Asiamet Resources

ASIAMET RESOURCES LIMITED

2016 Annual Report

ASIAMET RESOURCES LIMITED

MANAGEMENT DISCUSSION and ANALYSIS

For the year ended December 31, 2016

(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 (the "Company" or "Asiamet") and should be read in conjunction with the accompanying audited consolidated financial statements and related notes thereto for the year ended December 31, 2016, (the "Financial Report") which are available on the SEDAR website at www.sedar.com and from the Company's website at www.asiametresources.com.

All financial information in this MD&A related to 2016 and 2015 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 and from the Company's website at www.asiametresources.com.

The effective date of this MD&A is April 26, 2017.

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's stock trades in British Pounds Sterling on the AIM Market in London under the symbol ARS. The Company's stock traded in Canadian dollars on the TSX Venture Exchange in Canada until it voluntarily de-listed from trading on February 28, 2017. The Company is now a "designated foreign issuer" as that term is defined under National Instrument 71-102 – *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers* ("NI 71-102"). The Company is subject to "foreign disclosure requirements" (as such term is defined in NI 71-102) of the Financial Services Authority of the United Kingdom and the London Stock Exchange. In 2017, the Company will only prepare and file half-year and annual financial statements within the time deadlines regulated by AIM.

On February 21, 2017, Asiamet announced a further strengthening of its Board and management team as it advances the BKM feasibility study through to completion in 2017 and ramps up project financing and mine development related activities. Peter Bird was appointed to the full-time position of Managing Director and Chief Executive Officer. Mr. Bird is an experienced, well known and highly respected mining industry executive. His extensive experience covers technical, management, investment and human resource positions with major companies such as Western Mining Corporation, Merrill Lynch Equities and Newmont Mining. He has held senior executive roles at Newcrest Mining and Normandy Mining, two of Australia's largest gold producers with substantial operations in Indonesia. Peter was most recently the Managing Director of Heemskirk Consolidated Limited, an Australian listed producer of industrial minerals in Canada and previously operator of the Pajingo gold mine in Australia and the Los Santos tungsten mine in Spain. Over the past three years he has led the feasibility, financing and development of an industrial minerals project in Canada. Mr. Bird has a Bachelor of Applied Science in Geology from LaTrobe University and is a member of the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors.

The Asiamet Board now comprises: Tony Manini, Executive Chairman, Peter Bird Managing Director, Peter Pollard, Faldi Ismail, Raynard von Hahn and Steven Hughes, Vice President Exploration.

Asiamet has three principal areas of interest:

1. The KSK Contract of Work ("KSK CoW") in Central Kalimantan, Indonesia with multiple copper and gold prospects including the BKM Deposit that has defined Mineral Resources and a Preliminary Economic Assessment ("PEA"). The PEA is a ttechnical report that conforms to Canada's **NI 43-101** Standards of Disclosure. Long-lead items for a feasibility study are underway.

2. The Beutong Izin Usaha Pertambangan ("Beutong IUP") on the island of Sumatra, Indonesia that covers two porphyry copper-gold-molybdenum prospects (West and East Porphyries) and the Beutong Skarn (copper-gold) prospect.

3. Until sold on April 7, 2017, the Jelai Izin Usaha Pertambangan ("Jelai IUP") epithermal gold prospect in North Eastern Kalimantan, Indonesia.

The strategic vision of Asiamet is to build a leading Asia Pacific copper-gold company leveraging off the three core fundamentals it has put in place for delivering on this vision:

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

Operational Highlights for the year ended December, 2016, and up to the date of this report:

BKM Preliminary Economic Assessment Study

Asiamet announced the results of the independently prepared PEA study on April 5, 2016. The study was filed on the Company's profile on www.sedar.com on May 19, 2016.

The PEA is the first study undertaken to evaluate the potential 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 $204.3 million (10% discount rate)
- After-tax Internal Rate of Return ("IRR") of 38.7%
- Gross Revenue of $1.27 billion ($3.25Ib copper price over Life of Mine ("LOM"))
- C1 Operating cost of $1.28 per pound
- Initial Capital Cost of $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 from 19.5m 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$3.50Ib and NPV10 of US$334.0M at US$3.75Ib.

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 could further enhance the value of the project. The BKM deposit remains open in several directions and the adjacent high potential prospects at BKS and BKW represent excellent targets for additional copper mineralization as demonstrated by the strong surface and drilling results returned to date. 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:

- 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
- Project option analysis, optimisation and value engineering studies
- Exploration and Resource delineation drilling at BKM, BKW and BKS to potentially expand Resource base and demonstrate a +10 year life for BKM.
- Environmental impact assessment (AMDAL)

BKM Feasibility Study

The BKM feasibility study represents a major de-risking phase for the project, the outcomes of which will be used by a wide range of stakeholders, including potential financiers, to assess the project's viability. A comprehensive infill and extension drilling program is near completion.

On May 31, 2016, the Company engaged Mark Young, a proven leader of mineral resources and infrastructure developments globally to lead the owner's team for the feasibility study. Mark is a Principal of VCI Development and holds a Bachelor of Engineering (Minerals Processing) from the University of Queensland, with post graduate qualifications in applied finance and investment, along with strategy and business management, from the London School of Economics. He has led project teams in numerous countries and commodities for both entrepreneurial explorer-developers and major mining companies.

At the BKM site a comprehensive Resource infill and extension drilling program began at the end of May 2016 and continues at the time of this report. The goal of the 50-meter spaced grid drill program is to upgrade the Inferred Mineral Resource i.e. 49.7 million tonnes grading 0.6% Cu containing 657 million pounds of copper at (0.2% Cu reporting cut), to the Measured and Indicated Mineral Resource categories. Several large diameter (PQ size) core holes were completed to collect fresh bulk samples for detailed metallurgical testwork. Approximately 115 holes/12,500 meters of Resource drilling and 15 holes/2000 meters of metallurgy drilling will be completed.

The Company has also contracted a number of the key consultants and service providers required to oversee the long lead time items of the feasibility study and work programs in each of the key disciplines are underway.

PT Ground Risk Management ("GRM") was commissioned to lead the geotechnical program for the BKM project. A highly experienced consultancy, GRM has completed over 100 geotechnical assignments across the Indonesian archipelago in the past eight years, more than 50 of which have been based in Kalimantan, where the BKM copper project is located.

GRM completed a program of data collation, detailed mapping, geotechnical logging and laboratory testing to develop a robust geotechnical database for the open pit mine, including assessments and recommendations on the location and management of waste dumps. Geotechnical input into the infrastructure location studies and a field survey of the site access road route was also completed.

Highlights of the work completed by GRM include:

- Approximately 34% of material in the shallower 35-40 meters of the proposed pit is classified as 'easy digging', which will contribute to relatively lower mining costs.

- No foundation treatment is likely to be required below the proposed waste dump locations, saving on potential pre-production costs for development of the waste dump site.

- There is the potential to steepen pit wall angles in the upper section of the open pit (<40 meters depth), compared with the previous pit design. This would lead to lower estimated operating costs through a lower strip ratio.

