



**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES**

**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**AS AT 31 DECEMBER 2015**

## **AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES CHAIRMAN'S STATEMENT**

---

Dear Shareholder,

I am pleased to be able to present this update of Amur Minerals Corporation (the "Company") to shareholders in what was a significant year for the Company with the issuance of the "Detailed Exploration and Production Licence" (the "Production Licence") on our Kun-Manie sulphide nickel copper project. Occurring in our 10<sup>th</sup> year since the Company listed on AIM, our successful acquisition of 100% of the production rights of the project has been the result of a decade of hard work and dedication by our staff. We have also defined a Blueprint for the compilation of a Definitive Feasibility Study ("DFS") for development of the 20 year Production Licence for our world class nickel copper sulphide project.

In these 10 years we have seen many challenges ranging from successful identification of additional resources bringing our total contained nickel equivalent to nearly a million tonnes whilst working our way through the often chaotic markets and an ever changing Russian regulatory environment. In recent years, the mining sector's prominence on the Alternative Investment Market ("AIM") and commodity markets have declined and the period has been fraught with economic uncertainty creating a highly constrained funding environment for the junior miners. With this setting, we have remained highly focused and successful in discovering one of the largest nickel copper sulphide deposits, obtaining the rights to extract 100% of the contained metals from a Russian strategic deposit, identified various technical and financial options to optimise what could lead to our becoming one of the top 10 nickel miners in the world, and still have highly prospective undrilled ground within our production licence area. All of this has been attained through the support of all shareholders that have taken a long-term investment perspective.

### **2015 Highlights**

- Obtaining a Production Licence with the right to recover 100% of the contained metals
- Obtaining a water allotment licence to support the processing of ore
- Completed nearly 6,000 metres of diamond core drilling
- Compiled resource updates at four of our five deposits resulting in a substantial expansion of the global resource statement
- Completed internal evaluations and trade off studies leading to the development of a Blueprint setting a path to the completion of a DFS
- Acquisition of Capital Equipment to allow for a more rapid advance of our field work
- Company remains debt free and has established a funding source allowing us to fast track Kun-Manie

### **Licensing**

On 22 May 2015, the Ministry of Natural Resources and Rosnedra issued the Production Licence covering a 36 square kilometre licence area at Kun-Manie which is valid until 1 July 2035. The Production Licence was registered with the State Geological Fund in June 2015 and a one-time payment of 23.6 million Roubles made, granting our wholly owned subsidiary ZAO Kun-Manie 100% of the production rights for all economically recoverable metals including nickel, copper, cobalt, platinum, palladium, gold and silver. Being a strategic deposit, the 100% grant was a substantial accomplishment as production licences for strategic deposits typically allow for a foreign company to hold no more than 25% of the production rights.

This was quickly followed by approval of the Company's project development plan for the continued detailed exploration and development of Kun-Manie. Our dedicated staff had prepared a comprehensive package of documents and were ready to complete the submission as soon as the Production Licence was registered which allowed the Company sufficient time to undertake a planned 6,000 metre drill season in 2015. The drill effort was focused on our largest deposit known as Maly Kurumkon / Flangovy ("MKF").

Additionally, in May 2015 the Company obtained a 112 square kilometre water allotment adjacent to the planned mill site area located to the south of our Production Licence. Examination of the allotment area has been commenced as a part of the 2016 field season and will consist of various geophysical surveys and the identification of water well drill sites to identify the sources from which water can be drawn to process

ore and to provide potable water for nearly 1,000 onsite employees once production is brought on line.

### **The Far East and Baikal Region Development Fund (the “Fund”)**

Looking to the long-term funding requirements related to the need for infrastructure development to support the Kun-Manie project, in August 2015 the Company signed a Financial Advisory agreement with the Fund which allows us to work in partnership with the Fund in attracting financing from within the Russian Federation, Republic of India and the Peoples Republic of China. Our collaboration with the Fund is a major step forward for the Company and confirms the Russian Government's commitment to generating growth and business opportunities in the Russian Far East and we are pleased to be an integral part of this development programme. The Fund is a lead institution in funding infrastructure development of key cornerstone projects in the Far East.

### **2015 Field Season**

We planned and prepared for drilling of up to 6,000 metres at the MKF deposit with the primary objective being the infill drilling of a large block of Inferred ore located in the eastern area of the deposit called Flangovy. The intent was to convert Inferred resources to that of the Indicated category thereby increasing the potential reserve base suitable for the determination of JORC compatible reserve statements. A second and substantial objective of the programme included the completion of two step holes to confirm that the Flangovy deposit extended beyond the last known limits of mineralisation. Both goals were successfully accomplished and verified with the final analytical results being derived by Alex Stewart Laboratories reported in Q4 2015 and Q1 2016.

During the 2015 season 19 infill and 2 step out holes were completed with a total of 5,821 metres being diamond core drilled. The infill programme doubled the drilling density at Flangovy and as it required fewer metres than was expected this allowed us the opportunity to undertake additional infill drilling in the Maly Kurumkon area of the deposit for the purpose of confirming the continuity along strike of the previously defined 60 metre thick lense of mineralisation. The step out holes extended the mineralisation at Flangovy by an additional 400 metres to the east of the previously determined ore limits. The potential for further expansion of the resource eastward remains open and represents a substantial target for future exploration drilling.

By doubling the density of the drill spacing and step out expansion, the MKF resource was expanded from 52.9 million ore tonnes containing 294,200 nickel tonnes and 85,100 tonnes of copper to that of 90.6 million tonnes of ore containing 366,600 tonnes of nickel and 109,900 tonnes of copper. Nearly 78% of this newly defined resource is now classified as an Indicated resource which was double that defined prior to the completion of the 2015 drill programme. In addition, a thick, continuous, and high grade (+0.75% nickel) mineralised core was identified to extend over a distance of 1,700 metres. The presence of the structure has provided us with the opportunity to mine higher grade ores than previously considered possible and to increase production of higher grade ores earlier in the production cycle of the mine life.

### **SGS Minerals Metallurgical Test Work**

During the year, we also had the opportunity to compile additional metallurgical test work samples for establishing grade recovery curves previously not available. Six samples each from the deposits Kubuk and Flangovy were collected covering various grade intervals to determine the variability of the metallurgical recoveries of the contained metals based on increasing grade content. The results of this work have been received from SGS Minerals (“SGS”). The final combined results for previous work and the newly acquired results will provide additional key information and significantly assist in the development of the mine production schedule to generate the best concentrate for the recovery of the metal.

### **Internal Evaluation and Blueprint**

During the first half of the year an ‘Operational Blueprint’ was developed internally which looked at an optimised mining, processing and transport conceptual design, providing for a fully integrated operation that will produce a substantially improved financial assessment for Kun-Manie. By doing so, a series of trade off studies were identified wherein each step of the proposed operation could be optimised. In June 2015, the Operational Blueprint and the associated economic evaluation were completed and presented as a Preliminary Economic Assessment (“PEA”). It was from this evaluation and its accompanying trade off analyses that provided us with a benchmark plan for the DFS which serves as our planning document for the compilation of the final configuration of the mine site operation, development of road and power infrastructure and the potential construction of our own furnace to generate an intermediate Low Grade

Matte ("LGM") for direct sale into the three largest nickel consumptive Asian countries including China, India and Korea.

### **Resource Inventory Update**

In a post 2015 event, the Company contracted SRK Consulting (UK) Ltd ("SRK") to update the resource statement for MKF using a modified resource calculation method reflecting two mineralised geological environments suited to allow for both open pit and underground mining considerations and trade off analyses between the two mining alternatives. As a result, low grade (0.20% nickel cutoff grade) and high grade (0.5% nickel cutoff grade) domains were successfully identified and modelled separately. This method will allow us to develop an appropriate mine reserve statement in the near future including both open pit and underground production scenarios. Being the largest deposit in our five deposit inventory, reserve definition will begin with MKF wherein an optimised production schedule to be generated as an integral part of the DFS.

The successful implementation of the newly defined estimation process implemented initially at MKF, lead the Company to investigate the potential successful application of the method for use at the deposits of Ikenkoe / Sobolevsky ("Iken") and Kubuk. Results allowed us to identify the presence of the two unique mineral domains. Results derived in the Q2 2016 process resulted in a substantial refinement to the resource models and related statements which should allow for the development of a reserve that will be more reflective of a combined open pit / underground producing mine and suitable for use in the development of a DFS mine reserve and optimised production schedule. The current resource statements by deposit follow in the table below and it is noted that the total contained nickel presently stands at 740,100 tonnes with copper being 212,900 tonnes. By-product platinum and palladium total 20.6 tonnes and 21.7 tonnes, respectively. In combination, the nickel equivalent is nearly a million tonnes placing it among the world's largest nickel sulphide deposits.

