



AMUR MINERALS CORPORATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

AMUR MINERALS CORPORATION

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AMUR MINERALS CORPORATION

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AMUR MINERALS CORPORATION

CHAIRMAN'S STATEMENT

Dear Shareholder,

With pleasure, I present Amur Minerals Corporation's (the "Company" or "Amur") financial results, our most recent and current operating agenda and the results of the 2016 advancements and developments on progressing our wholly owned Kun-Manie nickel copper sulphide deposit toward production. Located in the Far East of Russia near the largest three international nickel consuming markets of China, Korea and Japan, we entered 2016 in a financially stable position on the back of having been granted the Detailed Exploration and Production Licence in the middle of 2015.

Strongly positioned in Q1 2016, Amur implemented an aggressive programme targeting its completion on or about 1 January 2018. The programme was designed to develop a comprehensive project implementation plan to be defined at a Definitive Feasibility Study ("DFS") level. The resultant report is to be used to identify and implement funding alternatives for the construction and development of Kun-Manie, with the potential to be one of the world's top 10 annual nickel production operations.

Key accomplishments of our programme are summarised herein. Detailed information and a summary of our numerous successes over the course of 2016 have been outlined by Mr Robin Young, our Chief Executive Officer following my report to shareholders.

Operational Programme

Entering 2016 in a solid financial position having arranged financing in the amount of 12.5 million Sterling (US\$ 18.75 million), we set out an aggressive two-year plan to move the project forward toward the completion of a Definitive Feasibility Study ("DFS"). This plan was developed and initiated at the beginning of 2016 targeting its completion on 1 January 2018. The major objectives of the two-year plan included the following:

- **2016 Drill Programme:** All drilling for 2016 and into the foreseeable future is to be focused on upgrading Inferred resources to that of Indicated allowing for inclusion in the definition of a Mining Ore Reserve. Areas of newly identified resources will be immediately infill drilled on drill spacing suitable for designation of Indicated resources. Mineral Resource Estimates ("MRE") are to be completed in accordance with JORC (2012) reporting standards.
- **Mineral Resource Estimates:** Post the completion of the 2016 drill season, newly reported Mineral Resource Estimates ("MRE") were expected to be compiled using a cut-off grade ("COG") of 0.4% nickel. The increase in the COG allows the Company to evaluate resources likely to be mined at lower nickel prices whilst simultaneously permitting us to identifying the preferred mining method. The MRE was to be constructed in a manner allowing the Company to define a preferred mining approach (comprised of open pit or underground production methods).
- **Mining Ore Reserve ("MOR"):** The MOR estimates are to be based on audited operating costs and externally derived metallurgical test work specific to each deposit. Mining is planned using open pit and underground approaches. Hence, the MOR will be defined based on the mining approach that produces the highest net operating profit per ore tonne. Based on typical construction loan financing structures which range from 5 to 7 years, the Company targeted the identification of a MOR inventory of 60 million tonnes representing a 10 year production period. The 60 million tonne selection represents approximately 1.5 times a typical project finance loan life period which is typically required by funding source which ensures a company's ability to repay a loan covering the preproduction construction period and start up requirements. Identification of the MOR is to be completed in accordance with JORC (2012) standards.
- **Metallurgical Test Work:** The definition of the final metallurgical flowsheet and plant design is a critical step in defining the economic potential of Kun-Manie. Numerous options are available to the Company and require careful consideration to provide an optimal plant design. These options to be included in the design in the metallurgical test programme included consideration of potential commercial smelter off take agreements, the ability to generate multiple concentrate streams for off take options by commodity, the potential of generating a separate concentrate(s) for streaming by-product metals and determination of a concentrate which could be treated at a company owned furnace allowing for low grade matte generation.

AMUR MINERALS CORPORATION

CHAIRMAN'S STATEMENT (CONTINUED)

To fully evaluate the alternatives, a staged process was defined thus allowing for the results of each stage to be used to refine each ensuing metallurgical assessment phase. The first phase consisted of the completion of bench scale test work to define maiden grade recovery curves at Kubuk ("KUB") and the Flangovy area of Maly Kurumkon / Flangovy ("MKF"). The comprehensive set of grade recovery curves defining metallurgical recoveries and preliminary slag forming composition of the concentrate by deposit, each deposit could be ranked by its metallurgical response and would enable confirmation that MKF remained the priority deposit at which the proposed mining operation would begin. Moving from bench scale work to larger scale production style testing which is more accurate and reflective of production, a representative sample from existing core is to be selected and processed allowing for a more accurate and definitive evaluation of the metallurgical responses of the ore than would be defined by the less accurate bench scale grade recovery work. The final phase of test work on concentrate production is to be implemented using a substantially larger representative sample allowing for the evaluation of the various potential options described above and derivation of the final plant flowsheet and plant design.

- **Large Scale Metallurgical Test Work:** Follow on pyrometallurgical test work on the concentrate derived from the large scale metallurgical test work will be undertaken. The results will allow the Company to fully evaluate the flowsheet, technical and economic potential of an owner operated furnace converting all or at least a substantial portion of the concentrate to a low grade matte for sale to the international market.
- **Site Ancillary Facilities:** Development of site ancillary facilities is necessary to ensure the full implementation of the final selected design for the Kun-Manie operation. This is planned for definition as a later stage component since the final MOR and plant design will impact the scale and cost of these components. These components include power generation on site, fuel and tank farms to support power generation and mining operations, tailing handling and placement, housing and employee support and operation's administration and facilities.
- **Road Access:** A major component to the success of the operation will be the completion of an estimated 320-kilometre long access road linking the project site to the Baikal Amur ("BAM") rail line. This road will allow for resupply and support of the mine and for the transport of concentrate to the BAM rail line where a support facility will be built. Representing approximately 30% of the initial capital cost (US\$ 160 million), design and construction of the access road is key to the successful implementation of the project. A four-phase approach has been defined. The first stage was the selection of the better of three preliminary existing routes to be completed by qualified road construction specialists during which preliminary assessment of the route and access to road construction materials would be evaluated. The selection of the route, topographic and hydrological maps were to be compiled along the selected road corridor for use in the next phase. The second phase is comprised of a desktop design using the available digital information to select a more specific route which will be field verified and any necessary adjustments to the final route could be identified and included reducing geological and or hydrological hazards. The third phase is comprised of the detailed engineering including the acquisition of detailed geotechnical and hydrological information for road and bridge designs, finalisation of the road design and related bridge and water crossing design. The final stage is the construction of the road.
- **Ulak Support Facility:** The final major component of the Kun-Manie operation is the design and construction of an Ulak based support facility. Located immediately adjacent the BAM rail line, a support facility is planned allowing for the delivery of supplies and material to the mine along the 320 kilometre access road. Also included is a concentrate storage facility from which concentrate can be shipped to the international markets or delivered into the company owned concentrate treatment facility from which a low grade matte can be generated.

AMUR MINERALS CORPORATION

CHAIRMAN'S STATEMENT (CONTINUED)

Progress and Milestones

Substantial progress set out in related our 1 January 2016 planned programme has been made over the course of 2016 and into Q1 of 2017. To highlight our major accomplishments, I note the following:

- Record drill productivities have been attained with a total of 19,785 metres having been completed at MKF during the 2016 season. The drill cost per metre of US\$ 40 was the lowest ever recorded during a field season and includes drilling, labour, fuel, consumables and analytical results.
- A newly compiled MRE for RungePincokMinarco ("RPM") reported 10 February 2017, substantially upgraded the 1 January 2016 reportable MRE. Drilling during 2016 confirmed continuous mineralised higher grade structures to be present and the MRE was modelled based on a 0.4% nickel COG. The current Kun-Manie MRE averages a nickel equivalent grade of 1.03% within a 101.3 million tonne resource. Containing approximately 1.05 million tonnes of nickel equivalent metal, the nickel equivalent tonnage has been increased by 22.5% from 853 thousand nickel equivalent tonnes. It is also noted that the configuration and thicknesses of the mineralisation are conducive to both open pit and underground mining.
- An increase of over 118% in the Measured and Indicated nickel equivalent tonnage has been identified based on the highly successful 2016 drill programme at MKF. Successful infill drilling of areas previously identified as Inferred resource and the application of drilling all newly discovered mineralisation at a spacing allowing for the new resource to be assigned to the Indicated category is the reason for such a large expansion of the Measured and Indicated resource. The global Measured and Indicated nickel equivalent tonnage was increased from 383,200 tonnes to 836,300 tonnes. The near 450,000 tonne nickel equivalent expansion of Measured and Indicated resource alone is larger than many nickel sulphide companies report within their total resource inventory. The average nickel equivalent grade was also increased from 0.72% to 1.03% (an increase of 43%). On a mineralised tonnage basis, the Measured and Indicated resource contains 80 million ore tonnes which can be used in the definition of an MOR.
- As noted, the shift in drilling for Measured and Indicated has been highly successful and positioned the Company to consider various funding options. Based on the adoption of drilling for reserve approach, the Measured and Indicated resource inventory now totals more than 80 million nickel equivalent tonnes for inclusion in the definition of the MOR. This component of the resource indicates the potential to define the MOR of 10 to 13 years at a nominal production rate of 6.0 million tonnes per year (it is assumed that approximately 85% of the Measured and Indicated resource will be converted to MOR). Successful conversion of this portion of the resource to reserve is likely to cover the payback period of a construction loan. Such loans typically range from five to seven years and financial institutions underwriting such loans prefer to fund an operation that has an MOR equal to 150% planned for processing over the life of the loan. The 2017 drill programme will be targeting a 10.9 million tonne Inferred resource at KUB as well as resource expansion down dip, to the east and to the west. Drilling is also planned at IKEN focused on resource expansion. The Company plans to infill drill any newly discovered mineralisation for inclusion in the Indicated resource category.
- In an RPM mining trade off study for MKF conducted in late 2016 and reported in Q1 2017, a first stage analysis of the mineable potential of MKF was completed. The study confirmed the Company's conclusion that both open pit and underground production are viable and the combination would result in improved economics as opposed to open pit mining only. Using the 10 May 2016 study, compiled by SRK Consulting (UK) Ltd ("SRK"), RPM identified the mining potential to consist of a diluted mineable reserve totaling 44.5 million tonnes (approximately 7.5 years of mine production) averaging 0.75% nickel and 0.19% copper along the 2,100 metre long deposit model (excluding the 900 metre extension identified by the 2016 drill results). The total tonnes of mined nickel were projected to be in the order of 332,200 with copper totaling 83,500 copper tonnes. More than 87% of plus 0.4% COG resource from the total 2,100 metre long deposit (including Inferred) was identified to be suitable for mining.

AMUR MINERALS CORPORATION

CHAIRMAN'S STATEMENT (CONTINUED)

Based on the highly supportive and confirmatory work, the Company will have an independent and qualified consulting group derive a MOR at four deposits based on deposit specific operating costs per tonne, metallurgical recoveries of the recovered metals and the selection of the appropriate mining method(s) for each deposit. In addition, rock slope stability for open pit consideration, underground support requirements and hydrological considerations will be included in the definition of the MOR.