- Investigations revealed there are no large landslides that could present a significant impact to the project. This includes both the proposed open pit and the potential infrastructure locations.
- The BKM copper deposit lies within an area of very low seismicity and seismic ground vibrations are therefore expected to be insignificant in terms of earthworks design.
- The trafficability of the existing site access road is considered to be good. GRM suggest that the mine development proceed with zero upgrade work and address the potential hazards and reliability issues through simple, operational procedures and effective road maintenance systems.

Australian Mine Design and Development ("AMDAD") were engaged to undertake the mining engineering components of the feasibility study. AMDAD's scope of work for the initial phase included open pit optimization, production rate assessments and development scenario analysis. AMDAD completed a Project Definition Study ("PDS") to address the scope of work, which builds upon planning from the PEA on the BKM Project.

The PDS updates the cost and revenue assumptions from the PEA and provides a sufficiently detailed potential open pit design and schedule to demonstrate the practicality of the mine plan including an updated assessment of the site layout. This updated design and schedule potentially offers major operational and cost benefits compared to the PEA design.

Highlights of optimization results reported by AMDAD include:

- The production rate assessments confirmed the PEA assumption that a 25 ktpa copper cathode operation was the optimal name-plate capacity for BKM.
- The development scenario analysis identified a potential phased development solution, with an initial project phase targeting 10 ktpa copper cathode production followed by an expansion to the name-plate capacity of 25 ktpa. Such an approach would provide a number of potential benefits, namely:
    - Lower up front pre-production capital costs
    - The likelihood that cash flows from production during the 10 ktpa phase could be used to finance a substantial portion of the expansion costs
    - A more favourable risk profile for the BKM project
- Significant potential upside exists with the next update of the Resource model, definition of leachable copper and improvements to the mine sequencing to maximise early copper production, while deferring waste mining costs.
- The PDS indicates significant value for the project with strong positive cash flows from the first year of operations and a project life of at least nine years.
- Further work is required to plan for acid drainage controls and optimisation of the site layout.

PT Lorax, engaged for the Environmental, Geoscience and Hydrology aspects of the feasibility study has completed field activities for the dry season flora and fauna survey and the dry season aquatic ecology study. The rock geochemical characterization program, also being led by PT Lorax, has continued with static tests for acid rock drainage ("ARD") and metal leaching ("ML") evaluations progressing as planned. Results from 77 samples collected during August will underpin the data analysis for this key aspect of the feasibility study.

The various consultants and a summary of the work scope for each are provided below. Local Indonesian consultants, service providers and manpower are being utilized wherever possible.

Australian Mine Design and Development Pty Ltd. – Mine engineering

PT Indodrill Indonesia: Large diameter core drilling (metallurgy samples)

PT Intertek Utama Services: Drilling and Environmental Assays

Hackman & Associates: Geology and Mineral Resources

Millermet and CORE Laboratories: Detailed metallurgical test-work program

PT Lorax: Environmental Geoscience and Hydrology

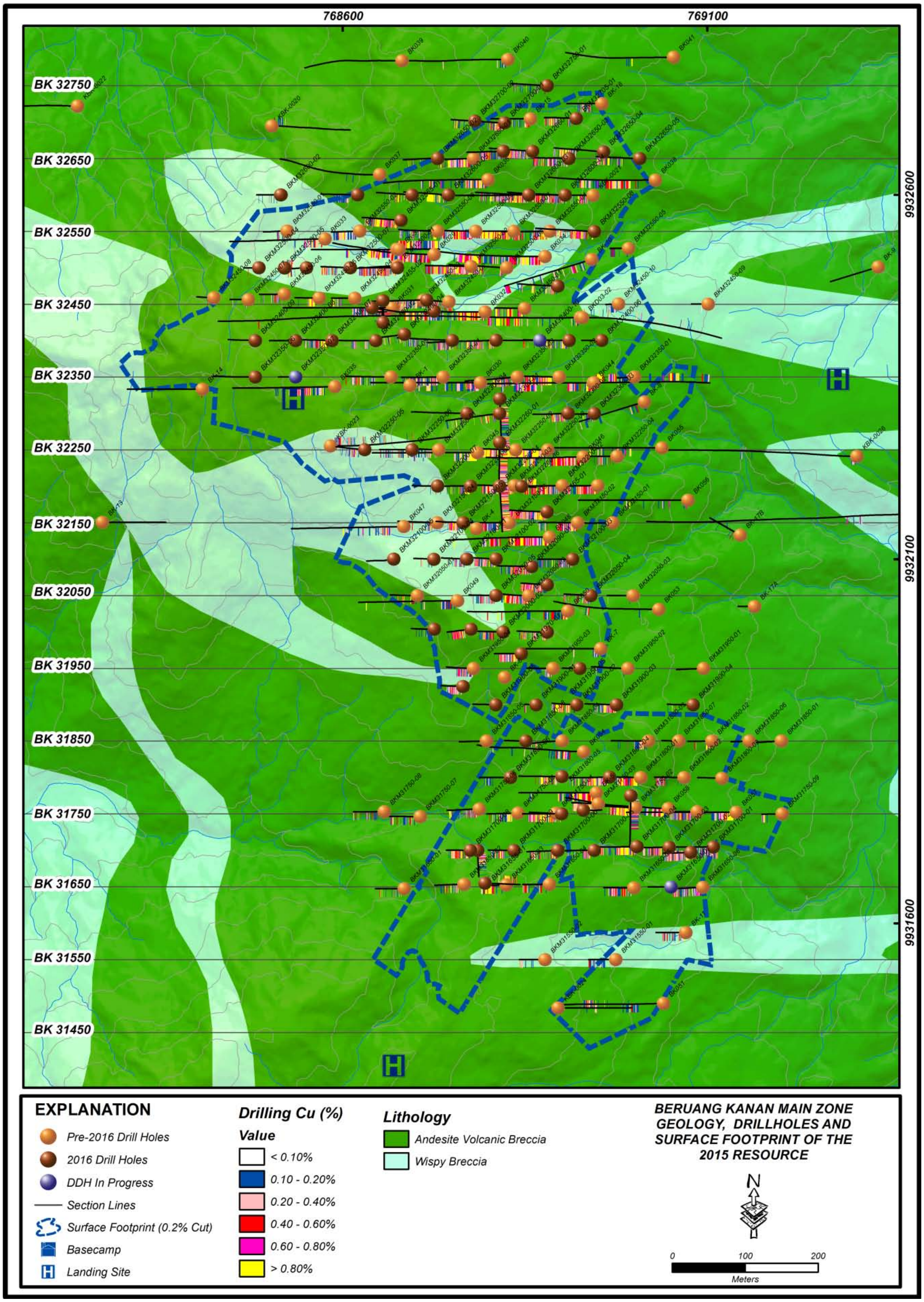
PT Ground Risk Management: Geotech and Hydrogeology

Feasibility Drilling Results

As announced on April 12, 2017, 112 holes for 11,500 meters of diamond core drilling had been completed and 3 holes were in progress. The infill / expansion drill campaign has been extended to approximately 12,500 meters, with the final 1,000 meters to be completed by the end of April 2017. Additional holes were drilled on section lines BKM31900 and BKM32650, and several holes were extended to deeper levels to test the spatial continuity within selected mineralized domains.