**JORC Resource Estimate – April 2016**

(zero cutoff grade)

<b>Orebody</b>	<b>Tonnage</b>	<b>Ni</b>	<b>Ni</b>	<b>Cu</b>	<b>Cu</b>	<b>Pt</b>	<b>Pt</b>	<b>Pd</b>	<b>Pd</b>
	<b>Mt</b>	<b>%</b>	<b>t</b>	<b>%</b>	<b>t</b>	<b>g/t</b>	<b>kg</b>	<b>g/t</b>	<b>kg</b>
<b>Kubuk (Two Geological Domain Model)</b>									
Measured	0	0	0	0	0	0	0	0	0
Indicated	3.7	0.76	28,500	0.17	7,300	0.1	700	0.1	700
<b>Subtotal</b>	<b>3.7</b>	<b>0.76</b>	<b>28,500</b>	<b>0.17</b>	<b>7,300</b>	<b>0.1</b>	<b>700</b>	<b>0.1</b>	<b>700</b>
Inferred	22.0	0.47	104,500	0.15	32,100	0.1	3,100	0.1	2,700
<b>Total</b>	<b>25.7</b>	<b>0.52</b>	<b>133,000</b>	<b>0.15</b>	<b>39,400</b>	<b>0.1</b>	<b>3,800</b>	<b>0.1</b>	<b>3,400</b>
<b>Gorny (Single 0.20% Geological Domain Model)</b>									
Measured	0	0	0	0	0	0	0	0	0
Indicated	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Inferred	7.6	0.31	23,900	0.09	7,000	0.2	1,600	0.2	1,900
<b>Total</b>	<b>7.6</b>	<b>0.31</b>	<b>23,900</b>	<b>0.09</b>	<b>7,000</b>	<b>0.2</b>	<b>1,600</b>	<b>0.2</b>	<b>1,900</b>
<b>Ikenskoie / Sobolevsky (Two Geological Domain Model –)</b>									
Measured	17.6	0.51	88,600	0.14	24,200	0.18	3,200	0.20	3,500
Indicated	11.8	0.39	46,000	0.1	11,400	0.14	1,700	0.17	2,000
<b>Subtotal</b>	<b>29.4</b>	<b>0.46</b>	<b>134,600</b>	<b>0.12</b>	<b>35,600</b>	<b>0.16</b>	<b>4,900</b>	<b>0.19</b>	<b>5,500</b>
Inferred	5.9	0.78	46,100	0.19	11,400	0.17	1,000	0.21	1,200
<b>Total</b>	<b>35.3</b>	<b>0.51</b>	<b>180,700</b>	<b>0.13</b>	<b>47,000</b>	<b>0.17</b>	<b>5,900</b>	<b>0.19</b>	<b>6,700</b>
<b>Vodorazdelny (Single 0.20% Geological Domain – Open Cast Target Only)</b>									
Measured	0.8	0.57	4,700	0.17	1,400	0.3	200	0.3	200
Indicated	4.8	0.66	31,200	0.17	8,200	0.1	600	0.1	600
<b>Subtotal</b>	<b>5.6</b>	<b>0.64</b>	<b>35,900</b>	<b>0.17</b>	<b>9,600</b>	<b>0.1</b>	<b>800</b>	<b>0.1</b>	<b>800</b>
Inferred	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>5.6</b>	<b>0.64</b>	<b>35,900</b>	<b>0.17</b>	<b>9,600</b>	<b>0.1</b>	<b>800</b>	<b>0.14</b>	<b>800</b>
<b>Maly Krumkon / Flangovy (Two Geological Domain Model)</b>									
Measured	0	0	0	0	0	0	0	0	0
Indicated	68.4	0.42	285,200	0.12	84,200	0.1	6,600	0.1	6,900
<b>Subtotal</b>	<b>68.4</b>	<b>0.42</b>	<b>285,200</b>	<b>0.12</b>	<b>84,200</b>	<b>0.1</b>	<b>6,600</b>	<b>0.1</b>	<b>6,900</b>
Inferred	22.2	0.37	81,400	0.12	25,700	0.1	1,900	0.1	2,000
<b>Total</b>	<b>90.6</b>	<b>0.40</b>	<b>366,600</b>	<b>0.12</b>	<b>109,900</b>	<b>0.1</b>	<b>8,500</b>	<b>0.1</b>	<b>8,900</b>
<b>Global Total Resource</b>									
<b>Measured</b>	<b>18.3</b>	<b>0.51</b>	<b>93,300</b>	<b>0.14</b>	<b>25,600</b>	<b>0.19</b>	<b>3,400</b>	<b>0.20</b>	<b>3,700</b>
<b>Indicated</b>	<b>88.7</b>	<b>0.44</b>	<b>390,900</b>	<b>0.12</b>	<b>111,100</b>	<b>0.11</b>	<b>9,600</b>	<b>0.11</b>	<b>10,200</b>
<b>Sub-total</b>	<b>107.1</b>	<b>0.45</b>	<b>484,200</b>	<b>0.13</b>	<b>136,700</b>	<b>0.12</b>	<b>13,000</b>	<b>0.13</b>	<b>13,900</b>
<b>Inferred</b>	<b>57.7</b>	<b>0.44</b>	<b>255,900</b>	<b>0.13</b>	<b>76,200</b>	<b>0.13</b>	<b>7,700</b>	<b>0.14</b>	<b>7,800</b>
<b>Grand Total</b>	<b>164.8</b>	<b>0.45</b>	<b>740,100</b>	<b>0.13</b>	<b>212,900</b>	<b>0.12</b>	<b>20,700</b>	<b>0.13</b>	<b>21,700</b>

Numbers may not be precise due to rounding.

## **Capital Purchases**

Towards the year end and after the award of the Production Licence and approval of the Project Plan, we took the decision to invest in an additional new drill rig and other mobile fleet so that we could significantly increase our drilling capacity and onsite activities during the 2016 and 2017 field seasons. This was intended to enable us to undertake combined field season activities of resource definition, bulk metallurgical sample collection and definition of the hydrological scheme to support the processing of our ores for inclusion of the DFS.

We took delivery of a Boart Longyear LF-90, two Caterpillar D9Rs dozers and a Caterpillar 329D excavator in late Q4 2015 and early Q1 2016. These were then transported to the project site over the winter ice road opened in March 2016 with the new equipment arriving on site in early April 2016. I would like to express my great thanks to the personnel who undertook the 2016 ice road construction and delivery hauls, as this was a particularly challenging undertaking as it encompassed the largest movement of equipment and stocks to site that we have ever undertaken, and the mild winter meant that the ice road was open for a shorter than usual time.

Typically the field season runs from early June to early November with drilling dependent upon the availability of free flowing water dictating when we can initiate and complete drilling for the year. The unseasonably warm winter has allowed us to begin our 2016 field activities and drilling nearly a month earlier than normal.

## **Financial Overview**

The Company remained debt free throughout 2015 with cash reserves of US\$9.6 million as at 31 December 2015.

In October 2015, we completed the Lanstead financing agreement that was entered into in July 2013. This agreement provided 24 settlements for a total of US\$11.2 million. During the year 21 settlements were finalised totaling US\$10.8 million.

In December 2015, the Company entered into a financing agreement with Crede CG III Limited ("Crede") for £12.5 million with attached warrants spread over 5 subscription events of £2.5 million each at 90 day intervals. The first subscription event took place in December 2015. The financing agreement with Crede has enabled the Company to fully finance the DFS at the outset avoiding the need to come back to market for further funding whilst the DFS is in progress. The Crede financing also ensures the Company is on a sound financial footing should it become involved in discussions or negotiations with potential long-term partners. Whilst the Board appreciates that there will be significant dilution to existing shareholders as a result of the Crede financing, we believe it is in the best interests of all stakeholders that your Company is well financed to enable the Kun-Manie Project to reach its full potential. Other sources of finance were considered by the Board, but dismissed due to the high cost of funding in relation to the amount being raised and/or uncertainty over the level of funding that could be achieved.

The Company incurred an operating loss of US\$0.7 million (2014: US\$1.36 million). Administration costs for the year were \$4.1 million (2014: US\$2.4 million) with much of the increase comprising of US\$1.1 million of non-cash charge for options grant. Finance Income of US\$3.4 million for the year was earned from the Lanstead financing agreement completed in October 2015. Also during the year, the Company spent US\$2.7 million on capital equipment and exploration expenses.

## **Outlook**

We go into 2016 squarely focused on the next major milestone, the DFS, which we expect to complete by the end of 2017. The DFS is a large and important undertaking and its development will consume considerable time and management focus.

The 2016 field programme contains work key to the completion of the DFS and includes the completion of 15,000 metres of drilling, which consists of two objectives. The first, and an important 2016 deliverable for the DFS, is to generate a large representative metallurgical sample from the MKF deposit for use in the process design of the ore treatment facilities and furnace design to generate a LGM. The second objective is to convert existing Inferred resources at MKF to Indicated to further expand the potential reserve expansion. Lastly, the Company will compile information to define the source and quantity of industrial

water available to process the ores. This will enable us to define the locations for test wells scheduled for drilling in 2017.

Other DFS related tasks are planned to commence during 2016 and cover several disciplines related to off-Production Licence area activities. These include infrastructure assessment and design for power and access road work, metallurgical work for plant and flowsheet design, evaluation of final concentrate composition, development of the design of the furnace to generate a LGM, the development of a comprehensive mine reserves, schedule and operational plan and finally the environmental impact assessment. These activities are closely interlinked and will require our undivided attention.

Lastly, the Company extends its appreciation and thanks to long-term shareholders that have supported the Company to this point and into the future. Personally, I also wish to thank all parties that have been a part of the team that has brought us to this exhilarating point. Congratulations and thanks go to our dedicated and skilled staff, the Russian authorities that were key to processing the Production Licence, our contractors, the UK support staff and the Amur management team.

