of a recently completed PEA finalized in compliance with the guidelines of Canadian National Instrument 43-101 announced on April 5, 2016. The PEA is the first study undertaken to evaluate the economics of developing an open pit mine and heap leach solvent extraction electro-winning facility ("SX-EW") to directly produce copper cathode based on the near surface copper deposit reported in the 2015 BKM Resource estimate (ARS NR October 21, 2015). Results of the PEA study demonstrate excellent potential for developing a robust, low strip ratio, low capital intensity copper project with low operating costs, strong cash flow generation capacity and significant upside potential through further Resource growth. Success in developing BKM to its full capacity will provide the foundations for Asiamet to continue building a leading Asian copper and gold company through the exploration and development of its large asset base in Indonesia.

Complementary to the KSK CoW property, the Beutong IUP in Aceh Province contains a large copper porphyry deposit with accessory gold and molybdenum, together with a smaller, higher grade copper-gold skarn deposit, all of which have defined Mineral Resources compliant with NI 43-101. The Beutong project has nearby infrastructure and provides Asiamet with a large copper growth option going forward. Asiamet has lodged an application to have the Beutong IUP converted from an exploration IUP to a production IUP which is in the later stages of the approval process.

The Jelai IUP epithermal gold property is considered to be highly prospective for a small-medium scale gold deposit, as evidenced by the high grade results returned from drilling on a number of prospects. Although the potential of the Jelai IUP remains high, the project is considered to be a lower priority than the Company's two copper projects and as such, various options for partnering or divestment of the property are being pursued.

Highlights for the year ended December 31, 2015, and up to the date of this report include:

KSK CoW

Asiamet holds a 100% interest in the KSK CoW granted to KSK on April 28, 1997 by the Government of the Republic of Indonesia ("**GOI**").

The terms of the KSK CoW define several periods under which certain types of work on the KSK CoW are to be undertaken. The key Indonesian Government permit required to conduct the Company's 2015 work program was received on May 1, 2015. The Capital Investment Coordinating Board in consultation with the Ministry of Environment and Forestry and the Ministry of Energy and Mineral Resources of the GOI formally issued the Company with a forestry permit ("**IPPKH**") renewal on April 23, 2015. The IPPKH permit is valid for a period of two years and authorizes the Company to carry out both surface and drilling activities over permitted areas of the KSK CoW. A letter from the Minister of Energy and Mineral Resources was received on November 3, 2015, confirming the KSK CoW entered the fifth year of the Exploration Period on October 28, 2015. As such KSK has a total of 30+ years remaining for exploration, development and operations.

PT Kalimantan Surya Kencana (KSK) is owned 75% by Indokal Limited and 25% by PT Pancaran Cahaya Kahayan (PCK). Asiamet holds 100% of the shares of Indokal and Indokal owns 100% of PCK.

BKM Copper Project – 2015 Resource Evaluation Program

In May 2015, drilling commenced at the BKM Resource aimed to extend and upgrade confidence of the near surface higher grade copper mineralization intersected in earlier programs. Field preparations including re-establishment of pre-existing roads, access trails and camp facilities were completed in the period leading up to the receipt of the IPPKH.

A Resource evaluation drilling program was subsequently completed, comprising 71 holes for a total 6,186 meters. Drilling was conducted at 50m intervals on 100m spaced section lines in order to both expand and upgrade the confidence of the BKM Resource as defined in the Technical Report prepared by Hackman & Associates Pty Ltd. as announced on October 21, 2015.

Highlights of the updated 2015 Resource Estimate include:

- The BKM Resource was significantly expanded in size. Indicated Resources are estimated at 231 million pounds (105,000 tonnes) of contained copper within 15 million tonnes at an average grade of 0.7% copper using a cut-off grade of 0.2% copper. Additionally, there are Inferred Resources estimated to contain 657 million pounds (298,000 tonnes) of copper within 49.7 million tonnes at an average grade of 0.6% copper using a cut-off grade of 0.2% copper.

- Resource confidence was significantly upgraded. Asiamet's 2015 drill program demonstrated good continuity of shallow near-surface copper mineralization and successfully upgraded a significant portion of the previous Inferred resource to the Indicated Resource category. The previous September 26, 2014 BKM Mineral Resource estimate contained no Indicated Resources.

- A substantial Mineral Resource inventory was established at a 0.5% copper cut-off grade providing a solid basis for a PEA completed on the BKM Deposit. The larger inventory of available Mineral Resource provided greater opportunity to assess various options relating to plant throughput and/or increased mine life in the mining studies.

Table 1 – BKM Indicated and Inferred Mineral Resource (NI 43-101)

Indicated Mineral Resources				
Reporting cut (Cu %)	**Tonnes ('000)**	**Cu Grade (Cu %)**	**Contained Cu ('000 tonnes)**	**Contained Cu ('000,000 lbs)**
0.2	**15,000**	**0.7**	**105**	**231**
0.5	12,600	0.7	88	194
0.7	5,600	0.9	50	110
Inferred Mineral Resources				
Reporting cut (Cu %)	**Tonnes ('000)**	**Cu Grade (Cu %)**	**Contained Cu ('000 tonnes)**	**Contained Cu ('000,000 lbs)**
0.2	**49,700**	**0.6**	**298**	**657**
0.5	25,300	0.7	177	390
0.7	9,800	0.9	88	194

Notes: Mineral Resources for the BKM mineralization have been estimated in conformity with generally accepted Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines. In the opinion of Duncan Hackman, the block model Resource Estimate and Resource classification reported herein are a reasonable representation of the copper Mineral Resources found in the defined area of the Beruang Kanan Main mineralization. Any computational discrepancies in the table and the body of the MD&A are the result of rounding.

The BKM deposit remains open in several areas drilled as part of the 2015 program and the potential for the discovery of additional mineralization has been identified further west of current drilling where outcrops assaying up to 9.6% copper have been sampled. These areas represent priority targets during the next phase of drilling at BKM.

Other targets are being progressively explored with surface exploration and scout drilling, namely Beruang Kanan South (BKS), Beruang Kanan West (BKW) and BKZ Polymetallic (BKZ) prospects; each within 1.5km of the BKM Inferred Mineral Resource.

Initial scout drilling undertaken at BKS late in 2015 proved highly successful with several holes reporting good widths and grades of copper mineralization. Better intersections included 10m at 2.52% including 2m at 7.45% from 19.5m depth and 11m at 0.9% Cu from 14.5m depth. Rock chips to 17.6% Cu were also reported from surface exploration. Follow up exploration drilling is required to establish the potential for additional mineralization that can add to the Resource base established at BKM.

BKM Preliminary Economic Assessment Study

Asiamet announced the results of the independently prepared PEA study on April 5, 2016. The study will be filed on the Company's profile on www.sedar.com within 45 days of the announcement.

Highlights of the updated PEA include:

The PEA is the first study undertaken to evaluate the economics of developing an open pit mine and heap leach solvent extraction electro-winning facility ("SX-EW") to directly produce copper cathode based on the near surface copper deposit reported in the 2015 BKM Resource estimate (ARS NR October 21, 2015). Results of the PEA study demonstrate excellent potential for developing a robust, low strip ratio, low capital intensity copper project with low operating costs, strong cash flow generation capacity and significant upside potential through further Resource growth.

PEA base case highlights:

- **Target annual production of 25,000 tonnes LME grade A (99.999%) copper metal**
- **After-tax Net Present Value ("NPV") of US$204.3 million** (10% discount rate)
- **After-tax Internal Rate of Return ("IRR") of 38.7%**
- **Gross Revenue of US$1.27 billion** (US$3.25lb copper price over Life of Mine ("LOM")
- **C1 Operating cost of US$1.28 per pound**
- **Initial Capital Cost of US$163.8 million** with low capital intensity
- **2.4 year payback** (After-tax from the start of production)
- **Robust mine plan derived from Indicated Resources (29%) and Inferred Resources (71%)**
- **Initial 8+ year mine life at a low average strip ratio of 1.23**
- **Significant potential for additional mineralization close to BKM**

Asiamet considers target production of 25,000 tonnes of copper cathode per year for an initial 8 year LOM to be the most appropriate option for the PEA given the significant exploration potential already identified close to the BKM deposit. Copper mineralization at BKM remains open in several directions and locally at depth. Adjacent high potential prospects at Beruang Kanan South ("BKS"), Beruang Kanan West ("BKW") and BKZ Polymetallic ("BKZ") also represent attractive targets for additional mineralization as demonstrated by the strong surface and drilling results returned to date e.g. 10m at 2.52% Cu incl. 2m at 7.45% Cu from 19.5m at BKS (ARS NR November 16, 2015). Increasing the Mineral Resource base, and thus the potential feed available to the BKM processing facilities evaluated in the current PEA, is likely to have a strongly positive impact on the BKM Copper Project value and will be a key focus for Asiamet going forward.

Analysis conducted as part of the PEA to test the BKM project's sensitivity to the copper price highlights a robust project with the potential for a large lift in value at higher copper prices i.e. NPV10 of US$269.1M at US$3.50lb and NPV10 of US$334.0M at US$3.75lb.

BKM Project Preliminary Economic Assessment Results Summary

BKM - Economic Summary	**Unit**	**Base Case**
Life of Mine (LOM)	Years	8
Copper Cathode Sold	Million lbs	391.0
Copper Price (LOM Average)	$US/lb	3.25
Gross Revenue	$US	1,270.6 M
LOM C1 Operating Costs	$US	499.5 M
LOM C1 Operating Cost (recovered copper)	$US/lb	1.28
Royalties	$US	63.5 M
Off-site transport	$US	19.8 M
LOM All In Operating Cost	$US	582.8 M
LOM All In Operating Costs	$US/lb	1.49
Initial Capital Cost (including a 15% Contingency)	$US	163.8 M
Taxes	$US	136.6 M
NPV and IRR (Base Case)		
Discount Rate	Percent (%)	10
Pre-Tax Net Free Cash Flow(including royalties)	$US	524.0 M
Pre-Tax NPV	$US	290.7 M
Pre-Tax IRR	%	47.5
Pre-Tax Payback Period	Years	2.1
After-Tax Net Free Cash Flow (incl. royalties)	$US	387.5 M
After-Tax NPV	$US	204.3 M
After-Tax IRR	%	38.7
After Tax Payback Period	Years	2.4

Table 1 – Subset of Mineral Resources contained within the PEA Mine Plan

Category	BKM Mineral Resource Subset - Included in PEA Mine Plan				
	[1]Tonnes (Mt)	Cu_{Total}%	$Cu_{Leachable}$%	Contained $Cu_{Leachable}$ (Thousand tonnes)	[2]Recovered Cu (Million lbs)
Indicated	14.2	0.66%	0.52%	73,925	138.5
Inferred	34.5	0.54%	0.39%	134,709	252.4

1. Cut-off grade variable over Life of Mine, minimum of 0.1% $Cu_{Leachable}$ (~0.12% Cu_{Total})
2. Assumed heap leach recovery of 85%

Notes: All mineralized material classified as Indicated and Inferred Mineral Resources was considered in the optimization. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The PEA is preliminary in nature as it includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be characterized as Mineral Reserves, and there is no certainty that the preliminary assessment and economics set forth in the PEA will be realized.

The Company considers the PEA base case economics to be highly attractive and is firmly of the view that additional detailed study work and exploration in and around BKM will further enhance the value of the project. The BKM deposit remains open in several directions and the adjacent high potential prospects at BKS, BKW and BKZ represent excellent targets for additional copper mineralization as demonstrated by the strong surface and drilling results returned to date. Our confidence in delivering this upside has provided strong support for assessing a larger project in the PEA than originally envisaged. The 2016 program at BKM will focus on long lead time items for Bankable Feasibility Studies (BFS) and Exploration and Resource drilling to increase potential mine life including:

- Stage 3 detailed metallurgical test work to optimize copper recoveries – short and long column tests, variability studies
- Drilling to upgrade Resource confidence to Measured and Indicated Status
- Project options, optimization, value engineering
- Exploration and Resource delineation drilling at BKM, BKW and BKS to expand Resource base
- Environmental impact assessment (AMDAL)

Various corporate initiatives focused on partnering and funding for the ongoing development of the Company and its projects are in progress and will continue throughout.

