AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2010

Chairman's Statement

Dear Shareholder:

It is with pleasure that I take this opportunity to update the shareholders of Amur Minerals Corporation on the Company's successful 2010 performance. The Company continues exploration on its flagship project, Kun-Manie in Far East Russia, with results indicating that there is substantial potential to increase resources with additional drilling near the known deposits and growth from step-out exploration.

Rigorous cost control procedures within the Group implemented in 2009 were maintained and fine-tuned where appropriate. Concurrently, the Company focused on fund raising. The combination of these efforts allowed Amur to better position itself financially, whilst simultaneously and successfully advancing its work on our large bulk mineable nickel-copper sulphide project located in the Russian Far East.

These efforts, led by our executives with guidance from the Company's non executive directors, resulted in a substantial repositioning of the Company over the course of the year. The key points are summarised below.

- The share price (AMC.L) more than doubled from 7.25 pence to 16.75 pence. The market capitalisation of the Company more than trebled from £12.4 million to £41.9 million.
- Cash and cash equivalents also trebled from US$0.977 million to US$3.066 million and the year end total current asset value increased from US$2.313 million to US$7.215 million.
- Combined liabilities decreased by two-thirds from US$290 thousand to US$109 thousand.
- The combination of total liabilities and equity increased year on year from US$16.8 million to US$21.7 million, representing an increase of nearly 30%.
- During 2010, global nickel demand also grew by 18%, further underpinning the Company's performance in the market place.

The above improvements in the Company's financial position are attributable to activities undertaken on both the Corporate and Subsidiary levels. Furthermore, alternative financing approaches were considered and implemented by the addition of a new joint broker. This provided Amur with greater flexibility in fund raising. The efforts had a highly positive impact on the Group over the course of 2010. In greater detail, Corporate activities that provided additional beneficial results included the following:

- Cost cutting and cost control procedures were maintained and examined on a quarterly basis within the Group delivering additional efficiencies in the use of the Company's funds. This included:
    - Non-Executive board members' emoluments were held at the same levels as at Admission to AIM in March of 2006.
    - Amur executives remained on 40% salary reductions.
    - Detailed line-by-line cost estimation and budget variance reporting was further enhanced to monitor cost control measures and to identify areas where additional cost reductions could be made.
    - Two non-executive board members resigned. To reflect the size and nature of the Company, the non-executives were replaced by a single AIM experienced, non-executive board member.
    - The CFO duties were assigned to an experienced external consultant, thereby reducing costs. The external consultant formerly held the CFO position in other companies listed on AIM.
- Hybridan LLP, a joint broker, was brought on board to assist with marketing, fund raising and financing.

- Investor relations and research groups were also contracted to keep the public better informed of Amur's activities. They included Proactive Investors, Edison Research and Minesite.

- The Group incurred an operating loss of US$1.9 million for the year. Finance income of US$2.6 million was recognized in the year in respect of the fair value movement of the equity swap arrangement entered into with Lanstead Capital in 2010. This resulted in a Group profit of US$365,000 being registered for the year.

The more exciting results of 2010 were generated by our dedicated technical team employed by our subsidiary ZAO Kun-Manie. Not only was the subsidiary able to reduce costs, our team was also able to undertake exploration activity on our Kun-Manie project and to continually navigate the Russian licensing system. The Subsidiary activities and contributions are summarised below:

- Russian employees agreed to forego salary increases for the second year in a row thereby maintaining a reduced cost to the Company. We appreciate their sacrifice.

- The 950 square kilometre exploration rights comprising our Kun-Manie licence area were extended through to 31 December 2012. Associated work programmes were defined and are a part of the terms of our licence. These programmes are set for implementation over the course of the next two years.

- An application for a mining licence covering the area of drilled resources at Kun-Manie was submitted to Rosnedra in early 2010. This agency is ultimately responsible for granting a 20 to 25 year mining licence. The licence has advanced through various agency reviews. Presently, it is under review by the Ministry of Economics. This is the last agency review needed wherein the ministry's remit is to provide nickel and copper concentrate pricing to Rosnedra. Once available, Rosnedra will define the terms of the mining licence.