Results from the program have met or exceeded our expectations in respect of both grade and continuity, particularly within the higher grade BKM044 and BKM058 zones. While the program has been very much focused on Resource definition, some extension areas requiring further evaluation have also been identified for future follow up. The geometry of the mineralization and both the lateral and vertical continuity of this mineralization at BKM are expected to contribute to a positive Resource update to be issued shortly after results of these last few remaining holes.

Drill results for 74 holes have been announced in 2016 and 2017.


768600
769100
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9931600
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BK 32250
BK 32150
BK 32050
BK 31950
BK 31850
BK 31750
BK 31650
BK 31550
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EXPLANATION
Pre-2016 Drill Holes
2016 Drill Holes
DDH In Progress
Section Lines
Surface Footprint (0.2% Cut)
Basecamp
Landing Site
Drilling Cu (%)
Value
< 0.10%
0.10 - 0.20%
0.20 - 0.40%
0.40 - 0.60%
0.60 - 0.80%
> 0.80%
Lithology
Andesite Volcanic Breccia
Wispy Breccia
BERUANG KANAN MAIN ZONE GEOLOGY, DRILLHOLES AND SURFACE FOOTPRINT OF THE 2015 RESOURCE
N
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100
200
Meters

Other KSK CoW Projects

On February 23, 2017, the Company announced the results of a comprehensive review of all historical exploration data collected within a 3 kilometer radius of the BKM deposit. The review assessed the base and precious metal potential at each of the Beruang Kanan West (BKW), Beruang Kanan South (BKS) and BKZ Polymetallic Prospects (BKZ). Significant copper, zinc and associated base and precious metal mineralization warranting near term drill testing is present on each of the key prospect areas. T

BKS Copper Prospect

- A well-defined high tenor copper in soil anomaly measuring 800m x 600m is located less than 1km south of BKM and is coincident with copper mineralized sheeted veins and a strong near surface IP geophysical anomaly of similar intensity to the near surface signature at BKM.
- Historic rock chip sampling reported highly anomalous gold, silver and copper values, including a rock chip outcrop sample assaying ***12.3% Cu, 18.2g/t Au and 41g/t Ag***
- Scout hole KBK-028 (151.3m EOH) drilled in 2007 reported ***26.5m @ 0.43% Cu from 2.5m,*** (including ***10.5m @ 0.88% Cu from 14.5m***) This hole also intersected near surface high grade gold mineralization as follows: ***3m @ 11.5g/t Au from 11.5m***, (including ***1.5m @ 21.8g/t Au from 11.5m)***
- Three scout holes were drilled in 2015 totaling 194.8 meters. The first drill hole intersected a barren dyke and was not assayed and the other two drill holes locally intersected moderate to strong copper mineralization.

BKW Copper Prospect

- Multiple copper mineralized sheeted vein zones with wide spread alteration similar to BKM are observed within a 2.5 sqkm area, including exposures along the BKM access road. Three well defined copper in soil anomalies occur coincident with these sheeted vein zones, the largest measuring 1.7km x 1km.
- Copper in soil anomalies are coincident with chargeability anomalies identified in IP geophysical surveys. The most prominent chargeability anomaly which replicates the BKM signature is greater than 1 km in strike length.
- Historic rock chip sampling of these sheeted vein zones yielded highly anomalous copper values, with individual rock chip samples assaying up to **7.1% Cu**.
- No previous drilling on two anomalies noted above, and only one hole drilled off the margin of a third extensive (1.7km by 1km) copper in soil anomaly.

BKZ Polymetallic Prospect

- Located less than 800m north of BKM a well-defined zinc-lead-copper in soil anomaly measuring 400m by 200m occurs coincident with massive sulphide-bearing outcrops.
- Massive base metal sulphide-bearing outcrops are exposed along the main creek with rock channel sampling returning exceptional high grade polymetallic results including ***11.5 meters @ 16.50% Zn, 6.16% Pb, 0.48% Cu, 0.55g/t Au and 106g/t Ag***.

- A total of 12 line kilometers of IP and ground magnetic geophysical surveys were completed and six scout holes were drilled in 1999 totaling 871 meters. Three holes (BKZ-1, 2 and 3) tested the coincident soil/rock geochemistry and IP chargeability anomaly.

- Mineralization occurs within a zone of pervasive alteration, containing barite, carbonate and gypsum after anhydrite. True thickness is estimated at 50 meters, and mineralized outcrops indicate at least 100m of strike extent.

The BKW and BKS prospects display similar characteristics to the BKM deposit and represent potentially highly attractive resource expansion targets immediately adjacent to the proposed BKM mine. The BKZ prospect represents a potential stand-alone high value polymetallic target.

An initial scout drill program is proposed for each area to confirm the width and continuity of the mineralization. Any potentially economic areas will be fast tracked to resource delineation drilling as this may have a material impact on mine life and development planning for the BKM project.

On February 16, 2017, the Company formally established with the Government of the Republic of Indonesia that the KSK CoW has now entered 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. The KSK Cow has a total of 30+ years remaining for exploration, development and operations.

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 been focused to the date of this MD&A on the conversion of the Beutong 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 Beutong IUP has been significantly delayed due to changes to the regulatory process and the responsible regulatory bodies and personnel within the Government of Indonesia ("GOI"). Furthermore, the Indonesian Ministry of Energy and Mineral Resources requested further revisions to the study documents, and requested the Beutong resource data comply with Indonesia's resource code "Komite Cadangan Mineral Indonesia" or Kode-KCMI 2011 ("KCMI") rather than JORC or NI43-101. All updates have been completed and the Beutong KCMI resource estimate signed off by a Competent or Qualified Person in early March. A decision on the grant of an IUP production for Beutong is expected shortly. Under Indonesian Mining law the holder of an IUP exploration is guaranteed an IUP production provided all requirements have been met and an IUP exploration cannot be terminated if there has been an application made to convert to an IUP production.

Jelai Project

Until April 7, 2017, Asiamet held an indirect 100% interest in the Jelai IUP and had lodged an application to convert the IUP exploration to an IUP production. To the date of the sale, the Company had been focused on processing this IUP conversion, which upon approval secures long term mining title valid for 20 years, extendable for two subsequent periods each of 10 years duration.

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, on April 7, 2017 concluded the sale of 100% of KLG Singapore Private Limited, ultimately holder of the Jelai IUP, to Ship Ocean Pte Ltd, a private Singapore corporation. The Company expects to receive the final proceeds of $700,000 before May 15, 2017, having been paid a deposit $100,000 on August 1, 2016 as a non-refundable deposit for an exclusive due diligence period.

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.

Looking Ahead

KSK CoW

The 2017 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.

