Amur Minerals

AMUR MINERALS CORPORATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

AMUR MINERALS CORPORATION

CORPORATE DIRECTORY

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Auditors	BDO LLP 55 Baker Street London W1U 7EU United Kingdom
Nominated adviser and broker	S. P. Angel Corporate Finance LLP Prince Fredrick House 35 – 39 Maddox Street London W1S 2PP United Kingdom
Legal advisers	Maples and Calder PO Box 173 Sea Meadow House Road Town Tortola British Virgin Islands Bryan Cave Leighton Paisner (Russia) LLP Capital City Complex Moscow City Business Centre 8 Presnenskaya Nab. Bldg. 1 Moscow 123100 Russian Federation
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AMUR MINERALS CORPORATION

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AMUR MINERALS CORPORATION

CHAIRMAN'S STATEMENT

Dear Shareholder,

It is with pleasure that I take this opportunity to present shareholders of Amur Minerals Corporation ("Amur" or the "Company") with the 2019 operational and financial results.

2019 Highlights:

- Completion of the Pre-feasibility Study ("PFS")
- Commencement of the Permanent Conditions TEO ("TEO")
- Board and executive management restructuring

Pre-feasibility Study

In February 2019 the Company completed its PFS. This is a significant milestone that reinforces the Kun-Manie's technical and economic viability. The PFS is a document of some 650 pages with a sizable dataroom that supports our interactions with third parties who are assisting us in technical areas or who require more detailed information on the project. Access to the PFS and dataroom is only granted under non-disclosure agreements.

PFS Highlights:

- JORC Mineral Resource Estimate of 155.1 million ore tonnes
- Nickel equivalent grade of 1.02% equating to 1.58 million equivalent tonnes of nickel metal
- Production from 4 open pits and 1 underground operation
- Two production scenarios – toll smelt and low-grade matte
- C1 costs within the second lower quartile for nickel producers
- Toll smelt – estimated US$3.87 per pound of payable nickel
- Low-grade matte – estimated US$2.34 per pound including additional by-product revenues
- Pre-production capital expenditure
- Toll smelt - US$570.4 million with a payback period of 3 years
- Low-grade matte - US$695.0 million with a payback period of 3 years
- Using US$8 per pound nickel and 10% discount rate
- Toll smelt – NPV US$614.5 million, IRR 29.3%
- Low-grade matte – NPV US$987.4 million, IRR 34.7%

The PFS also provided the platform for planning the work programme for the TEO report. This independently compiled Russian feasibility report is a mandatory study due in December 2020 which will allow the Company to proceed to the next stage of development.

Permanent Conditions TEO

Planning work for the TEO began early in the year and required a detailed review of the TEO inputs and the standards that those inputs need to be at. With assistance from OOO Oreol ("Oreol"), a Moscow based and TEO experienced company, the Company developed the work programme. The 2019 undertakings of this work programme included:

- a wholesale review and packaging of the Company's existing data for handover to Oreol.
- a review by Russian certified and independent laboratories of the 2015 to 2018 QAQC programmes. This is a function required to meet the Russian State Committee on Reserves ("GKZ") requirements.
- completion of an independent Hydrological assessment which established that a more than sufficient water supply is available to support the project.

- completion of an independent Rock Mechanics assessment confirming that open pit operations can be successfully implemented at the Maly Kurumkon / Flangovy and Vodorazdelny deposits, and at the area identified as ISK (the now continuous orebody from Ikenskoe / Sobolevsky through Kubuk).
- completion of the Base Line Environmental assessment which defined line preproduction environmental setting and conditions. This is an integral part of the environmental quality management system and the related controls for monitoring the impacts of the planned mining operation at Kun- Manie.

The Company also engaged Gipronickel to oversee the objectives and undertakings of the metallurgical test work and subsequent flowsheet design. As part of this metallurgical programme, they assessed the potential to produce a separate copper concentrate only.

Looking forward the studies being worked on in 2020 involve:

- Mining - identifying the preferred mine plan and production schedule for reporting of the GKZ approved reserves.
- Flowsheet - establishing the final metallurgical flowsheet providing a blueprint for the processing plant and tailings storage facilities.
- Concentrates - the potential of generating individual nickel and copper concentrate streams and the composition of final concentrates and recoveries.
- Economics - updating the economic assessment of Kun-Manie based on newly generated information contained within the TEO.
- Provision of non-binding indicative offtake terms

The various components of the TEO completed on behalf of the Company will be used to update relevant sections of the Pre-Feasibility Study ("PFS").

Board and Executive Management Restructuring

As the Company moves forward and beyond the exploration stage of the project, the Board recognised that new skillsets and experience were required to address project financing and potential transaction opportunities. The search for the appropriately qualified persons began in early 2019 and at the same time some roles within the executive management team began to wind down.

In August 2019 we welcomed Mr. Tom Bowens to the Board as a non-executive Director. As President and CEO of IG Copper, Tom's successful development and sale of the Malmyzh copper gold project for US$200 million, highlights his accomplishments within Russia. His knowledge of completing M&A activities of this scale and in this region will contribute to the Company as it continues to engage with potential strategic partners to assist in advancing the Kun-Manie nickel copper project.

In February 2020, Mr. Adam Habib was appointed as Advisor to the Board on transactions and corporate development. As an experienced senior banker with a combined 17 years of experience in investment banking (Credit Suisse, Lehman Brothers and recently ICBC Standard Bank) with a proven track record in the energy, mining and infrastructure industries. Adam's extensive relationships across the banking and mining industry will enhance the Company's contacts and are expected to be of significant additional value to Amur.

As at the time of writing the executive management team consists of Mr. Robin Young, and Mr. Paul McKay. Mr. Adam Habib is an Advisor to the Board who has responsibility for advancing funding activities and establishment of strategic partnerships.

Financial Overview

As at 31 December 2019 the Company had cash reserves of US$0.4 million, down from the US$1.3 million at the start of 2019 and remains debt free.

In February 2019 the Company restructured the convertible loan facility that it had entered into in February 2018. The outstanding US$1.2 million of the initial advance had its maturity date extended by 12 months and the Company drew down a further US$0.5 million (net of implementation fee). A further 10.9 million warrants with an exercise price of 3.76 pence per share were issued to the investors as part of this restructuring and second draw down. During 2019, 71.9 million new ordinary shares had been issued by the Company in settlement of US$1.7 million in principal and accrued interest. On 18 November 2019 the Company repaid in full the balance (US $853,000) of the outstanding loan.

In March 2019 the Board and executive management completed the 12 month share purchase program entered into in April 2018. Under this program the Board and executive management had purchased 1.57 million shares in the open market.

On 27 August 2019, non-executive Director Mr. Tom Bowens subscribed for 7.5 million new ordinary shares at a price of 2.165 pence per share for a total of £163,000. On 2 December 2019 certain Directors and executive management subscribed for 9.52 million new ordinary shares at a price of 2.06 pence per share for a total of £195,000 in part satisfaction of unpaid salaries and fees.

In 2019, the Company spent US$0.5 million on exploration costs (2018: US$2.0 million) mostly in relation to the TEO work program. In 2019 the Company spent US$1.9 million on other operating costs (2018: US$2.6 million) with a significant proportion of this reduction due to the executive management restructuring.

The Company reported a loss for the year ended 31 December 2019 of $2.3 million, down from $3.3 million for 2018. This is attributable to a reduction in administrative expenses of $170,000 and a reduction in finance costs of $420,000. Additionally, the Company reports a fair value gain of $342,000 in 2019 on derivative financial instruments.

The Directors have reviewed the Group’s cash flow forecast for the period to 31 December 2021 and note that the Group’s ability to continue advancing its exploration and evaluation work program to Bankable Feasibility Stage (“BFS”) is dependent on its ability to raise additional financing either through share placings with new partners or combination of debt and equity financing from financial institutions. The Directors are currently in negotiations with a number of parties in respect of raising further funds. Whilst progress is being made on a number of potential transactions which would provide additional funding to the Group, there are no binding agreements in place.

Covid-19

Since the start of January 2020, Covid-19 has created significant disruption to the global markets and economies, including Russia. In order to keep safe its personnel, the Company has put in place special measures to protect its workforce while at the same time ensuring business continuity. Prior to the outbreak, the Company had the facilities in place to allow remote working for most members of staff. This capability has been enhanced to ensure that the Company can now operate effectively over an extended period of time without requiring regular access to physical offices. The Company maintains close contact with its contractors working on the Permanent Conditions TEO as they also put in place procedures to work effectively over the coming months in order to ensure that these projects are delivered within their original schedules. As an additional assurance to shareholders, the Russian Federation subsoil law does allow for extensions to filing dates. However, the Company does not believe that an application for an extension is necessary at this point in time.

As of the date of this report, Covid-19 has created a lot of uncertainty and disruption in the financial markets. The Company has not seen any negative impact of Covid-19 on its ability raise funds, having completed equity placements in April 2020 of £750,000 and May 2020 of £500,000. However, the Directors are cognitive that conditions in the financing market is changeable and will continue to monitor developments.

Outlook

The Company is fully focused on the completion of the TEO/BFS and have undertaken considerable work during 2019. A good start has been made and there are some high value outputs to be expected in 2020, namely:

- Updated resource and reserves, incorporating results from the highly successful 2018 field season. The Company expects that this will substantially increase the current JORC mineral resource estimate of 155.1 million ore tonnes.
- Optimised mine scheduling. The Company expects that this will substantially increase the open pit potential.
- Copper concentrate metallurgical test work. Should a separate copper only concentrate be achievable the increased market payability for both the copper and nickel streams will substantially increase the project economics.
- Updated economic model incorporating the impact of the points above.