- Exploration continued within the area of the proposed mining licence at the Kun-Manie project site. Results confirm the potential to substantially expand resources with successful drill results.

    - The proposed mining licence is approximately 15 kilometres long and up to 3 kilometres in width. Reconnaissance mapping and sampling conducted along its length indicates that this area exhibits features that could expand nickel and copper mineralisation beyond the limits of three deposits that have already been drilled. JORC resources are defined within the three deposits.

    - The Maly Krumkon deposit is the westernmost of the 3 defined deposits. Wildcat drilling approximately four kilometres to the east of Maly Krumkon in an area called Gorny has intersected nickel and copper grades and thicknesses that could be mined by open pit methods should successful step out drilling continue. Trenching adjacent to and nearby to the Gorny drill holes confirms that mineralisation may continue along strike toward Maly Krumkon. Follow-up soil geochemical sampling has identified zones characterized by anomalous nickel and copper values for the area between Maly Krumkon and Gorny. This is a substantial drill target.

    - Induced polarization, ground based geophysics was also completed immediately to the south of the JORC resource area of Ikenskoe. The results of the geophysics and follow up surface sampling suggest that the Ikenskoe deposit could be substantially enlarged with further drilling. The geophysical anomaly to the south of Ikenskoe defines an area nearly as large as that of the drilled Ikenskoe deposit.

- In September 2010, the Anadjakan licence was returned to the Russian authorities to allow the Company to focus its attention and funds on the primary asset of Kun-Manie and its potential for increase in resources. The exploration costs associated with the Anadjakan licence were fully impaired in 2009.

- With the additional potential now defined at Kun-Manie, management is considering the return of the Kustak licence, further allowing the Company to fully dedicate its focus on Kun-Manie. Management has therefore impaired the exploration costs associated with the Kustak licence during the year.

The first phase of a two-year exploration programme will be continued through 2011 summer's field season. The focus of 2011 will be drill target definition and the preparation of drill roads and drill sites for a substantial drill programme planned in 2012.

Additional engineering work will be conducted to improve the predicted operating parameters and currently defined cash flow models. Key metallurgical test work will be initiated to determine the preferred extraction method of the sulphide nickel and copper with an eye toward optimising metallurgical recoveries and reducing any deleterious elements. Alternative technologies will also be examined once results are available. This includes the possible consideration of the construction of a smelter or arc furnace capable of generating a refined product, allowing for the potential improvement of potential cash flows to the Company.

Looking to the remainder of an exciting 2011, the Company will continue to be very busy. The priority task is the award of the mining licence and the completion of the first phase of its exploration programme as defined by the terms of the extension of our exploration licence. Exploration potential remains highly prospective and the availability of funds (subjected to points outlined in note 2b to the financial statements) will allow us to advance in the areas of engineering and optimization of the design of the project. Studies will focus on moving toward bankability. Again, this has only been possible through the dedicated professionals within the Amur and Kun-Manie team. With these quality individuals, we have continued to advance the project and potential of Kun-Manie to ultimately become a mine with continued exploration success.

Mr. Robert Schafer
Non Executive Chairman
28 June 2011

Directors’ Report for the year ended 31 December 2010

The Directors present their annual report and the audited financial statements for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

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

RESULTS AND DIVIDENDS

The results for the year are disclosed in the Statement of Comprehensive Income on page 10. The Directors do not recommend payment of a dividend for the year (2009: nil).

DIRECTORS

The number of Directors as at 31 December 2010 was 3 (2009: 5). Details of Directors remuneration and other interests are detailed in note 19.

LISTING

The Company’s ordinary shares have been traded on London’s Alternative Investment Market (AIM) since 15 March 2006. RBC Capital Markets is the Company’s Nominated Adviser and Joint Broker. The share price at 31 December 2010 was 16.75p.