Other KSK CoW Projects

The KSK CoW contains a number of other highly prospective copper and gold prospects outside of the BKM copper project, including Baroi (Cu-Au-Pb-Zn-Ag), Low Zone (Cu), Mamuring (Au), Gold Ridge (Au), Lakapoi (Au) and Waterfall (Au-Cu-Pb-Zn). The most advanced and highest priority target is Baroi where previous drilling has reported exceptional results including 11m @ 11.05% Cu and 296g/t Ag and 18m @ 3.20% Cu and 60.4g/t Ag in two separate drill holes. Subject to receipt of a forestry permit and the availability of funding, Asiamet intends drilling some additional holes to assess the potential of this high grade base metal vein system.

Beutong Project

Asiamet holds an indirect 40% interest in the Beutong IUP with the ability through funding and completion of milestones to increase that interest to 80%. Asiamet has lodged an application to have the Beutong IUP converted from an exploration IUP to a production IUP which is in the later stages of the approval process. The Beutong IUP would otherwise expire on June 5, 2016.

Asiamet has been focused in 2015 and to the date of this MD&A on the conversion of the IUP which upon approval secures long term mining title that will be valid for 20 years, extendable for two subsequent periods each of 10 years' duration.

Conversion of the IUP has been delayed due to changes to the regulatory process and the responsible regulatory bodies within the GOI. The IUP title system is relatively new (2009-2010) and the development of the supporting implementing regulations and responsibilities have significantly trailed the Mining law. A series of updates to the implementing regulations have additionally complicated the approvals process. Irrespective, the conversion of an IUP exploration to IUP production licence is always a detailed and comprehensive process, equivalent to the award of a mining licence which typically takes 1-2 years, and often longer, in most countries. The transfer of the Beutong IUP documentation from the local government to the central government has taken longer than expected, but has been recently completed. Asiamet is actively engaged with the Ministry of Energy and Mineral Resources and has concluded a rigorous process involving numerous presentations, submissions and re-submissions of supporting documentation. Solid progress has been made and a final presentation is scheduled for early May. A decision on the grant of the IUP production is expected shortly after the presentation is completed at ESDM.

Asiamet is party to a February 11, 2011, corporate joint venture agreement on PT EMM whereby the Company can increase its effective ownership in the Beutong project to 80% by completing staged payments and milestones. The exploration expenditure spending milestone has been met to earn the next 20%. The next cash payment of AUD$2,875,000, will be due within 90-days of the Beutong exploration IUP being converted to a production IUP after which Asiamet will have completed the earn-in of the next 20%. Asiamet is engaged in negotiations with its joint venture partner to amend the terms of the joint venture agreement to better reflect the current stage of the project and broader market conditions.

Beutong Mineral Resource on a 100% basis comprises:

  - o Measured and Indicated Resources of 93Mt at 0.61% Cu, 0.13ppm Au, 1.97ppm Ag and 97ppm Mo (0.3% Cu Reporting Cut) for contained metal of 1,241MIbs copper, 373koz gold, 5,698koz silver and 20MIbs molybdenum (0.3% Cu Reporting Cut); and
  - o Inferred Resources of 418Mt at 0.45% Cu, 0.13ppm Au, 1.11ppm Ag and 129ppm Mo (0.3% Cu Reporting Cut) for contained metal of 4,092MIbs copper, 1,746koz gold, 14,903koz silver and 112MIbs molybdenum (0.3% Cu Reporting Cut).

- Beutong Mineral Resource on a relevant attributable 40% interest basis comprises:
  - o Measured and Indicated Resources of 38Mt at 0.61% Cu, 0.13ppm Au, 1.97ppm Ag and 97ppm Mo (0.3% Cu Reporting Cut) for contained metal of 496MIbs copper, 149koz gold, 2,279koz silver and 8MIbs molybdenum (0.3% Cu Reporting Cut); and
  - o Inferred Resources of 167Mt at 0.45% Cu, 0.13ppm Au, 1.11ppm Ag and 129ppm Mo (0.3% Cu Reporting Cut) for contained metal of 1,637MIbs copper, 698koz gold, 5,961koz silver and 45MIbs molybdenum (0.3% Cu Reporting Cut).

The technical report supporting this Resource is titled "The Beutong copper-gold-silver-molybdenum mineralization, Aceh Indonesia" dated effective November 2014, written by Duncan Hackman, B. App. Sc., MSc. MAIG of Hackman and Associates Pty. Ltd. This report is available from the Company's profile at www.sedar.com.

No significant exploration programs are planned for the Beutong Project until the IUP production license is secured.

Jelai Project

Asiamet holds an indirect 100% interest in the Jelai IUP. Asiamet has lodged an application to have the Jelai IUP converted from an exploration IUP to a production IUP which is in the later stages of the approval process. The Jelai IUP would otherwise expire on June 2, 2016.

Asiamet has been focused in 2015 and to the date of this MD&A on the conversion of the IUP which upon approval secures long term mining title that will be valid for 20 years, extendable for two subsequent periods each of 10 years duration. The regulatory process requires the submission and approval of studies for the Jelai project that the Company is guiding through the process.

Although the potential of the Jelai IUP remains high, the project is considered to be a lower priority than the Company's two copper projects and as such, various options for partnering or divestment of the property are being pursued.

Looking Ahead

Asiamet Private Placement

On April 27, 2016, the Company announced that it closed a brokered private placement and issued and settled through CREST 48,387,097 common shares at a price of GBP 3.1 pence per share for total gross proceeds of £1.5 million (equivalent to approximately $2.2 million). These proceeds have not been received by the Company as at the date of this report, however, are expected to be received shortly thereafter. This funding will allow the Company to continue its planned operations without interruption.

KSK CoW

The 2016 program at BKM will focus on long lead time items for the bankable feasibility studies and exploration and resource drilling to increase potential mine life including:

- Detailed stage 3 metallurgical studies to optimize copper recoveries i.e. short and long column leach test work, Resource variability studies
- Drilling to upgrade Resource confidence to Measured and Indicated Status
- PFS level project option analysis, optimisation and value engineering studies
- Exploration and Resource delineation drilling at BKM, BKW and BKS to expand Resource base and demonstrate a +10 year life for BKM.
- Environmental impact assessment (AMDAL)

Various corporate initiatives focused on partnering and funding for the ongoing development of the Company and its projects are being progressed. Asiamet has received several approaches from parties interested in partnering on the development of BKM either through off-take agreements or equity partnership. This avenue of financing the bankable feasibility study and ultimate development of the project will continue to be investigated.

Subject to receipt of a forestry permit and the availability of funding, Asiamet also intends drilling some additional holes into the high grade base metal vein system at Baroi prospect to assess the potential of this target for a stand-alone deposit.

Beutong

PT EMM is continuing to progress approval of an IUP Production license for the Beutong Project. Upon receipt of the IUP Production the Company intends to re-activate field programs aimed at extending near surface Resources and progressing development of the project.

Jelai

JCM is continuing to progress approval of the IUP Production for the Jelai Project while simultaneously engaging with potential partners for the project.

Corporate Social Responsibility (CSR) Program

Yayasan Tambuhak Sinta (YTS) continues to work, funded in part by the Company, in many of the Dayak villages located along the Kahayan River, just outside of the KSK CoW area and predominantly downstream of the Company's exploration activities. There are no Dayak villages in the KSK CoW area.

YTS's continued program focus is on strengthening village governance in the area, monitoring livelihood activities and information kiosks, and on helping communities take greater responsibility for their own development agenda through participatory planning, institution strengthening and economic development.

Qualified Person

All technical data, as disclosed in this MD&A, unless otherwise noted, has been reviewed and verified by the Company's Qualified Person for the Company's mineral projects, Stephen Hughes P. Geo, Vice President Exploration of the Company, a Qualified Person under NI 43-101 and for the purposes of the AIM Rules.

Aim Rule 26

We confirm that our website (www.asiametresources.com) includes the information required by AIM Rule 26.

Results of Operations

Results of operations for the year ended December 31, 2015

The Company incurred a loss for the year ended December 31, 2015, of $7,421,022 (2014 – $884,912). This loss is wholly attributable to the exploration and development programs completed on the Company's projects and the technical, financial, legal, commercial, external (government and community) and investor relations activities required to support these programs, and the Company's business objectives.

The more significant differences between the fiscal years are as follows.

- Consultants and shared office costs: 2015 – $860,707 (2014 – $194,787)

  In the 2015 year, consulting and shared office costs now includes the fees paid to Tigers Realm Minerals Pty Ltd. ("TR Minerals") in Australia.

  TR Minerals was paid $627,261 (A$822,060) in 2015 of which $335,434 was reimbursement for the salary and benefits paid for Tony Manini, the Company's Deputy Chairman and Chief Executive Officer, and the balance of $291,827 was reimbursement for a share of salaries paid by TR Minerals to various part-time support staff in the areas of legal and commercial, investor relations and executive support and shared office costs.

  Golden Oak Corporate Services Ltd., in Canada, was paid $82,709 (2014 - $95,535) (C$105,000 in both years) for corporate compliance and financial reporting services, and for providing the services of Doris Meyer, the Chief Financial Officer and Corporate Secretary of Asiamet.

  In 2014, Romfal Corporate Pty Ltd. was paid fees of $33,000 to provide the services of Faldi Ismail, the Company's former Deputy Chairman and Chief Executive Officer.

- Directors Fees: Fiscal 2015 – $0; (Fiscal 2014 – $3,500)

Early in fiscal 2014, the directors agreed to waive their fees until such time as the Company was in better financial condition.

- Exploration costs (net): 2015 6,093,147 (2014 – $437,235)

  In the year ended December 31, 2015, exploration costs were $6,093,147 of which $2,135,685 was expended on the KSK CoW, $3,693,127 was the non-cash cost to acquire the Beutong IUP and $180,486 to fund the exploration program on that project and $83,849 to maintain and fund the programs on the Jelai IUP all as described in operations.

  In the year ended December 31, 2014, the gross exploration costs were $1,787,375 with recoveries from exploration partners of $1,350,140, with net exploration expenditures of $437,235 for the year then ended. Gross exploration expenditures in fiscal 2014 on the KSK CoW were about $16 million lower than the 2013 comparative year which was a reflection of the decreased exploration work performed and funded by Freeport. The Jelai IUP was on care and maintenance in 2014.

- Management fees: 2015 $0 (2014 – ($47,388)

  In the 2014 year, management fees earned related to being the operator of the joint venture with Freeport on the KSK CoW during the final month of the joint venture in January 2014.

- Share-based compensation: 2015 - $208,300 (2014 - $102,222)

  The 2015 expense of $208,300 relates to the estimated fair value of the 9,650,000 options granted on August 31, 2015. The 2014 expense of $102,222 relates to the estimated fair value of the 3,450,000 options granted on October 6, 2014. The fair value of the options granted is estimated using the Black-Scholes option pricing model.

- Travel and accommodation: Fiscal 2015 - $78,020 (2014 - $2,742)

  Travel and accommodation in 2015 of $78,020 represents the cost for the Chief Executive Officer to travel to operating sites, attend various government and stakeholder meetings and to market Asiamet to current and new potential investors at various investor forums and the broader financial and investment community.

  The 2014 expense of $2,742 is significantly lower than the 2015 expense due to management's decision to reduce discretionary expenses in fiscal 2014 in an effort to save money.