Mr. Robert W. Schafer  
Non Executive Chairman  
28 June 2016

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

---

The Directors present their annual report and the audited financial statements for the year ended 31 December 2015.

**PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

The Group's principal activity during the year was that of mineral exploration and development. A full review of the activity of the business and of future prospects is contained in the Chairman's Statement which accompanies these financial statements.

**RESULTS AND DIVIDENDS**

The results for the year are disclosed in the Statement of Comprehensive Income on page 15. The Directors do not recommend payment of a dividend for the year (2014: nil).

**DIRECTORS**

The number of Directors as at 31 December 2015 was 3 (2014: 3). Details of Directors remuneration and other interests are detailed in note 16.

**LISTING**

The Company's ordinary shares have been traded on London's Alternative Investment Market (AIM) since 15 March 2006. SP Angel Corporate Finance LLP is the Company's Nominated Adviser and Broker. The share price at 31 December 2015 was 7.8p.

**GOING CONCERN**

The Group operates as a natural resources exploration and development company. To date, the Group has not earned significant revenues and is considered to be in the exploration stage. In May 2015 the 20 year 'Detailed Exploration and Production Licence' was issued to the Company's wholly owned subsidiary, ZAO Kun-Maine. The production licence expires on 1 July 2035.

The Directors have prepared a cash flow projection for period to December 2017 which indicates that the Group is sufficiently funded by its current financial resources and future committed equity financing from Crede for the next 12 months given the level of contractual commitments. The Directors therefore consider the Group to be a going concern and have prepared the financial statements on that basis.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The management of the Group's business and the execution of its strategy are subject to a number of risks. Risks are formally reviewed by the Board and appropriate processes put in place to monitor and mitigate them. If more than one event occurs, the overall impact of such events may compound the possible adverse effects on the Group.

The key financial risks affecting the Group are set out in note 19 to the financial statements. The key operating risks affecting the Group are set out below.

**The Group's licences**

In May 2015 the Russian Prime Minister approved the Company's 'Detailed Exploration and Mine Production Licence' for its Kun-Maine nickel copper sulphide deposit. The licence area covers 36 square kilometres and valid until 1 July 2035. The licence grants the Company's wholly owned subsidiary ZAO Kun-Maine the rights to recover all value from the mineral defined to be present at Kun-Maine.

The Company utilises the legal services of Norton Rose Fulbright in Moscow. All documentation and filings are reviewed by Norton Rose Fulbright to ensure that communications, filings and any other required contacts maintain conformity with the regulatory agencies of the Russian Federation.

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**Project development risks**

Resource estimates are based upon the interpretation of geological data. Project feasibility studies derive estimates of operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates and other factors. As a result, actual operating costs and economic returns may differ from those currently estimated.

The scale of the project mandates that all work should be conducted by Russian experienced, independent and internationally recognised companies in all areas of proposed and actual project development. Any internally generated studies are held confidentially within the Company until an independent and qualified group, company or experts have reviewed, commented and confirm the results of Company work.

Project work must be undertaken by Russian Federation approved agencies prior to the approval of any study, preproduction, construction and operational approvals are granted. The Company adheres to these regulatory statutes.

**Reserve and resource estimates**

Reserve and resource estimates may require revision based on actual production experience. The volume and grade of reserves mined and processed and recovery rates achieved may vary from those anticipated and a decline in the market price of metals may render reserves containing relatively lower grades of nickel and copper mineralisation uneconomic.

Resources and reserves are independently calculated by internationally recognised organisations to JORC standards. Information related to the calculation of such estimates is based on reports from external companies experienced in metallurgical and processing work as well as the evaluation of long term metal pricing where the Company utilises information provided by external organisations. As the Company is not in production at this time, actual production results cannot be utilised to verify predicted resources and reserves.

The Russian Federation requires a separate assessment of reserves and does not recognise resources which are not contained within a mine plan based on a Russian certified study calculated by a qualified agency or organisation. Final reserve numbers are audited by the State Commission on Mineral Reserves who is responsible for tracking and certifying all reserve estimates within the Russian Federation.

**Environmental issues**

The Group's operations are subject to environmental regulation, including environmental impact assessments and permitting. Russian environmental legislation comprises numerous federal and regional regulations which are not fully harmonised and may not be consistently interpreted.

The Company utilises Equator Principle standards with regard to its monitoring and maintenance of environmental protection. These standards are among the highest in the world and implementation of such standards is required when international financing of a project is undertaken. By utilising the highest level of standard, the Company meets both Russian and International standards.

On an internal Russian Federation basis, the Company is inspected on an annual basis to ensure that the Company is performing and maintaining protection of the environment. The Company employs three suitably qualified individuals to ensure that all work is done to the highest standards and ultimately approved by the appropriate Russian authorities and organisations.

**Nickel price volatility**

The net present value of the Group's capitalised exploration assets is directly related to the long-term price of nickel. The market price of nickel is volatile and is affected by numerous factors which are beyond the Company's control. These factors include world production levels, international economic trends, currency exchange fluctuations and industrial demand.

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

---

The Company regularly reviews expected nickel and copper prices from internationally recognised expert sources and assesses the economic viability of its project based upon long term trends and surveys compiled by several resource groups specialised in long term price projection. Nickel and copper price sensitivity is built into the Company's economic models. Presently, the long term project price for nickel in 2015 USD is \$9.50 per pound and is \$2.75 per pound for copper and is based on a consensus survey of approximately 20 specialised banking institutions. All study work currently utilises prices of \$7.50 and \$2.75 for nickel and copper respectively.

**Political and economic risks**

The Group's assets are located in Russia which is still undergoing a substantial transformation from a centrally controlled command economy to a market-driven economy. In addition, in view of the legal and regulatory regime in Russia, legal inconsistencies may arise.

The Company utilises its Moscow based legal representatives of Norton Rose Fulbright and conducts periodic meetings to review changes in the legal and regulatory regime. The updates are typically undertaken on a 60 day basis. In addition, the Company is a member of the Mining Advisory Council which consistently works with Russian authorities to assist in the understanding of regulatory constraints and assists in the modification of legislation designed to clarify inconsistencies in legislation and interpretation of the law.

**The regulatory environment**

The Group's activities are subject to extensive federal and regional laws and regulations governing various matters, including licensing, production, taxes, mine safety, labour standards, occupational health and safety and environmental protections. Amendments to current laws and regulations governing operations and activities of mining companies or more stringent implementation or interpretation of these laws and regulations could have a material adverse impact on the Group, cause a reduction in levels of production and delay or prevent the development or expansion of the Group's properties in Russia.

The Company utilises its Moscow legal team of Norton Rose Fulbright to monitor changes to the regulatory system. In addition, the Mining Advisory Council also participates in reviews and working with the governmental groups responsible for regulatory control and the authoring of new legislation. Proactively, the Company assesses the potential impact of any proposed modifications and is dynamically changing Company policies and approaches to match the Russian regulatory environment. Often planning and work is completed in advance of changes when they are identifiable and could impact exploration and operations.

**Taxation**

Russian tax legislation has been subject to frequent change and some of the laws relating to taxes to which the Group is subject are relatively new. The government's implementation of such legislation, and the courts' interpretation thereof, has been often unclear or non-existent, with few precedents established. Differing opinions regarding legal interpretation may exist both among and within government ministries and organisations and various local inspectorates. The introduction of new tax provisions may affect the Group's overall tax efficiency and may result in significant additional tax liability.

The Company continually assesses the tax regime and utilise experienced local staff and state agencies in submission of taxes at all levels. This includes personal taxes, social taxes and any other taxes that the Company must pay on behalf of its employees. These documents and approaches are reviewed by the tax authorities on an annual basis and modifications are undertaken as required.

It is important to note that the Russian Government has approved regulations exempting profits tax on organisations that intend to construct projects wherein the capital expenditure exceeds 5.0 million USD. The waiver is implemented and the Company currently utilises the current rate of 20% for conservative reasons. With the new structure set into the tax code, the Company could have a 10 year tax holiday on its operation and plans to update future results reflecting the newly implemented regulations.

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

---

**Russia's physical infrastructure**

Some of Russia's physical infrastructure is in poor condition. This may disrupt the transportation of supplies, add to costs and interrupt operations, with a potentially material adverse effect on the Group's business.

The Company's project is remotely located and will need to construct an access road of approximately 320 kilometres from the Baikal Amur rail line to the project site. The Company's position is that they will have to construct access road to a standard suitable to support the operation on a year round basis. This includes the ability to restock consumables and fuel at site. The fuel transported to the project site will support the mobile equipment fleet (mining fleet included) as well as to fuel on site power generation using diesel fueled generator sets which will preclude the need to construct a power line to the site. Planning is done on a worst case basis and assumes nothing is available over more than half the distance and substantial upgrades to existing pioneer roads located along the western half of the planned road route will be required.

**DONATIONS**

The Company has not made any charitable or political donations during the year (2014: nil).

**AUDITORS**

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Approved by the Board of Directors and signed on behalf of the Board on 28 June 2016.