The Company has developed a strategy for the compilation of the Bankable Feasibility Study (BFS). It is envisaged that the funding will be principally through debt, with a further component funded through equity and / or a supporting investment from an offtake partner. In addition, the Company is actively seeking to invest in mining opportunities in the near future that are either near cash flow or are already in production in established mining jurisdictions. The objective for this strategy is to provide revenue streams to fund the Company's corporate activities through the BFS and beyond.

Lastly, I would like to thank our hard working and dedicated staff in Khabarovsk, many of whom have been with us from the beginning. Their knowledge and understanding of the Kun-Manie project has been critical to the success of getting the Company to its current position.

On behalf of the board

Mr R Schafer
Non-Executive Chairman
25 June 2020

CORPORATE GOVERNANCE

Dear Shareholders,

As Chairman of the Company, I firmly believe that strong corporate governance helps provide the building blocks that allow an organisation to be successful. The Board is committed to good governance across the business, at executive level and throughout its operations. In March 2018, the Company adopted The Quoted Companies Alliance Corporate Governance Code 2018 (the "QCA Code" or the "Code").

The Board not only sets expectations for the business but also works towards ensuring that strong values are set and carried out by the Directors across the business. The Board strives to ensure that the objectives of the business, the principles and risks are underpinned by values of good governance throughout the Company.

The importance of engaging with our shareholders is key to the success of the business, and the Board strives to ensure that there are numerous opportunities for investors to engage with both the Board and executive team.

Mr R Schafer
Non-Executive Chairman
25 June 2020

Set out below are the 10 key principals of the QCA code adopted by Amur. In addition to the details provided below, governance disclosures can be found on the Company's website at https://amurminerals.com/corporate-governance-code/.

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

The Board has concluded that the highest medium and long-term value can be delivered to shareholders through the continued development of the Kun-Maine sulphide nickel deposit located in the far east of Russia. The Company will continue to develop the project to increase its value whilst simultaneously looking for suitable strategic partners who can assist in bringing the project to production.

Principle 2: Seek to understand and meet shareholder needs and expectations

The Company remains committed to listening and communicating openly with its shareholders to ensure that its strategy, business model and performance are clearly understood and communicated. Understanding what analysts and investors think about us, and in turn, helping these audiences understand our business, is a key part of driving our business forward and we actively seek dialogue with the market. We do so via investor roadshows, attending investor conferences, maintaining regular updates on the Companys FAQ page and our regular reporting.

Amur is committed to providing full and transparent disclosure of its activities via the Regulatory News Service (RNS) of the London Stock Exchange. Company announcements are also available on the Company's website. Amur has an active and effective investor relations programme that includes institutional road-shows and presentations, effective Annual General Meetings with presentations to shareholders and a high level of disclosure of the Company's activity to its shareholders.

In addition, all shareholders are encouraged to attend the Company's Annual General Meeting and investors have access to current information on the Company through its website (www.amurminerals.com) and via the info@amurminerals.com email address. The company also retains the services of Blytheweigh as PR advisor.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises that the long term success of the Company is reliant upon the efforts of the employees of the Company and its contractors, suppliers, regulators and other stakeholders. The Board has put in place a range of processes and systems to ensure that there is close oversight and contact with its key resources and relationships.

The Company has staff dedicated to ensuring that it has active relationships with local communities who are within the vicinity of its operations to understand their concerns and expectations thereby seeking to ensure a mutually beneficial co-operation for both sides. The Company is subject to oversight by a number of different governmental and other bodies who directly or indirectly are involved with the licencing and approval process of exploration and mining operations in Russia. The Company makes all reasonable efforts, directly or through its advisers, to engage in and maintain active dialogue with each of these governmental bodies, to ensure that any issues faced by the Company, including but not limited to regulations or proposed changes to regulations, are well understood and ensuring to the fullest extent possible that the Company is in compliance with all appropriate regulation, standards and specific licencing obligations, including environmental, social and safety, at all times.

The Company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company, and the Board is regularly updated on wider stakeholder insights into issues that matter to them and the business to enable the Board to understand and consider these issues in decision making.

The Board recognises that our employees are one of our most important stakeholder groups.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

Financial controls
The Company has an established framework of internal financial controls, the effectiveness of which is regularly reviewed by the Executive Management, the Audit Committee and the Board in light of an ongoing assessment of significant risks facing the Company.

- The Board is responsible for reviewing and approving overall Company strategy, approving revenue and capital budgets and plans, and for determining the financial structure of the Company including treasury, tax and dividend policy. Monthly results and variances from plans and forecasts are reported to the Board.
- The Audit Committee assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, and operational and financial controls, including the review of results of work performed by the Group controls function.
- There are comprehensive procedures for budgeting and planning, for monitoring and reporting to the Board business performance against those budgets and plans, and for forecasting expected performance over the remainder of the financial period. These cover cash flows, capital expenditure and balance sheets. Monthly results are reported against budget and compared with the prior year, and forecasts for the current financial year are regularly revised in light of actual performance.
- The Company has a consistent system of prior appraisal for investments, overseen by the Chief Financial Officer and Chief Executive Officer, with defined financial controls and procedures with which each business area is required to comply in order to be granted investment funds for development.

Non-financial controls
The Board recognises that maintaining sound controls and discipline is critical to managing the downside risks to our plan. The Board has ultimate responsibility for the Group's system of internal control and for reviewing its effectiveness. However, any such system of internal control can provide only reasonable, but not absolute, assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group.

The principal elements of the Group's internal control system include:

- Close management of the day-to-day activities of the Group by the Executive Directors
- An organisational structure with defined levels of responsibility, which promotes entrepreneurial decision-making and rapid implementation while minimising risks
- A comprehensive annual budgeting process producing a detailed integrated profit and loss, balance sheet and cash flow, which is approved by the Board
- Detailed monthly reporting of performance against budget
- Central control over key areas such as capital expenditure authorisation and banking facilities

The details of the Group's principal risks and controls to mitigate them are outlined on pages 12 - 15.

Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chairman

The Board comprises the Non-Executive Chairman, one Executive Director and three Non-Executive Directors. The Board of Amur is supported by two members of the senior management team. The details and background of the members of the Board and senior management can be found on the Company's website at https://amurminerals.com/management-team/.

The Board is satisfied that it has a suitable balance between independence on the one hand, and knowledge of the Company on the other, to enable it to discharge its duties and responsibilities effectively. All Directors are encouraged to use their independent judgement and to challenge all matters, whether strategic or operational. The following Directors are considered to be independent Directors:

- Robert Schafer (Non-Executive Chairman)
- Brian Savage (Non-Executive Director)
- Paul Gazzard (Non-Executive Director)
- Tom Bowens (Non-Executive Director)

The Board has established an Audit Committee and a Remuneration Committee, particulars of which appear hereafter. The Board has agreed that appointments to the Board are made by the Board as a whole. The Non-Executive Directors are considered to be part time but are expected to provide as much time to the Company as is required. The Board considers that this is appropriate given the Company's current stage of operations. It shall continue to monitor the need to match resources to its operational performance and costs and the matter will be kept under review going forward. The Board notes that the QCA recommends a balance between executive and non-executive Directors and recommends that there be two independent non-executives. The Board shall review further appointments as scale and complexity grows.

Attendance at Board and Committee Meetings
The Company shall report annually on the number of Board and committee meetings held during the year and the attendance record of individual Directors. In order to be efficient, the Directors
meet formally and informally both in person and by telephone.

Key Board activities this year included:

- Discussing strategic priorities
- Continue dialogue with the investment community
- Discussing the Company's capital structure and financial strategy
- Discussing internal governance processes
- Discussing the Company's risk profile

Directors' conflict of interest
The Company has effective procedures in place to monitor and deal with conflicts of interest. The Board is aware of the other commitments and interests of its Directors, and changes to these commitments and interests are reported to and, where appropriate, agreed with the rest of the Board.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience required for the Company. Biographies of the directors are available on the Company's website. All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings.

The Board recognises that it currently has limited diversity and this will form a part of any future recruitment consideration if the Board concludes that replacement or additional directors are required. The Board will also review annually the appropriateness and opportunity for continuing professional development whether formal or informal.

Appointment, removal and re-election of Directors
The Board makes decisions regarding the appointment and removal of Directors, and there is a formal, rigorous and transparent procedure for appointments. The Company's Articles of Association require that one-third of the Directors must stand for re-election by shareholders annually in rotation; that all Directors must stand for re-election at least once every three years; and that any new Directors appointed during the year must stand for election at the AGM immediately following their appointment.

Independent advice
All Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. In addition, the Directors have direct access to the advice and services of the Company Secretary and Chief Financial Officer.

Principle 7: Evaluate the Board performance based on clear and relevant objectives, seeking continuous improvement

The Board has determined that it shall itself be responsible for assessing the effectiveness and contributions of the Board as a whole, its committees (which currently comprise the Audit Committee, the Remuneration Committee) and individual directors. The size of the Board allows for open discussion and the Chairman has regular dialogue with the Chief Executive whereby the Board's role and effectiveness can be considered. The Chief Financial Officer also has regular dialogue with the Head of the Audit Committee whereby that Committee's effectiveness can be considered.