Selected Annual Information

	Fiscal Year Ended December 31 2015 audited	Fiscal Year Ended December 31 2014 audited	Fiscal Year Ended December 31 2013 audited
Statement of Operations			
Net revenues	$ Nil	$ Nil	$ Nil
Net income (loss)	7,421,022	(884,912)	(325,805)
Net income (loss) per share	(0.02)	(0.01)	(0.00)
Statement of Financial Position			
Total assets	$ 1,062,718	$ 177,542	$ 1,544,184
Long term debt	Nil	Nil	Nil
Dividends	Nil	Nil	Nil

Summary of Quarterly Results

Unaudited financial results for each of the eight most recently completed quarters are summarized below:

	December 31, 2015 $	September 30, 2015 $	June 30, 2015 $	March 31, 2015 $	December 31, 2014 $	September 30, 2014 $	June 30, 2014 $	March 31, 2014 $
Total revenues	-	-	-	-	-	-	-	-
Loss for the quarter	(756,580)	(1,251,489)	(816,320)	(4,586,633)	(391,012)	(259,405)	(55,843)	(178,652)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)

The Company is an exploration stage enterprise. At this time any issues of seasonality or market fluctuations have no significant impact. The Company currently expenses all its mineral exploration and acquisition costs and general and administration costs and these amounts are included in the loss for each quarter. The Company's finances determine the levels of exploration. Period over period variances will occur from time-to-time for non-cash items including: the granting of stock options and the resulting stock-based compensation expense for that period; and the impairment losses on exploration and evaluation assets.

Fourth quarter

The Company began the fourth quarter with $306,251 cash. Cash of $986,872 was used in operating activities; $15,525 was provided by investing activities; $1,431,470 was contributed by financing activities; $16,122 cash was acquired in the acquisition of TC Sing and a negative foreign exchange adjustment on cash balances was $3,862; to end the quarter and the year with $778,634 cash.

Liquidity

The Company began the current fiscal year with $30,382 in cash. Cash of $16,122 was acquired with the acquisition of TC Sing; $3,520,266 was used in operating activities; $42,932 was used in investing activities; $4,295,328 was contributed by financing activities; to end the quarter and the year with $778,634 cash.

On November 6, 2015, the Company issued 71,428,571 common shares from a brokered private placement financing to raise $1,500,691(£1.0 million at an issue price of $0.021 (£0.014) per common share. The Company incurred share issues costs of $99,704 which included $61,004 cash commission, $8,217 other share issue costs and the fair value of 1,874,364 purchase warrants issued to the broker. Each warrant is exercisable to buy one common share at a price of C$0.05 per share for a period of two years. The fair value of the broker warrants issued was determined using a risk free interest rate of 0.62%, an expected volatility of 230%, an expected life of two years, and an expected dividend of zero for a total fair value of $30,483 or $0.016 per warrant. Volatility was determined using daily closing share prices over a term equivalent to the expected life of the warrants.

On June 1, 2015, the Company issued 108,443,747 common shares from a brokered private placement financing to raise $2,008,643 (£1,301,325) at an issue price of $0.0185 (£0.012) per common share. The Company incurred share issue costs of $214,991 which included $111,166 cash commission, $10,578 other share issue costs and the fair value of 5,416,667 warrants issued to brokers. Each warrant is exercisable to buy one common share at a price of C$0.05 per share for a period of two years. The fair value of the broker warrants issued was determined using a risk free interest rate of 0.62%, an expected volatility of 230%, an expected life of two years, and an expected dividend of zero for a total fair value of $93,247 or $0.017 per warrant. Volatility was determined using daily closing share prices over a term equivalent to the expected life of the warrants.

On January 12, 2015, the Company issued 51,910,441 common shares from a brokered private placement financing to raise $1,009,541 (C$1,193,940) at an issue price of $0.0194 (C$0.023) per common share. The Company incurred cash share issue costs of $32,581.

On January 12, 2015, the Company issued 171,407,156 common shares to Tigers Realm Minerals Pty Ltd. for the acquisition of Tigers Copper Singapore No. 1 Pte. Ltd., with a fair value of $3,304,490 and issued 14,675,000 common share purchase warrants with a fair value of $426,498. In addition, the Company incurred closing costs of $55,084 to complete the acquisition (Note 10). Tigers Realm Minerals Pty Ltd. immediately distributed the common shares and common share purchase warrants on a pro-rata basis to the shareholders in the ultimate parent company of Tigers Realm Minerals Pty Ltd., being Tigers Realm Metals Pty Ltd.

Subsequently, on **April 27, 2016**, the Company issued 48,387,097 common shares at a price of GBP 3.1 pence per share for total gross proceeds of £1.5 million (equivalent to approximately $2.2 million). The Company paid an aggregate of £70,037 in fees to the broker and issued 2,147,581 common shares purchase warrants to the broker with each warrant exercisable at a price of C$0.06 per share for a period of two years. The participating investors include clients of the Company's UK broker agent, Optiva Securities Limited. The common shares issued and any common shares issued on exercise of the broker warrants are restricted from trading in Canada through the TSX Venture Exchange until August 27, 2016. The Admission to AIM and dealings in the placement shares commenced on April 27, 2016.

Management estimates that working capital at December 31, 2015, together with the approximately $2.2 million raised in April 2016, is expected to provide the Company with sufficient financial resources to carry out currently planned operations through the next twelve months. However, the Company may need to raise additional financial resources through equity financing during the next twelve months.

The Company will require additional financing, through various means including but not limited to equity financing for the substantial capital expenditures required to achieve planned principal operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Capital Resources

At the date of this MD&A, the Company has 17,532,200 stock options outstanding and 22,239,248 share purchase warrants outstanding. Upon an increase in the Company’s share price and share volume traded, it would be expected that the stock options and warrants would likely be exercised, thereby contributing additional cash to the treasury.

On April 30, 2015, the shareholders approved an increase in the authorized share capital to $8,000,000 divided into 800,000,000 common shares at a par value of $0.01 each.

The Company has met its expenditure requirements pursuant to its KSK CoW for all exploration phases of the contract due to the ability to carry over excess work expenditures.

Contingency

a) JCM tax appeal

During 2011, the Indonesian tax authorities (the "Tax Authorities") conducted an audit of JCM for the 2009 tax year on all taxes. The majority of the review focused on the deductibility of expenditures in Indonesia and adjusted the tax loss carry forwards. The most material outcome from the audit related to the tax authorities deeming that the intercompany loans made by the Company to JCM should have had interest accrued at the rate of 8% per annum with withholding tax of 20%, therefore becoming payable to the Indonesian government. To have the appeal heard by the tax court, the Company paid a government deposit of $35,378 (Rp 440,139,447), an amount equal to the 2009 tax exposure as calculated by the tax authorities, expensed by Company in 2014. The Company continues to believe that this tax assessment is without basis. The outcome of the tax appeal process and any tax assessments due and payable arising from that process is not determinable at this time. The Company continues its efforts to appeal this decision.

b) KSK VAT-able entrepreneur status

On September 16, 2008, KSK received a letter from the Tax Authorities, notifying cancellation of its status as a VAT-able entrepreneur. As a result, KSK did not claim VAT for the period August 2008 to December 2012. In January 2013, KSK's VAT-able enterpreneur status was restored by the Tax Authoriites and KSK has since requested that the Tax Authorities review KSK's claim for a VAT overpayment of Rp 1,560,415,292 ($113,115) for the years 2006 and 2007. In addition, KSK has submitted VAT tax returns for the periods 2013 to 2015 to claim a VAT overpayment for those periods of Rp 11,379,194,345 and $55,649 ($880,527). The Tax Authorities have accepted KSK's submissions and KSK expects to be paid the VAT owed in the first half of 2016. The Company will record the recovery when it has been received.

c) KSK 2011 payroll tax

During 2015 the Tax Authorities refunded KSK $56,393 for a long standing appeal regarding the calculations of employee withholding tax.

Transactions with Related Parties

a) The Company's related parties consist of companies owned by executive officers and directors as follows:

Name	Nature of transactions
Golden Oak Corporate Services Limited ("Golden Oak")	Financial reporting and corporate compliance services.
Romfal Corporate Pty Ltd. ("Romfal")	Past Chief Executive Officer (Faldi Ismail).
Tigers Realm Minerals Pty Ltd. ("TR Minerals")	Deputy Chairman and Chief Executive Officer (Anthony "Tony" Manini)
TR Minerals	Shared office costs; shared staff costs.

The Company incurred the following fees and costs in connection with companies owned or controlled by key management and/or directors.

	December 31, 2015	December 31, 2014
Consulting fees – Golden Oak	$ 82,709	$ 95,535
Consulting fees – Romfal	-	33,000
Consulting fees – paid to TR Minerals for Manini salary	335,434	-
Sub-total	418,143	128,535
Shared office & staff costs – TR Minerals	291,827	-
Total	$ 709,970	$ 128,535

On May 5, 2015 and May 7, 2015, the Company's President and CEO loaned the Company an aggregate A$126,885. The loan was interest bearing at the rate of 8% per annum was unsecured and due on demand. On June 12, 2015, the loan was repaid in full together with $3,121 interest expense.

The Chief Executive Officer of the Company, Antony Manini, a Director and the Deputy Chair, acquired 6,564,495 shares of the Company in the market during 2015 at an average price of $0.02 per share (announced January 14, 2015, June 26, 2015 and September 4, 2015) for total consideration of approximately $128,815.

b) Compensation of key management personnel:

The remuneration of directors and other members of key management personnel, including amounts disclosed in Note 14(a), during the year ended December 31, 2015, and 2014 were as follows:

	December 31, 2015	December 31, 2014
Consulting fees – as above	$ 418,143	$ 128,535
Salaries, wages and related costs (exploration and evaluation expenditures)	374,455	161,572
Directors fees to non-management directors	-	3,500
Share-based compensation	208,300	90,370
Total	$ 1,000,898	$ 383,977

Future International Financial Reporting Standards (IFRS)

New standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of December 31, 2015, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a material effect on the financial statements of the Company.

i. New standard, effective for annual periods beginning on or after January 1, 2018

New standard **IFRS 9** *Financial Instruments – Classification and Measurement*
IFRS 9 is a new standard on financial instruments that will replace IAS 39, *Financial Instruments: Recognition and Measurement*.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

ii. Narrow scope amendments upcoming, all effective for annual periods beginning on or after January 1, 2016:

IFRS 11 *Accounting for Acquisitions of Interests in Joint Ventures*
This amended is to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business.

IFRS 16 Leases
In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019. The Company is assessing IFRS 16's impact on its financial statements.

IAS 16 & IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortization*
This amended is to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriated, and (ii) provide a rebuttable presumption for intangible assets.

IFRS 10 & IAS 28 *Sale or Contribution of Assets between and Investor and Its Associate or Joint Venture (the effective date of this amendment has been postponed indefinitely)*
This amended is to provide guidance on the sale or contribution of assets between an investor and its associate or joint venture.

The Company has not early adopted any of these revised standards and their future adoption is not expected to have a material effect on the financial statements.

Management of Capital

The Company manages common shares, stock options and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account. Cash consists of cash on hand, balances with banks and investments in highly liquid instruments. The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash and the fair value approximates the carrying value.

Financial Instruments and Related Risks

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; available-for-sale; or other liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	December 31, 2015	December 31, 2014
Cash	Loans and receivables	$ 778,634	$ 30,382
Receivables and other assets	Loans and receivables	15,865	11,740
Trade and other payables	Other liabilities	349,243	278,299

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for cash are Level 1 in the fair value categories.

Risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized as follows:

Credit Risk
Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, receivables, and balances receivable from the government. The Company limits the exposure to credit risk in its cash by only investing its cash with high-credit quality financial institutions in business and savings accounts, guaranteed investment certificates and in government treasury bills which are available on demand by the Company for its programs. The Company does not invest in money market funds. The Company has no risk exposure to asset backed commercial paper or auction rate securities.

Liquidity Risk
Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's current financial liabilities are anticipated to mature within the next ninety days.

Market Risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

a) Interest Rate Risk: The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and short-term investments (GIC's) and on the Company's obligations are not considered significant.

b) Foreign Currency risk: The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates against the Company's functional currency, which is the United States ("US") dollar. A portion of the Company's cash is held in Canadian ("CDN") dollars and the Company expects to continue to raise funds in Europe, Canada, and Australasia. The Company conducts its business in Indonesia in Indonesian Rupia ("Rp") with a significant portion of expenditures in that country denominated in US dollars and, in addition, a portion of the Company's business is conducted in CDN, GBP and the Australia ("AUS") dollar. As such, it is subject to risk due to fluctuations in the exchange rates between the US dollar and each of the Rp, GBP and CDN and AUS dollars. A significant change in the currency exchange rates between the US dollars relative to foreign currencies could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

   The Company's exposure to the foreign currency amount in US dollars on financial instruments is as follows:

		As at December 31, 2015			As at December 31, 2014	
	Currency	Foreign currency amount	Amount in US dollars	*Currency*	Foreign currency amount	Amount in US dollars
Cash	*CDN*	5,069	3,663	*CDN*	10,436	8,996
	Rp	274,215,683	19,865	*Rp*	92,075,841	7,401
Trade and other payables	*CDN*	(1,032)	(743)	*CDN*	(16,281)	(14,034)
	GBP	(973)	(1,482)	*GBP*	(1,010)	(1,593)
	AUD	(61,978)	(45,616)	*AUD*	(3,184)	(2,601)
	Rp	(657,165,222)	(47,551)	*Rp*	(209,991,639)	(16,879)
			(61,951)			(18,710)

   Based upon the above net exposures and assuming that all other variables remain constant, a 10% depreciation of the US dollar against the GBP and CDN and AUS currencies would result in a decrease in the loss of approximately $7,195 in the year ended December 31, 2015, ($1,870 in the year ended December 31, 2014). This sensitivity analysis includes only outstanding foreign currency denominated monetary items.

c) Commodity price risk - While the value of the Company's core mineral resource properties, the KSK Contract of Work (the "KSK CoW"), the Beutong Izin Usaha Pertambangan ("IUP"), and the Jelai IUP, are related to the price of copper and gold and the outlook for these minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks in respect of its operational activities.

   Historically, gold and copper prices have fluctuated significantly, and are affected by numerous factors outside of the Company's control, including but not limited to: industrial and retail demand; central bank lending; forward sales by producers and speculators; levels of worldwide production; short-term changes in supply and demand because of speculative hedging activities; and other factors related specifically to gold.

Political Uncertainty

In conducting operations in Indonesia, the Company is subject to considerations and risks not typically associated with companies operating in North America. These include risks such as the political, economic and legal environments. Among other things, the Company's results may be adversely affected by changes in the political and social conditions in Indonesia, and by changes in governmental policies with respect to mining laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

Forward Looking Statements

This MD&A contains forward-looking statements that are based on the Company’s current expectations and estimates. Forward-looking statements are frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “suggest”, “indicate” and other similar words or statements that certain events or conditions “may” or “will” occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans to continue to be refined; possible variations in ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing; and fluctuations in metal prices. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

Additional Disclosure for Venture Issuers without Significant Revenue

The components of exploration costs are described in Note 10 to the Financial Report.

Outstanding Share Data

At December 31, 2015, the authorized share capital comprised $8,000,000 divided into 800,000,000 common shares at a par value of $0.01 each. All issued shares are fully paid.

	Common Shares Issued and Outstanding	Share Purchase Warrants	Stock Options
Balance at December 31, 2015	574,597,071	21,966,030	21,957,200
Private placement	48,387,097	2,147,581	-
Stock options expired	-	-	(4,425,000
Balance at date of this MD&A	622,984,168	24,113,641	17,532,200

Other information

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com and at the Company’s web site www.asiametresources.com.

ASIAMET RESOURCES LIMITED

(formerly Kalimantan Gold Corporation Limited)

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015 and 2014

(In United States dollars, unless otherwise noted)

Independent auditors' report

To the Shareholders of
Asiamet Resources Limited

We have audited the accompanying consolidated financial statements of **Asiamet Resources Limited**, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of comprehensive loss, changes in equity (deficit) and 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.

Auditors' 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 audits 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our 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 **Asiamet Resources Limited** as at December 31, 2015 and 2014, and its financial performance and its 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 1 in the consolidated financial statements, which indicates that **Asiamet Resources Limited** incurred a loss of $7,421,022 during the year ended December 31, 2015, and as at that date, **Asiamet Resources Limited** had an accumulated deficit of $34,996,554. These conditions, along with other matters as set forth in note 1, indicate the existence of a material uncertainty that may cast significant doubt on **Asiamet Resources Limited**'s ability to continue as a going concern.

Ernst & Young LLP

Vancouver, Canada
April 28, 2016

Chartered Professional Accountants

ASIAMET RESOURCES LIMITED *(formerly Kalimantan Gold Corporation Limited)*
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(expressed in United States dollars, unless otherwise noted)

	Note		December 31, 2015		December 31, 2014
ASSETS					
Current assets					
Cash	*5*	$	778,634	$	30,382
Receivables and other assets	*6*		99,911		11,740
			878,545		42,122
Non-current assets					
Equipment	*7*		91,799		100,842
Security deposit	*8*		92,374		20,960
Prepaid acquisition costs	*8*		-		13,618
TOTAL ASSETS		$	1,062,718	$	177,542
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Trade and other payables	*9*	$	349,243	$	278,299
			349,243		278,299
Non-current liabilities					
Provision for employee service entitlements	*10*		42,377		22,466
			391,620		300,765
Shareholders' equity (deficit)					
Share capital	*11*		5,706,741		1,674,842
Equity reserves	*11*		29,967,939		25,777,467
Deficit			(34,996,554)		(27,575,532)
			678,126		(123,223)
Non-controlling interest	*16*		(7,028)		-
			671,098		(123,223)
TOTAL LIABILITIES AND EQUITY		$	1,062,718	$	177,542
Nature of operations and going concern	*1*				
Commitments	*13*				
Contingency	*14*				
Subsequent events	*19*				

These consolidated financial statements were authorized for issue by the Board of Directors on April 28, 2016.

They are signed on the Company's behalf by:

"*Antony Manini*"
Antony Manini, Director

"*Peter Pollard*"
Peter Pollard, Director

The accompanying notes form an integral part of these consolidated financial statements

ASIAMET RESOURCES LIMITED *(formerly Kalimantan Gold Corporation Limited)*
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(expressed in United States dollars, unless otherwise noted)

	Note	For the year ended December 31, 2015	December 31, 2014
Expenses			
Accounting and audit		$ 62,166	$ 56,940
Consultants and shared office costs		860,707	194,787
Directors fees		-	3,500
Exploration and evaluation expenditures, net	*8*	6,093,147	437,235
Investor relations		10,167	2,206
Legal		19,166	25,330
Management fees earned		-	(47,388)
Office and administrative services		25,908	14,888
Share-based compensation	*11(e)*	208,300	102,222
Telephone and communications		1,212	1,526
Transfer agent, filing and exchange fees		112,052	86,608
Travel and accommodation		78,020	2,742
		7,470,845	880,596
Other items			
Foreign exchange gain (loss)		(6,760)	(3,821)
Taxation recovery	*14(c)*	56,393	-
Gain (loss) on sale of equipment		40	(1,877)
Interest income		150	1,382
		49,823	(4,316)
Loss and comprehensive loss for the year		$ (7,421,022)	$ (884,912)
Loss attributable to:			
Equity holders of the parent		(7,421,022)	(884,912)
		$ (7,421,022)	$ (884,912)
Basic and diluted loss per common share		$ (0.02)	$ (0.01)
Weighted average number of shares outstanding		461,838,631	171,407,156

The accompanying notes form an integral part of these consolidated financial statements

ASIAMET RESOURCES LIMITED *(formerly Kalimantan Gold Corporation Limited)*
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited - expressed in United States dollars, unless otherwise noted)

		For the year ended	
		December 31, 2015	December 31, 2014
Cash provided from (used for):			
Operating activities			
Loss for the year		$ (7,421,022)	$ (884,912)
Adjustment for non-cash items:			
Depreciation		10,548	141,513
Exploration and evaluation expenditures acquired		3,693,127	-
Gain (loss) on sale of equipment		(40)	1,876
Share-based compensation		208,300	102,222
Unrealized foreign exchange loss (gain)		16,315	(6,617)
Changes in non-cash working capital:			
Government deposit		-	36,110
Receivables and other assets		(82,087)	256,720
Trade and other payables		34,682	(428,359)
Provision for employee service entitlements		19,911	(155,070)
		(3,520,266)	(936,517)
Investing activities			
Beutong acquisition transaction costs		(41,467)	(13,618)
Purchase of equipment		(1,465)	-
Proceeds on sale of equipment		-	733
		(42,932)	(12,885)
Financing activities			
Share issues		4,518,876	-
Share issue costs		(223,548)	-
		4,295,328	-
Effect of foreign exchange on cash		-	6,320
Increase (decrease) in cash		732,130	(943,082)
Cash, beginning of the year		30,382	973,464
Cash acquired on acquisition of subsidiary		16,122	
Cash, end of the year		$ 778,634	$ 30,382
Supplementary information:			
Interest paid	12(a)	$ 3,121	$ -
Income taxes paid		-	-
Non-cash investing and financing activities			
Fair value of shares issued exploration and evaluation expenditures		$ 3,304,490	$ -
Fair value of warrants issued for the acquisition of a subsidiary		414,253	-
Fair value of warrants issued to brokers included in share issue costs		123,730	-

The accompanying notes form an integral part of these consolidated financial statements

ASIAMET RESOURCES LIMITED *(formerly Kalimantan Gold Corporation Limited)*
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
(unaudited - expressed in United States dollars, unless otherwise noted)

		Attributable to equity holders of the parent			
	Number of shares	Share capital	Equity reserves	Deficit	Total
Balance, January 1, 2014	171,407,156	$ 1,674,842	$ 25,675,245	$ (26,690,620)	$ 659,467
Share-based compensation	-	-	102,222	-	102,222
Loss and comprehensive loss for the year	-	-	-	(884,912)	(884,912)
Balance, December 31, 2014	171,407,156	$ 1,674,842	$ 25,777,467	$ (27,575,532)	$ (123,223)
Share issues - consideration shares	171,407,156	1,714,072	1,590,418	-	3,304,490
Warrant issues - consideration warrants	-	-	414,253	-	414,253
Share issues	231,782,759	2,317,827	2,201,049	-	4,518,876
Warrant issues - brokers	-	-	123,730	-	123,730
Share issue costs	-	-	(347,278)	-	(347,278)
Share-based compensation	-	-	208,300	-	208,300
Acquisition of a subsidiary	-	-	-		-
Loss and comprehensive loss for the year	-	-	-	(7,421,022)	(7,421,022)
Balance, December 31, 2015	574,597,071	$ 5,706,741	$ 29,967,939	$ (34,996,554)	$ 678,126

The accompanying notes form an integral part of these consolidated financial statements

1. NATURE OF OPERATIONS and GOING CONCERN

Asiamet Resources Limited (*formerly Kalimantan Gold Corporation Limited*) (the "Company" or "Asiamet") is a publicly listed company incorporated under the laws of Bermuda. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") and the AIM market of the London Stock Exchange. The Company's principal business activities include the acquisition, exploration and development of mineral properties. The address of the Company in Canada is Unit 1 – 15782 Marine Drive, White Rock, British Columbia, Canada V4B 1E6. The consolidated financial statements of the Company as at and for the year ended December 31, 2015, comprise the Company and its subsidiaries. The Company is the ultimate parent. The Company's principal mineral property interests are located in Indonesia.