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, 2016

The Company incurred a loss for the year ended December 31, 2016, of $3,794,364 (2015 – $7,421,022). 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: 2016 – $510,230 (2015 – $860,707)

  Tony Manini, the Company's Deputy Chairman and Chief Executive Officer, was employed by Tigers Realm Minerals Pty Ltd. ("TR Minerals") from January 1 to June 30, 2016 and from July 1, 2016 by EMR Capital ("EMR") both in Australia. TR Minerals and EMR were paid a total of $184,923 in 2016 (2015 - $335,434) as reimbursement for the salary and benefits paid for Tony Manini, and an additional $85,375 (2015 - $291,827) as reimbursement for a share of salaries paid by TR Minerals/EMR 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 $79,729 (2015 - $82,709) (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.

- Exploration costs (net): 2016 - $2,689,467 (2015 – $ 6,093,147)

  In the year ended December 31, 2016, exploration costs were $2,689,467 of which $2,492,350 was expended on the KSK CoW, $21,455 on the Jelai IUP and $175,662 on the Beutong IUP.

  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.

- Share-based compensation: 2016 - $300,134 (2015 - $208,300)

  The 2016 expense of $300,134 relates to the estimated fair value of the 10,500,000 options granted on November 1, 2016. The fair value of the options granted is estimated using the Black-Scholes option pricing model.

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

- Investor Relations and Travel and accommodation: 2016 - $148,841 (2015 - $88,187)

  Investor Relations and Travel and accommodation in 2016 aggregate to $148,841 (2015 - $88,187) 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. These activities increased in 2016 over 2015 and the Company continued to advance the BKM deposit through the long lead items for the feasibility study and resource infill / expansion drilling.

Selected Annual Information

	Fiscal Year Ended December 31 2016 audited	Fiscal Year Ended December 31 2015 audited	Fiscal Year Ended December 31 2014 audited
Statement of Operations			
Net revenues	$ Nil	$ Nil	$ Nil
Net income (loss)	3,796,607	7,421,022	(884,912)
Net income (loss) per share	(0.01)	(0.02)	(0.01)
Statement of Financial Position			
Total assets	$ 2,934,740	$ 1,062,718	$ 177,542
Long term debt	Nil	Nil	Nil
Dividends		Nil	Nil

Summary of Quarterly Results

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

	December 31, 2016 $	September 30, 2016 $	June 30, 2016 $	March 31, 2016 $	December 31, 2015 $	September 30, 2015 $	June 30, 2015 $	March 31, 2015 $
Total revenues	-	-	-	-	-	-	-	-
Loss for the quarter	(1,917,467)	(1,070,388)	(115,494)	(693,258)	(756,580)	(1,251,489)	(816,320)	(4,586,633)
Basic and diluted loss per share	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)

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 $701,354 cash. Cash of $741,165 was used in operating activities; $2,422 was used in investing activities; $1,789,763 was contributed by financing activities to end the quarter and the year with $1,747,530 cash.

Liquidity

The Company began the current fiscal year with $778,634 in cash with $2,847,342 used in operating activities; $23,987 used in investing activities; $3,840,225 contributed by financing activities; to end the year with $1,747,530 cash.

On April 27, 2016, the Company 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 $2.2 million).

On December 23, 2016, the Company closed a brokered private placement and issued and settled through CREST 86,956,521 common shares at a price of GBP 0.023 pence per share for total gross proceeds of £2,000,000 (equivalent to $2,450,000) of which £650,000 (equivalent to $801,840) was recorded as a subscription receivable at December 31, 2016 and was received on January 4, 2017.

Management estimates that working capital of $1,553,457 at December 31, 2016 and the $700,000 balance of proceeds on the sale of KLG Singapore to be received by April 30, 2017, are not expected to provide the Company with sufficient financial resources to carry out currently planned operations through 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 27,082,200 stock options outstanding and 18,156,756 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 May 1, 2017, the shareholders will be asked to approve an increase in the authorized share capital to $10,000,000 divided into 1,000,000,000 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.

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.
EMR Capital	Deputy Chairman and Chief Executive Officer (Antony "Tony" Manini)

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

	Year ended December 31	
	2016	2015
Consulting - Golden Oak	$ 79,729	$ 82,709
Consulting fees - paid to TR Minerals for Manini salary and benefits	113,531	335,434
Consulting fees - paid to EMR Capital for Manini salary and benefits	71,392	-
	264,652	418,143
Shared office & staff costs - TR Minerals	99,600	291,827
Shared office & staff costs - EMR Capital	14,225	
Total	$ 378,477	$ 709,970

On November 21, 2016, Tony Manini loaned the Company an aggregate $72,290 (AUD 100,000). The loan was denominated in AUD, was interest bearing at the rate of 8% per annum, was unsecured and due on demand. On January 17, 2017, the loan was repaid in full together with $940 (A$1,249) interest expense.

In December 2016, Stephen Hughes, the Company's Vice President Exploration loaned the Company an aggregate $161,000. The loan was repaid in full on January 6, 2017. No interest was paid.

On May 5, 2015 and May 7, 2015, Tony Manini 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.

Tony Manini purchased 322,581 shares of the Company on April 26, 2016 at price per share of £0.310 per share (announced 22 April 2016) and he purchased 5,217,390 shares of the Company on December 23, 2016 at a price of £0.023 per share (announced 23 December 2016) for total consideration of approximately £130,000. On October 26, 2016, Tony Manini was distributed 6,256,802 shares of the Company by Tigers Realm Minerals Pty Ltd. a private investment company distributed its assets to its shareholders, including Tony Manini (announced November 15, 2016).

Stephen Hughes acquired 1,739,130 shares of the Company on December 23, 2016 at a price of £0.023 per share (announced 23 December 2016) for total consideration of approximately £40,000.

b) Compensation of key management personnel:

The remuneration of directors and other members of key management personnel, including amounts disclosed above, during the year ended December 31, 2016, and 2015 were as follows:

	Year ended December 31	
	2016	2015
Consulting fees	$ 264,652	$ 418,143
Salaries, wages and related costs (exploration and evaluation expenditures)	385,635	374,455
Share-based compensation	300,134	208,300
	$ 950,421	$ 1,000,898

The directors did not receive any directors' fees, with consulting fees for the services of the Company's Deputy Chairman and Chief Executive Officer, Tony Manini, disclosed above.

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, 2016, 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. New standard, effective for annual periods beginning on or after January 1, 2019

New standard **IFRS 16** Leases

All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, from the perspective of the lessee, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 Leases and, instead, introduces a single lessee accounting model. When applying that model, a lessee is required to recognize assets and liabilities. A lessor continues to classify its leases as operating leases or finance leases, and accounts for those two types of leases differently.