Internal evaluation of the Board, the Committee and individual Directors is to be undertaken on an annual basis in the form of peer appraisal and discussions to determine the effectiveness and performance of the Directors and their continued independence. No formal assessments have been prepared however the Board will keep this matter under review and especially if either the size of the Board or the number of committees increases which in turn may require a more formalised assessment and evaluation process to be established to ensure continued effectiveness.

Principle 8: Promote a culture that is based on ethical values and behaviours

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that Amur delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

A large part of Amur's activities is centred upon what needs to be an open and respectful dialogue with employees, clients and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge.

Additionally, the Company has adopted a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

Maintenance of Governance Structures and Processes
Ultimate authority for all aspects of the Company's activities rests with the Board, the respective responsibilities of the Chairman and Chief Executive Officer arising as a consequence of delegation by the Board. The Board has adopted appropriate delegations of authority which set out matters which are reserved to the Board. The Chairman is responsible for the effectiveness of the Board, while management of the Company's business and primary contact with shareholders has been delegated by the Board to the Chief Executive Officer.

Audit Committee
The Audit Committee currently comprises Brian Savage and Robert Schafer. This committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported. It receives reports from the executive management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee shall meet not less than twice in each financial year and it has unrestricted access to the Company's auditors.

Remuneration Committee
The Remuneration Committee comprises Brian Savage and Robert Schafer. The Remuneration Committee reviews the performance of the executive directors and employees and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also considers and approves the granting of share options pursuant to the share option plan and the award of shares in lieu of bonuses pursuant to the Company's Remuneration Policy.

Nominations Committee
Given the size and complexity of Amur, the Board has agreed that appointments to the Board will be made by the Board as a whole and so has not created a Nominations Committee.

Non-Executive Directors
At each Annual General Meeting one third of the directors must retire by rotation, whereupon they can offer themselves for re-election if eligible. The Board evaluates its performance and composition on a regular basis and will make adjustments as and when indicated. When assessing the independence of each Non-Executive Director, length of service is one of the considerations. The Board will when assessing new appointments in the future consider the need to balance the experience and knowledge that each independent director has of the Company and its operations, with the need to ensure that independent directors can also bring new perspectives to the business.

Executive Team
The Executive Team consists of Robin Young and Paul McKay with input from the subsidiary managers and teams. They are responsible for formulation of the proposed strategic focus for submission to the Board, the day-to-day management of the Group's businesses and its overall trading, operational and financial performance in fulfilment of that strategy, as well as plans and budgets approved by the Board of Directors. It also manages and oversees key risks, management development and corporate responsibility programmes. The Chief Executive Officer reports to the Corporation Board on issues, progress and recommendations for change. The controls applied by the Executive Team to financial and non-financial matters are set out earlier in this document, and the effectiveness of these controls is regularly reported to the Audit Committee and the Board.

Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. The outcomes of all votes will be disclosed in a clear and transparent manner via the RNS of the London Stock Exchange.

Investors also have access to current information on the Company through its website, www.amurminerals.com, and via the info@amurminerals.com email post questions that are incorporated into the FAQ page of the Company's website. The Company lists contact details on its website and on all announcements released via RNS, should shareholders wish to communicate with the Board.

The Company shall include, when relevant, in its annual report, any matters of note arising from the audit or remuneration committees.

The Board

The Board is comprised of the non-executive chairman, three non-executive directors and a Chief Executive Officer ("CEO"). The Board has significant industry, financial, public markets and governance experience, possessing the necessary mix of experience, skills, personal qualities and capabilities to deliver on the Group's strategy for the benefit of shareholders over the medium to long-term.

The Chairman has the responsibility of ensuring that the Board discharges its responsibilities and is also responsible for facilitating full and constructive contributions from each member of the Board in determination of the Group's strategy and overall commercial objectives. The Board is responsible for the overall management and performance of the Group and operates within a framework of prudent and effective controls which enables risk to be assessed and managed.

The CEO leads the business with the support of a strong executive team ensuring that the strategic and commercial objectives are met. They are accountable to the Board for the operational and financial performance of the business.

The Board as a whole is kept abreast with developments of governance and AIM regulations. The Company's lawyers provide updates on governance issues and the Company's NOMAD provides updates on listing regulations as well training as part of a director's onboarding

The directors have access to the Company's NOMAD, company secretary, lawyers and auditors and are able to obtain advice from other external bodies as and when required. The 2019 performance of the business and its staff will be measured across both financial and operational functions and is captured in a corporate scorecard. The scorecard is made up of various KPIs and is tracked throughout the year.

Matters Reserved for the Board

The Board retains full and effective control over the Group and is responsible for the Group's strategy and key financial and compliance issues. There are certain matters that are reserved for the Board which are reviewed on an annual basis, and they include but are not limited to:

- **Strategy and Management** – approval of strategic aims and objectives; approval of the Group's annual operating and capital expenditure budgets and changes; decision to cease to operate all or any material part of the Group's business;
- **Structure and Capital** – major changes to the Group's corporate structure; any change to the Company's listing;
- **Financial Reporting and Controls** – approval of: financial results; annual reports and accounts; dividend policy and declaration of any dividend; significant changes in accounting policies/practice; treasury policies;
- **Internal Controls** – ensuring maintenance of a sound system of internal control and management;
- **Contracts** – major capital contracts; contracts which are material or strategic; major investments or any acquisitions/disposals;
- **Communications** – approval or resolutions and documentation put forward to shareholders;
- **Board Membership and Other Appointments;**
- **Remuneration** – determining the remuneration policy for directors, senior execs and non-executive directors, introduction of new share incentive plans, changes to existing plans;
- **Corporate Governance Matters** – review of the Group's overall corporate governance arrangements;
- **Policies** – approval of Group policies, including the share dealing code;

Board Evaluation

The directors consider seriously the effectiveness of the Board, its Committees and individual performance.

The Board generally meets formally five times a year with ad hoc Board meetings as the business demands. There is a strong flow of communication between the directors, and in particular between the CEO and Chairman. Board meeting agendas are set in consultation with both the CEO and Chairman, with consideration being given to both standing agenda items and the strategic and operational needs of the business. Comprehensive board papers are circulated in advance of meetings, giving directors ample time to review the documentation and enabling an effective meeting. Resulting actions are tracked for appropriate delivery and follow up. The directors have a broad knowledge of the business and understand their responsibilities as directors of a UK company quoted on AIM and developing appropriate corporate governance procedures and looking forward to building further on the governance structure already in place.

The Company's Nomad provides annual boardroom training as well as initial training as part of a director's onboarding. The Company Secretary helps keep the Board up-to-date with developments in corporate governance and liaises with the Nomad on areas of AIM requirements. The Company Secretary has frequent communication with both the Chairman and CEO and is available to other members of the Board as required. The directors also have access to the Company's auditors and lawyers as and when required, and the directors are able, at the Company's expense, to obtain advice from other external advisers if required.

The Board entered 2019 looking forward to building further on the governance structure already in place. Whilst being mindful of the size and stage of development of the Company, the board reviews and ensures the highest level of governance is maintained.

OPERATING RISKS AND UNCERTAINTIES

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

The Group's licences
The Group's activities are dependent upon the grant and renewal of appropriate licences, permits and regulatory consents. The Group's Exploration and Mine Production licence is valid until 1 July 2035 and 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 Group's licences are regulated by the Russian governmental agencies and contain a range of obligations, failure to comply with which could result in additional costs, penalties being levied or the suspension or revocation of the licence. This would have a material adverse impact on the Group.

Mitigation: management closely monitor compliance with the terms of the Group's licences and utilises the legal services of Bryan Cave Leighton Paisner who review all documentation and filings 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.

Mitigation: the scale of the project mandates that all work is 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 confirmed the results of Company work.

Project work is 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.

Mitigation: 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.

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.

Mitigation: 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.

Financial risks
The Group operates as a natural resources exploration and development group. To date, it has not earned significant revenues and is considered to be in the final stages of exploration and evaluation activities of its Kun-Manie project. It is therefore reliant on raising additional financing through share placings with new partners or combination of debt and equity financing from financial institutions. The Group may not be able to raise additional funds that will be required to support the development of its projects and any additional funds that are raise may cause dilution to existing shareholders.

Mitigation: the Company maintains a close monitoring of its projected cash requirements and Directors are in regular negotiations with various parties in respect of raising further funds to ensure sufficient funding is available as and when required.

Business disruption due to Covid-19
The current situation surrounding Covid-19 global pandemic represents significant uncertainty for the mining industry. The potential impact could include operational disruptions due to Government restrictions, staff absences and supply chain delays as well as disruptions to key partners and capital markets.

Mitigation: While the Company has seen little direct impact from Covid-19 pandemic, management have focused on implementing measures to ensure safety of employees and contractors, and to prepare business to face potential challenges that could emerge. These include, amongst other things: following Government's guidelines in all jurisdictions the Company operates, communicating precautionary measure to staff to prevent the spread of the virus, enabling remote working, exploring available liquidity options, implementing business continuity measures.

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.

Mitigation: 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 US$7.95 per pound and is US$3.35 per pound for copper. All study work currently utilises prices of US$8 and US$3 for nickel and copper respectively.

Political and economic risks
Most of Group's assets and operations are based in Russia and are subject to Russian federal and regional laws and regulations. Russian legal and regulatory regime is still undergoing a substantial transformation and is subject to frequent changes and interpretations. Amendments to current laws and regulations governing the Group's operating activities or more stringent implementation or interpretation of these laws and regulations could have a material adverse impact on the Group.