On July 17, 2015, the Company changed its name to Asiamet Resources Limited and on July 27, 2015, commenced trading on both the TSX-V and AIM exchanges under the symbol "ARS".

The Company is in the process of exploring its mineral property interests and has not yet determined whether any of its properties contain mineral reserves that are economically recoverable. The recoverability of the amounts spent for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties.

The operations of the Company will require various licenses and permits from various governmental authorities which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects. Failure to comply with these conditions may render the licences liable to forfeiture.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. The Company incurred a loss of $7,421,022 during the year ended December 31, 2015, and as of that date, the Company had an accumulated deficit of $34,996,554 and net working capital of $529,302. Management estimates that these funds, together with the approximate $2,191,612 (£1,500,000) raised in April 2016 (see Note 19), will provide the Company with sufficient financial resources to carry out currently planned operations through the next twelve months. However, the Company may need to raise additional financial resources through equity financing during the next twelve months.

The Company will require additional financing, through various means including but not limited to equity financing, for the substantial capital expenditures required to achieve planned principal operations. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these financial statements are based on the IFRS issued and outstanding as at the date the Board of Directors approved these financial statements for issue.

b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Functional and presentation currency

The presentation currency of the Company is the United States dollar.

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”) and has been determined for each entity within the Company. The functional currency of Asiamet Resources Limited and all of its subsidiaries is the United States dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 *The Effects of Changes in Foreign Exchange Rates* (“IAS 21”).

d) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are the following:

<u>Share-based compensation</u>

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

2. BASIS OF PREPARATION *(continued)*

d) Use of estimates and judgments *(continued)*

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

The Company has not recorded any deferred tax assets.

Provision for employee service entitlements

The provision for employee service entitlements estimation is based upon several actuarial inputs, assumptions, calculations, and estimates using the projected unit credit actuarial valuation method. Because the actuarial model requires the input of highly subjective assumptions, including interest rates, retirement dates, and mortality rates, changes in subjective input assumptions can materially affect the provision estimate.

(ii) Critical accounting judgments

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are the following:

Determination of functional currency

In accordance with IAS 21, management determined that the functional currency of the Company and its subsidiaries is the United States dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21. Significant changes to those underlying factors could cause a change to the functional currency.

(expressed in United States dollars, unless otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES

a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries; from the date control was acquired. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. All inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation. For partially owned subsidiaries, the interest attributable to non-controlling shareholders is reflected in non-controlling interest. Adjustments to non-controlling interest are accounted for as transactions with owners and adjustments that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Name of subsidiary	Place of incorporation	Proportion of ownership interest	Principal activity
Indokal Limited	Hong Kong	100%	Holding company
PT Pancaran Cahaya Kahaya ("PCK")	Indonesia	100%	Holding company
PT Kalimantan Surya Kencana ("KSK")	Indonesia	100%	Owner of KSK CoW
PT Kalimantan Management Consultants ("KMC")	Indonesia	100%	Holding company
KLG Singapore Private Limited ("KLG Sing")	Singapore	100%	Holding company
PT Jelai Cahaya Minerals ("JCM")	Indonesia	100%	Owner of Jelai IUP
Tigers Copper Singapore No. 1 Pte Ltd. ("TC Sing")	Singapore	100%	Holding company
Beutong Resources Pte Ltd. ("BRPL")	Singapore	50%	Holding company
PT Emas Mineral Murni ("PT EMM")	Indonesia	80%	Owner of Beutong IUP
PT Tigers Realm Gold Indonesia ("PT TRG")	Indonesia	95%	Holding company

** effective ownership of PT EMM is 40% being 50% of BRPL which owns 80% of PT EMM*

b) Accounting policies

Non-controlling interest

Non-controlling interest in the Company's less-than-wholly-owned subsidiaries are classified as a separate component of equity. On initial recognition, non-controlling interest is measured at the fair value of the non-controlling entity's pro-rata share in the subsidiary. Subsequent to the original transaction date, adjustments are made to the carrying amount of non-controlling interest for the non-controlling interest's share of changes to the subsidiary's equity.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying amount of non-controlling interest is adjusted to reflect the change in the non-controlling interest's relative interest in the subsidiary, and the difference between the adjustment to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to owners of the Company.

Foreign currency translation

Transactions in foreign currencies are initially translated to United States dollars, the functional currency of the Company, at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the exchange rate at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currency differences arising on re-translation is recognized in operations.

Equipment

Equipment is carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the items and restoring the site on which it is located.

Depreciation is provided at rates calculated to amortize the costs of equipment less its estimated residual value, using the straight-line method over five years commencing from the year the assets are put into service.

An item of equipment is de-recognized upon disposal 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 profit or loss.

Where an item of equipment is composed of major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Exploration and evaluation assets and expenditures

The Company expenses all exploration and evaluation costs incurred on mineral properties to which it has secured exploration rights prior to the establishment of proven and probable reserves. Exploration and evaluation costs include costs relating to the acquisition and exploration of the mineral property, less recoveries, and do not necessarily reflect present or future values. If and when proven and probable reserves are determined for a property and a feasibility study has been prepared with respect to the property and a decision to proceed with development has been approved, then subsequent exploration and development costs of the property will be capitalized.

Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, are capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves. When there is little prospect of further work on a property being carried out by the Company, the remaining deferred costs associated with that property are charged to operations during the period such determination is made.

Restoration, rehabilitation and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the decommissioning of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a decommissioning liability is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with decommissioning as a liability when the liability is incurred and increases the carrying value of the related assets for that amount.

Subsequently, these capitalized decommissioning liabilities are amortized over the life of the related assets. As the end of each period, the liability is increased to reflect the passage of time and changes in the estimated future cash flows underlying any initial estimates.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated. Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to the profit or loss statements. The Company had no decommissioning liabilities for the years presented.

Impairment

The carrying amounts of the Company's non-financial assets, other than deferred tax assets if any, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in profit or loss.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

Pension and other post-employment benefits

In 2003, the Company began recognizing a provision for Indonesian employee service entitlements in accordance with Indonesia's Labor Law No. 13/2003 dated March 25, 2003 (the "Law") under an assumption that all employees resigned at the reporting date.

For defined benefit pension plans, termination benefits, and other post-retirement benefits, the net periodic pension expense is actuarially determined on an annual basis by independent actuaries using the projected unit credit method. The determination of benefit expense requires assumptions such as the discount rate to measure obligations the projected age of employees upon retirement, and the expected rate of future compensation. For the purposes of calculating the expected return on plan assets, if any, the plan assets are valued at fair value. Actual results will differ from results that are estimated based on assumptions. All past service costs arising from plan amendments are recognized immediately in income or expense when the amendment occurs or when the related restructuring costs are recognized, if earlier.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The asset or liability recognized in the statement of financial position is the present value of the benefit obligation at the statement of financial position date less the fair value of the plan assets, if any, together with adjustments for asset ceiling impairment or additional liabilities due to onerous minimum funding requirement under IFRIC 19, *The Limit on a Defined Benefit Asset*. The present value of the benefit obligation is determined by discounting the estimated future cash outflows using rates and outflow patterns as determined by the actuary based on the Indonesian Labour Law parameters.

Actuarial gains and losses are recognized through other comprehensive income and are not re-classified to the income statement. The movement in the provision for employee service entitlements is included in the salary portion of exploration costs.

Financial instruments – classification and fair value

(i) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorized as FVTPL unless they are designed as effective hedges.

Financial assets at FVTPL are initially recognized, and subsequently carried, at fair value with changes recognized in profit or loss. Attributable transaction costs are recognized in profit or loss when incurred.

(ii) Loans and receivable

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months or those that are expected to be settled after 12 months from the end of the reporting period, which are classified as non-current assets. Assets in this category include cash, government deposits, and receivables and other assets.

Loans and receivables are initially recognized at fair value plus any directly attributable transaction costs and subsequently carried at amortized cost using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is used to determine the amortized cost of loans and receivables and to allocate interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period.

(iii) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments – classification and fair value *(continued)*

The carrying amount of all financial assets, excluding trade and other receivables, is directly reduced by the impairment loss. The carrying amount of a trade or other receivable is reduced through the use of an allowance account. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses were recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(iv) De-recognition of financial assets

Financial assets are de-recognized when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Company has transferred substantially all of the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized directly in equity is recognized in profit or loss.

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

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities may be classified as FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives and IAS 39 permits the entire combined contract (asset or liability) to be designated as a FVTPL.

At the end of each reporting period subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognized directly in operations in the period in which they arise. 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 Company has classified trade and other payables as other financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities and equity – classification and fair value *(continued)*

Employee future benefits

The cost of defined benefit pension plans and employee termination benefits under the Law and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future (Note 11). Actuarial gains and losses are recognized through other comprehensive income and not re-classified to the income statement. The provision for employee service entitlements is included in the salary portion of exploration expense.

The Company has classified the provision for employee service entitlements as other financial liabilities.

Share capital

Common shares are classified as share capital. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

Loss per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is calculated by dividing the earnings (loss) by the weighted average number of common shares outstanding assuming that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

In the Company's case, diluted earnings per share is the same as basic loss per share, as the effect of outstanding share options and share purchase warrants on loss per share would be anti-dilutive.

Share-based payment transactions

The stock option plan allows Company employees to acquire shares of the Company. The fair value of options granted is recognized as a share-based compensation expense 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. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the options is reclassified from reserves to share capital.

The fair value is measured at grant date and each tranche is 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 number of stock options that are expected to vest.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in operations except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable operations, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantially enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

New standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of December 31, 2015, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a material effect on the financial statements of the Company.

i. New standard, effective for annual periods beginning on or after January 1, 2018

New standard **IFRS 9** *Financial Instruments – Classification and Measurement*

IFRS 9 is a new standard on financial instruments that will replace IAS 39, *Financial Instruments: Recognition and Measurement*.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

(expressed in United States dollars, unless otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

ii. Narrow scope amendments upcoming, all effective for annual periods beginning on or after January 1, 2016:

IFRS 11 *Accounting for Acquisitions of Interests in Joint Ventures*
This amended is to provide specific guidance on accounting for the acquisition of an interest in a joint operation that is a business.

IFRS 16 Leases
In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019. The Company is assessing IFRS 16's impact on its financial statements.

IAS 16 & IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortization*
This amended is to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriated, and (ii) provide a rebuttable presumption for intangible assets.

IFRS 10 & IAS 28 *Sale or Contribution of Assets between and Investor and Its Associate or Joint Venture (the effective date of this amendment has been postponed indefinitely)*
This amended is to provide guidance on the sale or contribution of assets between an investor and its associate or joint venture.

The Company has not early adopted any of these revised standards and their future adoption is not expected to have a material effect on the financial statements.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; available-for-sale; or other liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	December 31, 2015	December 31, 2014
Cash	Loans and receivables	$ 778,634	$ 30,382
Receivables and other assets	Loans and receivables	15,865	11,740
Trade and other payables	Other liabilities	349,243	278,299

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

The recorded amounts for cash are Level 1 in the fair value categories.

Risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized as follows:

Credit Risk
Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash, receivables, and balances receivable from the government. The Company limits the exposure to credit risk in its cash by only investing its cash with high-credit quality financial institutions in business and savings accounts, guaranteed investment certificates and in government treasury bills which are available on demand by the Company for its programs. The Company does not invest in money market funds. The Company has no risk exposure to asset backed commercial paper or auction rate securities.