Robert W. Schafer  
Chairman  
28 June 2016

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES  
STATEMENT OF DIRECTORS' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 DECEMBER 2015**

---

The Directors are responsible for preparing the Directors' report and the financial statements for the Group. The Directors have prepared the financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year.

The Directors have chosen to use the International Financial Reporting Standards as adopted by the European Union (IFRS) in preparing the Group's financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of financial statements.

International Accounting Standards requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance;
- state that the group has complied with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website, in addition to being mailed to shareholders, financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

---

Robin Young  
Director  
28 June 2016

---

Brian Savage  
Director  
28 June 2016

## AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES REPORT OF THE INDEPENDENT AUDITORS

---

### To the members of Amur Minerals Corporation

We have audited the financial statements of Amur Minerals Corporation for the year ended 31 December 2015 which comprise the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity, and the related notes. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the Company's members, as a body in accordance with our engagement letter dated 19 January 2016. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### ***Directors' responsibility for the financial statements***

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as adopted by the European Union and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (as issued by the International Federation of Accountants (IFAC)). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of financial statements in order to design appropriate 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 the Directors, as well as evaluating the overall presentation of the financial statements.

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

#### ***Opinion on financial statements***

In our opinion:

- the financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015 and its financial performance and its cash flows for the year then ended; and
- have been prepared in accordance with IFRS as adopted by the European Union.

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES  
REPORT OF THE INDEPENDENT AUDITORS**

---

***Opinion on other matters***

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**BDO LLP**

*Chartered Accountants*

55 Baker Street  
London W1U 7EU  
United Kingdom

Date: 28 June 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF 31 DECEMBER 2015**  
*(Amounts in '000s US Dollars)*

	Notes	31 December 2015	31 December 2014
<b>NON-CURRENT ASSETS</b>			
Capitalised exploration costs	5	11,513	11,783
Property, plant and equipment	5	649	252
<b>Total non-current assets</b>		<b>12,162</b>	<b>12,035</b>
<b>CURRENT ASSETS</b>			
Other receivables	9	1,230	83
Inventories	7	512	237
Derivative financial asset	8	-	7,381
Cash and cash equivalents		9,613	1,389
<b>Total current assets</b>		<b>11,355</b>	<b>9,090</b>
<b>Total assets</b>		<b>23,517</b>	<b>21,125</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	539	407
Derivative financial liability	12	370	-
<b>Total current liabilities</b>		<b>909</b>	<b>407</b>
<b>NON-CURRENT LIABILITIES</b>			
Rehabilitation provision		139	-
<b>Total non-current liabilities</b>		<b>139</b>	<b>-</b>
<b>CAPITAL AND RESERVES</b>			
<b>ATTRIBUTABLE TO OWNERS OF THE PARENT</b>			
Share capital	11	54,093	48,949
Share premium	11	5,648	6,473
Share options reserve	11	3,907	2,306
Retained deficit	11	(25,869)	(25,163)
Foreign currency translation reserve	11	(15,310)	(11,847)
<b>Total equity</b>		<b>22,469</b>	<b>20,718</b>
<b>Total liabilities and equity</b>		<b>23,517</b>	<b>21,125</b>

The financial statements were approved and authorised for issue by the Board of Directors on 28 June 2016 and were signed on its behalf by:

Robin Young

Brian Savage

The accompanying notes on pages 18 to 38 form an integral part of these financial statements.

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Amounts in '000s US Dollars)*

	Note	Year ended 31 December 2015	Year ended 31 December 2014
Administrative expenses	13	(4,114)	(2,358)
<b>Loss from operations</b>		<b>(4,114)</b>	<b>(2,358)</b>
Finance income/ (expense)	14	2,224	(161)
Fair value movement on derivative financial assets	8	1,184	1,158
<b>Loss before tax</b>		<b>(706)</b>	<b>(1,361)</b>
Taxation	10	-	-
<b>Loss for the year attributable to owners of the parent</b>		<b>(706)</b>	<b>(1,361)</b>
<b>Other Comprehensive income:</b>			
Exchange differences on translation of foreign operations		<b>(3,463)</b>	<b>(8,047)</b>
Other comprehensive income for the year, net of tax		<b>(3,463)</b>	<b>(8,047)</b>
<b>Total comprehensive income for the year attributable to owners of the parent</b>		<b>(4,169)</b>	<b>(9,408)</b>
Loss per share: basic & diluted	15	US\$(0.002)	US\$(0.003)

The items in the above statement are derived from continuing operations.

The accompanying notes on pages 18 to 38 form an integral part of these financial statements.

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**  
*(Amounts in '000s US Dollars)*

	Note	Year ended 31 December 2015	Year ended 31 December 2014
<b>Cash flow from operating activities:</b>			
Payments to suppliers and employees		(3,090)	(1,960)
Net cash used in operating activities		<u>(3,090)</u>	<u>(1,960)</u>
<b>Cash flow from investing activities:</b>			
Payments for property, plant and equipment	5	(610)	-
Payments for capitalised expenditure	5	(2,141)	(748)
Net cash used in investing activities		<u>(2,751)</u>	<u>(748)</u>
<b>Cash flow from financing activities:</b>			
Proceeds from issue of equity shares (net of issue costs)		3,618	-
Cash received from derivative financial asset	8	10,789	1,841
Net cash from financing activities		<u>14,407</u>	<u>1,841</u>
<b>Net change in cash and cash equivalents</b>		<b>8,566</b>	<b>(867)</b>
Cash and cash equivalents at the beginning of the year		1,389	2,392
Foreign exchange effects		(342)	(136)
<b>Cash and cash equivalents at the end of the year</b>		<b><u>9,613</u></b>	<b><u>1,389</u></b>

The accompanying notes on pages 18 to 38 form an integral part of these financial statements.

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Amounts in '000s US Dollars)*

	Share capital	Share premium account	Share Options Reserve	Retained deficit	Foreign Currency Translation Reserve	Total
<b>Balance at 31 December 2013</b>	<b>48,949</b>	<b>6,473</b>	<b>2,086</b>	<b>(23,802)</b>	<b>(3,800)</b>	<b>29,906</b>
Loss for the year	-	-	-	(1,361)	-	(1,361)
Other comprehensive income for the year	-	-	-	-	(8,047)	(8,047)
Total comprehensive income	-	-	-	(1,361)	(8,047)	(9,408)
Equity settled share based payments	-	-	344	-	-	344
Equity settled share based payments associated with issue of shares	-	-	(124)	-	-	(124)
<b>Balance as 31 December 2014</b>	<b>48,949</b>	<b>6,473</b>	<b>2,306</b>	<b>(25,163)</b>	<b>(11,847)</b>	<b>20,718</b>
Loss for the year	-	-	-	(706)	-	(706)
Other comprehensive income for the year	-	-	-	-	(3,463)	(3,463)
Total comprehensive income	-	-	-	(706)	(3,463)	(4,169)
Shares Issued	4,887	-	-	-	-	4,887
Equity settled share based payments	-	-	1,691	-	-	1,691
Exercise of options	257	-	(90)	-	-	167
Costs associated with issue of share capital	-	(825)	-	-	-	(825)
	<b>54,093</b>	<b>5,648</b>	<b>3,907</b>	<b>(25,869)</b>	<b>(15,310)</b>	<b>22,469</b>

The accompanying notes on pages 18 to 38 form an integral part of these financial statements.

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Amounts in '000s US Dollars)*

---

**1. GENERAL**

Amur Minerals Corporation ("Company") is incorporated under the British Virgin Islands Business Companies Act 2004. The Company and its subsidiaries ("Group") locates, evaluates, acquires, explores and develops mineral properties and projects in the Russian Far East.

The Company's registered office is located at Kingston Chambers, P.O. Box 173, Road Town, Tortola, British Virgin Islands. The average number of employees for the Group for the period to 31 December 2015 was 40 (2014: 21 employees).

The Company is the 100% owner of a Cypriot company called Irosta Trading Limited ("Irosta"). Irosta holds 100% of the shares in ZAO Kun-Manie ("Kun-Manie"), which holds the Group's mineral licences. The Group includes the following companies as at 31 December 2015 and 31 December 2014:

	<u>Country of Incorporation</u>	<u>Percentage Holding</u>	<u>Principal Activities</u>
Amur Minerals Corporation	British Virgin Islands	Parent Company	Investment Holding Company
Irosta Trading Limited	Cyprus	100%	Investment Holding Company
ZAO Kun – Manie	Russia	100%	Exploration & mining Company

The Group's principal place of business is in the Russian Federation.

The Group's principal asset is the Kun-Manie production licence, which was issued in May 2015. The licence is valid until 1 July 2035 and allows the Company's subsidiary, ZAO Kun-Maine, to recover all revenues from 100% of the mined metal that specifically includes nickel, copper, cobalt, platinum palladium, gold and silver. The Company's management are evaluating the project with a view of determining an appropriate model for the development and ultimate exploitation of the project.

**2. BASIS OF PREPARATION**

**a) Statement of compliance**

The financial statements have been presented in thousands of United States Dollars and prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The principal accounting policies adopted in the preparation of the financial statements are set out in note 3 to these financial statements. The policies have been consistently applied to all the years presented, unless otherwise stated.

**b) Going concern**

These consolidated annual financial statements are prepared on a going concern basis.