Additionally, Russian Federation is currently subject to sanctions imposed by various countries, prolonging and tightening of which could have an impact on the Group's operations.

Mitigation: the Company utilises its Moscow based legal representatives of Bryan Cave Leighton Paisner to continuously monitor the situation regarding sanctions and conduct 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.

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

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

Mitigation: 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 the 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. The Prefeasibility Study incorporates the construction of the access road into the initial capital expenditures.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors are responsible for preparing the financial statements and have, as required by the AIM Rules of the London Stock Exchange, elected to prepare the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union in order to give a true and fair view of the state of affairs of the Group and of its profit or loss for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping records that are sufficient to show and explain the Group’s transactions and will, at any time, enable the financial position of the Group to be determined with reasonable accuracy. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps to prevent and detect fraud and other irregularities and for the preparation of any additional information accompanying the financial statements that may be required by law or regulation.

Website publication
The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company’s website in accordance with legislation in the British Virgin Islands 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 R Young	Mr B Savage
Director	**Director**
25 June 2020	25 June 2020

REMUNERATION COMMITTEE REPORT

Dear Shareholders,

I am pleased to present this report on behalf of the Remuneration Committee and to report on progress made by the Committee during the year. Throughout 2019 the Committee has focused on how best to align reward with results and specifically how to incentivise our people to act like business owners.

Remuneration Policy and Aims of the Remuneration Committee

Our overall aim is to align employee remuneration with the successful delivery of long-term shareholder value. We have adopted three key principles to enable us to achieve this goal:

- To offer competitive salary packages that attract, retain and motivate highly-skilled individuals;
- To align remuneration packages with performance related metrics that mirror our long-term business strategy; and,
- To encourage accountability in the workplace and link reward with success.

The Group currently operates the following remuneration framework:

- Annual salary and associated benefits such as paid holiday;

The Remuneration Committee consists of myself as the Chairman together with one other independent Non-Executive Directors, Brian Savage. The Committee aims to meet at least once each year and its key responsibilities include reviewing the performance of senior staff, setting their remuneration and determining the payment of bonuses.

The Chief Executive Officer and Chief Financial Officer are invited to attend meetings of the Committee, but no Director is involved in any decisions relating to their own remuneration. None of the Committee has any personal financial interest (other than as shareholders), conflicts of interests arising from cross-directorships, or day-to-day involvement in running the business.

Terms of reference

The terms of reference of the Remuneration Committee are set out below.
Determine and agree with the Board the Company's overall remuneration policy and monitor the efficacy of the policy on an ongoing basis;

- Determine and agree with the Board the remuneration of the Executive Directors and senior management;
- Determine the objectives and headline targets for any performance-related bonus or incentive schemes;
- Monitor, review and approve the remuneration framework for other senior employees; and,
- Review and approve any termination payment such that these are appropriate for both the individual and the Company.

Directors Remuneration			**2019**			**2018**
	Salaries US$'000	**Fees US$'000**	**Total US$'000**	**Salaries US$'000**	**Fees US$'000**	**Total US$'000**
Executive Directors						
Robin Young	316	-	316	316	-	316
Non-Executive Directors						
Robert Schafer	-	61	61	-	66	66
Brian Savage	-	52	52	-	57	57
Paul Gazzard	-	51	51	-	64	64
Lou Naumovski	-	52	52	-	57	57
Tom Bowens	-	20	20	-	-	-
	316	236	552	316	244	560

The year ahead

We believe that remuneration throughout the business is structured appropriately to incentivise performance, rewarding behaviour in the spirit of ownership throughout the organisation. This will undergo ongoing review as the business evolves, in order to ensure that our employees and executives are remunerated optimally in the interests of the Company.

The Committee and I remain focused on ensuring that reward at the Company continues to be closely aligned with the delivery of long-term shareholder value.

Mr R Schafer
Chair of the Remuneration Committee
25 June 2020

AUDIT COMMITTEE REPORT

Dear Shareholders,

I am pleased to present this report on behalf of the Audit Committee and to report on progress made by the Committee during the year.

Aims of the Audit Committee

Our overall aim is to assist the Board in discharging its duties regarding the financial statements, to ensure that a robust framework of accounting policies is in place and enacted, and to oversee the maintenance of proper internal financial controls.

The Audit Committee consists of myself as the Chairman together with the non-executive Chairman Robert Schafer. The Committee aims to meet at least twice each year and its key responsibilities include monitoring the integrity of the Group's financial reporting. The Chief Executive Officer and Chief Financial Officer are invited to attend meetings of the Committee.

Key responsibilities

The Audit Committee is committed to:

- Maintaining the integrity of the financial statements of the Company and reviewing any significant reporting matters they contain;
- Reviewing the Annual Report and Accounts and other financial reports and maintaining the accuracy and fairness of the Company's financial statements including through ensuring compliance with applicable accounting standards and the AIM Rules;
- Monitoring external auditors' independence, including the scope and extent of non-audit services provision;
- Reviewing the adequacy and effectiveness of the internal control environment and risk management systems; and,
- Overseeing the relationship with and the remuneration of the external auditor, reviewing their performance and advising the Board members on their appointment.

The Audit Committee met three times in 2019 and the external auditors were present during each of these meetings.

Activities of the Audit Committee during the year

On behalf of the Board, the Audit Committee has closely monitored the maintenance of internal controls and risk management during the year. Key financial risks are reported during each Audit Committee meeting, including developments and progress made towards mitigating these risks.

The Committee received reports from the Chief Financial Officer throughout the year and was satisfied with the effectiveness of internal controls and risk mitigation. It supports recommendations made by the Chief Financial Officer and is satisfied with the actions taken and plans in place by management for further improvement.

External audit

The Audit Committee considers various areas when reviewing the appointment of an external auditor including their performance in conducting the audit and its scope, terms of engagement including remuneration and their independence and objectivity.

BDO have been appointed as external auditor since 2011. The Audit Committee has confirmed it is satisfied with BDO's knowledge of the Company and its effectiveness as external auditor. As such the Audit Committee has recommended the reappointment of BDO to the Board. There will be a resolution to this effect at the forthcoming Annual General Meeting.

The year ahead

The Committee and I remain focused on ensuring that the standard of the Group's financial reporting is maintained moving forward, and that the robust framework of internal controls and systems in place is both maintained and regularly reviewed for improvement. The Committee will also continue to closely monitor the financial risks faced by the business and progress made towards mitigating these.

Mr B Savage
Chair of the Audit Committee
25 June 2020

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their annual report and the audited financial statements for the year ended 31 December 2019.

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 28.

No ordinary dividends were paid (2018: US$nil). The Directors do not recommend payment of a final dividend (2018: US$nil).

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

Mr R Schafer	
Mr R Young	
Mr B Savage	
Mr P Gazzard	
Mr L Naumovski	(Resigned 20 May 2020)
Mr T Bowens	(Appointed 7 August 2019)

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

Listing
The Company's ordinary shares have been traded on the AIM market of the London Stock Exchange since 15 March 2006. SP Angel Corporate Finance LLP is the Company's Nominated Adviser and Broker. The share price at 31 December 2019 was 1.99p.

Donations
The Group has not made any charitable or political donations during the year (2018: 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 12 - 15.

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.

Going Concern

The Group operates as a natural resources exploration and development group. To date, it has not earned significant revenues and is considered to be in the final stages of exploration and evaluation activities of its Kun-Manie project.

The Directors have reviewed the Group's cash flow forecast for the period to 31 December 2021 and note that the Group's ability to continue to meet its obligations as and when they fall due is dependent on its ability to raise additional financing either through share placings with new partners or combination of debt and equity financing from financial institutions.

The Directors are currently in negotiations with a number of parties in respect of raising further funds. Whilst progress is being made on a number of potential transactions which would provide adequate funding to the Group, there are no binding agreements in place. As at the date of this report, the Company has been successful in completing two equity placements in 2020 and therefore the Directors are confident of raising additional funding.

These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Based on the current progress of the negotiations with potential investors and providers of finance the Directors believe that the necessary funds to provide adequate financing to continue with the current work program on its Kun-Manie project will be raised as required and accordingly they are confident that the Group will continue as a going concern and have prepared the financial statements on that basis.

The financial statements do not include the adjustments that would result if the Group was not able to continue as a going concern.

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

Mr R Schafer
Director
25 June 2020

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AMUR MINERALS CORPORATION

Opinion

We have audited the financial statements Amur Minerals Corporation (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2019 and of the Group's loss for the year then ended;

- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 2.3 in the financial statements which indicates that the Group will need additional financing within the next twelve months to enable it to continue as a going concern. In addition to this, the Group has noted further uncertainty created by the Covid-19 pandemic which could also impact the ability to raise further funds. These conditions, along with the other matters as set out in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We considered going concern to be a Key Audit Matter as the directors have to make highly subjective judgements and assumptions in this area. We performed the following work in response this matter:

- Considered whether the assumptions and inputs in the cash flow forecast prepared by the directors were in line with our understanding of the Group's operations and other information obtained by us during the course of the audit. This included understanding the Directors' assessment of the potential impact of the Covid-19 pandemic to its operations.
- Discussed the potential impact of Covid-19 with management and the Audit Committee including their assessment of risks and uncertainties associated with areas such as the Group's workforce, supply chain that are relevant to the Group's business model and current operations. We formed our own assessment of risks and uncertainties based on our understanding of the business and mining sector.
- Corroborated the opening cash position by reference to bank letters.
- Compared the forecast expenditure by reference to actual expenditures in 2019 and Directors' budgeted expenditure in 2020. We confirmed that contractually committed amounts were included.
- Sensitised the information available to changes in contractual commitments and discretionary expenditures.
- Performed a mechanical check on the cash flow forecast model prepared by Directors.
- Discussed the progress of other funding options with management and verified documentation to support discussions have been initiated and were ongoing.
- Evaluated the adequacy of disclosures made within the financial statements.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Carrying value of the exploration and evaluation assets
At 31 December 2019 the Group held exploration and evaluation assets of US$26.7m as detailed in Note 5, related to the Kun-Manie mineral exploration licence.