- Work by SGS Minerals ("SGS") has confirmed metallurgical recoveries vary by deposit based on whole core and grade recovery curve determination. Across all deposits, metallurgical recovery increases with increasing grade. For MKF, Gipronickel Institute ("Gipro") (a subsidiary of Norilsk Nickel) also completed a large scale bulk metallurgical test on a near half-tonne bulk sample having an average grade of 0.70% nickel and 0.19% copper. Metallurgical recoveries for both nickel and copper will exceed 80%. Having established that higher recoveries increase with increasing mined grade and that MKF mining potential study is projected to extract an average nickel grade of 0.75%, it is anticipated metallurgical recovery could be higher. However, use of the current 80% recoveries for nickel and copper at MKF will provide a degree of conservatism in future evaluations. A larger scale bulk metallurgical sample comprised of 7.4 tonnes of core from MKF will be processed to allow for the determination of the process flowsheet and plant design from which the sulphide concentrate will be generated. The metallurgical test work programme for this sample will assess various alternatives including the potential to generate multiple concentrate products for consideration in off take agreements and the specific design of a furnace for a company owned concentrate treatment facility capable of producing a low grade matte.
- Ground based geophysics completed near the proposed processing plant site has identified potential sources of water for industrial use in the treatment of ore. A drill programme is planned for the 2017 season to define the amount of water available from underground sources. Additional geophysical work is planned for this season in the western area of the hydrological licence.
- Selection of the preliminary access road route was completed during the year and detailed topographic and hydrological maps have been compiled allowing for the next stage of the road design process to be implemented. A specific route will be selected, examined and adjusted as necessary to allow for detailed engineering, design and construction. This is a major component of the project and nearly a third of the initial capital expenditure of Kun-Manie is projected for this critical component to the successful completion of the project.

As indicated above, the Company has made significant progress over the course of 2016, some of which have been reported as post 2016 events. We have identified the presence of much higher grades available to mining, substantially increased our Measured and Indicated resource, confirmed that our future MOR will likely be substantially higher in grade than previously planned, that our MOR will likely be of sufficient size and grade to allow for project financing and begun to establish key metallurgical results for the treatment and eventual sale of concentrate and or low grade matte for the Kun-Manie ores. These are all important achievements allowing for the continued advancing of the project toward a final project design and decision to initiate production. Our aggressive plan to advance the project has already shown substantial and multiple benefits and we shall continue to proceed with our Q1 2016 programme.

A great deal of work remains to be accomplished to attain our final object of the decision to place Kun-Manie into production and to fund the construction of the project.

The above accomplishments would not have been possible without the full support, success and dedication of our ZAO Kun-Manie staff headed by our General Director Mr Anatoly Velma. We are already benefitting from our Russian team's activities in 2017 as they have once again fully set up the Company to complete another field season of drilling and onsite engineering activities with the transport of new record tonnages over our winter ice road.

For additional information and a more in-depth review of our 2016 results, our Chief Executive Officer, Mr Robin Young has provided significant detail on the successes of 2016 presented below.

AMUR MINERALS CORPORATION

CHAIRMAN'S STATEMENT (CONTINUED)

Funding of Activities

The aggressive two-year programme was established on the basis of the Crede CG III Ltd. ("Crede") placing in the total amount of £12.5 million (US\$ 18.75 million) to be delivered to the Company in five tranches at 90 day intervals. As at year end 2015, the Company reported available cash to be £6.4 million (US\$ 9.6 million). Entering the year, four of the five £2.5 million (US\$ 3.75 million) tranches remained to be settled providing an additional £10.0 million (US\$ 15.0 million) during 2016. Given the 1 January 2016 cash position and scheduled delivery of an addition £10.0 million (US\$ 15.0 million) via the Crede placing, a total projected cash position of £16.4 million (US\$ 24.6 million) was available covering the two-year period of 2016 and 2017.

The budget to implement the aggressive two-year programme was estimated to require £13.3 million (US\$ 20.0 million) leaving approximately £3.0 million (US\$ 4.5 million) for coverage of the Group's administrative costs covering the two-year period. With a defined budget and funding commitments to cover the DFS programme, the Company established a fast track plan to attain the DFS and implemented it in very early Q1 2016.

Two significant events occurred during 2016 which are now beginning to impact the compilation of the aggressive DFS plan. Firstly, on 23 June 2016, the UK voted to exit the European Union. This resulted in a substantial and rapid devaluation of the Pound Sterling reducing the cash available to the programme by 20%. Secondly, shareholders opted to discontinue the final two Crede tranches totalling £5.0 million (US\$ 7.5 million). The combination of these two events has resulted in a shortfall of approximately £7.8 million (US\$ 9.8 million) for completion of the DFS.

In response to these events, the Company has revisited all working relationships and initiated cost cutting measures by utilising a larger component of qualified Russian companies, entered negotiations with Chinese companies to reduce anticipated higher costs associated with western companies and undertaken substantial portions of the DFS work internally under the direction of independent qualified organisations that are a part of the DFS compilation plan. Presently, we will continue to advance the work on the DFS as aggressively as possible and are identifying specific aspects of the DFS which are not as critical to the determination of the economic viability of the project.

Financial Overview

The Company remained debt free throughout the period with cash reserves of US\$ 8.2 million as at 31 December 2016.

In March 2016 and June 2016, the Company completed tranches 2 and 3 of the financing agreement entered into with Crede CG III Ltd ("Crede") in 14 December 2015 providing a further £5 million of funding. This is in addition to the £2.5 million provided in December 2015.

As part of the Crede financing agreement the Company issued 17m warrants in December 2015 and a further 24.5 million warrants for tranche 2 in March 2016 and 48 million warrants for tranche 3 in June 2016. During the period all 17 million warrants of tranche 1 and 10m warrants of tranche 2 were exercised leaving 62.5 million warrants outstanding as at 31 December 2016. In accordance with financial reporting requirements, the fair valuation of these remaining warrants as at 31 December 2016 is US\$ 3.3 million which must be reported as a financial liability at fair value through the profit and loss on the statement of financial position. After the year end, the remaining 14m of tranche 2 warrants were exercised on 28 April 2017.

In total the Company has spent US\$2.3 million on capital equipment during the period (US\$0.6 million for the same period in 2015) and US\$3.5 million on exploration costs (19,785 metres drilled) (US\$2.2 million in the same period in 2015) (5,821 meters).

The Company incurred an operating loss of US\$5.77 million (2015: US\$0.7 million). Administration costs for the year were US\$3.8 million (2015: US\$4.1 million) of which US\$1.4 million was attributable to Net Foreign Exchange losses. Employee costs, including Directors Fees, were US\$1.1 million (2015: US\$1.0 million) due to the strengthening of the Russian Rouble and the addition of Mr. Gazzard to the Company's board. There was no financial income earned for the year (2015: US\$2.2 million) as the Company had successfully completed the financing agreement with Lanstead Capital L.P in October 2015.

AMUR MINERALS CORPORATION

CHAIRMAN'S STATEMENT (CONTINUED)

Key Non-Executive Board Additions

To assist us with meeting the new challenges that await us in 2017 and into the future, we brought two new non-executive directors to the Board – Mr Paul Gazzard and Mr Ljupco Naumovski. These strategic appointments add addition experience and further strengthen the Board providing an increased breadth and depth of knowledge and experience which is essential in moving the Company forward.

On behalf of the board

Mr R Schafer

Non-Executive Chairman

16 June 2017

AMUR MINERALS CORPORATION

CHIEF EXECUTIVE OFFICER'S OPERATIONAL SUMMARY

With pleasure, I present a detailed and comprehensive technical summary of our activities completed during year under review. As we began our move from an exploration based company into a preproduction scenario, 2016 was an extremely busy and successful year.

2016 – A Field Season of Records and First Accomplishments

The 2015 and 2016 field seasons were focused on resource expansion and the upgrade of Inferred resource to that of Indicated at MKF, our largest deposit. In addition, engineering field work required for inclusion in the planned operational design of the Kun-Manie nickel copper sulphide project was undertaken.

As a result of an early start to the field season (5 May 2016) and additional drilling capacity, the Company completed a record number of drill meters (19,785 metres) than the originally planned 15,000 metres of drilling at the MKF deposit. Infill and step out drilling as well as the acquisition of a bulk metallurgical sample were successfully completed resulting in a substantial expansion and upgrade of the Mineral Resource Estimate ("MRE").

Globally, our accomplishments over the 2016 drill season included the following:

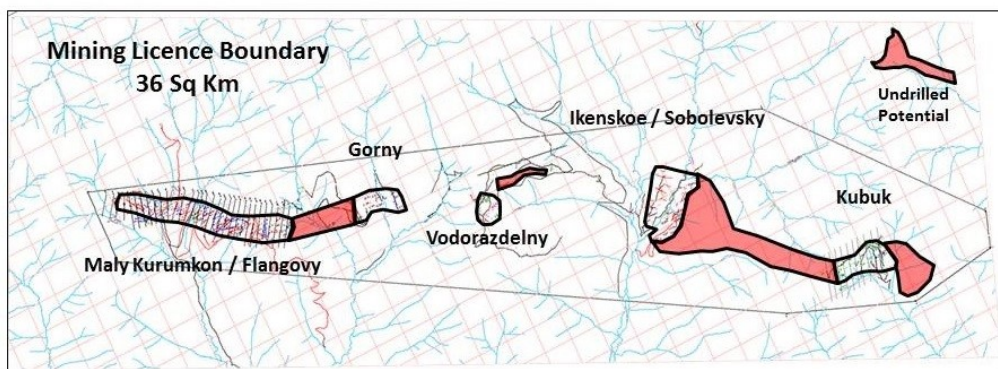
- A record tonnage of 500 tonnes of supplies, fuel, materials and newly purchased earthmoving equipment (including the newly purchased capital equipment) was transported over the Q1 2016 winter ice road in preparation for the season.
- Two newly purchased Caterpillar D9R dozers increased our total dozer fleet to five allowing for construction of 13.3 kilometres of drill roads and 82 drill pads. The acquisition of a Caterpillar 320D2L excavator substantially enhanced the ability for road construction in challenging areas of steep relief.
- The purchase of a new Boart Longyear LF-90 diamond core rig doubled our drilling capacity bringing our rig total to two. The LF-90 also provided us with the increased capability to drill deeper targets which our single LF-70 was not capable of reaching.
- During the 2016 season, a record total of 19,785 metres were drilled within 83 holes. This total was nearly triple our previous historical high of 7,201.9 metres completed in 2012 and nearly 5,000 metres more than planned for the 2016 season. Project wide drilled metres now total 58,084.3.
- A total of 63 holes expanded the MKF known mineralised limits of the resource with ore intersections averaging 0.73% nickel and 0.21% copper based on a COG of 0.2% nickel. Typical thicknesses of the mineralisation averaged 13.3 metres per mineral interval. Using the newly defined COG of 0.4% nickel, continuous mineable thicknesses were clearly identified in step out and infill drilling throughout the MKF deposit. Having an average interval thickness of 10.5 metres and averaging 0.88% nickel and 0.24% copper, these structures were determined to contain more than 75% of the MKF drill identified metal.
- At the end of the drilling season, 31 October 2016, the length of MKF had been expanded by 40% (900 metres) bringing MKF's total continuous length to 3,000 metres. At the eastern end, the final row of drill holes contain ore grade mineralisation indicating that potential resource expansion remains to the east possibly linking the MKF deposit to the Gorny deposit. Successful drilling in this area could result in linking MKF and Gorny providing for a total continuous orebody length of more than 5,000 metres.
- The current drill spacing along the entire 3,000 metre length of the MKF deposit has been completed at a spacing suitable for the majority of the MKF JORC resource to be classified as Indicated resource which is suitable for use in the determination of Mining Ore Reserve ("MOR") along its entire drill defined length.