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, 2016	December 31, 2015
Cash	Loans and receivables	$ 1,747,530	$ 778,634
Receivables and other assets	Loans and receivables	193,963	15,865
Subscription receivable	Loans and receivables	801,840	-
Trade and other payables	Other liabilities	1,016,175	349,243

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 Rupiah ("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, 2016		As at December 31, 2015	
	Currency	Foreign currency amount	Amount in US dollars	Foreign currency amount	Amount in US dollars
Cash	CDN	9,221	6,867	5,069	3,663
	IDR	140,707,257	10,462	274,215,683	19,865
Trade and other payables	CDN	(66,584)	(49,592)	(1,032)	(743)
	GBP	(97,570)	(120,382)	(973)	(1,482)
	AUD	(179,144)	(129,502)	(61,978)	(45,616)
	IDR	(5,044,976,122)	(375,754)	(676,225,384)	(49,022)
Related Party Loan	AUD	(100,000)	(72,290)	-	-
			(730,191)		(73,335)

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 AUD currencies would result in a decrease in the loss of approximately $73,019 in the year ended December 31, 2016, ($7,333 in the year ended December 31, 2015). 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 CoW and the Beutong 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, 2016, 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.

On May 1, 2017, the shareholders will be asked to approve an increase in the authorized share capital to $10,000,000 divided into 1,000,000,000 common shares at a par value of $0.01 each.

	Common Shares Issued and Outstanding	Share Purchase Warrants	Stock Options
Balance at December 31, 2016	709,940,689	18,156,756	27,082,200
Stock options granted	-	-	8,000,000
Balance at date of this MD&A	709,940,689	18,156,756	35,082,200

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

ASIAMET RESOURCES LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016 and 2015

(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, 2016 and 2015, and the consolidated statements of loss and comprehensive loss, changes in equity 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the 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, 2016 and 2015, 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 $3,794,364 during the year ended December 31, 2016, and as at that date, **Asiamet Resources Limited** had an accumulated deficit of $38,790,918. 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
Chartered Professional Accountants

Vancouver, Canada
April 26, 2017

ASIAMET RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(expressed in United States dollars, unless otherwise noted)

	Note	December 31, 2016	December 31, 2015
ASSETS			
Current assets			
Cash	*5*	$ 1,747,530	$ 778,634
Receivables and other assets	*6*	253,552	99,911
Subscriptions receivable	*11*	801,840	-
		2,802,922	878,545
Non-current assets			
Equipment	*7*	37,243	91,799
Security deposit	*8*	94,575	92,374
TOTAL ASSETS		$ 2,934,740	$ 1,062,718
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade and other payables	*9*	$ 1,016,175	$ 349,243
Related party loans	*12*	233,290	-
Non-current liabilities			
Provision for employee service entitlements	*10*	101,875	42,377
		1,351,340	391,620
Shareholders' equity			
Share capital	*11*	7,060,176	5,706,741
Equity reserves	*11*	33,323,413	29,967,939
Other comprehensive loss		(2,243)	-
Deficit		(38,790,918)	(34,996,554)
		1,590,428	678,126
Non-controlling interest	*16*	(7,028)	(7,028)
		1,583,400	671,098
TOTAL LIABILITIES AND EQUITY		$ 2,934,740	$ 1,062,718
Nature of operations and going concern	*1*		
Commitments	*13*		
Contingencies	*14*		
Subsequent events	*19*		

These consolidated financial statements were authorized for issue by the Board of Directors on April 26, 2017.

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
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(expressed in United States dollars, unless otherwise noted)

		For the year ended	
	Note	December 31, 2016	December 31, 2015
Expenses			
Accounting and audit		$ 98,888	$ 62,166
Consultants and shared office costs		510,230	860,707
Exploration and evaluation expenditures	*8*	2,689,467	6,093,147
Investor relations		106,164	10,167
Legal		6,738	19,166
Office and administrative services		26,270	27,120
Share-based compensation		300,134	208,300
Transfer agent and regulatory fees		108,685	112,052
Travel and accommodation		42,677	78,020
		3,889,253	7,470,845
Other items			
Non-refundable deposit received	*8*	100,000	-
Taxation (expense) recovery	*18*	(6,528)	56,393
Foreign exchange loss		(872)	(6,760)
Gain on sale of equipment		-	40
Interest income		2,289	150
		94,889	49,823
Net loss		(3,794,364)	(7,421,022)
Items that may be reclassified subsequently to profit or loss:			
Provision for employee service entitlements		(2,243)	-
Loss and comprehensive loss for the year		$ (3,796,607)	$ (7,421,022)
Loss attributable to:			
Equity holders of the parent		$ (3,794,364)	$ (7,421,022)
Basic and diluted loss per common share		$ (0.01)	$ (0.02)
Weighted average number of shares outstanding		609,750,484	461,838,631

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

ASIAMET RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(expressed in United States dollars, unless otherwise noted)

	For the year ended	
	December 31, 2016	December 31, 2015
Cash provided from (used for):		
Operating activities		
Loss for the year	$ (3,794,364)	$ (7,421,022)
Adjustment for non-cash items:		
Depreciation	78,543	10,548
Exploration and evaluation expenditures	-	3,693,127
Gain on sale of equipment	-	(40)
Share-based compensation	300,134	208,300
Unrealized foreign exchange loss (gain)	(4,444)	16,315
Changes in non-cash working capital:		
Receivables and other assets	(153,641)	(82,087)
Trade and other payables	666,932	34,682
Provision for employee service entitlements	59,498	19,911
	(2,847,342)	(3,520,266)
Investing activities		
Beutong acquisition transaction costs	-	(41,467)
Purchase of equipment	(23,987)	(1,465)
	(23,987)	(42,932)
Financing activities		
Related party loans	233,290	-
Share issues	3,831,110	4,518,876
Share issue costs	(224,175)	(223,548)
	3,840,225	4,295,328
Increase in cash	968,896	732,130
Cash, beginning of the year	778,634	30,382
Cash acquired on acquisition of subsidiary	-	16,122
Cash, end of the year	$ 1,747,530	$ 778,634
Supplementary information:		
Interest paid	$ 1,342	$ 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	165,815	123,730
Subscription receivable	801,840	-

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

ASIAMET RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(expressed in United States dollars, unless otherwise noted)

		Attributable to equity holders of the parent				
	Number of shares	Share capital	Equity reserves	Other Comprehensive Loss	Deficit	Total
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
Acquistion of 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

		Attributable to equity holders of the parent				
	Number of shares	Share capital	Equity reserves	Other Comprehensive Loss	Deficit	Total
Balance, December 31, 2015	574,597,071	$ 5,706,741	$ 29,967,939	$ -	$ (34,996,554)	$ 678,126
Share issues	135,343,618	1,353,435	3,279,515		-	4,632,950
Warrant issues - brokers	-	-	165,815			165,815
Share issue costs	-	-	(389,990)		-	(389,990)
Share based compensation	-	-	300,134		-	300,134
Loss and comprehensive loss for the year	-	-	-	(2,243)	(3,794,364)	(3,796,607)
Balance, December 31, 2016	709,940,689	$ 7,060,176	$ 33,323,413	$ (2,243)	$ (38,790,918)	$ 1,590,428

1. NATURE OF OPERATIONS and GOING CONCERN

Asiamet Resources Limited (the “Company” or “Asiamet”) is a publicly listed company incorporated under the laws of Bermuda. The Company’s shares are listed on the AIM market of the London Stock Exchange (“AIM”) under the symbol “ARS” and until February 28, 2017 were listed on the TSX Venture Exchange (“TSX-V”). 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, 2016, comprise the Company and its subsidiaries. The Company is the ultimate parent. The Company’s principal mineral property interests are located in Indonesia.

