Asiamet Resources

ASIAMET RESOURCES LIMITED

2016 Annual Report

Asiamet
Resources

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

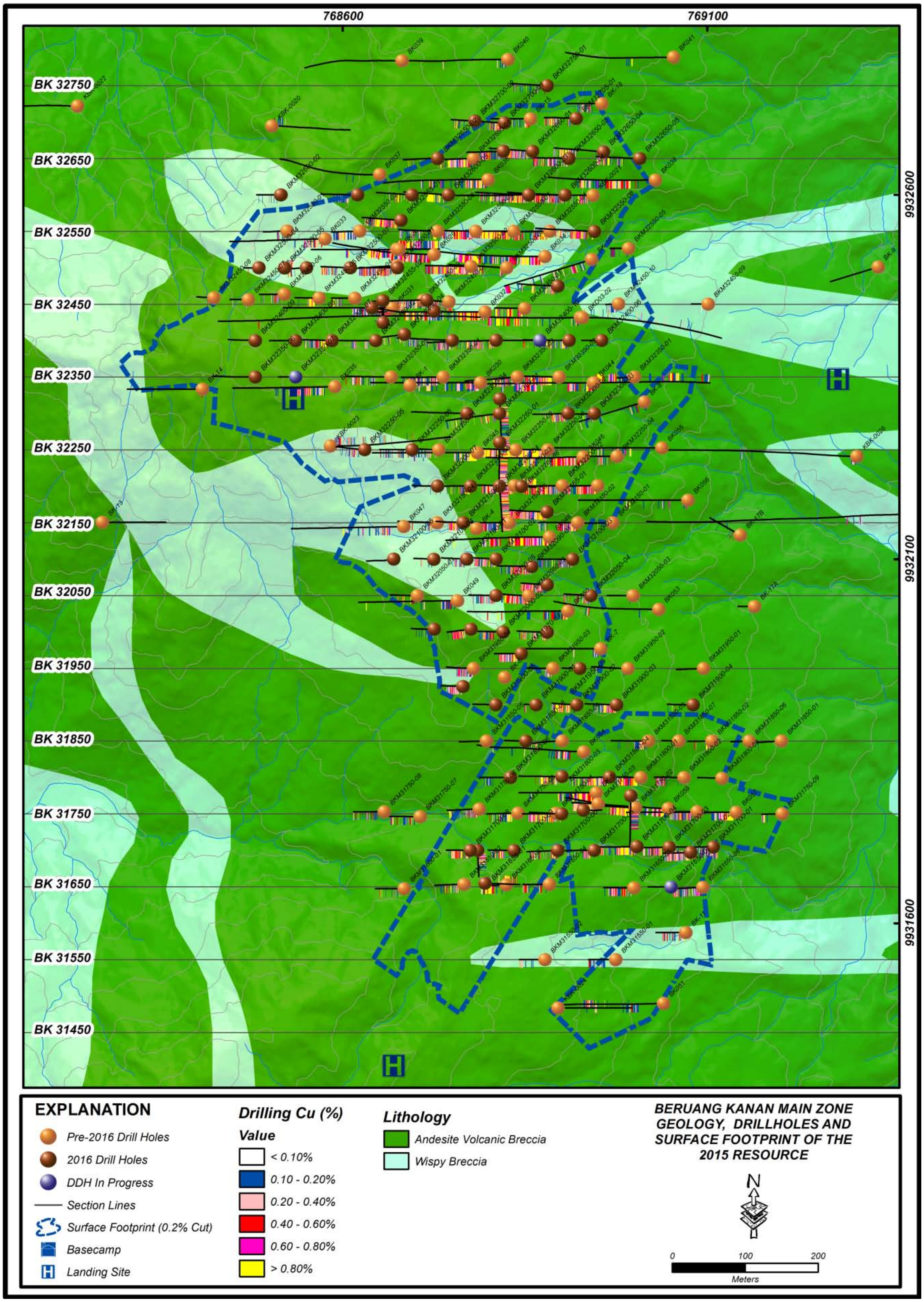
PT Ground Risk Management: Geotech and Hydrogeology

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.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9932600
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9931600
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
0
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.