AMUR MINERALS CORPORATION

CHIEF EXECUTIVE OFFICER'S OPERATIONAL SUMMARY (CONTINUED)

- A total of 21 drill holes were completed to acquire a bulk metallurgical sample totalling 7.4 tonnes for use in the determination of process plant flow sheet design and engineering as well as the completion of subsequent pyrometallurgical test work for the design of a flowsheet and the engineering of a furnace for the construction of an owner operated concentrate treatment facility to generate a low grade matte.
- Substantial resource expansion remains to be drill tested. This includes a 500 metre long segment between the eastern limit of MKF and Gorny. Successful drilling would result in the merge of MKF and Gorny creating a single deposit approaching nearly 5,000 metres in length. The second largest target is located between IKEN and KUB and immediately to the east of KUB. The total untested target is nearly 3,500. Successful drilling of these targets would link IKEN and KUB creating a single deposit approaching a total length of 5,500 metres.

Kun-Manie Deposit and Exploration Potential Map 7 March 2017



- Geophysical surveys were completed in the vicinity of the planned processing plant location for the identification of subsurface water sources for use in processing of the ore and to identify potable water sources to support a 1,000 staff operation. Specific water well locations were identified and are planned for drilling during the 2017 field season.
- Based out of the Kun-Manie site, a ground survey undertaken by a qualified road design engineer was completed identifying the preferred of three routes proposed for the 320 kilometre long access road. Begun in late 2016 and completed in Q2 2017, a four kilometre wide corridor from Kun-Manie to the Ulak rail station located on the Baikal Amur ("BAM") rail line has been topographically and hydrologically mapped to further allow for design of the access road.

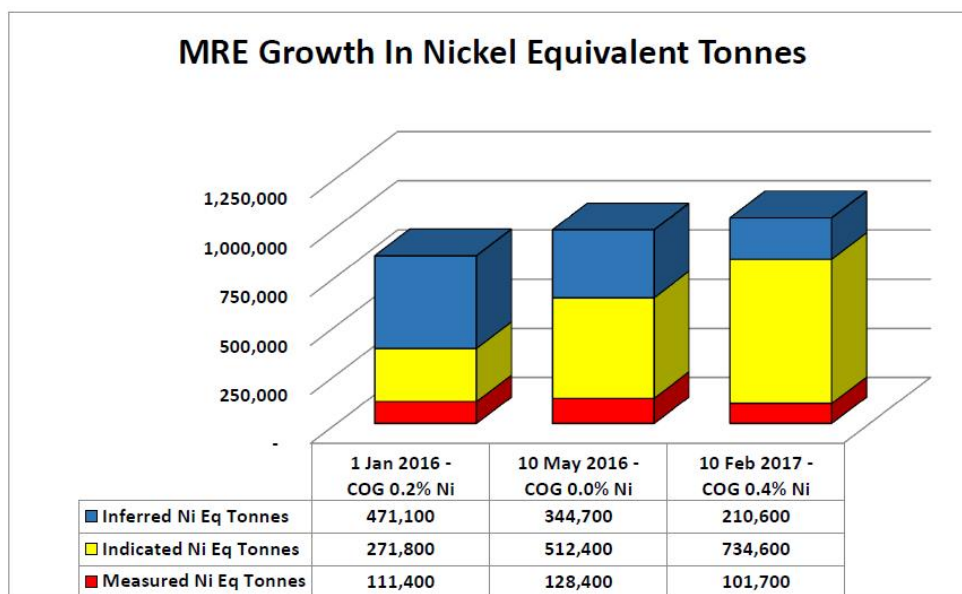
AMUR MINERALS CORPORATION

CHIEF EXECUTIVE OFFICER'S OPERATIONAL SUMMARY (CONTINUED)

Substantial Mineral Resource Expansion

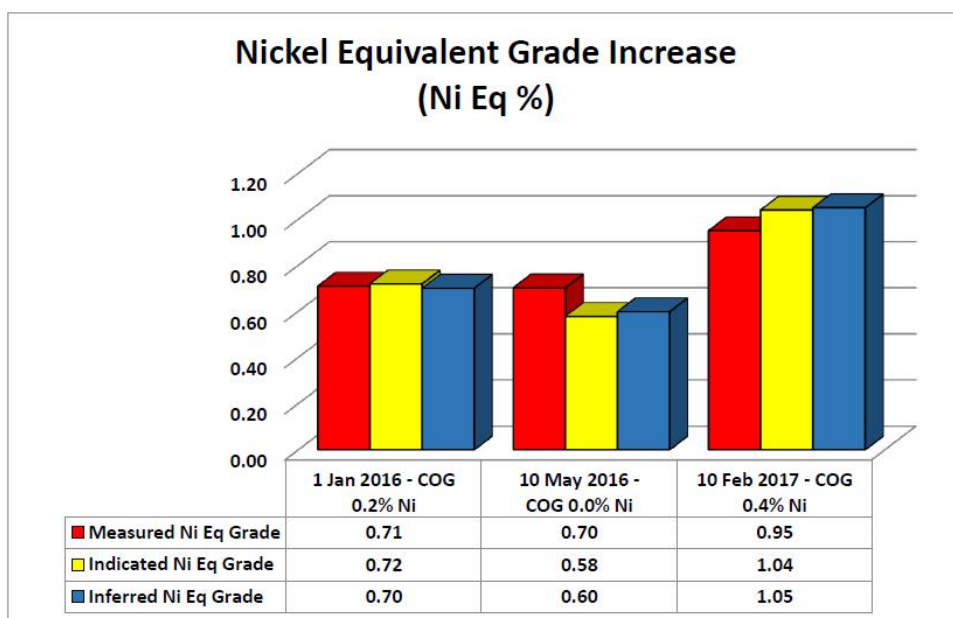
The JORC (2012) RPM independently derived MRE has been considerably increased over that reportable as of 1 January 2016 (compiled by SRK 8 April 2015). As of 10 February 2017, the MRE within the four largest deposits located at Kun-Manie is now estimated to contain 101.3 million tonnes of mineralisation. Using a 0.4% nickel only cut-off grade ("COG"), the average nickel equivalent grade is estimated to be 1.03% containing a total of 1.04 million nickel equivalent tonnes have been drill defined in all JORC resource categories. The substantial expansion of the MRE is the result of a combination of the 2015 and 2016 highly successful infill and step out drill programmes completed on our largest deposit, MKF. Major increases to the MRE since 1 January 2016 include the following:

- An increase of 22.5% in the total nickel equivalent tonnes from 854,300 tonnes to 1,046,900 tonnes has been derived for all JORC resource categories. The average nickel equivalent grade has increased by 45% from 0.71% to 1.03%.
- The combined Measured and Indicated JORC resource represents 80% (81.2 million tonnes) of the global MRE. The total nickel equivalent tonnage for these resources has been increased by 118% from 383,200 tonnes to 836,300 tonnes. The average nickel equivalent grade of the Measured and Indicated categories was increased by 43% from 0.72% to 1.03%. The Measured and Indicated JORC resource is the source from which a MOR estimate and production schedule are defined.
- The newly derived MRE using a 0.4% nickel COG, allows for determination of open pit and underground production considerations and the optimisation of mine production based on a comparison of operating profit per tonne of ore by mining method.



AMUR MINERALS CORPORATION

CHIEF EXECUTIVE OFFICER'S OPERATIONAL SUMMARY (CONTINUED)



Current (10 February 2017) Kun-Manie Mineral Resource Estimate

The 10 February 2017 MRE is stated in accordance with JORC (2012) standards which are based on drill identified mineral that has the potential to become a MOR. During 2016, the Company contracted RPM to independently update Amur's MRE for its four largest deposits at Kun-Manie for the determination of an MOR that can be open pit and or underground mined. The updated MRE allows the Company to compile an optimised a mine production plan and schedule including all drill information through year end 2016. This will incorporate both open pit mining of near surface ores and mining subsequently transitioning into the underground mining of deeper ores and ores located immediately adjacent the open pit production areas.

As a first step reporting MRE statements in compliance with JORC standards and as RPM is the company of record for reporting MRE's on behalf of Amur, RPM completed a JORC mandatory site visit in August 2016 during which a comprehensive audit of the Company's field procedures, sample preparation methods, quality control and analytical results were reviewed in detail. RPM confirmed that Amur utilises industry standard procedures and exploration information is suitable for the compilation of JORC (2012) compliant resource estimation.

The JORC 10 February 2017 MRE inventory exceeds 101 million resource tonnes averaging 1.03% nickel equivalent grade. Untested expansion not included in the current MRE remains at MKF toward the Gorny deposit, between the Ikenskoe / Sobolevsky ("IKEN") and Kubuk ("KUB") covering an untested length of 3,000 metres and to the east of Kubuk having a target length of 1.0 kilometre. By deposit and resource category, the inventory is distributed as follows:

AMUR MINERALS CORPORATION

CHIEF EXECUTIVE OFFICER'S OPERATIONAL SUMMARY (CONTINUED)

RPM Ordinary Kriging Mineral Resource Estimates 10 February 2017 0.4% Nickel Cut-off Grade

Resource Classification	Ore Mt	Ni %	Cu %	Co %	Pt g/t	Pd g/t	Eq Ni (%)	Contained Metal (1,000's t)					
								Ni (000's)	Cu (000's)	Co (000's)	Pt (t)	Pd (t)	Eq Ni (000's)
Maly Kurumkon / Flangovy													
Measured													
Indicated	57.5	0.77	0.22	0.015	0.15	0.16	1.05	445	124	8.9	8.8	9.3	602.5
M+I	57.5	0.77	0.22	0.015	0.15	0.16	1.05	445	124	8.9	8.8	9.3	602.5
Inferred	3.4	0.80	0.22	0.017	0.16	0.15	1.06	27	7	0.6	0.5	0.5	36.2
MKF TOTAL	60.9	0.78	0.22	0.015	0.15	0.16	1.05	472	131	9.5	9.3	9.8	639.3
Ikenskoe / Sobolevsky													
Measured	10.1	0.66	0.18	0.011	0.21	0.25	0.94	67	18	1.1	2.1	2.5	94.6
Indicated	6.3	0.61	0.14	0.011	0.20	0.25	0.87	39	9	0.7	1.2	1.6	54.7
M+I	16.4	0.65	0.05	0.003	0.06	0.25	0.91	106	27	1.8	3.3	4.1	149.3
Inferred	4.7	0.84	0.20	0.016	0.19	0.23	1.14	40	9	0.8	0.9	1.1	53.9
IKEN TOTAL	21.1	0.69	0.17	0.012	0.20	0.25	0.96	146	36	2.6	4.2	5.2	201.8
Kubuk													
Measured													-
Indicated	3.6	0.87	0.21	0.016	0.18	0.19	1.17	31	8	0.6	0.6	0.7	41.6
M+I	3.6	0.87	0.01	0.001	0.01	0.20	1.17	31	8	0.6	0.6	0.7	41.6
Inferred	10.9	0.74	0.20	0.015	0.16	0.14	1.00	81	22	1.7	1.7	1.5	109.5
KUB TOTAL	14.5	0.77	0.20	0.016	0.16	0.15	1.04	112	30	2.3	2.3	2.2	149.5
Vodorazdelny													
Measured	0.6	0.74	0.22	0.012	0.29	0.32	1.16	5	1	0.1	0.2	0.2	7.1
Indicated	3.2	0.85	0.21	0.017	0.16	0.16	1.13	27	7	0.5	0.5	0.5	35.8
M+I	3.8	0.85	0.01	0.001	0.01	0.19	1.13	32	8	0.6	0.7	0.7	42.9
Inferred	1.0	0.81	0.22	0.016	0.17	0.16	1.07	8	2	0.2	0.2	0.2	11.1
VOD TOTAL	4.8	0.83	0.21	0.016	0.18	0.18	1.12	40	10	0.8	0.9	0.9	54.0
TOTAL													
Measured	10.7	0.67	0.18	0.011	0.21	0.25	0.95	72	19	1.2	2.3	2.7	101.7
Indicated	70.5	0.77	0.21	0.015	0.16	0.17	1.04	542	148	10.7	11.1	12.1	734.6
M+I	81.2	0.76	0.29	0.021	0.23	0.18	1.03	614	167	11.9	13.4	14.8	836.3
Inferred	20.1	0.77	0.20	0.016	0.17	0.16	1.05	156	40	3.3	3.3	3.3	210.6
TOTAL	101.3	0.76	0.20	0.015	0.17	0.18	1.03	770	207	15.2	16.7	18.1	1,044.5