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 $3,794,364 during the year ended December 31, 2016, and as of that date, the Company had an accumulated deficit of $38,790,918 and net working capital of $1,553,457. Management estimates that these funds will not provide the Company with sufficient financial resources to carry out currently planned operations through the next twelve months. 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.

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.

(expressed in United States dollars, unless otherwise noted)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

a) Principles of consolidation *(continued)*

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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)*

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 actuarial gain or loss in period, resulting from re-measurement, is recognized immediately in other comprehensive income ("OCI").

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, 2016, 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

<u>New standard **IFRS 9** *Financial Instruments – Classification and Measurement*</u>

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. New standard, effective for annual periods beginning on or after January 1, 2019

New standard **IFRS 16** Leases
All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, from the perspective of the lessee, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 Leases and, instead, introduces a single lessee accounting model. When applying that model, a lessee is required to recognize assets and liabilities. A lessor continues to classify its leases as operating leases or finance leases, and accounts for those two types of leases differently.

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, 2016	December 31, 2015
Cash	Loans and receivables	$1,747,530	$ 778,634
Receivables and other assets	Loans and receivables	193,963	15,865
Subscription receivable	Loans and receivables	801,840	-
Trade and other payables	Other liabilities	1,016,175	349,243

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.

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

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 the 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 Rupiah ("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, Great British Pounds ("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:

	Currency	As at December 31, 2016 Foreign currency amount	As at December 31, 2016 Amount in US dollars	As at December 31, 2015 Foreign currency amount	As at December 31, 2015 Amount in US dollars
Cash	CDN	9,221	6,867	5,069	3,663
	IDR	140,707,257	10,462	274,215,683	19,865
Trade and other payables	CDN	(66,584)	(49,592)	(1,032)	(743)
	GBP	(97,570)	(120,382)	(973)	(1,482)
	AUD	(179,144)	(129,502)	(61,978)	(45,616)
	IDR	(5,044,976,122)	(375,754)	(676,225,384)	(49,022)
Related Party Loan	AUD	(100,000)	(72,290)	-	-
			(730,191)		(73,335)

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 AUD currencies would result in a decrease in the loss of approximately $73,019 in the year ended December 31, 2016, ($7,333 in the year ended December 31, 2015). 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") and the Beutong Izin Usaha Pertambangan ("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.

(expressed in United States dollars, unless otherwise noted)

5. CASH

	As at December 31, 2016	As at December 31, 2015
Canadian dollar denominated cash held in Canada	$ 6,867	$ 3,663
US dollar denominated cash held in Canada	1,722,931	572,513
US dollar denominated cash held in Indonesia	7,270	182,588
IDR denominated cash held in Indonesia	10,462	19,870
	$ 1,747,530	$ 778,634

6. RECEIVABLES AND OTHER ASSETS

	As at December 31, 2016	As at December 31, 2015
VAT (value added tax) - Indonesia	$ 177,920	$ -
Receivable - employee advances	7,849	7,144
Receivable - other	8,194	9,339
	193,963	16,483
Prepayments	59,589	83,428
	$ 253,552	$ 99,911

7. EQUIPMENT

Cost	
At December 31, 2015	$ 601,814
Assets acquired	23,987
At December 31, 2016	625,801
Accumulated depreciation	
At December 31, 2015	$ 510,015
Depreciation for the period	78,543
At December 31, 2016	588,558
Carrying amounts	
At December 31, 2015	$ 91,799
At December 31, 2016	$ 37,243

(expressed in United States dollars, unless otherwise noted)

8. EXPLORATION AND EVALUATION ASSETS & EXPENDITURES

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 Beutong IUP in Aceh, Sumatra, Indonesia (held by PT EMM).

The details of exploration expenditures expensed during the period ended December 31, 2016, and 2015 are as follows:

	For the year ended	
	December 31, 2016	December 31, 2015
KSK CoW		
Exploration costs during the year		
Administration support	$ 561,718	$ -
External relations	76,638	51,540
Field support, vehicles, equipment	606,168	587,333
Human resources	1,152,815	951,162
Technical services	993,028	405,308
Tenements	42,838	32,893
Taxation (includes recoveries)	(993,642)	(15,926)
Foreign exchange on security deposits	(23,581)	115,436
	2,415,982	2,127,746
Depreciation	76,368	7,939
	2,492,350	2,135,685
Jelai IUP		
Exploration costs during the period		
Administration support	(17,034)	1,312
External relations	-	-
Field support, vehicles, equipment	4,406	-
Human resources	21,755	20,752
Technical services	-	57,390
Taxation	153	893
Tenements	10,000	893
	19,280	81,240
Depreciation	2,175	2,609
	21,455	83,849
Beutong IUP		
Exploration costs during the period		
Acquisition of Beutong IP	-	3,693,127
Administration support	19,493	2,451
External relations	6,155	10,686
Field support, vehicles, equipment	1,970	16,624
Human resources	60,648	60,591
Technical services	28,957	78,660
Taxation	60,428	
Foreign exchange on security deposits	(1,989)	11,474
	175,662	3,873,613
Depreciation	-	-
	175,662	3,873,613
Total exploration and evaluation expenditures	$ 2,689,467	$ 6,093,147

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

KSK CoW – Central Kalimantan

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. On February 16, 2017, the Company formally established with the Government of the Republic of Indonesia ("GOI") that the KSK CoW has now entered 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. The KSK Cow has a total of 30+ years remaining for exploration, development and operations. KSK signed a non-binding Memorandum of Understanding ("MOU") with the GOI covering amendments to the KSK CoW. Items contained within this MOU will be incorporated as an amendment to the KSK CoW once ongoing negotiations are complete. 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. KSK has applied for a renewal of the IPPKH and will have completed its surface and drilling activities pursuant to a feasibility study prior to the renewal date.

Surya Kencana LLC, a wholly-owned subsidiary of Freeport-McMoRan Exploration Corporation has a net smelter returns royalty of 1% over the KSK CoW, capped to a maximum of $37 million, pursuant to a joint venture agreement that was terminated on January 31, 2014.

Jelai Project – East Kalimantan

The holder of the Jelai IUP is JCM. The Company owns 100% of KLG Sing, and KLG Sing owns 99.3% of JCM. The remaining 0.7% is held by two 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 (2016 - $20,148; 2015 - $19,884) 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. Under Indonesian Mining law the holder of an IUP exploration is guaranteed an IUP production provided all requirements have been met and an IUP exploration cannot be terminated if there has been an application made to convert it into an IUP production.