Management is required to consider whether there is evidence that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale. Management has performed an impairment review which included an assessment of the Kun-Manie mine's pre-feasibility study issued in February 2019 based on the underlying discounted cash flow forecasts and concluded that no impairment indicators exist.

The impairment reviews require judgment and estimation in determining whether indicators of impairment exist and significant judgements are also used in respect of the pre-feasibility study. Following this assessment, management concluded that there were no indicators of impairment and therefore no impairment review was required for the exploration and evaluation asset.

Given the inherent judgement involved in the assessment of impairment indicators and the value of the exploration assets capitalised on the Group's statement of financial position, we considered this area to be a key audit matter.

How the matter was addressed in our audit

Our specific audit testing in this regard included:

- Evaluation of management's impairment indicator review assessment together with the underlying discounted cash flow forecasts, which formed part of this assessment.
- Critical challenge of the key judgments and assumptions made by management in the discounted cash flow forecasts within the pre-feasibility study, including forecast nickel prices, royalties and costs. We assessed the variables against empirical data, independent reserve reports and to external evidence where available.
- Recalculation of the discount rate used and comparison against other comparable sectors. We also assessed the calculation of the discount rate against our knowledge of the business and its sector.
- Sensitivity analysis on the discounted cash flow forecasts to establish the impact of reasonably possible changes in key variables such as pricing and the discount rate.
- Review of budgets, forecasts and strategic plans to consider the extent to which management's judgment regarding future planned exploration activity is supported by those plans.
- Review of the Kun-Manie licence agreements to gain an understanding of its conditions, remaining term and associated commitments and obligations to assess the Group's compliance with the licence.
- Review of the sufficiency of the disclosures made within the financial statements in respect of this matter and its compliance with accounting standards.

Our observation

We found management's conclusion that no indication of impairment exists on the exploration and evaluation assets to be reasonable. The disclosures in the financial statements relation to this matter are in line with accounting standards.

Our application of materiality

Group materiality FY 2019	Group materiality FY 2018	Basis for materiality
US$400,000	US$400,000	1.4% of total assets

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

We determined that an asset based measure is appropriate as the Group's principal activity is the exploration & evaluation of Kun-Manie asset, such that the asset base is considered to be a key financial metric for users of the financial statements.

Whilst materiality for the financial statements as a whole was US$400,000, a lower level of materiality was set for each significant component of the Group ranging from US$300,000 to US$360,000 which was used to determine the financial statement areas that were included within the scope of our audit and the extent of sample sizes applied during the audit.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at US$300,000 for the Group. Each significant component of the group was audited at a lower level of performance materiality ranging from US$230,000 to US$270,000, which represents 75% of the above materiality levels.

We agreed with the Audit Committee that we would report all audit differences in excess of US$8,000 (2018: US$10,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit scope focused on the Group's principal operating locations in Russia, being the Kun-Manie exploration project held by the Group's 100% owned subsidiary ZAO Kun-Manie, which was subject to a full scope audit. Together with the parent company and the Group consolidation, which were also subject to a full scope audit, these represent the significant components of the Group.

The remaining component of the Group was considered non-significant and this component was principally subject to analytical review procedures.

The audits of each of the components were performed in the United Kingdom. All of the audits were conducted by BDO LLP.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities set out on page 16, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with the terms of our engagement letter dated 18 December 2018. Our audit work has been undertaken so that we might state to the Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matt Crane

for and on behalf of
BDO LLP
Chartered Accountants
London, UK

25 June 2020

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 2019

	Notes	2019 US$'000	2018 US$'000
Non-current assets			
Exploration and evaluation assets	**5**	26,713	23,010
Property, plant and equipment	**6**	1,154	1,668
		27,867	24,678
Current assets			
Inventories	**7**	276	257
Other receivables	**8**	211	191
Cash and cash equivalents		398	1,257
		885	1,705
Total assets		28,752	26,383
Current liabilities			
Trade and other payables	**10**	965	802
Convertible loan notes	**11**	-	1,663
Derivative financial liabilities	**12**	-	153
		965	2,618
Non-current liabilities			
Rehabilitation provision		164	146
Total liabilities		1,129	2,764
Net assets		27,623	23,619
Equity			
Share capital	**14,15**	69,510	65,674
Share premium	**14**	4,790	4,904
Foreign currency translation reserve	**14**	(12,865)	(15,476)
Share options reserve	**14**	1,136	2,034
Retained deficit	**14**	(34,948)	(33,517)
Total equity		27,623	23,619

The financial statements were approved by the Board of directors and authorised for issue on 25 June 2020 and were signed on its behalf by:

Mr R Young	Mr B Savage
Director	**Director**

The accompanying notes on pages 32 - 61 form an integral part of these financial statements.

AMUR MINERALS CORPORATION

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 US$'000	2018 US$'000
Administrative expenses		(1,984)	(2,153)
Operating loss	**17**	(1,984)	(2,153)
Finance income		1	1
Finance costs	**18**	(803)	(1,223)
Fair value movements on derivative financial instruments	**12**	342	67
Gain on loan modification	**11**	115	-
Loss before taxation		(2,329)	(3,308)
Tax expense	**19**	-	-
Loss for the year attributable to owners of the parent		(2,329)	(3,308)
Loss per share (expressed in cents)			
Basic and diluted	**20**	(0.32)	(0.51)

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

The accompanying notes on pages 32 - 61 form an integral part of these financial statements.

AMUR MINERALS CORPORATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 US$'000	2018 US$'000
Loss for the year	(2,329)	(3,308)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	2,611	(4,249)
Total other comprehensive income/(loss) for the year	2,611	(4,249)
Total comprehensive income/(loss) for the year attributable to owners of the parent	282	(7,557)

The accompanying notes on pages 32 - 61 form an integral part of these financial statements.

AMUR MINERALS CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital US$'000	Share premium US$'000	Foreign currency translation reserve US$'000	Share options reserve US$'000	Retained deficit US$'000	Total equity US$'000
Balance at 1 January 2018		62,879	4,904	(11,227)	3,366	(31,541)	28,381
Year ended 31 December 2018:							
Loss for the year		-	-	-	-	(3,308)	(3,308)
Other comprehensive income:							
Exchange differences on translation of foreign operations		-	-	(4,249)	-	-	(4,249)
Total comprehensive loss for the year		-	-	(4,249)	-	(3,308)	(7,557)
Issue of share capital	**15**	39	-	-	-	-	39
Conversion of loan	**15**	2,756	-	-	-	-	2,756
Options expired		-	-	-	(1,332)	1,332	-
Balance at 31 December 2018		65,674	4,904	(15,476)	2,034	(33,517)	23,619
Balance at 1 January 2019		65,674	4,904	(15,476)	2,034	(33,517)	23,619
Year ended 31 December 2019:							
Loss for the year		-	-	-	-	(2,329)	(2,329)
Other comprehensive income:							
Exchange differences on translation of foreign operations		-	-	2,611	-	-	2,611
Total comprehensive income for the year		-	-	2,611	-	(2,329)	282
Issue of share capital	**15**	1,988	(114)	-	-	-	1,874
Conversion of loan notes	**15**	1,848	-	-	-	-	1,848
Options expired		-	-	-	(898)	898	-
Balance at 31 December 2019		69,510	4,790	(12,865)	1,136	(34,948)	27,623

AMUR MINERALS CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

		2019		2018	
	Notes	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Cash flows from operating activities					
Payments to suppliers and employees			(1,884)		(2,586)
Interest paid			(18)		-
Net cash outflow from operating activities			(1,902)		(2,586)
Cash flow from investing activities					
Payments for exploration expenditure		(501)		(2,003)	
Payments for property, plant and equipment		-		(48)	
Interest received		1		1	
Net cash used in investing activities			(500)		(2,050)
Cash flow from financing activities					
Cash received on issue of shares, net of issue costs	**15**	1,845		-	
Issue of convertible loans, net of issue costs	**11**	492		3,454	
Repayment of convertible loans	**11**	(835)		-	
Net cash generated from financing activities			1,502		3,454
Net decrease in cash and cash equivalents			(900)		(1,182)
Cash and cash equivalents at beginning of year			1,257		2,555
Exchange differences on cash and cash equivalents			41		(116)
Cash and cash equivalents at end of year			398		1,257

The accompanying notes on pages 32 - 61 form an integral part of these financial statements.

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

These financial statements have been prepared under the historical cost convention, except for the valuation of derivative financial instruments, on the basis of a going concern and in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations issued by the International Accounting Standards Board (IASB) as adopted by the European Union.

The financial statements are presented in thousands of United States Dollars.

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.