The Group operates as a natural resources exploration and development company. To date, the Group has not earned significant revenues and is considered to be in the exploration stage. In May 2015 the 20 year 'Detailed Exploration and Production Licence' was issued to the Company's wholly owned subsidiary, ZAO Kun-Maine. The production licence expires on 1 July 2035.

The Directors have prepared a cash flow projection for period to December 2017 which indicates that the Group is sufficiently funded by its current financial resources and the future committed equity financing from Crede for the next 12 months given the level of contractual commitments. The Directors therefore consider the Group to be a going concern and have prepared the financial statements on that basis.

**c) Basis of consolidation**

The consolidated financial statements of the Group include the accounts of Amur Minerals Corporation and its subsidiaries. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Amounts in '000s US Dollars)*

---

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. The accounting policies and financial year ends of its subsidiaries are consistent with those applied by the Company. These consolidated financial statements include accounts of the Company and its subsidiaries as set out in note 1.

The Company's Russian subsidiary maintains its books and records in accordance with accounting principles and practices mandated by Russian Accounting Regulations. These records have been adjusted to comply with IFRS for the purposes of preparing these consolidated financial statements.

### **3. PRINCIPAL ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the consolidated financial statements, are disclosed in this note in section (n).

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of revision and future periods if the revision affects both current and future periods.

A number of new and revised standards and amendments to existing standards were applicable from 1 January 2015. The adoption of these amendments did not have a material impact on the Group's financial statements for the year ended 31 December 2015.

Any standards and interpretations that have been issued but are not yet effective, and that are available for early application, have not been applied by the Group in these financial statements. The Group does not expect other pronouncements to have a material impact upon the Group's primary statements and disclosure requirements.

#### **a) Functional and presentation currency**

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial information is presented in US dollars (\$), which is the functional and presentation currency of the Company. The functional currency of the Group's operating subsidiary is the Russian Rouble. The exchange rate on 31 December 2015 was \$1:RUB 73.29 (2014: \$1:RUB 56.45), with the average rates applied to transactions during the year of \$1:RUB 61.13 (2014: \$1:RUB 38.49).

In preparing the financial statement of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of the transaction. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

Exchange differences arising on the settlement and on the retranslation of monetary items are included in profit or loss for the period.

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Amounts in '000s US Dollars)*

---

On consolidation, the results of overseas operations are translated into US Dollars at rates approximating to those when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the "foreign exchange reserve").

Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

**b) Segmental Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers have been identified as the Chief Executive Officer, Chief Financial Officer and the other executive and non-executive Board Members.

The operating results of each of these segments are regularly reviewed by the Group's chief operating decision makers in order to make decisions about the allocation of resources and to assess their performance.

The accounting policies of these segments are in line with those set out in these notes.

**c) Exploration and evaluation assets**

All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are written off as incurred.

All costs associated with mineral exploration and investments are capitalised on a project by project basis, pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses. If an exploration project is successful and the project is determined to be commercially viable, the related costs will be transferred to mining assets and amortised over the estimated life of the mineral reserves on a unit of production basis.

Where a project is relinquished, abandoned, or is considered to be of no further commercial value to the Group, the related costs are written off.

Impairment reviews performed under IFRS 6 are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise; typically when one of the following circumstances applies:

- i. sufficient data exists that render the resource uneconomic and unlikely to be developed
- ii. title to the asset is compromised
- iii. budgeted or planned expenditure is not expected in the foreseeable future
- iv. insufficient discovery of commercially viable resources leading to the discontinuation of activities.

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Amounts in '000s US Dollars)*

---

**d) Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life as follows:

	Useful life (years)
Motor vehicles	2
Office and computer equipment	3-8
Heavy machinery	5-7

The costs of maintenance, repairs and replacement of minor items of property, plant and equipment are charged to profit or loss.

**e) Inventories**

Inventories are stated at the lower of cost and net realisable value and comprise mainly fuel, materials and spare parts. Costs comprise all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

**f) Leased Assets**

Where substantially all of the risks and rewards incidental to ownership of a leased asset are retained by the lessor (an "operating lease"), the total rentals payable under the lease are charged to profit or loss on a straight-line basis over the lease term.

**g) Income taxes**

Income tax expense represents the sum of the tax currently payable and deferred tax. Taxable profit differs from net profit as reported due to income tax effects of permanent and temporary differences. Non-profit based taxes are included within administrative expenses.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences relating to initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**h) Costs associated with the issue of share capital**

Costs which are directly attributable to the issue of new shares, net of any taxes, are set off against share premium.

**i) Share-based payments**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in Note 12.

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Amounts in '000s US Dollars)*

---

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

**j) Financial Assets**

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its assets as held to maturity.

**Loans and Receivables**

*Other receivables:* - these assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially measured at fair value and subsequently carried at amortised cost, using the effective interest rate method, less any provision for impairment. If the need for impairment of a receivable arises, the value of provision, representing the expected loss from not being able to recover such a receivable, is recognised in administrative expenses.

*Cash and cash equivalents:* - these assets comprise cash, short term deposits and investments in money market funds. Short term deposits comprise deposits made for varying periods of between one day and three months.

**Fair value through profit or loss**

This category comprises only Lanstead derivative (note 8) which is carried in the statement of financial position at fair value with changes in fair value recognised in profit or loss. The Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

**k) Financial Liabilities**

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired, and its policy for each category is as follows:

*Fair value through profit or loss*

This category comprises only warrants instruments classified as derivative financial liability. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any other financial liabilities as being at fair value through profit or loss.

*Other financial liabilities*

This category comprises trade payables and other short-term monetary liabilities. These are initially measured at fair value and subsequently recognised at amortised cost using effective interest rate method.

**l) Fair value measurement hierarchy**

The Group classifies its financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (note 19). The fair value hierarchy has the following levels:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2);
- c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Amounts in '000s US Dollars)*

---

The level in the fair value hierarchy within the financial asset or financial liability is determined on the basis of the lowest level input that is significant to the fair value measurement.

**m) Share capital**

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The ordinary shares are classified as equity instruments.

**n) Critical accounting estimates, assumptions and judgements**

The preparation of financial statements requires management to make estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within next financial year are discussed below:

**Accounting judgements**

**i. Recoverability of the exploration and evaluation assets**

The most significant assumption in the preparation of these financial statements relates to the recoverability of capitalised exploration costs included in non-current assets. The directors have assessed whether there are any indicators of impairment in respect of exploration and evaluation costs. In making this assessment they have considered resource estimates, future processing capacity, the forward market and longer term price outlook for nickel.

Management's estimates of these factors are subject to risk and uncertainties affecting the recoverability of the exploration and evaluation costs. Any changes to these estimates may result in the recognition of an impairment charge with a corresponding reduction in the carrying value of such assets. After consideration of the above factors, the Directors do not consider that there are any indicators that exploration and evaluation costs are impaired at the year end.

The recoverability of the amounts shown in the Group statement of financial position in relation to deferred exploration and evaluation expenditure are dependent upon the discovery of economically recoverable reserves, continuation of the Group's interests in the underlying mining claims, the political, economic and legislative stability of the regions in which the Group operates, compliance with the terms of the relevant mineral rights licences, the Group's ability to obtain the necessary financing to fulfil its obligations as they arise and upon future profitable production or proceeds from the disposal of properties.

**ii. Russian business environment**

The accompanying financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment. The impact of such differences on the operations and the financial position of the Group may be significant.

**Accounting estimates and assumptions**

**i. Share-based payments**

The Company makes equity-settled share-based payments to certain Group employees and advisers. Equity-settled share-based payments are measured at fair value using a Black-Scholes valuation model at the date of grant based on certain assumptions. Those assumptions are described in the notes to the accounts and include, among others, expected volatility, expected life of the options and number of options expected to vest. More details including carrying values are disclosed in note 12 to the accounts.

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Amounts in '000s US Dollars)*

---

**ii. Valuation of derivative financial asset**

The Company and Lanstead Capital L.P. had entered into an equity swap agreement in respect of the share placings as detailed in note 8 for which consideration will be received on a monthly basis over 24 months period. The amounts received each month were dependent on the Company's share price at the end of each month. The Directors have made assumptions in their financial statements about the quantum of the funds receivable at the year end however there is significant uncertainty underlying these assumptions due to the unpredictable nature of the share prices.

**iii. Valuation of derivative financial liability**

The company granted warrants instruments to Crede CG III as part of an equity subscription agreement. The warrants are exchangeable into a variable number of new ordinary shares. The Directors have estimated the fair value of the warrants using Monte-Carlo simulation, as described in note 12c. This produces a distribution of possible outcome based on variety of different probabilities applied to simulated future share price which inevitably involves a degree of judgement and the actual outcome is likely to vary.

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Amounts in '000s US Dollars)*

**4. SEGMENT REPORTING**

The Group has one reportable segment being Kun-Manie which is involved in the exploration for minerals within the Kun-Manie licence areas in Russia.

The operating results of this segment is regularly reviewed by the Group's chief operating decision makers in order to make decisions about the allocation of resources and assess the performance.

As the Group has no revenue, the following is an analysis of the Group's results from continuing operations by reportable segment.