Liquidity Risk
Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's current financial liabilities are anticipated to mature within the next ninety days.

Market Risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

a) Interest Rate Risk: The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and short-term investments (GIC's) and on the Company's obligations are not considered significant.

b) Foreign Currency risk: The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates against the Company's functional currency, which is the United States ("US") dollar. A portion of the Company's cash is held in Canadian ("CDN") dollars and the Company expects to continue to raise funds in Europe, Canada, and Australasia. The Company conducts its business in Indonesia in Indonesian Rupia ("IDR") with a significant portion of expenditures in that country denominated in US dollars and, in addition, a portion of the Company's business is conducted in CDN, GBP and the Australia ("AUS") dollar. As such, it is subject to risk due to fluctuations in the exchange rates between the US dollar and each of the IDR, GBP and CDN and AUS dollars. A significant change in the currency exchange rates between the US dollars relative to foreign currencies could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

The Company's exposure to the foreign currency amount in US dollars on financial instruments is as follows:

	As at December 31, 2015			As at December 31, 2014		
	Currency	Foreign currency amount	Amount in US dollars	*Currency*	Foreign currency amount	Amount in US dollars
Cash	*CDN*	5,069	3,663	*CDN*	10,436	8,996
	IDR	274,215,683	19,865	*IDR*	92,075,841	7,401
Trade and other payables	*CDN*	(1,032)	(743)	*CDN*	(16,281)	(14,034)
	GBP	(973)	(1,482)	*GBP*	(1,010)	(1,593)
	AUD	(61,978)	(45,616)	*AUD*	(3,184)	(2,601)
	IDR	(657,165,222)	(47,551)	*IDR*	(209,991,639)	(16,879)
			(61,951)			(18,710)

Based upon the above net exposures and assuming that all other variables remain constant, a 10% depreciation of the US dollar against the GBP and CDN and AUS currencies would result in a decrease in the loss of approximately $7,195 in the year ended December 31, 2015, ($1,870 in the year ended December 31, 2014). This sensitivity analysis includes only outstanding foreign currency denominated monetary items.

c) Commodity price risk - While the value of the Company's core mineral resource properties, the KSK Contract of Work (the "KSK CoW"), the Beutong Izin Usaha Pertambangan ("IUP"), and the Jelai IUP, are related to the price of copper and gold and the outlook for these minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks in respect of its operational activities.

Historically, gold and copper prices have fluctuated significantly, and are affected by numerous factors outside of the Company's control, including but not limited to: industrial and retail demand; central bank lending; forward sales by producers and speculators; levels of worldwide production; short-term changes in supply and demand because of speculative hedging activities; and other factors related specifically to gold.

Political Uncertainty
In conducting operations in Indonesia, the Company is subject to considerations and risks not typically associated with companies operating in North America. These include risks such as the political, economic and legal environments. Among other things, the Company's results may be adversely affected by changes in the political and social conditions in Indonesia, and by changes in governmental policies with respect to mining laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

5. CASH

	As at December 31, 2015	As at December 31, 2014
Canadian dollar denominated cash held in Canada	$ 3,663	$ 8,996
US dollar denominated cash held in Canada	572,513	5,145
US dollar cash held in Indonesia	182,588	
Rupiah cash held in Indonesia	19,870	16,241
	$ 778,634	$ 30,382

(expressed in United States dollars, unless otherwise noted)

6. RECEIVABLES AND OTHER ASSETS

	As at December 31, 2015	As at December 31, 2014
Receivable – employee advances	$ 7,144	$ 2,406
Receivable – other	8,721	477
Prepayments	83,428	8,857
	$ 92,374	$ 11,740

7. EQUIPMENT

The following is a reconciliation of the carrying amounts of equipment, all located in Indonesia.

	Equipment
Cost	
At December 31, 2013	$ 605,629
Assets disposed of	(10,656)
At December 31, 2014	594,973
Assets acquired	1,465
Assets adjustment	5,376
At December 31, 2015	$ 601,814
Accumulated depreciation	
At December 31, 2013	$ 360,665
Depreciation for the year	141,513
Assets disposed of	(8,047)
At December 31, 2014	494,131
Depreciation for the year	10,548
Assets adjustment	5,336
At December 31, 2015	510,015
Carrying amounts	
At December 31, 2014	$ 100,842
At December 31, 2015	$ 91,799

(expressed in United States dollars, unless otherwise noted)

8. EXPLORATION AND EVALUATION ASSETS & EXPENDITURES

IFRS requires that a determination is made as to whether an acquisition is a business combination by applying the definitions contained in IFRS 3, which requires that the assets acquired and liabilities assumed constitute a business. Management has determined that the acquisition of TC Sing does not constitute the acquisition of a business, therefore, and has treated it as an acquisition of a group of assets.

As at December 31, 2014, the Company prepaid certain legal and regulatory fees totaling $13,618 (2015 - $0), in advance of closing the acquisition of the Beutong project and the closing of a concurrent brokered private placement on January 12, 2015.

The acquisition of TC Sing from Tigers Realm Minerals Pty Ltd. ("TR Minerals") was completed by way of the issuance of 171,407,156 common shares of the Company ("Consideration Shares") with a fair value of $3,304,490 and the issuance of 14,675,000 common share purchase warrants ("Consideration Warrants") with a total fair value of $414,253. In addition, the Company incurred closing costs of $55,085 to complete the transaction.

Fair value of assets acquired:		
Cash	$	16,122
Receivables and other assets		6,084
Security deposits		87,729
Exploration and evaluation expenditures		3,693,127
Non-controlling interest in subsidiary		7,028
Trade and other payables		(36,262)
	$	3,773,828
Consideration for acquisition:		
Fair value of shares issued	$	3,304,490
Fair value of warrants issued		414,253
Transaction costs		55,085
	$	3,773,828

The Company's accounting policy is to expense exploration and evaluation expenditures, including acquisition costs, until proven and probable reserves are determined for a property and a feasibility study has been prepared with respect to the property and a decision to proceed with development has been approved, then subsequent exploration and development costs of the property will be capitalized.

The Company's exploration and evaluation assets comprise the KSK Contract of Work (the "KSK CoW") porphyry copper prospect in Central Kalimantan (held by KSK), an Izin Usaha Pertambangan ("IUP") for the Jelai gold project in East Kalimantan (held by JCM), and the newly-acquired Beutong IUP in Aceh, Sumatra, Indonesia (held by PT EMM).

(expressed in United States dollars, unless otherwise noted)

8. EXPLORATION AND EVALUATION ASSETS & EXPENDITURES *(continued)*

The details of exploration expenditures expensed during the period ended December 31, 2015, and 2014 are as follows:

	For the year ended	
	December 31, 2015	December 31, 2014
KSK CoW		
Exploration costs during the year		
Community development	$ 51,540	$ 278,304
Consultants and contractors	144,653	199,562
Field support	402,080	83,940
Geological and geophysical costs	260,655	-
Land tax and dead rent	32,893	29,486
Salaries, wages and related costs	951,162	492,127
Sample preparation and analysis	-	97,188
Supplies and equipment	23,457	34,239
Taxation (includes recoveries)	(15,926)	123,468
Transport (including helicopters)	161,796	137,698
Travel and accomodation	-	80,113
Foreign exchange on security deposits	115,436	-
	2,127,746	1,556,125
Depreciation	7,939	137,852
Current year exploration	2,135,685	1,693,977
Recovery from funding partner	-	(1,350,140)
Current year net exploration	2,135,685	343,837
Jelai IUP		
Exploration costs during the year		
Consultants and contractors	40,584	26,077
Field support	-	1,580
Land tax and dead rent	893	-
Salaries, wages and related costs	20,752	-
Sample preparation and analysis	16,806	-
Taxation	893	58,994
Travel and accommodation	1,312	3,086
	81,240	89,737
Depreciation	2,609	3,661
Current year net exploration	83,849	93,398

(expressed in United States dollars, unless otherwise noted)

8. EXPLORATION AND EVALUATION ASSETS & EXPENDITURES *(continued)*

Beutong IUP		
Exploration costs during the year		
Acquisition of Beutong IUP	3,693,127	-
Community development	10,686	-
Consultants and contractors	55,905	-
Field support	20,808	-
Salaries, wages and related costs	60,591	-
Sample preparation and analysis	1,947	-
Supplies and equipment	16,624	-
Travel and accommodation	2,451	-
Foreign exchange on security deposits	11,474	-
	3,873,613	-
Depreciation	-	-
Current year exploration	3,873,613	-
Total exploration expenditures	$ 6,093,147	$ 437,235

<u>KSK CoW – Central Kalimantan</u>

The holder of the KSK CoW is KSK. The Company owns 100% of Indokal, and Indokal owns 100% of PCK. KSK is owned 75% by Indokal and 25% by PCK.

The KSK CoW was granted April 28, 1997 between the Republic of Indonesia and KSK as a 6th generation CoW. The terms of the KSK CoW define several periods under which work done on the KSK CoW will fall.

The Company signed a non-binding Memorandum of Understanding ("MOU") with the Government of the Republic of Indonesia ("GOI") covering amendments to its KSK CoW. Items contained within this MOU will be incorporated as an amendment to the KSK CoW once ongoing negotiations are complete.

On April 23, 2015, the Company formally established with the GOI that the KSK CoW remains in the fifth year of the Exploration stage and as such has a total of 30+ years remaining for exploration, development and operations. The Company, under Article 23 of the KSK CoW, has the right to request further extensions of the exploration period. The period following Exploration is the Feasibility Study Period which runs for not less than two years, is extendable, and provides time to complete studies and identify the area for mining.

A portion of the KSK CoW is within Hutan Lindung or protected / reserved forest area. The KSK CoW was granted prior to the enactment of the 1999 Government of Indonesia Law No. 41 on Forestry which prohibits open pit mining in Hutan Lindung areas. A subsequent Presidential Decree has confirmed that when the Company's property meets the necessary criteria it may apply for a permit to exploit that portion of the properties within the KSK CoW that fall within the Hutan Lindung, either by underground mining or by applying to change the forestry status. The Capital Investment Coordinating Board (in consultation with the Ministry of Environment and Forestry and the Ministry of Energy and Mineral Resources formally issued KSK with a forestry permit ("IPPKH") renewal on April 23, 2015. The IPPKH is valid for a period of two years and authorizes KSK to carry out both surface and drilling activities over permitted areas of the KSK CoW.

8. EXPLORATION AND EVALUATION ASSETS & EXPENDITURES *(continued)*

KSK CoW – Central Kalimantan *(continued)*

On April 18, 2011, as amended on May 31, 2012, the Company entered into a joint venture agreement (the "KSK Agreement") with Surya Kencana LLC ("SK LLC"), a wholly-owned subsidiary of Freeport-McMoRan Exploration Corporation ("Freeport") in relation to the KSK CoW. Notice was received from SK LLC on December 30, 2013, of their withdrawal from the KSK Agreement effective January 31, 2014. SK LLC has therefore forfeited its right to the shares of Indokal. However, SK LLC was granted a net smelter returns royalty of 1% over the KSK CoW, capped to a maximum of the total expenditures of approximately $37 million made by SK LLC on the KSK CoW.

Pursuant to the KSK Agreement, KSK was the operator of the exploration program, and the Company earned a 3% to 5% management fee as operator on all expenditures incurred on the KSK CoW pursuant to the KSK Agreement. During the year ended December 31, 2015, the Company earned management fees of $nil (2014 - $47,388).

Jelai Project – East Kalimantan

On March 23, 2006, the Company organized JCM. The Company entered into certain contractual arrangements with JCM and its nominee shareholders, pursuant to which the Company (either by itself or through a wholly owned mining services company) agreed to provide all necessary financial, technical and managerial requirements for the development and operation of a mine within the JCM project area, and in return, JCM agreed to pay to the Company (or its subsidiary) the net proceeds of the sale of minerals from the JCM project area.