GOING CONCERN

In the absence of production revenues, the Group is currently dependent upon its existing financial resources which comprises cash and derivative financial asset (note 24), and its ability to raise additional finance through share placings to satisfy its obligations and fully finance its exploration and evaluation programme for Kun-Manie. Failure to meet these exploration and evaluation commitments could put the related licence interest at risk of forfeiture.

The Group currently has sufficient funding to finance its activity through to May 2012. The Directors are currently in negotiations with a number of parties in respect of raising further funds to continue with the exploration work programme. Whilst progress is being made on a number of potential transactions which would provide additional finance for the Group, progress needs to be made to ensure the expenditure commitments on the asset interests the Group retains can be met with its available funding in order to secure the Group’s future. There are currently no binding agreements in place which will provide additional finance.

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 providers of finance and discussions with potential investors the Directors believe that the necessary funds to provide adequate financing for continued exploration work 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.

The Kun-Manie project is also subject to a number of risks and these risks are discussed in more detail below.

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 24 to the financial statements. In addition to the going concern risks noted above, the key operating risks affecting the Group are set out below.

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 primary exploration licence currently is valid until 31 December 2012. The licence contains a range of obligations, including those described in note 5 to the financial statements, which at present have all been met. Failure to comply with the terms of the license, or negotiating appropriate amendments to licence agreements could result in penalties being levied or the suspension or revocation of the licence.

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.

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.

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.

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.

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

The 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.

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 nonexistent, 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.

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.

POLICY FOR PAYMENT OF CREDITORS

It is Group policy to agree and clearly communicate the terms of payment as part of the commercial arrangement negotiated with suppliers and then to pay according to those terms. The Company is a holding company and therefore has few suppliers.

Credit facilities are rarely available for pre-production companies in Russia on terms the Directors would consider acceptable. ZAO Kun-Manie is frequently obliged to pre-pay or make advance and stage payments for services supplied. Therefore, it is not appropriate to ascertain the average days of credit.

AUDITORS

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

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

DONATIONS

The Company has not made any charitable or political donations during the year (2009: nil).

Approved by the Board of Directors and signed on behalf of the Board on 28 June 2011.

Robert W. Schafer
Chairman
28 June 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- state that the group has complied 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 company will continue in business.

The directors are responsible for ensuring the annual report and the financial statements are made available on a website, in addition to being mailed to shareholders, financial statements are published on the company's website in accordance with legislation in the 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.

Robin Young	Brian Savage
Director	Director
28 June 2011	28 June 2011

Report of the Independent Auditors
To the shareholders of Amur Minerals Corporation

We have audited the consolidated financial statements of Amur Minerals Corporation for the year ended 31 December 2010 which comprise consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards as adopted by the European Union (IFRS).

Our report has been prepared pursuant to our engagement letter date 10 June 2010 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of our engagement letter date 10 June 2010 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation and fair presentation of the financial statements. Our responsibility is to audit and express an opinion on the financial statements in accordance with International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- present fairly, in all material respects the state of the group's affairs as at 31 December 2010 of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and

Emphasis of matter – going concern

In forming our opinion on the financial statements, which are not modified, we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the group's ability to continue as a going concern which is dependent on the group's ability to raise further funds through new equity placing, debt or sale of assets. While the directors are continuing funding negotiations with certain third parties there are currently no binding agreements in place. The directors believe that the group will secure the necessary funds. These conditions together with the other matters referred to in note 2 indicate the existence of a material uncertainty which may cast significant doubt over the group's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the group was unable to continue as a going concern.