Reportable information as at 31 December 2015

	<b>Corporate (Unallocated)</b>	<b>Kun-Manie</b>	<b>Total</b>
Administrative expenses	(3,915)	(199)	<b>(4,114)</b>
Finance income	2,224	-	<b>2,224</b>
Finance expense	-	-	<b>-</b>
Fair value gain on derivative financial asset	1,184	-	<b>1,184</b>
Taxation	-	-	<b>-</b>
<b>Loss for the year</b>	<b>(507)</b>	<b>(199)</b>	<b>(706)</b>
Non-current assets	-	12,162	<b>12,162</b>
Inventories	-	512	<b>512</b>
Trade and other receivables	75	1,155	<b>1,230</b>
Cash and cash equivalents	8,261	1,352	<b>9,613</b>
<b>Segment assets</b>	<b>8,336</b>	<b>15,181</b>	<b>23,517</b>
Trade and other payables	(262)	(277)	<b>(539)</b>
Derivative financial liability	(370)	-	<b>(370)</b>
Rehabilitation provision	-	(139)	<b>(139)</b>
<b>Segment liabilities</b>	<b>(632)</b>	<b>(416)</b>	<b>(1,048)</b>
<b>Segment net assets</b>	<b>7,705</b>	<b>14,765</b>	<b>22,469</b>
<b>Property, plant and equipment capital expenditure</b>	<b>-</b>	<b>569</b>	<b>569</b>
<b>Exploration capital expenditure</b>	<b>-</b>	<b>2,192</b>	<b>2,192</b>

Reportable information as at 31 December 2014

	<b>Corporate (Unallocated)</b>	<b>Kun-Manie</b>	<b>Total</b>
Administrative expenses	(1,897)	(461)	<b>(2,358)</b>
Finance income	-	-	<b>-</b>
Finance expense	(161)	-	<b>(161)</b>
Fair value (loss)/gain on derivative financial asset	1,158	-	<b>1,158</b>
Taxation	-	-	<b>-</b>
<b>Loss for the year</b>	<b>(900)</b>	<b>(461)</b>	<b>(1,361)</b>
Non-current assets	-	12,035	<b>12,035</b>
Inventories	-	237	<b>237</b>
Derivative financial asset	7,381	-	<b>7,381</b>
Trade and other receivables	30	53	<b>83</b>
Cash and cash equivalents	1,279	110	<b>1,389</b>
<b>Segment assets</b>	<b>8,690</b>	<b>12,435</b>	<b>21,125</b>
Trade and other payables	(382)	(25)	<b>(407)</b>
<b>Segment liabilities</b>	<b>(382)</b>	<b>(25)</b>	<b>(407)</b>
<b>Segment net assets</b>	<b>9,377</b>	<b>11,341</b>	<b>20,718</b>
<b>Property, plant and equipment capital expenditure</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>
<b>Exploration capital expenditure</b>	<b>-</b>	<b>726</b>	<b>726</b>

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Amounts in '000s US Dollars)*

The accounting policies of the reportable segment are the same as the Group's accounting policies described in note 3. Segment loss represents the loss incurred by the segment without allocation of central administration costs and Directors' salaries and finance income or costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

**5. CAPITALISED EXPLORATION COSTS AND PROPERTY, PLANT AND EQUIPMENT**

	<u>Vehicles and office &amp; computer equipment</u>	<u>Exploration and evaluation assets</u>	<u>Total</u>
<b>Cost:</b>			
<b>At 1 January 2014</b>	<b>1,761</b>	<b>18,318</b>	<b>20,079</b>
Additions	(1)	726	725
Foreign exchange differences	(739)	(7,261)	(8,000)
<b>At 31 December 2014</b>	<b>1,021</b>	<b>11,783</b>	<b>12,804</b>
Additions	569	2,192	2,761
Foreign exchange differences	(235)	(2,462)	(2,697)
<b>At 31 December 2015</b>	<b>1,355</b>	<b>11,513</b>	<b>12,868</b>
<b>Accumulated depreciation:</b>			
<b>At 1 January 2014</b>	<b>1,124</b>	-	<b>1,124</b>
Charge for the year	118	-	118
Foreign exchange differences	(473)	-	(473)
<b>At 31 December 2014</b>	<b>769</b>	-	<b>769</b>
Charge for the year	114	-	114
Foreign exchange differences	(177)	-	(177)
<b>At 31 December 2015</b>	<b>706</b>	-	<b>706</b>
<b>Net book value:</b>			
<b>At 31 December 2015</b>	<b>649</b>	<b>11,513</b>	<b>12,162</b>
At 31 December 2014	252	11,783	12,035
At 1 January 2014	637	18,318	18,955

**Exploration and evaluation costs**

Exploration and evaluation assets relate to the Group's mineral exploration licence, Kun-Manie. During the year US\$721,000 (2014: US\$344,000) of salaries and wages and US\$114,000 (2014: US\$118,000) of depreciation were capitalised to the exploration and evaluation asset. A share based payment cost of US\$439,000 (2014: nil) was also capitalised and during the year US\$323,000 for the one-off payment for the grant of the mining licence was capitalised.

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Amounts in '000s US Dollars)*

**6. TRADE AND OTHER PAYABLES**

	<u>31 December 2015</u>	<u>31 December 2014</u>
Accruals and other payables	539	407
	<u>539</u>	<u>407</u>

**7. INVENTORIES**

	<u>31 December 2015</u>	<u>31 December 2014</u>
Fuel	60	59
Other materials and supplies	452	178
	<u>512</u>	<u>237</u>

**8. DERIVATIVE FINANCIAL ASSET**

	<u>31 December 2015</u>	<u>31 December 2014</u>
Derivative financial asset	-	7,381
	<u>-</u>	<u>7,381</u>

The Company entered into financing agreements with Lanstead Capital L.P (“Lanstead”) which include an equity swap price mechanism for 75% of the shares issued. All of the voting rights are transferred on the date of the transaction with the consideration received over a 24 month period. The actual consideration receivable will vary to the extent that the actual share price is greater or lower than the reference point. As the consideration was variable depending upon the Company’s share price, the agreement was treated as a derivative financial asset and re-valued through the income statement with reference to the Company’s share price.

	<b>Actual share price</b>	<b>Lanstead 3</b>	<b>Lanstead 4</b>	<b>Total</b>
Number of unpaid shares outstanding at 31 December 2013	6.93p	21,262,500	50,724,139	<b>71,986,639</b>
Inception of new instruments		-	-	-
Number of shares paid up		(21,262,500)	(5,465,516)	<b>(26,728,016)</b>
<b>Number of unpaid shares outstanding at 31 December 2014</b>	<b>10.5p</b>	-	<b>45,258,623</b>	<b>45,258,623</b>
Inception of new instruments		-	-	-
Number of shares paid up		-	(45,258,623)	<b>(45,258,623)</b>
<b>Number of unpaid shares outstanding at 31 December 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

(Amounts in '000s US Dollars)

	Lanstead 3	Lanstead 4	Total
Value of derivative at 31 December 2013	2,429	5,796	8,225
Inception of new instruments	-	-	-
Cash received during the year	(1,390)	(451)	(1,841)
Finance expense (note 14)	52	(213)	(161)
Gain/(loss) on revaluation at 31 December 2014	(1,091)	2,249	1,158
<b>Value of derivative at 31 December 2014</b>	<b>-</b>	<b>7,381</b>	<b>7,381</b>
Inception of new instruments	-	-	-
Cash received during the year	-	(10,789)	(10,789)
Finance income (note 14)	-	2,224	2,224
Gain on revaluation	-	1,184	1,184
<b>Value of derivative at 31 December 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>

**9. OTHER RECEIVABLES**

	31 December 2015	31 December 2014
VAT receivable	267	9
Other receivables	963	74
	<b>1,230</b>	<b>83</b>

Other receivables represent prepayments and annual fees paid in advance under the normal course of business.

**10. TAXATION**

	31 December 2015	31 December 2014
Current tax – BVI Corporation tax	-	-
Current tax - Russian Corporation tax	-	-
<b>Current tax charge</b>	<b>-</b>	<b>-</b>
Factors affecting tax charge for the year:		
Group loss on ordinary activities before tax	(706)	(1,361)
	(706)	(1,361)
Tax charge at the BVI corporation tax rate of 0% (2014: 0%)	-	-
Effects of:		
Difference in overseas tax rate	(219)	333
Non-deductible expenses	(762)	(207)
Enhanced tax deductions	303	675
Tax losses carried forward for offset against profits of future periods	678	(801)
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

During the exploration and development stages, the Group will accumulate tax losses which may be carried forward. As of 31 December 2015, the subsidiary in Russia had tax losses carried forward of:

	31 December 2015	31 December 2014
Tax losses carried forward	7,884	9,118
Potential deferred tax asset at 20%	1,577	1,824

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Amounts in '000s US Dollars)*

The tax losses of the subsidiary in Russia are available for use over a 10-year period. The total Russian subsidiary tax losses are available as follows:

<b>Date Tax Losses Available To:</b>	<b>Available Tax Losses</b>
31 December 2018	180
31 December 2019	265
31 December 2020	320
31 December 2021	1,201
31 December 2022	408
31 December 2023	750
31 December 2024	3,899
31 December 2025	861
	<b>7,884</b>

The tax losses arising in the current and prior periods will reduce the Group's tax liability in the future and give rise to deferred tax assets. The Directors believe that it would not be prudent to recognise such tax assets before such time as the Group generates taxable income. Hence, no tax asset has been recognised.