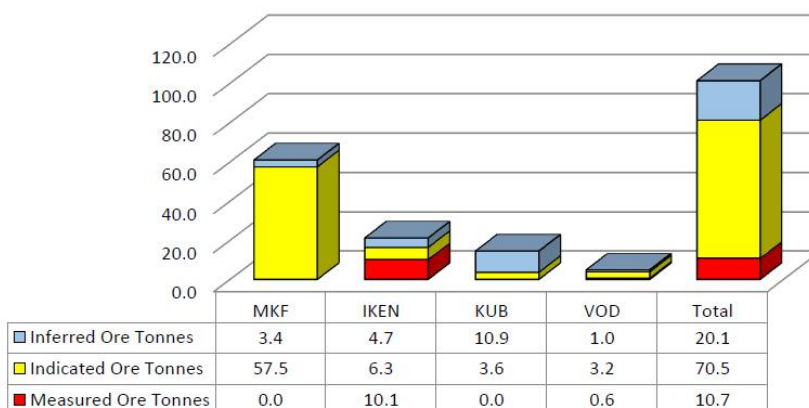
AMUR MINERALS CORPORATION

CHIEF EXECUTIVE OFFICER'S OPERATIONAL SUMMARY (CONTINUED)

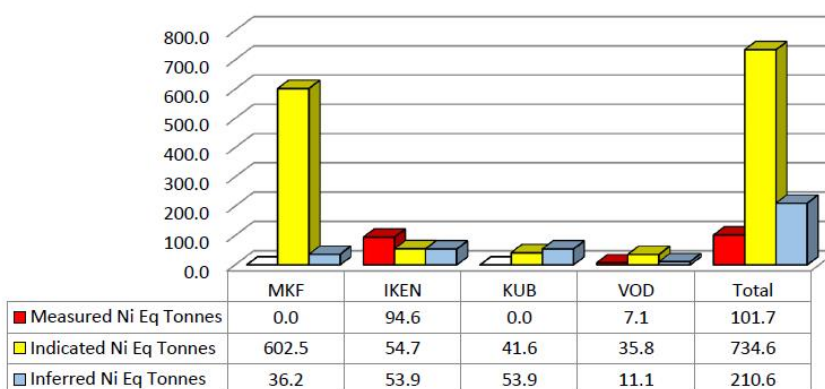
**Factors in the Determination of the Nickel Equivalent Grade
1 February 2017 Metal Pricing**

Pricing	Nickel	Copper	Cobalt	Platinum	Palladium	Total US\$ Value	Ni Eq Tonnes
Imperial	\$4.54 / lb	\$2.69 / lb	\$16.90 / lb	\$996.00 / oz	\$760.00 / oz		
Metric	\$10,006 / t	\$5,929 / t	\$37,248 / t	\$32,026 / kg	\$24,437 / kg		
Measured	720.44M	112.65M	44.70M	73.66M	65.98M	1,017.43M	101,680
Indicated	5,423.34M	877.46M	398.55M	355.49M	295.69M	7,350.52M	734,600
M+I	6,143.78M	990.10M	443.25M	429.14M	361.67M	8,367.95M	836,280
Inferred	1,560.96M	237.15M	122.92M	105.68M	80.64M	2,107.36M	210,606
TOTAL	7,694.74M	1,221.32M	558.71M	534.83M	442.32M	10,451.92M	1,044,549
% Value Content	73.6%	11.7%	5.3%	5.1%	4.2%	100.0%	

**Million Tonnes Of Mineralisation
10 February 2017**

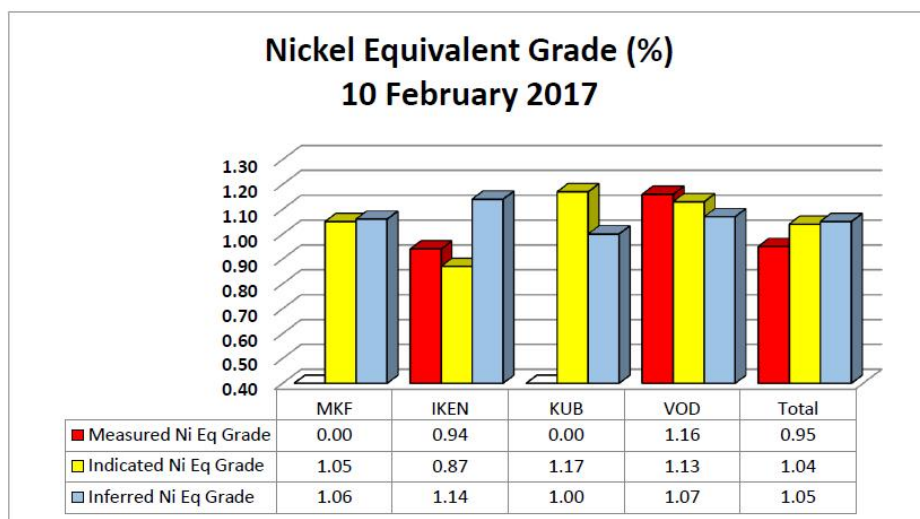


**Nickel Equivalent Tonnes
10 February 2017**



AMUR MINERALS CORPORATION

CHIEF EXECUTIVE OFFICER'S OPERATIONAL SUMMARY (CONTINUED)



Key observations include the following:

- The thicknesses of the MRE resource zones range from a minimum of 3.0 metres to more than 60 metres and represent mineable thicknesses for both open pit and underground production methods.
- The global Kun-Manie MRE is now defined to be comprised of 101.3 million mineralised tonnes having a nickel equivalent ("Ni Eq") grade of 1.03%. Containing more than 1.0 million nickel equivalent tonnes, the nickel equivalent grade has been increased by 38% from the 1 January 2016 MRE 0.74% Ni Eq grade.
- By commodity, the global average grade of nickel is 0.76% (an increase of 40% from 0.54%), copper is 0.20% (an increase of 33% from 0.15%), cobalt is 0.015%, platinum is 0.17 g/t and palladium is 0.18 g/t. Approximately 85% of the metal value is attributable to the combination of nickel and copper. The remaining 15% is attributable to cobalt, platinum and palladium. Minor gold and silver is also present and have not been estimated or reported.
- The Company focuses on drilling resources possessing a high probability of being converted to that of a MOR. Presently, approximately 80% (81.2 million tonnes) is classified as Measured and Indicated resource. Averaging 1.03% nickel equivalent, a total of 836,300 nickel equivalent tonnes are contained within the Measured and Indicated resource which is targeted for MOR definition.
- The majority of the resource increase is the result of the highly successful MKF drill programmes of 2015 and 2016. MKF now contains 60.9 million mineralised tonnes having an average 1.05% nickel equivalent grade containing a total of 639,300 nickel equivalent tonnes. From 1 January 2016, the total contained nickel equivalent tonnage (all resource categories) within MKF has been increased by 61%.
- It is anticipated that the MKF deposit will be the deposit from which production will be initiated. This deposit has been drilled at a spacing allowing for the majority of the mineralisation to be classified as Indicated. The total Indicated MRE (convertible to MOR) for MKF now stands at 57.7 million tonnes of ore averaging 1.05% nickel equivalent containing 602,500 nickel equivalent tonnes. MKF contains 69% of the Measured and Indicated resource presently identified at Kun-Manie and its easternmost mineralised limits are not yet fully defined.

AMUR MINERALS CORPORATION

CHIEF EXECUTIVE OFFICER'S OPERATIONAL SUMMARY (CONTINUED)