On April 7, 2017, the Company executed a sale and purchase agreement for the shares of KLG Sing to Ship Ocean Pte Ltd., a Singapore corporation for US$800,000 of which US$100,000 was paid as a non-refundable deposit during 2016. The balance of the proceeds of US$700,000 is expected to be received by May 15, 2017 concurrent with transfer of shares of KLG Sing.

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 IDR 1,000,000,000 (2016 - $74,427; 2015 - $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. Under Indonesian Mining law the holder of an IUP exploration is guaranteed an IUP production provided all requirements have been met and an IUP exploration cannot be terminated if there has been an application made to convert to an IUP production. Asiamet has been focused on the conversion of the Beutong 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.

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 has completed the next exploration expenditure milestone and will earn the next 20% upon paying cash 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 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.

(expressed in United States dollars, unless otherwise noted)

9. TRADE AND OTHER PAYABLES

The amounts owed to related parties were paid subsequent to December 31, 2016.

	As at December 31, 2016	As at December 31, 2015
Trade and other payables	$ 887,398	$ 301,077
Trade and other payables owed to related parties	128,777	48,166
	$ 1,016,175	$ 349,243

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 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, 2016, and 2015, the expense and liability was determined by an independent actuary.

Movements in the employee service entitlements liability during the years ended December 31, 2016, and 2015, are as follows:

Balance, December 31, 2014		$ 22,466
Add:	Provision during the year	19,911
Balance, December 31, 2015		42,377
Add:	Provision during the year	56,110
	Foreign exchange adjustment to estimated provision	1,146
	Other comprehensive income	2,242
Balance, December 31, 2016		$ 101,875

The principal actuarial assumptions used in determining the provision for employee service entitlements as of December 31, 2016, are as follows:

a)	Actuarial Valuation Method:	Project Unit Credit
b)	Discount rate:	8.18% per annum
c)	Salary increase:	10% per annum
d)	Mortality rate:	Table 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:	10% of total post-employment benefits - OCI

11. SHARE CAPITAL AND RESERVES

a) Authorized share capital

At December 31, 2016, 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. At December 31, 2016, the issued share capital comprised 709,940,689 common shares (December 31, 2015 – 574,597,071).

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, 2016, and 2015.

On December 23, 2016, the Company issued 86,956,521 common shares from a brokered private placement for gross proceeds of $2,450,000 (£2.0 million) at an issue price of $0.03 (£0.023) per common share. The Company incurred share issue costs of $189,913 which included cash commission of $97,927 (£79,940), $12,979 other share issue costs and $79,007 fair value of 3,475,652 common share purchase warrants issued to the broker. Each warrant is exercisable to buy one common share at a price of C$0.05 per share until December 23, 2018. The fair value of the broker warrants issued was determined using a risk free interest rate of 0.78%, an expected volatility of 178%, an expected life of two years, and an expected dividend of zero for a total fair value of $79,007 or $0.02 per warrant. Volatility was determined using daily closing share prices over a term equivalent to the expected life of the warrants.

On April 26, 2016, the Company issued 48,387,097 common shares from a brokered private placement for gross proceeds of $2,182,950 (£1.5 million) at an issue price of $0.04 (£0.031) per common share. The Company incurred share issue costs of $200,077 which included cash commission of $101,465 (£69,721), $11,804 other share issue costs and $86,808 fair value of 2,147,581 common share purchase warrants issued to the broker. Each warrant is exercisable to buy one common share at a price of C$0.06 per share until April 26, 2018. The fair value of the broker warrants issued was determined using a risk free interest rate of 0.69%, an expected volatility of 256%, an expected life of two years, and an expected dividend of zero for a total fair value of $86,808 or $0.04 per warrant. Volatility was determined using daily closing share prices over a term equivalent to the expected life of the warrants.

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.

(expressed in United States dollars, unless otherwise noted)

11. SHARE CAPITAL AND RESERVES *(continued)*

b) Issued share capital *(continued)*

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"). 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.

c) Common share purchase warrants

The continuity of common share purchase warrants for the year ended December 31, 2016, is as follows:

Expiry date	Exercise price Cdn$	Balance, December 31, 2015	Issued	Expired	Balance, December 31, 2016
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
April 26, 2018	*$ 0.06*	-	2,147,581	-	2,147,581
December 23, 2018	*$ 0.05*	-	3,475,652	-	3,475,652
		21,966,030	5,623,233	(9,432,507)	18,156,756
Weighted average exercise price Cdn$		$ 0.08	$ 0.05	$ (0.08)	$ 0.07

The weighted average remaining contractual life of the common share purchase warrants outstanding as at December 31, 2016, was 1.2 years. All of the outstanding warrants are exercisable.

(expressed in United States dollars, unless otherwise noted)

11. SHARE CAPITAL AND RESERVES *(continued)*

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	$0.05	-	1,874,364	-	1,874,364
		21,966,030	21,966,030	-	21,966,030
Weighted average exercise price Cdn$		$ -	$ 0.08	$ -	$ 0.08

d) Stock Options

The Company has a shareholder approved "rolling" stock option plan (the "Plan"). 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 Company continues to operate under the Plan.

The continuity of stock options for the year ended December 31, 2016, is as follows:

Expiry date	Exercise price Cdn $	Balance, December 31, 2015	Granted	Expired	Balance, December 31, 2016
April 21, 2016	*$ 0.12*	4,425,000	-	(4,425,000)	-
June 17, 2016	*$ 0.12*	100,000	-	(100,000)	-
July 4, 2016	*$ 0.07*	200,000	-	(200,000)	-
July 1, 2018	*$ 0.10*	4,432,200	-	(150,000)	4,282,200
October 6, 2019	*$ 0.05*	3,150,000	-	(100,000)	3,050,000
August 31, 2020	*$ 0.05*	9,650,000	-	(400,000)	9,250,000
November 1, 2021	*$ 0.065*	-	10,500,000	-	10,500,000
		21,957,200	10,500,000	(5,375,000)	27,082,200
Weighted average exercise price Cdn$		$ 0.07	$ 0.065	$ 0.11	$ 0.06

(expressed in United States dollars, unless otherwise noted)

11. SHARE CAPITAL AND RESERVES *(continued)*

The weighted average remaining contractual life of the stock options outstanding as at December 31, 2016, was 3.7 years. All of the outstanding stock options are exercisable.

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	$ 0.050	$ 0.10	$ 0.07

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, 2016, the Company recorded $300,134 in non-cash share-based compensation expense for options vesting in the year.

On November 1, 2016, the Company granted 10,500,000 stock options with a total grant-date fair value of $300,134 or $0.029 per option, which all vested immediately. The fair value of these options was determined using a risk free interest rate of 0.64%, an expected volatility of 186%, an expected life of five years, an expected dividend of zero, and a foreign exchange rate of 0.75 US to the CDN. 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, 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.