**11. SHARE CAPITAL AND RESERVES**

	<b>Issue of shares</b>	<b>Issue Price</b>	<b>Authorised Capital</b>	<b>Issued and fully paid up</b>	<b>Share Capital US\$</b>
<b>1 January 2014</b>			<b>1,000,000,000</b>	<b>431,151,334</b>	<b>48,948,651</b>
<b>31 December 2014</b>			<b>1,000,000,000</b>	<b>431,151,334</b>	<b>48,948,651</b>
7 January 2015	Directors	10.25p		1,035,955	160,340
	Service Providers	10.25p		2,000,000	309,550
27 July 2015	Directors / Executive	17.00p		359,200	95,260
	Service Provider	17.00p		2,000,000	530,402
13 August 2015	Employee options	11.00p		976,400	257,137
14 December 2015	Crede CG III Ltd	11.00p		22,727,273	3,792,000
<b>31 December 2015</b>			<b>1,000,000,000</b>	<b>460,250,162</b>	<b>54,093,340</b>

On the 7 January 2015, the Company raised £311,000 (US\$470,000) through the issue of 3 million new shares at a placing price of 10.25p per share to the Board of Directors, Executive staff and other service providers in lieu of compensation for services provided.

On the 27 July 2015, the Company raised £401,000 (US\$626,000) through the issue of 2.4 million new shares at a placing price of 17p per share to the CEO, Executive staff and other service providers in lieu of compensation for services provided.

On the 13 August 2015, the Company raised £165,000 (US\$257,000) through the issue of 1 million new shares at a placing price of 11p per share to Russian employees who exercised options.

On 14 December 2015, the Company raised £2.5 million (US\$3.8 million) through the issue of 22.7 million new shares at a placing price of 11p per share.

All of these shares have been admitted to the AIM market of the London Stock Exchange plc.

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Amounts in '000s US Dollars)*

There were no shares issued during 2014.

**Group reserves comprise the following:**

**Share capital**

Amounts subscribed for share capital at proceeds received.

**Share premium account**

The share premium account represents the amounts received by the Company on the issue of its shares which was in excess of the nominal value of the terms of the shares prior to the shares being changed to having no par value, presently utilised for share issue costs.

**Share options reserve**

The balance held in the share options reserve relates to the fair value of the share options that have been charged to the profit or loss since adoption of IFRS 2.

**Foreign currency translation reserve**

The foreign currency translation reserve includes movements that relate to the retranslation of the subsidiaries whose functional currencies are not the US\$.

**Retained deficit**

Cumulative net gains and losses recognised in the statement of comprehensive income less any amounts reflected directly in other reserves.

**12. SHARE BASED PAYMENTS**

**a) Options Granted**

During the year ended 31 December 2015 12,607,000 new options were granted to key management and personnel (2014: nil).

As of 31 December 2015 the following options and weighted average exercise prices were outstanding:

	<b>Number of share options</b>	<b>Weighted Average exercise price (pence)</b>
<b>At 1 January 2014</b>	<b>27,265,500</b>	<b>10.2</b>
Expired during year	-	-
Granted during year	-	-
<b>Outstanding as at 31 December 2014</b>	<b>27,265,500</b>	<b>10.2</b>
Exercised during year	(976,400)	11.0
Granted during year	12,607,000	26.25
<b>Outstanding as at 31 December 2015</b>	<b>38,896,100</b>	<b>15.4</b>
<b>Exercisable as at 31 December 2015</b>	<b>30,491,433</b>	<b>12.4</b>
<b>Exercisable as at 31 December 2014</b>	<b>21,630,333</b>	<b>10.6</b>

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Amounts in '000s US Dollars)*

The fair value of the options issued in the year was estimated at the grant date using a Black-Scholes model, taking into account the terms and conditions on which the options were granted. The fair value was based on the following assumptions:

Share Price	16p
Exercise price	26.25p
Expected volatility	97%
Option life	5 years
Expected dividends	0
Risk free rate	1.49%

The share price was the price at which the shares can be sold in an arm's length transaction between knowledgeable, willing parties and is based on the mid-market price on the grant date. The expected volatility was based on the historic performance of Amur Minerals shares on the Alternative Investment Market of the London Stock Exchange. The option life represents the period over which the options granted are expected to be outstanding and was equal to the contractual life of the options. The risk-free interest rate used is equal to the yield available on the principal portion of UK government issued Gilt Strips with a life similar to the expected term of the options at the date of measurement.

There are no market conditions associated with the share option grants. The total charge arising from outstanding options for the year was US\$1,578,000 (2014: US\$344,000), out of which US\$439,000 (2014: nil) was capitalised within E&E assets and related to the vesting of options issued in the year.

**b) Shares for services**

As stated in note 11, during the year the Company issued 5.4 million new shares (2014: nil).

	<u>31 December 2015</u>	<u>31 December 2014</u>
Shares issued	5,395,155	-
Value of share issued US\$ '000	1,096	-

**c) Warrants**

During the year ended 31 December 2015 17,045,455 new warrants, at a subscription price of 14.3 pence, were granted to Crede CG III Limited as part of an equity subscription agreement entered into on 14 December 2015, note 11.

Under the terms of the subscription agreement 3 warrants were issued for every 4 subscription shares with a 5 year exercise period. Each warrant gives the warrant holder the right to subscribe to either:

- One ordinary share, for each warrant, at a price per ordinary share equal to subscription price; or
- If the share price is below the subscription price, a number of ordinary shares calculated by dividing the aggregate Black-Scholes value of the warrants by the closing share price, at a price of 1 pence.

The company has the right to call the warrants at any time the share price is trading at a 25% premium to the subscription price of the warrants.

As the warrants are exchangeable into variable number of shares, their fair values on the grant date and the reporting date were determined using a Monte-Carlo simulation. For each iteration of the simulation, the simulated share price was analysed to determine the warrants value. The fair value was based on the following assumptions:

Share Price	7.78p
Expected volatility	85%
Option life	4.96 years
Expected dividends	0
Risk free rate	1.38%

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Amounts in '000s US Dollars)*

The fair value of the warrants on the date of grant and at the yearend was US\$370,000, note 19. On initial recognition the warrants' cost was deducted from equity as it represents the cost of the shares issued to Crede CG III as part of the equity subscription agreement. Subsequent changes in the fair value of the warrants are recognised through profit or loss.

**13. ADMINISTRATIVE EXPENSES**

	<u>31 December 2015</u>	<u>31 December 2014</u>
Salaries, wages and Directors' fees	1,023	1,016
Travel and subsistence expenses	211	213
Professional fees	619	215
Investor relations	685	242
Foreign exchange differences	13	62
Share options	1,139	344
Group auditor remuneration	89	90
Other administrative expenses	335	176
	<u><b>4,114</b></u>	<u><b>2,358</b></u>

**14. FINANCE INCOME / EXPENSE**

	<u>31 December 2015</u>	<u>31 December 2014</u>
Foreign exchange (gain)/loss	(90)	6
Finance (income)/expense on Lanstead swap arrangement (note 8)	(2,134)	155
	<u><b>(2,224)</b></u>	<u><b>161</b></u>

**15. LOSS PER SHARE**

Basic and diluted loss per share are calculated and set out below. The effects of warrants and share options outstanding at the year ends are anti-dilutive and the total of 56.6 million (2014: 27.2 million) of potential ordinary shares have therefore been excluded from the following calculations:

	<u>31 December 2015</u>	<u>31 December 2014</u>
Net loss for the year	(706)	(1,361)
Weighted average number of shares used in the calculation of basic loss per share	436,576,884	431,151,344
<b>Basic and diluted loss per share</b>	<b>US\$(0.002)</b>	<b>US\$(0.003)</b>

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

(Amounts in '000s US Dollars)

**16. DIRECTORS REMUNERATION**

The aggregate remuneration of the Directors of the Company was as follows:

	31 December 2015				31 December 2014			
	Salary	Fees	Share Based Payment	Total	Salary	Fees	Share Based Payment	Total
<b>Executive Directors</b>								
Robin Young	297	-	466	763	209	-	52	261
<b>Non-Executive Directors</b>								
Robert Schafer	-	57	94	151	-	23	29	52
Brian Savage	-	49	79	128	-	19	25	44
	<b>297</b>	<b>106</b>	<b>639</b>	<b>1,042</b>	<b>209</b>	<b>42</b>	<b>106</b>	<b>357</b>

The following tables show the beneficial interests of the Directors who held office at the end of the year in the ordinary shares of the Company and the interests of the Directors in share options:

	<b>Robin Young</b>	<b>Robert Schafer</b>	<b>Brian Savage</b>
<b>Shares held at 1 January 2014</b>	<b>1,771,336</b>	<b>250,622</b>	<b>181,383</b>
Additions	-	-	-
<b>Shares held at 31 December 2014</b>	<b>1,771,336</b>	<b>250,622</b>	<b>181,383</b>
Additions	534,732	187,627	158,630
<b>Shares held at 31 December 2015</b>	<b>2,306,068</b>	<b>438,249</b>	<b>340,013</b>

<b>Options held</b>	Exercise Price	Exercise Dates	<b>Robin Young</b>	<b>Robert Schafer</b>	<b>Brian Savage</b>
	£0.12675 (\$0.19)	18.04.11 to 18.04.16	<b>3,600,000</b>	<b>2,400,000</b>	<b>1,600,000</b>
	£0.087 (\$0.13)	23.04.13 to 23.04.18	7,800,000	1,950,000	1,950,000
<b>As at 1 December 2014</b>			<b>11,400,000</b>	<b>4,350,000</b>	<b>3,550,000</b>
Options Expires/Lapsed			-	-	-
Options Granted	£0.2625 (\$0.39)	27.07.15 to 27.07.20	3,301,000	748,000	635,000
<b>As at 31 December 2015</b>			<b>14,701,000</b>	<b>5,098,000</b>	<b>4,185,000</b>

\$ exercise prices are shown for indicative purposes only, calculated at 31 December 2015 exchange rates.