Opinion on other matters

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

BDO LLP
Chartered Accountants
55 Baker Street
United Kingdom

Date 28 June 2011

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

AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2010
(Amounts in '000s US Dollars)

	Notes	31 December 2010	31 December 2009
NON-CURRENT ASSETS			
Capitalised exploration costs	5	13,685	13,525
Property, plant and equipment	5	466	629
VAT Receivable	9	299	341
Total non-current assets		**14,450**	**14,495**
CURRENT ASSETS			
Cash and cash equivalents		3,066	997
Available for sale investments	11	-	691
Inventories	7	167	247
Derivative financial asset	8	3,806	-
VAT receivable	9	24	253
Other receivables	10	152	125
Total current assets		**7,215**	**2,313**
Total assets		**21,665**	**16,808**
CURRENT LIABILITIES			
Trade and other payables	6	109	290
Total current liabilities		**109**	**290**
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT			
Share capital	13	28,183	22,990
Share premium	13	7,233	7,620
Share options reserve	13	1,390	1,390
Retained deficit	13	(12,804)	(13,169)
Foreign exchange translation reserve	13	(2,446)	(2,313)
Total equity		**21,556**	**16,518**
Total liabilities and equity		**21,665**	**16,808**

The financial statements were approved and authorised for issue by the Board of Directors on 28 June 2011 and were signed on its behalf by:

Robin Young　　　　　Brian Savage

The accompanying notes on pages 13 to 35 form an integral part of these financial statements.

AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010
(Amounts in '000s US Dollars)

	Note	**Year ended 31 December 2010**	**Year ended 31 December 2009**
Other administrative expenses	15	(1,607)	(1,342)
Impairment of capitalised exploration costs	5	(321)	(240)
Total administrative expenses		(1,928)	(1,582)
Loss from operations		**(1,928)**	**(1,582)**
Finance income	16	2,626	-
Finance expense	17	(5)	(179)
Loss on disposal of investment held	11	(328)	-
Profit/(Loss) before tax		**365**	**(1,761)**
Taxation	12	-	-
Profit/(loss) for the year attributable to owners of the parent		**365**	**(1,761)**
Other Comprehensive income:			
Exchange differences on translation of foreign operations		**(133)**	**(407)**
Other comprehensive income for the year, net of tax		**(133)**	**(407)**
Total comprehensive income for the year attributable to owners of the parent		**232**	**(2,168)**
Profit/(Loss) per share: basic & diluted	18	US$0.002	US$(0.01)

The accompanying notes on pages 13 to 35 form an integral part of these financial statements.

(Amounts in '000s US Dollars)

	Note	Year ended 31 December 2010	Year ended 31 December 2009
Cash flow from operating activities:			
Payments to suppliers and employees		(1,201)	(1,366)
Net cash used in operating activities		(1,201)	(1,366)
Cash flow from investing activities:			
Payments to acquire financial assets		-	(10)
Proceeds from sale of asset held	11	363	-
Payments for capitalised expenditure		(492)	(532)
Sale of property, plant and equipment		-	214
Net cash used in investing activities		(129)	(328)
Cash flow from financing activities:			
Proceeds from issue of equity shares	13	3,527	2,260
Net cash from financing activities		3,527	2,260
Net change in cash and cash equivalents		**2,197**	**566**
Cash and cash equivalents at the beginning of the year		997	422
Foreign exchange effects		(128)	9
Cash and cash equivalents at the end of the year		**3,066**	**997**

The accompanying notes on pages 13 to 35 form an integral part of these financial statements.

AMUR MINERALS CORPORATION AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010
(Amounts in '000s US Dollars)

	Notes	Share capital	Share premium account	Retained deficit	Share Options Reserve	Foreign Currency Translation Reserve	Total
Balance at 31 December 2008		**19,719**	**7,707**	**(11,408)**	**1,390**	**(1,906)**	**15,502**
Loss for the year		-	-	(1,761)	-	-	(1,761)
Other comprehensive income for the year		-	-	-	-	(407)	(407)
Shares issued		3,271	-	-	-	-	3,271
Costs associated with issue of share capital		**-**	(87)	-	-	-	(87)
Balance at 31 December 2009		**22,990**	**7,620**	**(13,169)**	**1,390**	**(2,313)**	**16,518**
Profit for the year		**-**	**-**	**365**	**-**	**-**	**365**
Other comprehensive income for the year		**-**	**-**	**-**	**-**	**(133)**	**(133)**
Shares issued		**5,193**	**-**	**-**	**-**	**-**	**5,193**
Costs associated with issue of share capital		**-**	**(387)**	**-**	**-**	**-**	**(387)**
Balance at 31 December 2010		**28,183**	**7,233**	**(12,804)**	**1,390**	**(2,446)**	**21,556**

The accompanying notes on pages 13 to 35 form an integral part of these financial statements.