Mining Potential

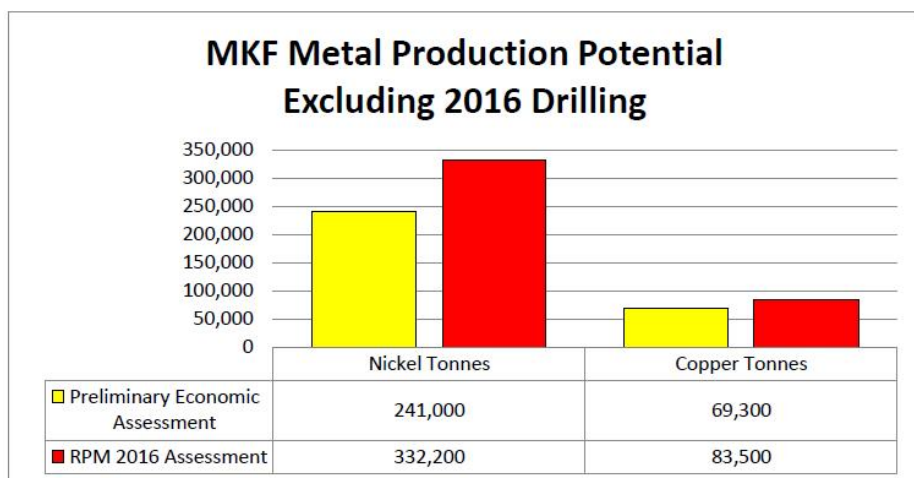
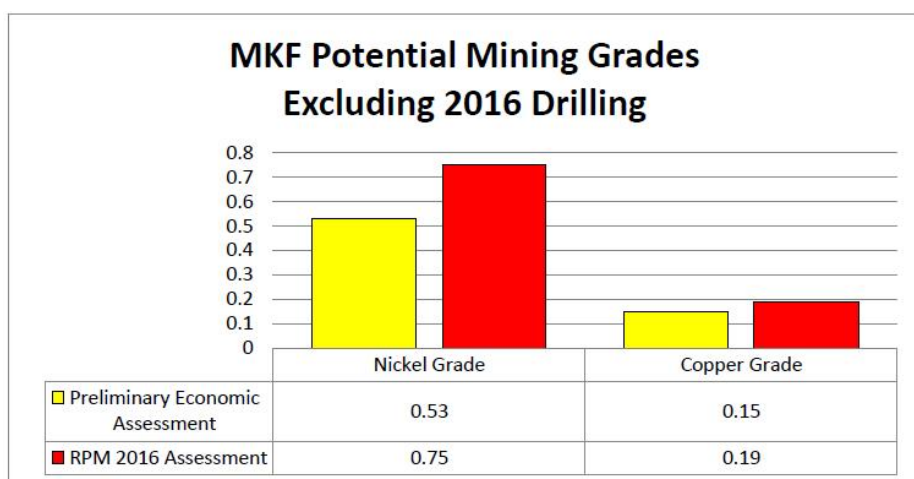
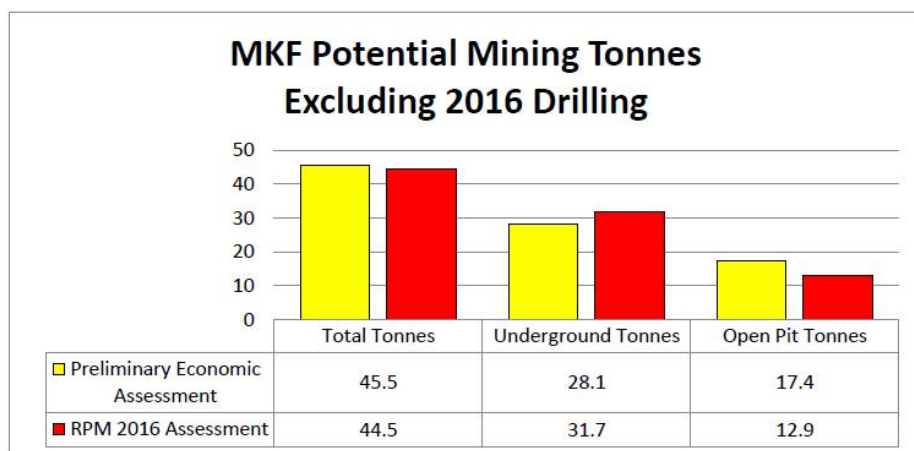
Using the 10 May 2016 MRE for MKF, RPM conducted a mining trade off study intended to verify the Company's conclusions that open pit and underground mining would result in a more optimal economic result. In late 2016 and prior to completion of the 2016 drill season and MRE update of 10 February 2017, it was confirmed by RPM that a combined open pit and underground operation was appropriate for consideration at MKF and that similar results could be derived at IKEN and KUB. Using all resource categories including Inferred, RPM identified that MKF could produce the following mining potential:

- A potential open pit and underground diluted mineable reserve totaling 44.5 million tonnes averaging 0.75% nickel and 0.19% copper along the 2,100 metre long deposit model (excluding the 900 metre extension identified by the 2016 drill results). The total tonnes of mined nickel were projected to be in the order of 332,200 with copper totaling 83,500 recovered copper tonnes. Based on a COG of 0.2% nickel, more than 87% of the total 2,100 metre long resource was considered to be mineable by the combination of open pit and underground mining.
- Open pit production from MKF would be derived from three small open pits extracting the near surface ore within the western area of MKF. From these pits, production was projected to be 12.85 million ore tonnes averaging 0.63% nickel and 0.18% copper per ore tonne. A total of 43.7 million tonnes of waste resulted in a stripping ratio of 3.4 tonnes of waste per mined ore tonne. A total of 29% of production would be derived by open pit mining.
- Using an underground long hole retreat mining method and West Australia mining costs which are anticipated to be substantially higher than Russian production costs, a total of 31.7 million tonnes of ore were indicated for production and the average mined ore grades are projected to be in the order of 0.79% nickel and 0.19% copper. The underground production component from MKF was estimated to represent 71% of the mining total.
- The RPM mining trade of study on MKF represents a substantial upgrade over the Company's Preliminary Economic Analysis ("PEA") wherein a total of 45.5 million tonnes of ore were projected to be mined at an average grade of 0.53% nickel (approximately 241,000 nickel tonnes) and 0.15% copper (approximately 69,300 tonnes). The newly defined RPM mining potential recovers an additional 91,000 tonnes of nickel (38% increase) and an additional 14,200 tonnes of copper (20% increase). The additional metal is derived from increased mining grades as the PEA and RPM studies indicate nearly the same projected mineable tonnage.

MKF Production Parameters	PEA Study (1 January 2016 MRE)	RPM Study (10 May 2016 MRE)
Total mineable reserves	45.5 million tonnes	44.5 million tonnes
Total tonnes of mineable nickel	241,000 tonnes	332,200 tonnes
Average nickel grade	0.53%	0.75%
Total tonnes of mineable copper	69,300 tonnes	83,500 tonnes
Average copper grade	0.15%	0.19%
Underground production	28.1 million tonnes	31.7 million tonnes
Open pit production	17.4 million tonnes	12.9 million tonnes

AMUR MINERALS CORPORATION

CHIEF EXECUTIVE OFFICER'S OPERATIONAL SUMMARY (CONTINUED)



AMUR MINERALS CORPORATION

CHIEF EXECUTIVE OFFICER'S OPERATIONAL SUMMARY (CONTINUED)

- The indicative results for the MKF mining trade off study are considered to be conservative. The RPM analysis did not include any of the 2016 drill results which have substantially increased the resource size and grade. In addition, the majority of the MKF resource is now considered to be Indicated by JORC category and is considered to be suitable for inclusion in the estimation of the MOR. Finally, the RPM analysis utilised West Australia mining costs and not Russian based unit costs which are substantially lower and could further expand the mining potential by lowering the COG in the underground resource category.
- The RPM study confirms the Company's conclusion that underground mining is likely viable and represents a substantial basis for identification of higher grade ores suitable for generating greater operating profits per ore tonne. The planned compilation of the MOR will include similar trade off studies for the deposits of MKF, IKEN, and KUB. The newly defined models of 10 February 2017 will be utilised for determination of the MOR based on audited operating costs.

Metallurgical Advances

During 2016, SGS completed bench scale test work on a series for samples from KUB and Flangovy to define the final set of grade recovery curves for each of these two deposits at Kun-Manie. Results confirmed:

- The comprehensive results confirmed that metallurgical recoveries increase with increasing grades at all deposits. Not being optimised tests, the results were considered to be conservative but suitable for use in the determination of potential recoveries.
- As defined by SGS Minerals, recoveries generally decrease from west to east and vary by deposit due to the nickel silica (which is unrecoverable nickel) content.
- Globally, the grade recovery curves indicated a single concentrate would contain from 8.8% to 12.0% combined nickel and copper. Nickel recoveries would vary from 61% to 83% with copper recoveries varying from 77% to 91%. The recoveries are dependent on the grade of the ore delivered to the mill. Higher grade nickel and copper ores display higher recoveries. Recoveries of by-product metal will range from 50% to 65% for cobalt, platinum and palladium.
- The MRE update indicates that higher grades will be mined than originally anticipated on 1 January 2016 which will have higher recoveries.

As bench scale test work is based on smaller samples and is often not fully optimised, the Company undertook the first large scale metallurgical test of the MKF ores. Completed by Gipronickel Institute ("Gipro"), a subsidiary of Norilsk Nickel, a 443.9 kilogramme bulk sample averaging 0.70% for nickel and 0.17% for copper was tested. Results indicated the following:

- Metallurgical recoveries of 80.6% for nickel, 83.8% for copper, 61.4% for cobalt, 59.6% for platinum, 82.3% for palladium, 63.7% for gold and 70.5% for silver were identified.
- The Gipro results are more reflective of the actual production process.
- The final concentrate grades were projected to be 8.58% for nickel, 2.10% for copper, 0.15% for cobalt, 1.26 g/t for platinum, 1.91 g/t for palladium, 0.6 g/t for gold, and 7.82 g/t for silver.
- An improved mass pull of less than 7% was identified. The Gipro mass pull indicates that a total of 394,000 tonnes of concentrate will be generated from 6.0 million mined ore tonnes. This is a reduction from the previously identified 420,000 tonnes of concentrate and could result in a potential savings to the initial capital expenditure related to the construction of the concentrate treatment facility where a low grade matte is to be produced. Additional reduction in the transport fleet may be possible as the total concentrate tonnage is approximately 26,000 fewer tonnes than previously planned for transport from the mine to our Ulak station along the BAM rail line.

AMUR MINERALS CORPORATION

CHIEF EXECUTIVE OFFICER'S OPERATIONAL SUMMARY (CONTINUED)

During 2016, a 7.4 tonne bulk metallurgical sample collected by core drilling was obtained for the next phase of metallurgical test work. From this sample, multiple analyses will be conducted to determine the final flow sheet design and engineering of the process plant. Metal recoveries and the composition of the concentrate will be determined to allow for determination of the quality of the concentrate and its impact on any commercial off take agreements that may be established. In addition, the pyrometallurgical characteristics of the concentrate must be defined for use in the evaluation and design of a company owned furnace intended to generate a low grade matte.

Hydrological Assessment

During 2016, the first phase of work was completed to identify subsurface water sources for use in the treatment of ore during processing. Geophysical surveys were completed in the vicinity of the planned processing plant location for the identification of subsurface water sources for use in processing of the ore and to identify potable water sources to support a 1,000 staff operation. Specific water well locations were identified and are planned for drilling during the 2017 field season. In addition, the acquisition of field data was completed during the winter season to establish the amount of available water from the Maya River located to the south of the planned plant location. Potable water sources will also be drilled during 2017 which will be required by site personnel once operations are begun.

Access Road

During the 2016 field season, three previously identified access road routes were inspected in the field by a qualified road engineer allowing for identification of the preferred access road route. Totalling approximately 320 kilometres in length, selection of the preferred preliminary route also included the identification of potential sources of road construction materials. A four kilometre wide corridor centred on the anticipated route has been topographically mapped including detailed information of river and stream drainages necessary for bridge and water crossing design work.

Staged work is planned for the finalisation of the road route, its design and detailed cost to construct. The first phase is the identification of the route followed by a field inspection wherein geological and hydrological hazards will be identified allowing for final route designation and preliminary costing for capital expenditures and operating costs. This work will be followed by the acquisition of geotechnical and hydrological data gathering allowing for a final detailed design to be completed including the road and bridging requirements. The road will be classified as a Technical Road (gravel surfaced) having an 8 to 10 metre operating surface. As this is a Technical Road it will be owned and maintained by the Company.

This is an infrastructure project and therefore is considered to be suitable for financing via the Far East and Baikal Region Development Fund ("FEDF"). Such funding of similar infrastructure projects has historically been implemented through low interest loans. It is also important to note that the Company is also considering the use of UK based bridges and should the total cost of the road (or major sections) exceed 20%, additional low interest funding may also be available via the UK Export Finance and Department of International Trade ("UKEF"). The Company is in discussions with FEDF and the UKEF regarding potential funding assistance.