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Amounts in '000s US Dollars)*

**17. COMMITMENTS**

**Operating lease commitments**

The Group leases various offices and other buildings under cancellable operating lease agreements. The leases have varying terms, and renewal rights and are immaterial to the Group.

**Capital commitments**

There were no material contracted commitments for capital purchases as at 31 December 2015 (2014: nil).

**18. RELATED PARTIES**

For the purposes of these financial statements, entities are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosures". In addition, other parties are considered to be related if they are under common control. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Details of transactions between the Group and related parties are disclosed below.

**Compensation of Key Management Personnel**

Key management personnel are considered to be the Directors and senior management of the Group

	<u>31 December 2015</u>	<u>31 December 2014</u>
Salaries and fees	838	722
Share-based payment	1,253	265
	<u>2,091</u>	<u>987</u>

**19. FINANCIAL INSTRUMENTS**

**Financial instruments**

The Group is exposed to risks that arise from its use of financial instruments. The main purpose of these financial instruments is to raise and utilise finance in the Group's operations.

The principal financial instruments used by the Group are as follows:

	<b>31 December 2015</b>	<b>31 December 2014</b>
<b>Loans and receivables at amortised costs</b>		
Cash and cash equivalents and other receivables	9,658	1,463
<b>Financial assets at fair value through profit or loss</b>		
Derivative financial asset	-	7,381
<b>Financial liabilities held at amortised costs</b>		
Trade and other payables	539	407
Financial liabilities at fair value through profit and loss		
Derivative financial liability (note 12)	370	-

The main risks arising from the Group's financial instruments are interest risk, liquidity risk and currency risk. The Directors review and agree policies for managing these risks and these are summarised below.

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Amounts in '000s US Dollars)*

**Liquidity risk**

The Group manages its operations through equity and seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Management monitors rolling cash flow forecasts of the Group and Company to ensure that the sufficient funds are available to meet the Group's and Company's commitments. The review consists of considering the liquidity of local markets, projecting cash flows and the level of liquid assets to meet these. Management raises additional capital financing when the review indicates this to be necessary.

The contractual maturities of the Group's financial liabilities are shown in the table below:

Group	Carrying amount	Contractual cash flows	6 months or less
<b>2015</b>			
Trade and other payables	539	539	539
	<u>539</u>	<u>539</u>	<u>539</u>
<b>2014</b>			
Trade and other payables	407	407	407
	<u>407</u>	<u>407</u>	<u>407</u>

**Credit risk**

The principle financial assets of the Company are bank balances and derivative financial assets. The credit risk on liquid funds is limited because the counterparties are banks with credit ratings assigned by international credit rating agencies. The derivative financial asset is described in note 8. At 31 December 2015 and 31 December 2014 no element of the derivative financial asset was past due.

The Group's maximum exposure to credit risk by class of individual financial instrument is shown in the table below:

Group	2015		2014	
	Carrying value	Maximum exposure	Carrying value	Maximum exposure
Other receivables	45	45	74	74
Cash and cash equivalents	9,613	9,613	1,389	1,389
Derivative financial asset	-	-	7,381	7,381
	<u>9,658</u>	<u>9,658</u>	<u>8,844</u>	<u>8,844</u>

**Fair values**

The fair values of the Group's financial assets and liabilities are considered equal to the book value as they are all short term.

The Group measures the fair value of its financial assets and liabilities in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Amounts in '000s US Dollars)*

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Level 2 fair value measurements at 31 December 2015**

	<b>Derivative financial asset</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>
Opening balance	7,381	8,225
Additions	-	-
Repayment	(10,789)	(1,841)
Net gains recognised in income statement	3,408	997
<b>Closing balance</b>	<b>-</b>	<b>7,381</b>

As the consideration is variable depending upon the Company's share price, the derivative financial asset is revalued through the income statement with reference to the Company's closing share price. The valuation methodology and inputs are described in note 8.

**Level 3 fair value measurements at 31 December 2015**

Warrant instruments measured at fair value through the profit or loss have been deemed to be Level 3 liabilities under the fair value hierarchy as fair valued measured of these liabilities are not based on observable market data.

	<b>Derivative financial liability</b>	
	<b>31 December 2015</b>	<b>31 December 2014</b>
Opening balance	-	-
Additions	370	-
Net gains recognised in income statement	-	-
<b>Closing balance</b>	<b>370</b>	<b>-</b>

**Interest rate risk**

The Group finances its operations through equity financing to alleviate the interest rate risk. The interest rate exposure of the financial assets of the Group as at 31 December 2015 related wholly to floating interest rates in respect of cash at bank. Cash at bank in interest bearing accounts was held in demand accounts with one-month maturities throughout the year. This policy was unchanged from 2014.

The Group is exposed to cash flow interest rate risk from its deposits of cash and cash equivalents with banks. The cash balances maintained by the Group are managed in order to ensure that the maximum level of interest is received for the available funds but without affecting working capital flexibility.

The Group is not currently exposed to cash flow interest rate risk on borrowings as it has no debt or fixed rate finance leases. No subsidiary of the Group is permitted to enter into any borrowing facility or lease agreement without the Company's prior consent.

**Currency risk**

The Group undertakes certain transactions denominated in foreign currencies hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters by holding bank deposits in Russian Roubles, US Dollars and Pound Sterling (GBP).

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Amounts in '000s US Dollars)*

Management reviews its currency risk exposure periodically and hedges part of its exposure to the US dollar by buying and holding on deposit GBP. The Group also hold Roubles in order to cover a proportion of anticipated Rouble expenditures. As at 31 December 2015 the Group had on deposit approximately US\$8,216,000 in GBP (2014: US\$1,168,000) and US\$19,000 in Rouble (2014: US\$11,000) bank accounts.

An analysis of the Group's net monetary assets and liabilities by functional currency of the underlying companies at the year-end is as follows:

	Functional Currency		Total 31 December 2015 US\$
	US Dollars 31 December 2015 US\$	Russian Rouble 31 December 2015 US\$	
Currency of net monetary asset/liability			
US Dollar	1,346		1,346
Sterling	8,032		8,032
Russian Rouble		(259)	(259)
<b>Total</b>	<b>9,378</b>	<b>(259)</b>	<b>9,119</b>

The table above indicates that the Company's primary exposure is to exchange rate movements between UK Pound Sterling and the US Dollar. The table below shows the impact of changes in exchange rates on the result and financial position of the Company.

	US\$
Sterling 10% weakening of the US Dollar	675
Sterling 10% strengthening of the US Dollar	(960)
Rouble 20% weakening of the US Dollar	65
Rouble 20% strengthening of the US Dollar	(43)

In the Directors' opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure reflects only the impact on the year-end balance sheet of changes in exchange rates and does not reflect the exposure on on-going and future expenditure. Rouble denominated expenditures is seasonal with higher volumes in the second and third quarters of the financial year.

## 20. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital (i.e. share capital, share premium and retained deficit) are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other shareholders. Historically the company has issued share capital to provide funds for the exploration programmes. The need for further finance is kept under review by the Board through review of cash flow forecasts and further finance, from equity or debt, will be considered for future exploration and development work.

## 21. EVENTS AFTER THE REPORTING DATE

On 1 March 2016 the Company, pursuant to the subscription agreement entered into with Crede CG III Ltd on 14 December 2015, converted all 17,045,455 warrants held by Crede using the Black-Scholes valuation method applicable to the agreement, for 22,033,235 new Ordinary Shares.

On 4 March 2016 the Company signed a non-binding Heads of Terms Agreement with the Russian Government's Far East and Baikal Region Development Fund. The agreement expresses the intentions of Fund and the Company to expand their collaboration on funding Kun-Manie.

**AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

*(Amounts in '000s US Dollars)*

---

On 17 March 2016 the Company, pursuant to the subscription agreement entered into with Crede CG III Ltd on 14 December 2015 allotted 32,679,739 new Ordinary Shares at a price of 7.65 pence per share to raise £2.5 million before expenses. The Company also issued warrants over 24,509,805 ordinary shares.

On 20 June 2016 the Company, pursuant to the subscription agreement entered into with Crede CG III Ltd on 14 December 2015 allotted 64,102,565 new Ordinary Shares at a price of 3.9 pence per share to raise £2.5 million before expenses. The Company also issued warrants over 48,076,924 ordinary shares.