2 Significant accounting policies (Continued)

2.2 Changes in accounting policies and disclosures

A number of new and amended standards and interpretations issued by IASB have become effective for the first time for financial periods beginning on (or after) 1 January 2019 and have been applied by the Group in these financial statements. None of these new and amended standards and interpretations had a significant effect on the Group because they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies, in particular:

IFRS 16 *"Leases*" has replaced IAS 17 "Leases". It requires all lease assets and liabilities to be recognised on the balance sheet. Management have completed a detailed assessment of existing operating contracts and have not identified any contracts requiring accounting adjustment on the adoption of IFRS 16 as the operating leases held by the Group are of low value and short-term in nature.

New standards, amendments and interpretations that are not yet effective and have not been early adopted

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods and which have not been adopted early. None of these are expected to have a significant effect on the Group, in particular:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- IFRS 3 Business Combinations (Amendment – Definition of Business)
- IFRS 9, IAS 37 and IFRS 7: Interest rate benchmark reform
- Revised Conceptual Framework for Financial Reporting.

2.3 Going concern

The Group operates as a natural resources exploration and development group. To date, it has not earned significant revenues and is considered to be in the final stages of exploration and evaluation activities of its Kun-Manie project.

The Directors have reviewed the Group's cash flow forecast for the period to 31 December 2021 and note that the Group's ability to continue to meet its obligations as and when they fall due is dependent on its ability to raise additional financing either through share placings with new partners or combination of debt and equity financing from financial institutions.

The Directors are currently in negotiations with a number of parties in respect of raising further funds. Whilst progress is being made on a number of potential transactions which would provide adequate funding to the Group, there are no binding agreements in place. As at the date of this report, the Company has been successful in completing two equity placements in 2020 and therefore the Directors are confident of raising additional funding.

These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Based on the current progress of the negotiations with potential investors and providers of finance the Directors believe that the necessary funds to provide adequate financing to continue with the current work program on its Kun-Manie project will be raised as required and accordingly they are confident that the Group will continue as a going concern and have prepared the financial statements on that basis.

The financial statements do not include the adjustments that would result if the Group was not able to continue as a going concern.

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 statements are presented in US Dollars (US$), which is the Group's presentation currency and 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 2019 was US$1:RUB 62.04 (2018: US$1:RUB 69.46), with the average rates applied to transactions during the year of US$1:RUB 64.67 (2018: US$1:RUB 62.77).

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 the Group's subsidiaries that have functional currency different from the Group's presentation currency are translated into the presentation currency at rates approximating to those ruling when the transactions took place. All assets and liabilities of these subsidiaries are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening equity and reserves at opening/historic rates and the results at actual rates are recognised in other comprehensive income and accumulated in the foreign currency translation 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.

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 evolved 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 (which is when a bankable feasibility study is obtained, and sufficient project finance is in place) 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.

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
Operating equipment	5 to 7 years
Vehicles and machinery	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 (cash generating units). 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 are carried at cost and include all highly liquid investments with a maturity of three months or less.

2.11 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position and income statement when there is a currently enforceable legal right to offset the recognised amounts and the Group intends to settle on a net basis or realise the asset and liability simultaneously.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2 Significant accounting policies (Continued)

Debt instruments are classified as financial assets measured at fair value through other comprehensive income where the financial assets are held within the company’s business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument measured at fair value through other comprehensive income is recognised initially at fair value plus transaction costs directly attributable to the asset. After initial recognition, each asset is measured at fair value, with changes in fair value included in other comprehensive income. Accumulated gains or losses recognised through other comprehensive income are directly transferred to profit or loss when the debt instrument is derecognised.

Financial assets

All Group's recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost using the effective interest rate method:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group does not hold any financial assets that meet conditions for subsequent recognition at fair value through other comprehensive income (“FVTOCI”), nor does it hold any financial assets which are measured subsequently at fair value through profit or loss (“FVTPL”).

Impairment of financial assets

The Group does not hold any material financial assets subject to the expected credit loss model as defined within IFRS 9 *"Financial Instruments"*, except for cash. As such it does not calculate a loss allowance for the expected credit losses on financial assets that are measured at amortised cost.

Derecognition of financial assets

The Group derecognises a financial asset 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 of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2 Significant accounting policies (Continued)

Financial liabilities
The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. All purchases of financial liabilities are recorded on trade date, being the date on which the Group becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Group's financial liabilities approximate to their fair values.

The Group's financial liabilities consist of financial liabilities measured at amortised cost and financial liabilities at fair value through profit or loss.

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. The Group's financial liabilities measured at amortised cost comprise convertible loan notes, trade and other payables, and accruals.

The effective interest method is a method of calculating the amortised cost of a financial asset/liability and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts/payments through the expected life of the financial asset/liability or, where appropriate, a shorter period.

Convertible loan notes
The Group has issued a hybrid financial instrument which comprises a convertible loan that can be converted to share capital at the option of the holder. The conversion component of this hybrid financial instrument does not meet the definition of equity and is accounted for as an embedded derivative on the basis that the number of shares to be issued on conversion of the loan varies in response to the changes in the Company's shares price and foreign exchange rates.

The financial instrument components include derivative financial instrument, liability component and attached warrant. The proceeds received on issue of the Group's convertible loan are allocated into their embedded derivative components, non-derivative liability and attached warrant equity instrument.

The derivative financial instrument is recognised initially at the fair value measured using the Monte-Carlo simulation model. It is subsequently accounted for at fair value with changes taken to profit or loss.

The non-derivative liability component is recognised initially at the fair value of a similar liability that does not have a conversion feature. It is subsequently measured at amortised cost using the effective interest rate method.

Residual value is allocated to the warrant equity instrument.

Directly attributable transactions costs are apportioned between the non-derivative host component and the derivative financial instrument component. Transactions costs allocated to the non-derivative component are amortised over the term of the convertible loan. Transaction costs allocated to the derivative financial instrument component are expensed immediately through profit or loss.

A modification or exchange of a financial liability is either accounted for as an extinguishment of the original financial liability or a renegotiation of the original financial liability. An extinguishment or substantial modification of a financial liability results in de-recognition of the original financial liability and any unamortised transaction costs associated with the original financial liability are immediately expensed to the profit and loss account. Where the change in the terms of the modified financial liability are not substantial, it is accounted for as a modification of the original liability, with the modified financial liability measured at amortised cost using the original effective interest rate."

2 Significant accounting policies (Continued)

Derecognition of financial liabilities

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the income statement.

Fair value measurement hierarchy

The Group classifies its financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (note 12). 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.

2.12 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.

2.13 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.

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 at the date the entity obtains the goods or the counterparty renders the service.

Fair value is measured using 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.

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 reporting 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.

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.

In February 2019 the Group announced the results of its Pre-feasibility study on the Kun-Manie nickel-copper sulphide project. The study looked at two possible production scenarios, with the first being a toll smelt and the second option being the production of a low-grade matte. The study produced economic results on each production scenario of:

- Toll smelt – NPV post tax of US$614.5 million using long-term nickel price of US$8 per pound and a discount rate of 10% with free post-tax cashflow of US$2,041 million. Initial capital expenditure of US$570.4 million
- Low-grade matte – NPV post tax of US$987.4 million using long-term nickel price of US$8 per pound and a discount rate of 10% with free post-tax cashflow of US$2,980 million. Initial capital expenditure of US$695.0 million.

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.

3 Critical accounting estimates and judgements (Continued)

Key sources of estimation uncertainty

Valuation of derivative financial liabilities

The Group issued a hybrid financial instrument which comprised a convertible loan that could be converted to share capital at the option of the holder. The conversion component of this hybrid financial instrument was accounted for as an embedded derivative which was recognised fair value through profit or loss, The Directors estimated the fair value of the derivative component using Monte-Carlo simulation model, as described in note 12. This produced a distribution of possible outcomes based on a variety of different probabilities applied to simulated future share price and exchange rates which inevitably involved a degree of judgement and the actual outcome could vary. At the reporting date the derivative financial liability was fully extinguished through conversion and repayment of the related loan.

Share-based payments

The Company makes equity-settled share-based payments to certain directors, employees, advisers and funding providers.

Equity-settled share-based payments are measured at the fair value of the services received, unless the fair value cannot be estimated reliably in which case they are measured 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. This is discussed further in note 16.

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. The 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 2019:

	Corporate (Unallocated) US$'000	Kun-Manie US$'000	Total US$'000
Administrative expenses	(1,564)	(420)	(1,984)
Finance income	1	-	1
Finance expense	(803)	-	(803)
Fair value movements on derivative financial instruments	342	-	342
Gain on loan modification	115	-	115
Loss for the year	(1,909)	(420)	(2,329)
Non-current assets	-	27,867	27,867
Inventories	-	276	276
Trade and other receivables	20	191	211
Cash and cash equivalents	346	52	398
Segment assets	366	28,386	28,752
Trade and other payables	(27)	(938)	(965)
Rehabilitation provision	-	(164)	(164)
Segment liabilities	(27)	(1,102)	(1,129)
Segment net assets	339	27,284	27,623
Capital expenditure			
Property, plant and equipment	-	3	3
Exploration and evaluation	-	1,310	1,310

4 Segmental reporting **(Continued)**

Reportable information as at 31 December 2018:

	Corporate (Unallocated) US$'000	Kun-Manie US$'000	Total US$'000
Administrative expenses	(1,727)	(426)	(2,153)
Finance income	1	-	1
Finance expense	(1,223)	-	(1,223)
Fair value gain on derivative financial asset	67	-	67
Loss for the year	(2,882)	(426)	(3,308)
Non-current assets	-	24,678	24,678
Inventories	-	257	257
Trade and other receivables	54	137	191
Cash and cash equivalents	1,140	117	1,257
Segment assets	1,194	25,189	26,383
Trade and other payables	(760)	(42)	(802)
Convertible loan notes	(1,663)	-	(1,663)
Derivative financial liabilities	(153)	-	(153)
Rehabilitation provision	-	(146)	(146)
Segment liabilities	(2,576)	(188)	(2,764)
Segment net assets	(1,382)	25,001	23,619
Capital expenditure:			
Property, plant and equipment	-	60	60
Exploration and evaluation	-	4,265	4,265

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.