Outlook

The 2017 field programme includes 10,000 metres of planned resource drilling at KUB and 5,000 metres of planned resource drilling at IKEN. Sufficient supplies for 20,000 metres have been delivered to the project site. The objectives at KUB is the conversion of a 10.9 million tonne Inferred resource block to Indicated, step drilling and the acquisition of metallurgical bulk sample. For IKEN it is planned to undertake step out drilling in the direction of KUB and to also collect a bulk metallurgical sample.

Mr R Young
Chief Executive Officer
16 June 2017

AMUR MINERALS CORPORATION

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors present their annual report and financial statements for the year ended 31 December 2016.

Principal activities

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 set out on page 26.

No ordinary dividends were paid. The Directors do not recommend payment of a final dividend.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr B. Savage

Mr R. Young

Mr R. Schafer

Mr P. Gazzard

(Appointed 19 September 2016)

Mr L. Naumovski

(Appointed 2 January 2017)

Details of Directors remuneration and other interests are detailed in note 21.

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 2016 was 10.23p.

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-Manie. The production licence expires on 1 July 2035.

The Directors have prepared cash flow projections to December 2018 which indicates that the Group has sufficient funds to cover its recurring expenditure, budgeted exploration programmes and capital commitments. Should any unforeseen cash demands arise the Directors consider that further funds could be raised or action could be taken to reduce the cost base in a timely fashion. The Directors therefore consider that it is appropriate to prepare the financial statements on a going concern basis.

Donations

The Group has not made any charitable or political donations during the year (2015: US\$nil).

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 22. The key operating risks affecting the Group are set out on pages 21 - 23.

AMUR MINERALS CORPORATION

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Auditors

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.

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board of Directors and signed on behalf of the Board by:

Mr R Schafer

Director

16 June 2017

AMUR MINERALS CORPORATION

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2016

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.

Mr B Savage
Director
16 June 2017

Mr R Young
Director
16 June 2017

AMUR MINERALS CORPORATION

OPERATING RISKS AND UNCERTAINTIES

Set out below are the key operating risks and uncertainties affecting the Group.

The Group's licences

In May 2015 the Russian Prime Minister approved the Company's 'Detailed Exploration and Mine Production Licence' for its Kun-Manie 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-Manie the rights to recover all value from the mineral defined to be present at Kun-Manie.

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.

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.

AMUR MINERALS CORPORATION

OPERATING RISKS AND UNCERTAINTIES (CONTINUED)

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 Principles standards with regard to its monitoring and maintenance of environmental protection. Equator Principles is a risk management framework, widely adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects. 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.

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 forecast price for nickel is \$8.00 per pound and is \$2.85 per pound for copper. 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.

AMUR MINERALS CORPORATION

OPERATING RISKS AND UNCERTAINTIES (CONTINUED)

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 utilises 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.

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 fuelled 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.

AMUR MINERALS CORPORATION

INDEPENDENT AUDITORS' REPORT

TO THE DIRECTORS OF AMUR MINERALS CORPORATION

We have audited the financial statements of Amur Mineral Corporation for the year ended 31 December 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's Directors, as a body, in accordance with the terms of our engagement. 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2016 and of the Group's loss for the year then ended; and
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union.

BDO LLP

Chartered Accountants

55 Baker Street

London

United Kingdom

W1U 7EU

19 June 2017

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

AMUR MINERALS CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 US\$'000	2015 US\$'000
Non-current assets			
Exploration and evaluation assets	5	17,167	11,513
Property, plant and equipment	6	2,736	649
		<u>19,903</u>	<u>12,162</u>
Current assets			
Inventories	7	756	512
Other receivables	8	768	1,230
Cash and cash equivalents		8,199	9,613
		<u>9,723</u>	<u>11,355</u>
Total assets		<u>29,626</u>	<u>23,517</u>
Current liabilities			
Trade and other payables	11	416	539
Derivative financial liabilities	13	3,295	370
		<u>3,711</u>	<u>909</u>
Net current assets		<u>6,012</u>	<u>10,446</u>
Non-current liabilities			
Rehabilitation provision		166	139
Total liabilities		<u>3,877</u>	<u>1,048</u>
Net assets		<u>25,749</u>	<u>22,469</u>
Equity			
Share capital	14,15	60,293	54,093
Share premium	14	4,904	5,648
Foreign currency translation reserve	14	(12,427)	(15,310)
Share options reserve	14	3,575	3,907
Retained deficit	14	(30,596)	(25,869)
Total equity		<u>25,749</u>	<u>22,469</u>

The financial statements were approved by the Board of directors and authorised for issue on 16 June 2017 and were signed on its behalf by:

Mr B Savage
Director

Mr R Young
Director

The accompanying notes on pages 30 - 56 form an integral part of these financial statements.

AMUR MINERALS CORPORATION

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 US\$'000	2015 US\$'000
Administrative expenses		(3,768)	(4,114)
Operating loss	17	(3,768)	(4,114)
Finance income	18	4	2,224
Fair value movements on derivative financial instruments	13,10	(2,007)	1,184
Loss before taxation		(5,771)	(706)
Income tax expense	19	-	-
Loss for the year attributable to owners of the parent		(5,771)	(706)
Loss per share			
Basic and diluted	20	US\$(0.011)	US\$(0.002)

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

The accompanying notes on pages 30 - 56 form an integral part of these financial statements.

AMUR MINERALS CORPORATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 US\$'000	2015 US\$'000
Loss for the year	(5,771)	(706)
	=====	=====
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	2,883	(3,463)
	=====	=====
Total other comprehensive income for the year	2,883	(3,463)
	=====	=====
Total comprehensive income for the year attributable to owners of the parent	(2,888)	(4,169)
	=====	=====

The accompanying notes on pages 30 - 56 form an integral part of these financial statements.

AMUR MINERALS CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 US\$'000	2015 US\$'000
Cash flows from operating activities			
Payments to suppliers and employees		(2,210)	(3,090)
Net cash outflow from operating activities		(2,210)	(3,090)
Cash flow from investing activities			
Payments for exploration expenditure		(2,863)	(2,141)
Payments for property, plant and equipment		(1,670)	(610)
Interest received		4	-
Net cash used in investing activities		(4,529)	(2,751)
Cash flow from financing activities			
Proceeds from issue of shares (net of issue costs)		6,589	3,618
Cash received from settlement of derivative financial asset		-	10,789
Net cash generated from financing activities		6,589	14,407
Net (decrease)/increase in cash and cash equivalents		(150)	8,566
Cash and cash equivalents at beginning of year		9,613	1,389
Effect of foreign exchange rates		(1,264)	(342)
Cash and cash equivalents at end of year		8,199	9,613

The accompanying notes on pages 30 - 56 form an integral part of these financial statements.

AMUR MINERALS CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital	Share premium	Foreign currency translation reserve	Share options reserve	Retained deficit	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2015	48,949	6,473	(11,847)	2,306	(25,163)	20,718
Loss for the year	-	-	-	-	(706)	(706)
Other comprehensive income for the year	-	-	(3,463)	-	-	(3,463)
Total comprehensive income for the year	-	-	(3,463)	-	(706)	(4,169)
Issue of share capital	4,887	-	-	-	-	4,887
Equity settled share based payments	-	-	-	1,691	-	1,691
Costs associated with issue of share capital	-	(825)	-	-	-	(825)
Exercise of options	257	-	-	(90)	-	167
Balance at 31 December 2015	54,093	5,648	(15,310)	3,907	(25,869)	22,469
Loss for the year	-	-	-	-	(5,771)	(5,771)
Other comprehensive income	-	-	2,883	-	-	2,883
Total comprehensive income for the year	-	-	2,883	-	(5,771)	(2,888)
Issue of share capital	6,185	-	-	-	-	6,185
Equity settled share based payments	-	-	-	712	-	712
Costs associated with issue of share capital	-	(744)	-	-	-	(744)
Exercise of options	15	-	-	(14)	14	15
Options expired	-	-	-	(1,030)	1,030	-
Balance at 31 December 2016	60,293	4,904	(12,427)	3,575	(30,596)	25,749

The accompanying notes on pages 30 - 56 form an integral part of these financial statements.

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 General information

Amur Minerals Corporation is incorporated under the British Virgin Islands Business Companies Act 2004. The registered office is Kingston Chambers, P.O. Box 173, Road Town, Tortola, British Virgin Islands.

The Company and its subsidiaries ("Group") locates, evaluates, acquires, explores and develops mineral properties and projects in the Russian Far East.

The Company is the 100% owner of Irosta Trading Limited ("Irosta"), an investment holding company incorporated and registered in Cyprus. Irosta holds 100% of the shares in ZAO Kun-Manie ("Kun-Manie"), an exploration and mining company incorporated and registered in Russia, which holds the Group's mineral licences.

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-Manie, 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 Significant accounting policies

2.1 Basis of preparation

The financial statements have been presented in thousands of United States Dollars and prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

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 note 3.

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.

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

2 Significant accounting policies

(Continued)

2.2 Changes in accounting policies and disclosures

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2016 that had a significant effect on the Group's financial statements.

A number of new standards, amendments and interpretations are effective for annual period beginning after 1 January 2016, and have not yet been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for:

IFRS 9 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and contractual cash flow characteristics of the financial asset. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments and introduces a new expected credit losses model that replaces the incurred loss impairment model used under IAS 39. For financial liabilities there are no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after 1 January 2018. The Group is yet to assess IFRS 9's full impact.

The Group have also considered the impact of IFRS 15 'Revenue from contracts with customers' and IFRS 16 'Leases' which are effective for periods beginning on or after 1 January 2017 and 1 January 2019 respectively, and does not consider these standards to have a significant impact on the Group on the basis that it does not yet generate revenue and does not have material operating leases.

2.3 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-Manie. The production licence expires on 1 July 2035.

The Directors have prepared cash flow projections to December 2018 which indicates that the Group has sufficient funds to cover its recurring expenditure, budgeted exploration programmes and capital commitments. Should any unforeseen cash demands arise the Directors consider that further funds could be raised or action could be taken to reduce the cost base in a timely fashion. The Directors therefore consider that it is appropriate to prepare the financial statements on a going concern basis.

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

2 Significant accounting policies

(Continued)

2.4 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.

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.

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.

Accounting policies of other subsidiaries are consistent with those applied by the Company and the Group.

2.5 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 (US\$), which is the functional and presentation currency of the Company. The functional currency of the Group's operating subsidiary is the Russian Rouble (RUB).

The exchange rate on 31 December 2016 was US\$1:RUB 61.23 (2015: US\$1:RUB 73.29), with the average rates applied to transactions during the year of US\$1:RUB 66.91 (2015: US\$1:RUB 61.13).

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.

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 income statement as part of the profit or loss on disposal.

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

2 Significant accounting policies

(Continued)

2.6 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.

2.7 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 expenses as well as administrative costs closely associated with finding specific mineral resources such as remuneration of employees directly involved in evaluating technical feasibility or depreciation of property, plant and equipment used for the evaluation and exploration works.

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 '*Exploration for and evaluation of mineral resources*' 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:

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

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

2 Significant accounting policies

(Continued)

2.8 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

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

Office and computer equipment	3 to 8 years
Heavy machinery	5 to 7 years
Motor vehicles	2 years

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

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (CGUs). Prior impairments are reviewed for possible reversal at each reporting date.

2.9 Inventory

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.