In the 2012 financial year, this indirect arrangement was largely unwound, so that a wholly-owned subsidiary of the Company, KLG SING, now holds 99.3% of the shares of JCM. The remaining 0.7% continues to be held by the same nominee shareholders until such time as the Indonesian authorities approve the final transfer of the remaining shares so that KLG SING will ultimately own 99.9% and the Company will hold the remaining 0.1% of the shares of JCM.

JCM paid a refundable security deposit of IDR 136,350,000 and $10,000 (2015 - $19,884; 2014 - $20,960) to the Indonesian government that gave JCM the right to conduct exploration, including drilling, over an approximate 5,000 hectare area, comprising the Jelai project. Those rights were subsequently converted to an IUP which gives the holder the right to explore for metallic minerals, including gold, within the IUP Area, and to conduct feasibility studies into the development of a mining operation until June 2, 2015. JCM has been granted a one year suspension of the IUP exploration license for an additional one year to June 2, 2016. JCM has lodged an application with the Indonesian government to convert the IUP from an exploration IUP to a production IUP. A production IUP is current for 20 years and extendable for two subsequent 10 year periods.

The Indonesian Ministry of Forestry granted JCM an extension to its Borrow and Use Exploration Forestry Permit (IPPKH). The permit, which is renewable, extends the authorization for the Company to conduct exploration activities until December 16, 2015. It covers all the existing permitted areas, namely the Mewet and ten of the other 12 Jelai IUP prospects, comprising 4,675 hectares of the 5,000 hectare IUP. JCM will apply for renewal of the permit after the production IUP has been granted.

(expressed in United States dollars, unless otherwise noted)

8. EXPLORATION AND EVALUATION ASSETS & EXPENDITURES *(continued)*

Beutong Project – Aceh, Sumatra, Indonesia

On January 12, 2015, the Company purchased TC Sing, a Singapore company, which holds 50% of the issued and outstanding shares of BRPL. BRPL, in turn, owns 80% of the issued and outstanding shares of PT EMM, which holds the Beutong IUP in Indonesia. Effectively, the Company purchased a 40% share in the Beutong IUP.

PT EMM paid a refundable security deposit of $72,490 to the Indonesian government for an IUP that gives PT EMM the right to conduct exploration, including drilling, over an approximate 10,000 hectare area comprising the Beutong project. PT EMM was granted a one year suspension of the Beutong IUP exploration license on June 5, 2015, and as such, extended the term of the IUP Exploration license for an additional one year to June 5, 2016. PT EMM has lodged an application with the Indonesian government to convert the IUP from an exploration IUP to a production IUP prior to the June 5, 2016 expiration date. A production IUP is current for 20 years and extendable for two subsequent 10 year periods.

On February 11, 2011, as amended, PT EMM entered into a corporate joint venture agreement (the "Beutong Option Agreement") with TC Sing and PT Media Mining Resources ("Media"). PT EMM is owned 80% by BRPL. TC Sing owns 50% of the shares of BRPL giving TC Sing an effective 40% interest in the Beutong project.

TC Sing can increase its effective ownership in the Beutong project from 40% to 60% by completing staged payments and milestones. TC Sing will earn the next 20% upon completion of an exploration expenditure milestone which has been met together with at cash payment of AUD$2,875,000, which will become due within 90-days of the Beutong exploration IUP being converted to a production IUP. Upon completion of the payment and milestone TC Sing will own 75% of the shares of BRPL or an effective 60% interest in the Beutong project.

TC Sing can increase its effective ownership in the Beutong project from 40% to 80% by completing a bankable feasibility study by the extended expiry date of the Beutong IUP. Upon completion of the study TC Sing will own 100% of the shares of BRPL or an effective 80% interest in the Beutong project.

After TC Sing has earned 100% of BRPL, which in turn owns 80% of PT EMM, then Media will be responsible for funding its 20% share of development costs which are expected to be obtained through project finance. TC Sing will be responsible for seeking this finance on behalf of the joint venture and if Media is unable to fund its share of equity contributions TC Sing will advance the amounts representing Media's contributions on a deferred basis to be recovered with interest from 75% of Media's dividend entitlements until repaid.

9. TRADE AND OTHER PAYABLES

		As at December 31, 2015		As at December 31, 2014
Trade and other payables	$	301,077	$	274,246
Trade and other payables owed to related parties		48,166		4,053
	$	349,243	$	278,299

The amounts owed to related parties were paid subsequent to December 31, 2015.

(expressed in United States dollars, unless otherwise noted)

10. PROVISION FOR EMPLOYEE SERVICE ENTITLEMENTS

The Company provides benefits for its Indonesian employees, excluding any expatriate employees who may reside and work in Indonesia, who have reached the normal retirement age of 55. The benefits are unfunded and are based on the Company's Collective Labour Agreement that has been aligned with the provisions of Indonesian Labour Law No 13/2003 dated March 25, 2003 (the "Laws") as follows:

a) two times the severance amounts specified by Article 156(2) of the Law); plus
b) the service amounts specified by Article 156(3) of the Law; plus
c) 15% of the total severance and service payments.

The following table summarizes the components of net employee service entitlements expense recognized in exploration and evaluation expenses and amounts recognized in the statement of financial position for employee service entitlements liability. For the years ended December 31, 2015, and 2014, the expense and liability was determined by an independent actuary.

Movements in the employee service entitlements liability during the years ended December 31, 2015, and 2014, are as follows:

		As at December 31, 2014
Balance, December 31, 2013		$ 178,059
Add:	Provision during the year – pre-funded by Freeport	22,613
	Provision during the year	22,648
	Foreign exchange adjustment to estimated provision	(1,882)
Less:	Utilization during the year	(198,972)
Balance, December 31, 2014		22,466
Add:	Provision during the year	19,911
Balance, December, 31, 2015		42,377

The principal actuarial assumptions used in determining the provision for employee service entitlements as of December 31, 2015, are as follows:

a)	Actuarial Valuation Method:	Project Unit Credit
b)	Discount rate:	9.09% per annum
c)	Salary increase:	10% per annum
d)	Mortality rate:	Tabel Mortalita Indonesia (TMI-III) – 2011 edition
e)	Retirement age:	55 years of age (all employees are assumed to retire at their retirement age)
f)	Resignation rate:	5% for under 25 years of age and linearly decreasing to 1% at age 45 and thereafter
g)	Disability rate:	10% of mortality rate
h)	Benefit formula:	15% of total post-employment benefits

11. SHARE CAPITAL AND RESERVES

a) Authorized share capital

At December 31, 2015, the authorized share capital comprised $8,000,000 divided into 800,000,000 common shares at a par value of $0.01 each. At December 31, 2014, the authorized share capital comprised $5,000,000 divided into 500,000,000 common shares at a par value of $0.01 each.

All issued shares are fully paid. At December 31, 2015, the issued share capital comprised 574,597,071 common shares (December 31, 2014 – 171,407,156).

b) Issued share capital

A summary of changes in share capital and reserves is contained in the Consolidated Statement of Changes in Equity, for the year ended December 31, 2015, and 2014.

On November 6, 2015, the Company issued 71,428,571 common shares from a brokered private placement financing to raise $1,500,691(£1.0 million at an issue price of $0.021 (£0.014) per common share). The Company incurred share issues costs of $99,704 which included $61,004 cash commission, $8,217 other share issue costs and the $30,483 fair value of 1,874,364 purchase warrants issued to the broker. Each warrant is exercisable to buy one common share at a price of C$0.05 per share for a period of two years. The fair value of the broker warrants issued was determined using a risk free interest rate of 0.62%, an expected volatility of 230%, an expected life of two years, and an expected dividend of zero for a total fair value of $30,483 or $0.016 per warrant. Volatility was determined using daily closing share prices over a term equivalent to the expected life of the warrants.

On June 1, 2015, the Company issued 108,443,747 common shares from a brokered private placement financing to raise $2,008,643 (£1,301,325) at an issue price of $0.0185 (£0.012) per common share. The Company incurred share issue costs of $214,991 which included $111,166 cash commission, $10,578 other share issue costs and the fair value of 5,416,667 warrants issued to brokers. Each warrant is exercisable to buy one common share at a price of C$0.05 per share for a period of two years. The fair value of the broker warrants issued was determined using a risk free interest rate of 0.62%, an expected volatility of 230%, an expected life of two years, and an expected dividend of zero for a total fair value of $93,247 or $0.017 per warrant. Volatility was determined using daily closing share prices over a term equivalent to the expected life of the warrants.

On January 12, 2015, the Company issued 51,910,441 common shares from a brokered private placement financing to raise $1,009,541 (C$1,193,940) at an issue price of $0.0194 (C$0.023) per common share. The Company incurred cash share issue costs of $32,581.

On January 12, 2015, the Company issued 171,407,156 common shares to TR Minerals for the acquisition of TC Sing, with a fair value of $3,304,490 and issued 14,675,000 common share purchase warrants with a fair value of $426,498. In addition, the Company incurred closing costs of $55,084 to complete the acquisition (Note 10). TR Minerals immediately distributed the common shares and common share purchase warrants on a pro-rata basis to the shareholders in the ultimate parent company of TR Minerals, being Tigers Realm Metals Pty Ltd. (“TR Metals”)

(expressed in United States dollars, unless otherwise noted)

11. SHARE CAPITAL AND RESERVES *(continued)*

b) Issued share capital *(continued)*

The 14,675,000 common share purchase warrants were issued to option holders of TR Metals on a pro-rata basis with the same remaining life and exercise price. Volatility was determined using daily closing share prices over a term equivalent to the expected life of the warrants.

Warrants	Fair value	Risk free interest rate	Expected volatility	Expected life
3,151,306	$88,938	0.93%	256%	1.4 years
1,003,527	$28,355	0.93%	254%	1.4 years
5,277,674	$143,218	0.93%	234%	1.7 years
1,708,746	$47,030	0.93%	210%	2.3 years
3,533,747	$106,712	0.93%	179%	4.2 years
14,675,000	$414,253			

There were no changes to the issued and outstanding share capital of the Company during the year ended December 31, 2014.

c) Common share purchase warrants

The continuity of common share purchase warrants for the year ended December 31, 2015, is as follows:

Expiry date	*Exercise price Cdn$*	Balance, December 31, 2014	Issued	Expired	Balance, December 31, 2015
June 4, 2016	*$ 0.06*	-	3,151,306	-	3,151,306
June 18, 2016	*$ 0.06*	-	1,003,527	-	1,003,527
October 2, 2016	*$ 0.10*	-	5,277,674	-	5,277,674
May 13, 2017	*$ 0.12*	-	1,708,746	-	1,708,746
April 13, 2019	*$ 0.10*	-	3,533,747	-	3,533,747
June 1, 2017	*$ 0.05*	-	5,416,666	-	5,416,666
November 5, 2017	*$ 0.05*	-	1,874,364	-	1,874,364
		-	21,966,030	-	21,966,030
Weighted average exercise price Cdn$		$ -	$ 0.08	$ -	$ 0.08

The weighted average remaining contractual life of the common share purchase warrants outstanding as at December 31, 2015, was 1.4 years. All of the outstanding warrants are exercisable.

There were no common share purchase warrants outstanding at December 31, 2014.

(expressed in United States dollars, unless otherwise noted)

11. SHARE CAPITAL AND RESERVES *(continued)*

d) Stock Options

The Company has a shareholder approved "rolling" stock option plan (the "Plan") in compliance with TSX-V policies. Under the Plan the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares at the time of granting. The exercise price of each stock option shall not be less than the market price of the Company's stock at the date of grant. Options can have a maximum term of ten years and typically terminate 90-days following the termination of the optionee's employment or engagement, except in the case of retirement or death. Vesting of options is at the discretion of the Board of Directors at the time the options are granted.