5 Exploration and evaluation assets

	Exploration and evaluation assets US$'000
Cost and carrying amount	
At 1 January 2018	22,376
Additions	4,265
Foreign currency adjustments	(3,631)
At 31 December 2018	23,010
Additions	1,310
Foreign currency adjustments	2,393
At 31 December 2019	26,713

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$259,000 (2018: US$1,546,000);
- Depreciation of US$683,000 (2018: US$860,000).

6 Property, plant and equipment

	Office and computer equipment US$'000	Operating equipment US$'000	Vehicles and machinery US$'000	Total US$'000
Cost				
At 1 January 2018	55	1,737	3,534	5,326
Additions	7	1	52	60
Foreign currency adjustments	(10)	(294)	(604)	(908)
At 31 December 2018	52	1,444	2,982	4,478
Additions	-	3	-	3
Foreign currency adjustments	6	173	357	536
At 31 December 2019	58	1,620	3,339	5,017
Accumulated depreciation				
At 1 January 2018	22	1,220	1,200	2,442
Charge for the year	6	262	597	865
Foreign currency adjustments	(4)	(232)	(261)	(497)
At 31 December 2018	24	1,250	1,536	2,810
Charge for the year	6	108	574	688
Foreign currency adjustments	3	154	208	365
At 31 December 2019	33	1,512	2,318	3,863
Carrying amount				
At 31 December 2019	25	108	1,021	1,154
At 31 December 2018	28	194	1,446	1,668
At 1 January 2018	33	517	2,334	2,884

7 Inventories

	2019 US$'000	2018 US$'000
Other materials and supplies	160	145
Fuel	116	112
	276	257

8 Other receivables

	2019 US$'000	2018 US$'000
VAT recoverable	32	26
Prepayments	179	165
	211	191

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. 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	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Cash and cash equivalents	398	1,257	398	1,257

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

10 Trade and other payables

	2019 US$'000	2018 US$'000
Trade payables	352	189
Accruals	579	573
Other payables	34	40
	965	802

11 Convertible loan notes

On 13 February 2018, the Group entered into a US$10 million convertible loan facility with Cuart Investments PCC and YA II PN Ltd ('the investors'). Under the agreement, the Group received a US$4 million advance on 13 February 2018. The loan was unsecured, bore 8% annual compound interest and was repayable in 12 monthly instalments. The Group had an option not to make the monthly repayments in which case the investors could either elect to receive full repayment at the end of the 12 months period or to periodically convert the amounts into shares at the lower of:

- The fixed conversion price, being 130% of the Amur's daily volume average price over the period of 20 trading days immediately prior to the date on which the loan advance was paid to the Company; or
- The variable conversion price, being 90% of the Amur's lowest daily volume average price over the 5 trading days immediately preceding the relevant conversion notice.

On 22 March 2019 the repayment terms of the convertible loan were modified and the outstanding US$1.2 million of the initial advance had its maturity date extended to 20 March 2020. In addition, a further advance of US$500,000 (net of implementation fees) was also drawn down.

The convertible loan was fully repaid on 18 November 2019.

As the loan was convertible into variable number of Company's shares, the conversion component, representing the fair value of the option to convert the financial liability into equity, was split from the net proceeds received from the issue of the convertible loan and was accounted for as an embedded derivative financial liability at fair value through profit or loss (note 12).

Attached warrant equity instrument were allocated residual value of US$nil.

The movement in convertible loan is analysed as follows:

	US$'000
At 1 January 2019	1,663
Effective interest accrued before modification (note 18)	114
Loan and interest converted before modification (note 15)	(570)
Value of loan before modification	1,207
Additional amount received, net of issue costs	492
Transaction costs allocated to derivative element	47
Fair value of embedded derivative (note 12)	(404)
Gain on modification	(115)
Value of loan after modification	1,227
Effective interest accrued after modification (note 18)	689
Loan and interest converted after modification (note 15)	(1,063)
Loan and accrued interest repaid	(853)
At 31 December 2019	-

12 Derivative financial liabilities

	2019 US$'000	2018 US$'000
Embedded derivative	-	153

Embedded derivative
The embedded derivative represents the conversion element of the convertible loan issued to Cuart Investments PCC and YA II PN Ltd on 13 February 2018 (note 11).

It is recognised at fair value through profit or loss. On conversion to Company's shares, the fair value of the embedded derivative is transferred to equity.

The fair values on the grant date and each reporting date were determined using a Monte-Carlo simulation model. The simulation involved two components. The first is the simulation of the USD/GBP exchange rate, and the second is the simulation of the GBP denominated share price of the Company. For each iteration of the simulation, the simulated exchange rates and the share prices were analysed to determine the derivative's value.

The following key assumptions were used in determining the derivative's fair:

	2019	2018
Time (months)	1.0	2.3
Starting Price (£)	0.7582	0.7837
Volatility (%)	7.80	9.66
Mean Growth (%)	1.71	1.84
Iterations	5,000	5,000

Level 3 fair value measurements
Embedded derivative and warrants instruments are 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	
	2019 US$'000	2018 US$'000
At 1 January	153	-
Embedded derivative arising from loan modification	404	555
Embedded derivative converted in the year (note 15)	(215)	(336)
Fair value movements recognised through profit or loss	(342)	(66)
At 31 December	-	153

13 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 to ensure that the sufficient funds are available to meet the Group's commitments. The review consists of considering the liquidity of local markets, projecting cash flows and the level of liquid assets to meet these commitments. Management raises additional capital financing when the review indicates this to be necessary.

At the reporting date all Group's financial liabilities had the contractual maturities of 6 months or less (2018: 6 months or less).

14 Reserves

Group reserves comprise the following:

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

Share premium
Share premium 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 Dollars and the long-term monetary items forming part of the Group's net investment in the overseas operations.

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.

15 Share capital

	2019 Number	2018 Number
Ordinary share capital		
Authorised		
Ordinary shares of no par value	1,000,000,000	1,000,000,000

	2019 US$'000	2018 US$'000
Issued and fully paid		
845,441,101 (2018: 685,939,046) ordinary shares of no par value	69,510	65,674

Reconciliation of movements during the year:

		Number	US$'000
At 1 January 2018		634,429,789	62,879
Service providers	(e)	610,925	39
Conversion of loan notes	(f)	50,898,332	2,756
At 31 December 2018		685,939,046	65,674
Service providers	(a)	2,463,965	66
Cash issue	(b) and (c)	85,137,702	1,922
Conversion of loan notes	(d)	71,900,388	1,848
At 31 December 2019		845,441,101	69,510

(a) During the year the Company issued 2,463,965 new Ordinary Shares to certain directors and senior management in settlement for their outstanding fees in the amount of US$66,000, measured at the fair value of the services received.

(b) During the year the Company raised US$387,000 through issued of 14,549,467 new Ordinary Shares to certain directors and advisers

(c) On 4 November 2019, the Company raised US$1,536,000 (£1.2 million) before expenses through the subscription of 70,588,235 ordinary shares of no par value of the Company at a price of 1.7 pence per share ("Subscription"). The subscription is by an asset manager specialising in natural resources.

(Continued)

15 Share capital

(d) Between January and November 2019, pursuant to the convertible loan agreement entered into on 13 February 2018, the Company issued 71,900,388 new Ordinary Shares to Cuart Investment PPC Ltd and YA II PN Ltd in settlement of US$1,848,000 of principal and accrued interest (notes 11 and 12).

(e) On 2 May 2018, the Company issued 610,925 new Ordinary Shares in exchange for services it acquired from Medea Capital Partners Ltd in the amount of US$39,000 measured at the fair value of the services received.

(f) Between March and December 2018, pursuant to the convertible loan agreement entered into on 13 February 2018, the Company issued 50,898,332 new Ordinary Shares to Cuart Investment PPC Ltd and YA II PN Ltd in settlement of US$2,756,000 of principal and accrued interest (notes 11 and 12).

16 Share-based payment transactions

Options granted

	Number of share options		Weighted average exercise price	
	2019	**2018**	**2019 (pence)**	**2018 (pence)**
Outstanding at 1 January	12,374,000	30,746,569	26.25	15.69
Expired	(5,462,000)	(18,372,569)	-	8.47
Outstanding at 31 December	6,912,000	12,374,000	26.25	26.25
Exercisable at 31 December	6,912,000	12,374,000	26.25	26.25

The options outstanding at 31 December 2019 had a weighted average exercise price of 26.25 pence, and a remaining contractual life of 7 months. These options were granted in July 2015 to certain key management and personnel. They are fully vested and have no market vesting conditions attached.

During 2019 and 2018, no new options were granted.

There was no charge arising from outstanding options for the current and preceding years.

Shares for services
During the year the Company issued 2,463,965 new Ordinary Shares to certain directors and senior management in settlement for their outstanding fees in the amount of US$66,000, measured at the fair value of the services received (note 15).