2.10 Cash and cash equivalents

Cash and cash equivalents 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.

2.11 Financial assets

The Group classifies its financial assets as loans and receivables and at fair value through profit or loss. The Group has not classified any of its assets as held to maturity or available for sale.

Financial assets at fair value through profit or loss

This category comprises derivative financial assets carried at fair value with changes in fair value recognised in the consolidated statement of comprehensive income within the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, 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.

Loans and receivables

Loans and other receivables 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.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

2 Significant accounting policies

(Continued)

2.12 Financial liabilities

The Group classifies its financial liabilities into one of two categories discussed below, depending on the purpose for which the liability was acquired.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise 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 income statement. 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

Other financial liabilities comprise 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.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Group's obligations are discharged, cancelled, or they expire.

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 (notes 10 and 13). The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- 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);
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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.

2.13 Equity instruments

Financial instruments issued by the Company 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.

Equity instruments issued by the Company are recorded at the proceeds received. Costs which are directly attributable to the issue of new shares, net of any taxes, are set off against share premium.

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

2 Significant accounting policies

(Continued)

2.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate. 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

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.

2.15 Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

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 16.

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.

2.16 Leases

Where substantially all of the risks and rewards incidental to ownership of a lease 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.

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

3 Critical accounting estimates 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:

Critical judgements

Recoverability of the exploration and evaluation assets

The most significant judgement 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.

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.

Key sources of estimation uncertainty

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 16 to the accounts.

Valuation of derivative financial liabilities

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 13. 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

4 Segmental 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. All Group's non-current assets are located 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 2016

	Corporate (Unallocated) US\$'000	Kun-Manie US\$'000	Total US\$'000
Administrative expenses	(3,406)	(362)	(3,768)
Finance income	4	-	4
Fair value gain on derivative financial asset	(2,007)	-	(2,007)
Loss for the year	(5,409)	(362)	(5,771)
Non-current assets	-	19,903	19,903
Inventories	-	756	756
Trade and other receivables	27	741	768
Cash and cash equivalents	8,054	145	8,199
Segment assets	8,081	21,545	29,626
Trade and other payables	(206)	(210)	(416)
Derivative financial liabilities	(3,295)	-	(3,295)
Rehabilitation provision	-	(166)	(166)
Segment liabilities	(3,501)	(376)	(3,877)
Segment net assets	4,580	21,169	25,749
Capital expenditure			
Property, plant and equipment	-	2,344	2,344
Exploration and evaluation	-	3,487	3,487

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

4 Segmental reporting

(Continued)

Reportable information as at 31 December 2015

	Corporate (Unallocated) US\$'000	Kun-Manie US\$'000	Total US\$'000
Administrative expenses	(3,915)	(199)	(4,114)
Finance income	2,224	-	2,224
Fair value gain on derivative financial asset	1,184	-	1,184
Loss for the year	(507)	(199)	(706)
Non-current assets	-	12,162	12,162
Inventories	-	512	512
Trade and other receivables	75	1,155	1,230
Cash and cash equivalents	8,261	1,352	9,613
Segment assets	8,336	15,181	23,517
Trade and other payables	(262)	(277)	(539)
Derivative financial liabilities	(370)	-	(370)
Rehabilitation provision	-	(139)	(139)
Segment liabilities	(632)	(416)	(1,048)
Segment net assets	7,704	14,765	22,469
Capital expenditure:			
Property, plant and equipment	-	569	569
Exploration and evaluation	-	2,192	2,192

The accounting policies of the reportable segment are the same as the Group's accounting policies described in note 2.

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.

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

5 Exploration and evaluation assets

	Exploration and evaluation assets US\$'000
Cost	
At 1 January 2015	11,783
Additions	2,192
Foreign currency adjustments	(2,462)
	<hr/>
At 31 December 2015	11,513
Additions	3,487
Foreign currency adjustments	2,167
	<hr/>
At 31 December 2016	17,167
	<hr/>
Accumulated depreciation	
At 31 December 2015	-
Charge for the year	-
Foreign currency adjustments	-
	<hr/>
At 31 December 2016	-
	<hr/>
Carrying amount	
At 31 December 2016	17,167
	<hr/>
At 31 December 2015	11,513
	<hr/>
At 1 January 2015	11,783
	<hr/>

Exploration and evaluation assets relate to the Group's mineral exploration licence, Kun-Manie and include the following costs capitalised during the year:

- Wages and salaries of US\$1,114,000 (2015: US\$721,000)
- Depreciation of US\$550,000 (2015: US\$114,000)
- Share based payment of US\$138,000 (2015: US\$439,000)
- Mining licence costs US\$nil (2015: \$323,000) for the one-off payment for the grant of the mining licence

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

6 Property, plant and equipment

	Office and computer equipment US\$'000	Heavy machinery US\$'000	Motor vehicles US\$'000	Total US\$'000
Cost				
At 1 January 2015	11	790	220	1,021
Additions	13	362	194	569
Foreign currency adjustments	(2)	(182)	(51)	(235)
At 31 December 2015	22	970	363	1,355
Additions	24	445	1,875	2,344
Foreign currency adjustments	6	233	246	485
At 31 December 2016	52	1,648	2,484	4,184
Accumulated depreciation and impairment				
At 1 January 2015	9	590	170	769
Charge for the year	2	69	43	114
Foreign currency adjustments	(2)	(136)	(39)	(177)
At 31 December 2015	9	523	174	706
Charge for the year	4	223	325	552
Foreign currency adjustments	2	124	64	190
At 31 December 2016	15	870	563	1,448
Carrying amount				
At 31 December 2016	37	778	1,921	2,736
At 31 December 2015	13	447	189	649
At 1 January 2015	2	200	50	252

7 Inventories

	2016 US\$'000	2015 US\$'000
Other materials and supplies	666	452
Fuel	90	60
	756	512

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

8 Other receivables

	Due within one year	
	2016 US\$'000	2015 US\$'000
Other receivables	-	45
VAT recoverable	224	267
Prepayments	544	918
	<u>768</u>	<u>1,230</u>

Other receivables are classified as loans and receivables and are therefore measured at amortised cost.

Prepayments represent prepayment and annual fees paid in advance under the normal course of business.

9 Financial assets - credit risk

The principle financials assets of the Group are bank balances and other receivables. The credit risk on liquid funds is limited because the counterparties are banks with credit ratings assigned by international credit rating agencies.

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

	Carrying value		Maximum exposure	
	2016 US\$'000	2015 US\$'000	2016 US\$'000	2015 US\$'000
Other debtors	-	45	-	45
Cash and cash equivalents	8,199	9,613	8,199	9,613
	<u>8,199</u>	<u>9,658</u>	<u>8,199</u>	<u>9,658</u>

The fair values of financial assets are considered to approximate to their book values due to their short term nature.

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

10 Derivative financial asset

In July 2013 the Company entered into financing arrangements with Lanstead Capital L.P. ("Lanstead") which included an equity swap price mechanism for 75% of shares issues. All of the voting rights were transferred on the date of the transition with consideration received over a 24 month period. The actual consideration receivable varied to the extent that the actual share price was greater or lower than the reference point. As the consideration was variable depending upon the Company's share price, the agreements were treated as a derivative financial asset and re-valued through the income statement with reference to the Company's share price.

In October 2015, the Company completed the Lanstead financing agreement. This provided 24 settlements for a total of US\$11.2m. In 2015 21 settlements were finalised totalling US\$10.8m as shown in the table below:

Level 2 fair value measurements

Lanstead instruments were deemed to be Level 2 derivative financial assets under the fair value hierarchy as fair value measures of these instruments are based on observable inputs derived from prices.

The movement in the fair values is shown in the table below:

	Notes	Derivative financial asset	
		2016 US\$'000	2015 US\$'000
At 1 January		-	7,381
Repayment		-	(10,789)
Finance income	18	-	2,224
Fair value movement		-	1,184
		<hr/>	<hr/>
At 31 December		-	-
		<hr/>	<hr/>

11 Trade and other payables

	Due within one year	
	2016 US\$'000	2015 US\$'000
Trade payables	261	328
Accruals	62	74
Social security and other taxation	49	-
Other payables	44	137
	<hr/>	<hr/>
	416	539
	<hr/>	<hr/>

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

12 Financial liabilities - Liquidity risk

The Group has to date funded 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:

	Carrying amount US\$'000	Contractual cash flows US\$'000	6 months or less US\$'000
At 31 December 2015			
Trade and other payables	539	539	539
	<u>539</u>	<u>539</u>	<u>539</u>
	<u>539</u>	<u>539</u>	<u>539</u>
At 31 December 2016			
Trade and other payables	367	367	367
	<u>367</u>	<u>367</u>	<u>367</u>
	<u>367</u>	<u>367</u>	<u>367</u>

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

13 Derivative financial liabilities

During the year the Company granted 72,586,729 new warrants (2015: 17,045,455) to Crede CG III Limited at a subscription price between 9.945 pence and 5.07 pence (2015: 14.3 pence) as part of an equity subscription agreement entered into on 14 December 2015 (note 15).

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 highest subscription price of the remaining outstanding warrants.

The movement in warrants during the year has been as follows:

	2016 Number	2015 Number
At 1 January	17,045,455	-
New issue of warrants	72,586,729	17,045,455
Exercise of warrants	(27,045,455)	-
At 31 December	<u>62,586,729</u>	<u>17,045,455</u>

As the warrants are exchangeable into variable number of shares they are accounted for as derivative financial liability at fair value through profit or loss. 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:

	2016	2015
Share price (pence)	10.23	7.78
Expected volatility	121%	85%
Option life (years)	2.50	4.96
Expected dividends	-	-
Risk free rate	<u>0.11%</u>	<u>1.38%</u>

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

13 Derivative financial liabilities

(Continued)

Level 3 fair value measurements

Warrants instruments have been deemed to be Level 3 liabilities under the fair value hierarchy as fair value measures of these liabilities are not based on observable market data.

The movement in their fair values is shown in the table below:

	Derivative financial liabilities	
	2016 US\$'000	2015 US\$'000
At 1 January	370	-
New issue of warrants	1,630	370
Fair value movements recognised through profit or loss	2,007	-
Exercise of warrants	(712)	-
At 31 December	3,295	370

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.

14 Reserves

Group reserves comprise the following:

Share capital

Amounts subscribed for share capital at proceeds received (note 15).

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.

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\$.

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 '*Share-based payment*'.

Retained deficit

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

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

15 Share capital		2016 Number	2015 Number
Ordinary share capital			
Authorised			
Ordinary shares of no par value		1,000,000,000	1,000,000,000
		2016 US\$'000	2015 US\$'000
Issued and fully paid			
594,683,617 (2015: 460,250,162) ordinary shares of no par value		60,293	54,093
Reconciliation of movements during the year:			
		Number	US\$'000
At 1 January 2015		431,151,334	48,949
Service providers	(f)	5,395,155	1,095
Employee options	(g)	976,400	257
Crede CG III Ltd - issue of equity	(h)	22,727,273	3,792
At 31 December 2015		460,250,162	54,093
Crede CG III Ltd - warrants conversion	(a)	22,033,235	370
Crede CG III Ltd - issue of equity	(b)	32,679,739	2,711
Crede CG III Ltd - warrants conversion	(c)	15,367,916	342
Crede CG III Ltd - issue of equity	(d)	64,102,565	2,762
Service providers	(e)	250,000	15
At 31 December 2016		594,683,617	60,293

(a) 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.