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.
EMR Capital	Deputy Chairman and Chief Executive Officer (Antony "Tony" Manini)

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

	Year ended December 31 2016	Year ended December 31 2015
Consulting - Golden Oak	$ 79,729	$ 82,709
Consulting fees - paid to TR Minerals for Manini salary and benefits	113,531	335,434
Consulting fees - paid to EMR Capital for Manini salary and benefits	71,392	-
	264,652	418,143
Shared office & staff costs - TR Minerals	99,600	291,827
Shared office & staff costs - EMR Capital	14,225	
Total	$ 378,477	$ 709,970

Related Party Loans:
On April 15, 2016, TR Minerals loaned the Company an aggregate $76,619 (AUD 100,000). The loan was denominated in AUD, was interest bearing at the rate of 8% per annum, was unsecured and due on demand. On May 30, 2016, the loan was repaid in full together with $708 (A$986) interest expense.

On November 21, 2016, Tony Manini loaned the Company an aggregate $72,290 (AUD 100,000). The loan was denominated in AUD, was interest bearing at the rate of 8% per annum, was unsecured and due on demand. On January 17, 2017, the loan was repaid in full together with $940 (A$1,249) interest expense.

In December 2016, Stephen Hughes, the Company's Vice President Exploration loaned the Company an aggregate $161,000. The loan was repaid in full on January 6, 2017. No interest was paid.

On May 5, 2015 and May 7, 2015, Tony Manini 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.

(expressed in United States dollars, unless otherwise noted)

12. RELATED PARTY TRANSACTIONS *(continued)*

Tony Manini purchased 322,581 shares of the Company on April 26, 2016 at price per share of £0.310 per share (announced 22 April 2016) and he purchased 5,217,390 shares of the Company on December 23, 2016 at a price of £.023 per share (announced 23 December 2016) for total consideration of approximately £130,000. On October 26, 2016, Tony Manini was distributed 6,256,802 shares of the Company by Tigers Realm Minerals Pty Ltd. a private investment company distributed its assets to its shareholders, including Tony Manini (announced November 15, 2016).

Stephen Hughes acquired 1,739,130 shares of the Company on December 23, 2016 at a price of £0.023 per share (announced 23 December 2016) for total consideration of approximately £40,000.

b) Compensation of key management personnel:

The remuneration of directors and other members of key management personnel, including amounts disclosed in Note 12(a), during the year ended December 31, 2016, and 2015 were as follows:

	Year ended December 31	
	2016	2015
Consulting fees	$ 264,652	$ 418,143
Salaries, wages and related costs (exploration and evaluation expenditures)	385,635	374,455
Share-based compensation	300,134	208,300
	$ 950,421	$ 1,000,898

The directors did not receive any directors' fees, with consulting fees for the services of the Company's Deputy Chairman and Chief Executive Officer, Tony Manini, disclosed above.

Amounts due to related parties are disclosed in Note 9. All amounts are unsecured and non-interest bearing.

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, 2016, the Company paid or accrued $45,659 (AUD$60,000) in consulting fees to RFC. During the comparative 2015 year, the Company paid or accrued $47,819 (AUD$60,000) in consulting fees to RFC. The Company expects to incur costs in fiscal 2017 of AUD$60,000 to retain RFC.

During 2016 Optiva Securities Limited ("Optiva") was the Company's Broker for the purpose of the AIM Rules (during 2015 - VSA Capital). During the year ended December 31, 2016, the Company paid or accrued a total of $14,767 (£11,250) as consulting fees to Optiva (2015 - $23,942 (£15,000)). The Company expects to incur costs in fiscal 2017 of £15,000 to retain Optiva.

14. CONTINGENCY

KSK VAT - At December 31, 2015, KSK had on its balance sheet a total VAT asset of $993,642 related to 2014 and 2013. This amount was expensed on consolidation on the basis of collection being uncertain. In the year 2016, KSK recovered $981,484 (2015 equivalent of $956,962) of VAT for the years 2014 and prior that was recorded as a recovery of exploration and evaluation expenses in the year ended December 31, 2016. The recovery of the 2014 and 2013 VAT removed the uncertainty of collection and KSK has recorded a VAT asset of $177,920 for the 2015 and 2016 VAT that will be applied for in 2017.

(expressed in United States dollars, unless otherwise noted)

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.

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, 2016	December 31, 2015
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 interest	$ (7,028)	$ (7,028)

17. MANAGEMENT OF CAPITAL

The Company manages common shares, common share purchase warrants 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.

(expressed in United States dollars, unless otherwise noted)

17. MANAGEMENT OF CAPITAL *(continued)*

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.

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 "designated foreign reporting" issuer to certain Canadian securities commissions and its shares are listed for trading on AIM and until February 28, 2017 had traded 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 for COW's may be carried forward for a period of eight years and for IUP's five years. The Company defers its mineral exploration costs in Indonesia for tax purposes. The Company has non-capital losses in Indonesia of $35,215,943 for income tax purposes which may be carried forward and offset against future taxable income. These losses expire through to 2024. 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:

	2016	2015
Income tax recovery	$ -	$ -
Effect of difference in tax rates between parent company and subisidiary	806,840	720,006
	806,840	720,006
Unrecognized benefit of deferred tax assets	(806,840)	(720,006)
Total	$ -	$ -

(expressed in United States dollars, unless otherwise noted)

18. INCOME TAX *(continued)*

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

	2016	2015
Temporary differences:		
Mineral exploration properties		
and exploration and evaluation assets	$30,157,229	$26,686,401
Non-capital losses carry forwards	35,215,943	36,114,323
Equipment	37,243	91,799
Total unrecognized deductible temporary differences	$65,410,415	$62,892,523

19. SUBSEQUENT EVENTS

Subsequent to December 31, 2016:

a) On February 16, 2017, the Company formally established with the Government of the Republic of Indonesia that the KSK CoW has now entered 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. The KSK Cow has a total of 30+ years remaining for exploration, development and operations.

b) On February 20, 2017, Peter Bird was appointed as a director and as the Managing Director of the Company. Tony Manini was appointed as Executive Chairman. Mr. Bird was granted 8 million stock options of the Company on the following terms, assuming continued employment: 2 million options will vest February 20, 2018 at an exercise price of 6 pence per share, 2 million options will vest February 20, 2018 at an exercise price of 8 pence per share, 2 million options will vest February 20, 2019 at an exercise price of 10 pence per share and 2 million options will vest February 20, 2019 at an exercise price of 12 pence per share.

c) On February 28, 2017, the shares of the Company were voluntarily de-listed from trading on the TSX Venture Exchange but will continue to trade on AIM in London. On March 31, 2017, the Company closed its Canadian share register and merged it with the principal register in Bermuda to be maintained by Computershare Investor Services (Bermuda) Limited.

d) On March 17, 2017, the Company filed a notice that it is a “designated foreign issuer” as that term is defined under National Instrument 71-102 – Continuous Disclosure and Other Exemptions Relating to Foreign Issuers (“NI 71-102”). The Company is subject to “foreign disclosure requirements” (as such term is defined in NI 71-102) of the Financial Services Authority of the United Kingdom and the London Stock Exchange. The Company is relying on the exemptions contained in Part 5 of NI 71-102. In 2017, the Company will only prepare and file half-year and annual financial statements within the time deadlines regulated by AIM.