17 Operating loss

	2019 US$'000	2018 US$'000
Operating loss for the year is stated after charging:		
Employee costs, including Directors' fees	1,179	1,201
Net foreign exchange losses	(1)	35
Fees payable to the Company's auditors for the audit and audit related services of the Group's financial statements	89	103
Depreciation of property, plant and equipment	6	5

The average number of employees for the Group for the period to 31 December 2019 was 28 (2018: 63 employees).

18 Finance costs

	2019 US$'000	2018 US$'000
Effective interest on convertible loan notes (note 11)	723	1,142
Other finance costs expensed	80	81
	803	1,223

19 Tax expense

	Continuing operations 2019 US$'000	2018 US$'000
Current tax - BVI corporation tax	-	-
Current tax - Russian corporation tax	-	-
	-	-

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

	2019 US$'000	2018 US$'000
Loss before taxation	(2,329)	(3,308)
Expected tax charge based on the BVI corporation tax rate of 0%	-	-
Expenses not deductible in determining taxable profit	590	7
Income not taxable	(191)	(826)
Utilisation of tax losses not previously recognised	(2)	-
Unutilised tax losses carried forward	-	1,194
Effect of overseas tax rates	(397)	(375)
Tax charge for the year	-	-

During the exploration and development stages, the Group will accumulate tax losses which may be carried forward. At the reporting date, the subsidiary in Russia had unrecognised tax losses carried forward of:

	2019 US$'000	2018 US$'000
Tax losses carried forward	14,905	13,320
Potential deferred tax impact at the standard rate of corporation tax in Russia of 20%	2,981	2,664

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

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 27.1 million (2018: 21.7 million) of potential ordinary shares have therefore been excluded from the following calculations:

	2019	2018
Number of shares		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	735,839,463	656,558,298

	2019 US$'000	2018 US$'000
Earnings		
Net loss for the year from continued operations attributable to equity shareholders	(2,329)	(3,308)
Loss per share for continuing operations (expressed in cents)		
Basic and diluted loss per share	(0.32)	(0.51)

21 Directors' remuneration

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

	Salaries US$'000	Fees US$'000	2019 Total US$'000	Salaries US$'000	Fees US$'000	2018 Total US$'000
Executive Directors						
Robin Young	316	-	316	316	-	316
Non-Executive Directors						
Robert Schafer	-	61	61	-	66	66
Brian Savage	-	52	52	-	57	57
Paul Gazzard	-	51	51	-	64	64
Lou Naumovski	-	52	52	-	57	57
Tom Bowens	-	20	20	-	-	-
	316	236	552	316	244	560

US$66,000 of the directors' fees were settled through issue of 2,463,965 new Ordinary Shares in the Company, measured at the fair value of the services received (note 15).

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	Lou Naumovski	Tom Bowens
At 1 January 2018	2,306,068	438,249	340,013	-	-	-
Additions	138,499	138,499	138,499	138,499	138,499	-
At 31 December 2018	2,444,567	576,748	478,512	138,499	138,499	-
Additions	3,924,751	1,157,044	58,226	1,423,372	58,226	7,527,604
At 31 December 2019	6,369,318	1,733,792	536,738	1,561,871	196,725	7,527,604

21 Directors' remuneration **(Continued)**

Options held

Exercise price	**Exercise dates**	**Robin Young**	**Robert Schafer**	**Brian Savage**	**Paul Gazzard**	**Lou Naumovski**	**Tom Bowens**
£0.2625 (US$0.32)	27.07.15-27.07.20	3,301,000	748,000	635,000	-	-	-
£0.2625 (US$0.32)	19.09.16-27.07.20	-	-	-	338,000	-	-
At 1 January 2019		3,301,000	748,000	635,000	338,000	-	-
Options expired / lapsed		-	-	-	-	-	-
Options granted		-	-	-	-	-	-
At 31 December 2019		3,301,000	748,000	635,000	338,000	-	-

US$ exercise prices are shown for indicative purposes only, calculated at 31 December 2019 exchange rates.

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 13), 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 2019 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 2018.

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 with variable interest rates 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.

Management reviews its currency risk exposure periodically and hedges part of its exposure to Pound Sterling by buying and holding on Pound Sterling deposits. The Group also hold Roubles in order to cover a proportion of anticipated Rouble expenditures. As at 31 December 2019 the Group had on deposit approximately US$330,000 in Pound Sterling (2018: US$633,000) and US$24,000 in Rouble (2018: 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	Russian Rouble	
	2019	2019	2019
	US$'000	US$'000	US$'000
Currency of net monetary assets/liabilities			
US Dollar	6	27	33
Pound Sterling	(318)	-	(318)
Russian Rouble	16	(69)	(53)
At 31 December	(296)	(42)	(338)

22 Financial and capital risk management **(Continued)**

	Functional currency		Total
	US Dollar	**Russian Rouble**	
	2018	**2018**	**2018**
	US$'000	**US$'000**	**US$'000**
Currency of net monetary assets/liabilities			
US Dollar	482	113	595
Pound Sterling	(15)	-	(15)
Russian Rouble	15	(80)	(65)
At 31 December	482	33	515

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.

	2019	**2018**
	US$'000	**US$'000**
Pound Sterling 10% weakening against US Dollar	32	(2)
Pound Sterling 10% strengthening against US Dollar	(32)	2
Pound Sterling 20% weakening against US Dollar	64	(3)
Pound Sterling 20% strengthening against US Dollar	(64)	3

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) and loans/debt 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

	2019 US$'000	2018 US$'000
Capital commitments		
Contracted for but not provided in the financial statements:		
Acquisition of property, plant and equipment	-	17

Short-term lease commitments

The Group leases two offices in Russia under non-cancellable lease agreements. The leases are short-term in nature and the minimum non-cancellable payments at the reporting date were as follows:

	2019 US$'000	2018 US$'000
Less than 1 year	26	27
2 - 5 years	-	-
Over 5 years	-	-
	26	27

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'.*

	2019 US$'000	2018 US$'000
Short-term employee benefits	948	1,158

US$77,000 (2018: US$227,000) of the short-term employee benefits amount related to key management personnel were capitalised within exploration and evaluation assets.

The fees of US$316,000 (2018: US$316,000) in respect of Robin Young's director services are paid to Western Services Engineering Inc., a company of which he is also a director and a shareholder. No amounts remained outstanding at the reporting date (2018: US$nil).

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

25 Events after the reporting date

Since the start of January 2020, Covid-19 has created significant disruption to the global markets and economies. Management has concluded that the impact of Covid-19 is a non-adjusting subsequent event in respect of the financial statements for the year ended 31 December 2019.

The duration and impact of the Covid-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the Company's future financial position and results.

On 13 February 2020, the Company appointed Mr. Adam Habib as advisor to the Board. As part of Adam Habib's consultancy agreement, he has been awarded a total of 25,619,260 share options over the Company's ordinary shares with an exercise price of 1.95 pence per share (the "Options"). Of the total, 12,809,630 will vest immediately and are not subject to performance criteria. The remaining 12,809,630 are subject to performance and will vest as upon the successful completion by the Company of an off-take agreement, or completion of a producing asset investment. The options will expire on 13 February 2025.

On 21 February 2020, the Company granted 10,000,000 warrants over the Company's ordinary shares with an exercise price of 2.12 pence per share to the participants of the fund raising completed on 4 November 2019. Additionally, 3,000,000 warrants over the Company's shares with an exercise price of 2.12 pence per share have been granted to SP Angel Corporate Finance LLP. Both sets of warrants have an expiry date of 20 February 2023.

On 12 March 2020, the Company entered into a fixed term loan note instrument of up to £1.5 million with Plena Global Opportunities. An initial advance of £0.5 million was drawn down (which was repaid on 4 May 2020 as set out below) with a second advance of £0.5 million after 3 months and a final advance of £0.5 million after six months. Each tranche is repayable in three months of the advance being made. Any of the relevant tranches of Loan Notes are not repaid at that date, the term of the Loan Notes shall automatically be extended by a further period of 12 months. If the Company elects not to repay the advance by the three month repayment date the Investor can elect to convert that outstanding advance at any time into new ordinary shares in the Company. In conjunction with the Initial Advance, the Investor will be issued with 52,447,552 three year warrants with an exercise price of 1.43 pence per ordinary share.

On 3 April 2020, the Company granted 30 million share options over ordinary shares to certain Directors, executives and employees. The Share Options will vest after 12 months from the date of grant and will have a strike price of 1.75 pence and will expiry on 3 April 2023.

On 16 April 2020, the Company completed an equity placing of 75 million ordinary shares at a price of 1 pence per share to gross proceeds of £750,000. The funds raised are to be applied to repay the initial advance from the loan note facility from Plena Global Opportunities LLC, the details of which are set out in the announcement of 12 March 2020, and also for general working capital purposes to progress, amongst other things, the work on the Company's TEO.

On 4 May 2020, the Company repaid in full all outstanding loan amounts under the fixed term loan note instrument entered into with Plena Global Opportunities on 12 March 2020.

On 20 May 2020, non-executive Director Lou Naumovski resigned from the Board.

On 27 May 2020, the Company completed an equity placing of 47,619,048 ordinary shares at a price of 1.05 pence per shares for gross proceeds of £500,000.

On 24 June 2020, the Company announced that is has developed a strategy for the compilation of the Bankable Feasibility Study (BFS) with the primary funding objective being to position the company to finance the Bankable Feasibility Study, principally through debt. In addition, the Company is actively seeking to invest in mining opportunities in the near future that are either near cash flow or are already in production in established mining jurisdictions. The objective for this strategy is to provide revenue streams to fund the Company's corporate activities through the BFS and beyond.