(b) 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 (US\$2.7 million) before expenses. The Company also issued warrants over 24,509,805 ordinary shares.

(c) On 19 May 2016, the Company, pursuant to the subscription agreement entered into with Crede CG III Ltd on 14 December 2015, converted all 10,000,000 warrants held by Crede using the Black-Scholes valuation method applicable to the agreement, for 15,367,916 new Ordinary Shares.

(d) 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 (US\$2.8 million) before expenses. The Company also issued warrants over 48,076,924 ordinary shares.

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

			(Continued)
15	Share capital	2016	2015

(e) On 8 December 2016, the Company raised £11,700 (US\$14,762) through the issue of 250,000 new Ordinary Shares to Jett Capital Advisors LLC, following the exercise of options at an exercise price of 4.68 pence per share.

(f) On the 7 January 2015 and 27 July 2015, the Company raised £311,000 (US\$470,000) and £410,000 (US\$625,000) respectively through the issue of 3 million new shares at a placing price of 10.25p per share and 2.4 million new shares at a placing price of 17p per share respectively to the Board of Directors, Executive staff and other service providers in lieu of compensation for services provided.

(g) On 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.

(h) 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.

16 Share-based payment transactions

Options granted

	Number of share options		Weighted average exercise price	
	2016	2015	2016 (pence)	2015 (pence)
Outstanding at 1 January	39,577,918	27,265,500	15.40	10.20
Granted	2,903,469	13,288,818	6.20	26.25
Exercised	(250,000)	(976,400)	4.68	11.00
Expired	(9,570,000)	-	12.68	-
Outstanding at 31 December	32,661,387	39,577,918	15.38	15.40
Exercisable at 31 December	32,661,387	30,491,433	12.40	12.40

The weighted average share price at the date of exercise for share options exercised during the year was 6 pence (2015 - 9 pence).

The options outstanding at 31 December 2016 had an exercise price ranging from 4.68 pence to 26.25 pence, and a remaining contractual life of 2.3 - 4.5 years.

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

16 Share-based payment transactions

(Continued)

During 2016, 980,392 options were granted on 17 March 2016 and 1,923,077 options were granted on 20 June 2016 to Jett Capital Advisors LLC, in lieu of services provided. The fair value of the options on the measurement date was US\$107,573 and US\$109,560 respectively, measured by reference to the fair value of services received.

During 2015, 13,288,818 options were granted to key management and personnel. The weighted average fair values of the options on the measurement date was US\$1,691,382. Fair value was measured using Black-Scholes Model.

Inputs were as follows:

	2016	2015
Weighted average share price (pence)	-	16
Weighted average exercise price (pence)	-	26.25
Expected volatility	-	97%
Expected life (years)	-	5
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\$712,240 (2015: US\$1,578,000), out of which US\$137,532 (2015: US\$439,000) was capitalised within Exploration and evaluation assets (note 5), and US\$217,132 (2015: US\$370,000) recognised in equity as costs directly associated with issue of equity.

Share for services

During 2016, no equity instruments other than warrants and option were granted.

During 2015, 5,395,155 of equity instruments were granted as consideration for services received. The value of shares issued at the measurement date was US\$1,096,000.

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

17 Operating loss

	2016 US\$'000	2015 US\$'000
Operating loss for the year is stated after charging:		
Employee costs, including Directors' fees	1,112	1,023
Net foreign exchange losses	1,357	13
Fees payable to the Company's auditors for the audit of the Group's financial statements	89	89
Depreciation of property, plant and equipment	2	-
Share-based payments (note 16)	358	1,139
	<u> </u>	<u> </u>

The average number of employees for the Group for the period to 31 December 2016 was 49 (2015: 40 employees).

18 Finance income

	Notes	2016 US\$'000	2015 US\$'000
Interest income			
Bank deposits		4	-
Finance income on Lanstead swap arrangement	10	-	2,134
		<u> </u>	<u> </u>
Total interest income		4	2,134
Exchange differences		-	90
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>
		4	2,224
		<u> </u>	<u> </u>

19 Income tax expense

	Continuing operations	
	2016 US\$'000	2015 US\$'000
Current tax - BVI corporation tax	-	-
Current tax - Russian corporation tax	-	-
	<u> </u>	<u> </u>
	-	-
	<u> </u>	<u> </u>

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

(Continued)

19 Income tax expense

The charge for the year can be reconciled to the loss per the income statement as follows:

	2016 US\$'000	2015 US\$'000
Loss before taxation	(5,771)	(706)
Expected tax charge based on the BVI corporation tax rate of 0%	-	-
Expenses not deductible in determining taxable profit	450	412
Income not taxable	(198)	(534)
Utilisation of tax losses not previously recognised	(213)	-
Unutilised tax losses carried forward	-	206
Effect of overseas tax rates	(39)	(84)
Tax charge for the year	-	-

During the exploration and development stages, the Group will accumulate tax losses which may be carried forward. As of 31 December 2016, the subsidiary in Russia had tax losses carried forward of:

	2016 US\$'000	2015 US\$'000
Tax losses carried forward	8,241	7,884
Potential deferred tax impact at the standard rate of corporation tax in Russia of 20%	1,648	1,577

The tax losses of the subsidiary in Russia are available for use over a 10-year period. The total available Russian subsidiary tax losses, translated to US Dollars at the rate prevailing at the reporting date, are as follows:

Date tax losses available to:	Available tax losses
31 December 2021	1,184
31 December 2022	462
31 December 2023	897
31 December 2024	4,667
31 December 2025	1,031
	8,241

On 23 May 2016, certain tax incentives for regional investment projects in excess of US\$5m were introduced in Russia. Although assessed on project by project basis, this could reduce the Group's future regional profit tax to 0% - 10% for the first 10 years of production.

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

20 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 95.3 million (2015: 56.6 million) of potential ordinary shares have therefore been excluded from the following calculations:

	2016 US\$'000	2015 US\$'000
Number of shares		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	547,940,724	436,576,884
Net loss for the year from continued operations attributable to equity shareholders	(5,771)	(706)
Loss per share for continuing operations		
Basic and diluted earnings per share	US\$(0.011)	US\$(0.002)

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

21 Directors' remuneration

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

	Salaries US\$'000	Fees US\$'000	2016 Total US\$'000	Salaries US\$'000	Fees US\$'000	2015 Total US\$'000
Executive Directors						
Robin Young	316	-	316	297	-	297
Non-Executive Directors						
Robert Schafer	-	61	61	-	57	57
Brian Savage	-	86	86	-	49	49
Paul Gazzard	-	13	13	-	-	-
	316	160	476	297	106	403

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:

Shares held			Robin Young	Robert Schafer	Brian Savage	Paul Gazzard
At 1 January 2015			1,771,336	250,622	181,383	-
Additions			-	-	-	-
At 31 December 2015			1,771,336	250,622	181,383	-
Additions			-	-	-	-
At 31 December 2016			1,771,336	250,622	181,383	-
Options held			Robin Young	Robert Schafer	Brian Savage	Paul Gazzard
Exercise price	Exercise dates					
£0.12675 (US\$0.16)	18.04.11- 18.04.16		3,600,000	2,400,000	1,600,000	-
£0.087 (US\$0.10)	23.04.13- 23.04.18		7,800,000	1,950,000	1,950,000	-
£0.2625 (US\$0.32)	27.07.15- 27.07.20		3,301,000	748,000	635,000	-
At 1 January 2016			14,701,000	5,098,000	4,185,000	-
Options expired / lapsed	£0.12675 (US\$0.16)	18.04.11- 18.04.16	(3,600,000)	(2,400,000)	(1,600,000)	-
Options granted	£0.2625 (US\$0.32)	19.09.16- 27.07.20	-	-	-	338,000
At 31 December 2016			11,101,000	2,698,000	2,585,000	338,000

US\$ exercise prices are shown for indicative purposes only, calculated at 31 December 2016 exchange rates.

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

22 Financial and capital risk management

The Group is exposed to risks that arise from its use of financial instruments and capital management.

The main purpose of financial instruments is to raise and utilise finance in the Group's operations.

The main risks arising from the Group's financial instruments are credit risk (note 9), liquidity risk (note 12), interest risk, and currency risk.

The Directors review and agree policies for managing these risks and these are summarised below.

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 2016 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 2015.

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).

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 2016 the Group had on deposit approximately US\$1,407,000 in GBP (2015: US\$8,216,000) and US\$21,000 in Rouble (2015: US\$19,000) 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
	US Dollar 2016 US\$'000	Russian Rouble 2016 US\$'000	2016 US\$'000
Currency of net monetary assets/liabilities			
US Dollar	6,539	143	6,682
Pound Sterling	1,290	-	1,290
Russian Rouble	19	18	37
At 31 December	<u>7,848</u>	<u>161</u>	<u>8,009</u>

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

22 Financial and capital risk management

(Continued)

	Functional currency		Total
	US Dollar	Russian Rouble	
	2015 US\$'000	2015 US\$'000	2015 US\$'000
Currency of net monetary assets/liabilities			
US Dollar	1,346	-	1,346
Pound Sterling	8,032	-	8,032
Russian Rouble	-	(259)	(259)
At 31 December	9,378	(259)	9,119

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.

	2016 US\$'000	2015 US\$'000
Pound Sterling 10% weakening against US Dollar	198	675
Pound Sterling 10% strengthening against US Dollar	(73)	(960)
Pound Sterling 20% weakening against US Dollar	333	1,777
Pound Sterling 20% strengthening against US Dollar	(208)	(1,492)

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.

Capital risk

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.

23 Commitments

	2016 US\$'000	2015 US\$'000
Capital commitments		
Contracted for but not provided in the financial statements:		
Acquisition of property, plant and equipment	484	-

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.

AMUR MINERALS CORPORATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

24 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are considered to be the Directors and senior management, is set out below in aggregate for each of the categories specified in IAS 24 '*Related Party Disclosures*'.

	2016 US\$'000	2015 US\$'000
Short-term employee benefits	1,106	1,039
Share-based payments	406	1,253
	<u>1,512</u>	<u>2,292</u>

US\$194,000 (2015: US\$201,000) of the short-term employee benefits amount and US\$88,000 (2015: US\$279,000) of the share-based payments amount related to key management personnel were capitalised within exploration and evaluation assets.

The fees of US\$316,000 (2015: US\$297,000) in respect of Robin Young's director services are paid to Western Services Engineering Inc., a company of which he is also a director and a shareholder. At the reporting date US\$37,000 (2015: US\$nil) of the amount remained outstanding.

There were no other related party transactions in the current or preceding years.

25 Events after the reporting date

On 6 January 2017 the Company appointed Mr Lou Naumovski to the Board as a Non-Executive Director, effective 2 January 2017.

On 12 January 2017 the Company issued 500,000 new ordinary shares to Jett Capital Advisors LLC following the exercise of warrants at an exercise price of 4.68 pence per new ordinary share.

On 30 January 2017 the Company issued 500,000 new ordinary shares to Jett Capital Advisors LLC following the exercise of warrants at an exercise price of 4.68 pence per new ordinary share.