The continuity of stock options for the year ended December 31, 2015, is as follows:

Expiry date	*Exercise price Cdn $*	Balance, December 31, 2014	Granted	Expired	Balance, December 31, 2015
April 21, 2016	*$ 0.12*	4,875,000	-	(450,000)	4,425,000
June 17, 2016	*$ 0.12*	200,000	-	(100,000)	100,000
July 4, 2016	*$ 0.07*	200,000	-	-	200,000
July 1, 2018	*$ 0.10*	5,950,000	-	(1,517,800)	4,432,200
October 6, 2019	*$ 0.05*	3,450,000	-	(300,000)	3,150,000
August 31, 2020	*$ 0.05*	-	9,650,000	-	9,650,000
		14,675,000	9,650,000	(2,367,800)	21,957,200
Weighted average exercise price Cdn$		$ 0.09	$ 0.05	$ 0.10	$ 0.07

The weighted average remaining contractual life of the options outstanding as at December 31, 2015, was 3.2 years. All of the outstanding options are exercisable.

Expiry date	*Exercise price Cdn $*	Balance, December 31, 2013	Granted	Expired	Balance, December 31, 2014
April 21, 2016	*$ 0.12*	4,875,000	-	-	4,875,000
June 17, 2016	*$ 0.12*	200,000	-	-	200,000
July 4, 2016	*$ 0.07*	200,000	-	-	200,000
July 1, 2018	*$ 0.10*	5,950,000	-	-	5,950,000
October 6, 2019	*$ 0.05*	-	3,450,000	-	3,450,000
		11,225,000	3,450,000	-	14,675,000
Weighted average exercise price Cdn$		$ 0.10	$ 0.05	$ -	$ 0.09

(expressed in United States dollars, unless otherwise noted)

11. SHARE CAPITAL AND RESERVES *(continued)*

e) Share-based Compensation

The fair value of each option granted to employees, officers and directors was estimated on the date of grant using the Black-Scholes option pricing model.

During the year ended December 31, 2015, the Company recorded $208,300 in non-cash share-based compensation expense for options vesting in the year.

On August 31, 2015, the Company granted 9,650,000 stock options with a total grant-date fair value of $208,300 or $0.022 per option, which all vested immediately. The fair value of these options was determined using a risk free interest rate of 0.58%, an expected volatility of 185%, an expected life of five years, an expected dividend of zero, and a foreign exchange rate of 0.7563 US to the Canadian dollar. Volatility was determined using daily closing share prices over a term equivalent to the expected life of the options.

During the year ended December 31, 2014, the Company recorded $102,222 in non-cash share-based compensation expense for options vesting in the year.

On October 6, 2014, the Company granted 3,450,000 stock options with a total grant-date fair value of $102,222 or $0.03 per option, which all vested immediately. The fair value of these options was determined using a risk free interest rate of 1.45%, an expected volatility of 178%, an expected life of five years, an expected dividend of zero, and a foreign exchange rate of 0.8949 US to the Canadian dollar. Volatility was determined using daily closing share prices over a term equivalent to the expected life of the options.

12. RELATED PARTY TRANSACTIONS

a) The Company's related parties consist of companies owned by executive officers and directors as follows:

Name	Nature of transactions
Golden Oak Corporate Services Limited (“Golden Oak”)	Financial reporting and corporate compliance services.
Romfal Corporate Pty Ltd. (“Romfal”)	Past Chief Executive Officer (Faldi Ismail).
Tigers Realm Minerals Pty Ltd. (“TR Minerals”)	Deputy Chairman and Chief Executive Officer (Antony “Tony” Manini)
TR Minerals	Shared part time staff and office costs.

(expressed in United States dollars, unless otherwise noted)

12. RELATED PARTY TRANSACTIONS *(continued)*

The Company incurred the following fees and costs in connection with companies owned or controlled by key management and/or directors.

		December 31, 2015		December 31, 2014
Consulting fees – Golden Oak	$	82,709	$	95,535
Consulting fees – Romfal		-		33,000
Consulting fees – paid to TR Minerals for Manini salary and benefits		335,434		-
Sub-total		418,143		128,535
Shared part time staff and office costs – TR Minerals		291,827		-
Total	$	709,970	$	128,535

On May 5, 2015 and May 7, 2015, the Company's President and CEO loaned the Company an aggregate A$126,885. The loan was interest bearing at the rate of 8% per annum was unsecured and due on demand. On June 12, 2015, the loan was repaid in full together with $3,121 interest expense.

b) Compensation of key management personnel:

The remuneration of directors and other members of key management personnel, including amounts disclosed in Note 14(a), during the year ended December 31, 2015, and 2014 were as follows:

		December 31, 2015		December 31, 2014
Consulting fees – as above	$	418,143	$	128,535
Salaries, wages and related costs (exploration and evaluation expenditures)		374,455		161,572
Directors fees to non-management directors		-		3,500
Share-based compensation		208,300		90,370
Total	$	1,000,898	$	383,977

13. COMMITMENTS

The AIM Rules require the Company to have a Nominated Adviser ("Nomad") and Broker at all times.

RFC Ambrian Limited ("RFC") is the Company's Nomad for the purpose of the AIM Rules. During the year ended December 31, 2015, the Company paid or accrued $47,819 (AUD$60,000) in consulting fees to RFC. During the comparative 2014 year, the Company paid or accrued $38,536 (AUD$40,000) in consulting fees to RFC. The Company expects to incur costs in fiscal 2016 of AUD$60,000 to retain RFC.

VSA Capital ("VSA") is the Company's Broker for the purpose of the AIM Rules. During the year ended December 31, 2015, the Company paid or accrued a total of $23,942 (£15,000) as consulting fees to our AIM Broker. During the comparative year, the Company paid or accrued a total of $25,921 (£15,000) as consulting fees to VSA. The Company expects to incur costs in fiscal 2016 of £15,000 to retain VSA.

14. CONTINGENCY

a) JCM tax appeal

During 2011, the Indonesian tax authorities (the "Tax Authorities") conducted an audit of JCM for the 2009 tax year on all taxes. The majority of the review focused on the deductibility of expenditures in Indonesia and adjusted the tax loss carry forwards. The most material outcome from the audit related to the tax authorities deeming that the intercompany loans made by the Company to JCM should have had interest accrued at the rate of 8% per annum with withholding tax of 20%, therefore becoming payable to the Indonesian government. To have the appeal heard by the tax court, the Company paid a government deposit of $35,378 (IDR 440,139,447), an amount equal to the 2009 tax exposure as calculated by the tax authorities, expensed by Company in 2014. The Company continues to believe that this tax assessment is without basis. The outcome of the tax appeal process and any tax assessments due and payable arising from that process is not determinable at this time. The Company continues its efforts to appeal this decision.

b) KSK VAT-able entrepreneur status

On September 16, 2008, KSK received a letter from the Tax Authorities, notifying cancellation of its status as a VAT-able entrepreneur. As a result, KSK did not claim VAT for the period August 2008 to December 2012. In January 2013, KSK's VAT-able enterpreneur status was restored by the Tax Authoriites and KSK has since requested that the Tax Authorities review KSK's claim for a VAT overpayment of IDR 1,560,415,292 ($113,115) for the years 2006 and 2007. In addition, KSK has submitted VAT tax returns for the periods 2013 to 2015 to claim a VAT overpayment for those periods of IDR 11,379,194,345 and $55,649 ($880,527). The Tax Authorities have accepted KSK's submissions and KSK expects to be paid the VAT owed in the first half of 2016. The Company will record the recovery when it has been received.

c) KSK 2011 payroll tax

During 2015 the Tax Authorities refunded KSK $56,393 for a long standing appeal regarding the calculations of employee withholding tax.

15. SEGMENT DISCLOSURES

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the chief operating decision-maker to allocate resources to the segments and to assess their performance.

The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments, has been defined as the CEO.

The Company operates in a single segment, being mineral exploration and development.

With the exception of the cash disclosed in Note 5, all of the Company's significant assets are held in Indonesia.

(expressed in United States dollars, unless otherwise noted)

16. NON-CONTROLLING INTEREST

The Company owns TC Sing, which in turn owns 50% of the issued and outstanding shares of BRPL, which in turn owns 80% of the issued and outstanding shares of PT EMM, which holds the Beutong IUP in Indonesia. Effectively, the Company holds a 40% interest in the Beutong IUP.

The Company is responsible for funding 100% of all costs related to each of BRPL and PT EMM until a bankable feasibility study has been completed on the Beutong IUP. The Company controls each of the entities and makes all decisions regarding work programs. Accordingly, the Company is reporting a non-controlling interest in the consolidated working capital items only and no share of the TC Sing group's operations.

	December 31, 2015	January 12, 2015 *(Acquisition date)*
NCI percentage	***50.0%***	***50.0%***
Current assets	$ 22,206	$ 22,206
Current liabilities	36,262	36,262
	(14,056)	(14,056)
Non-current assets	-	-
Non-current liabilities	-	-
	-	-
Net assets	$ (14,056)	$ (14,056)
Accumulated non-controlling interests	$ (7,028)	$ (7,028)

17. MANAGEMENT OF CAPITAL

The Company manages common shares and stock options as capital (see Note 11). The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account. Cash consists of cash on hand, balances with banks and investments in highly liquid instruments.

(expressed in United States dollars, unless otherwise noted)

17. MANAGEMENT OF CAPITAL *(continued)*

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash and the fair value approximates the carrying value.

18. INCOME TAX

The Company is a tax exempt Bermuda corporation and is a reporting issuer to certain Canadian securities commissions and its shares are listed for trading on the TSX-V.

Profits generated by mining under the Company's sixth generation KSK COW and IUP's are taxed in Indonesia at the maximum corporate rate of 30%.

In Indonesia, tax losses may be carried forward for a period of eight years. The Company defers its mineral exploration costs in Indonesia for tax purposes. The Company has non-capital losses in Indonesia of $3,146,431 for income tax purposes which may be carried forward and offset against future taxable income. These losses expire through to 2023. These tax losses have not been recognized in the financial statements as it is not probable that they will be utilized prior to their expiry.

The following table reconciles the amount of income tax recoverable on application of the statutory Indonesian income tax rates:

	2015	2014
Income tax recovery	$ -	$ -
Effect of difference in tax rates between parent company and subsidiary	2,935,882	536,213
	2,935,882	536,213
Unrecognized benefit of deferred tax assets	(2,935,882)	(536,213)
Total	$ -	$ -

As the Company has a history of losses, deferred tax assets have not been recognized on the following deductable temporary differences:

	2015	2014
Temporary differences		
Mineral exploration properties and exploration and evaluation assets	$ 55,760,802	$ 53,360,782
Non-capital losses carry forwards	3,183,816	964,282
Equipment	140,750	100,842
Total unrecognized deductable temporary differences	$ 59,085,368	$ 54,425,906

19. SUBSEQUENT EVENTS

Subsequent to December 31, 2015:

a) the Company closed a brokered private placement on April 27, 2016**.** The Company issued 48,387,097 common shares pursuant to a brokered private placement financing to raise approximately $2,191,612 (£1.5 million at an issue price of £0.031 per common share). These proceeds have not been received by the Company as at the date of this report, however, are expected to be received shortly thereafter. The Company paid a cash commission of £70,037 and issued the broker 2,147,581 common share purchase warrants exercisable until April 26, 2018 at an exercise price of C$0.06.

b) a total of 4,425,000 stock options at an exercise price of C$0.12 expired unexercised on April 21, 2016.

c) on April 5, 2016 the Company announced the results of a Preliminary Economic Assessment ("PEA") completed on its Beruang Kanan Main ("BKM") copper deposit.