1. GENERAL

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

The Company's registered office is located at Kingston Chambers, P.O. Box 173, Road Town, Tortola, British Virgin Islands. The average number of employees for the Group for the period to 31 December 2010 was 16 (2009: 14 employees).

The Company is the 100% owner of a Cypriot company called Irosta Trading Limited ("Irosta"). Irosta holds 100% of the shares in ZAO Kun-Manie ("Kun-Manie"), which holds the Group's mineral licences. The Group includes the following companies as at 31 December 2010 and 31 December 2009:

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

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

The Group's principal asset is the Kun-Manie licence, which was originally issued in 2004 to explore for nickel, copper and associated elements initially until 31 December 2008. Amurnedra, the local licensing authority, extended the exploration licence term for two years until 31 December 2010, and granted a further extension of the exploration licence for two years until 31 December 2012. The State Committee of Reserves has approved Russian classification C1 + C2 reserves of 203,900 tons of nickel at Kun-Manie in December 2008. Subsequently, the Group received a certificate of discovery conveying the right to apply for a 20 year mining licence at Kun-Manie. ZAO Kun-Manie has applied for the licence and a decision from the authorities is pending.

In December 2007 SRK Consulting completed an independent pre-feasibility assessment of the Vodorazdelny, Ikenskoe and Maly Krumkon areas of the Kun-Manie licence, based on the analytical results from the exploration data set for all holes and trenches that had been completed over the exploration life of the project, inclusive of the work undertaken and results obtained during the 2006 exploration field season for Vodorazdelny and Ikenskoe and 2007 for Maly Krumkon. SRK Consulting is a global entity specialising in the assessment of mining resources. SRK reports a net present value for the project using a discount rate of 10% of US$84 million.

The Group has another mineral licence, namely Kustak, which is adjacent to the Kun-Manie licence. The Kustak licence was acquired at auction in February 2007 and is valid for 25 years. It is a combined exploration and production licence. As part of a cost reduction measure the Company has decided to focus its attention on the Kun-Manie licence and is reviewing the option of returning the Kustak licence to the Russian authorities.

2. BASIS OF PRESENTATION

a) Statement of compliance

The financial statements have been presented in thousands of United States Dollars and prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) that are effective for accounting periods beginning on or after 1 January 2010. The principal accounting policies adopted in the preparation of the financial statements are set out in note 3 to these financial statements. The policies have been consistently applied to all the years presented, unless otherwise stated.

b) Going concern

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

The Group operates as a natural resources exploration and development company. To date, the Group has not earned significant revenues and is considered to be in the exploration and development stage. The Directors anticipate that a mining licence will eventually be granted for the Kun-Manie deposit, but cannot estimate a date for commercial production to commence. The Group is currently dependent upon its existing financial resources which comprise cash and derivative financial asset, and its ability to raise additional finance through share placings to satisfy its obligations and fully finance its exploration and evaluation programme for Kun-Manie. Failure to meet these exploration and evaluation commitments could put the related licence interests at risk of forfeiture.

The Directors are currently in negotiations with a number of parties in respect of raising further funds to continue with the exploration work programme. Whilst progress is being made on a number of potential transactions which would provide additional finance for the Group, progress needs to be made to ensure the expenditure commitments on the asset interests the Group retains can be met with its available funding in order to secure the Group's future. There are currently no binding agreements in place which will provide additional finance.

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 providers of finance and discussions with potential investors the Directors believe that the necessary funds to provide adequate financing for continued exploration work 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.

c) Basis of consolidation

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

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated.

Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. The accounting policies and financial year ends of its subsidiaries are consistent with those applied by the Company. These consolidated financial statements include accounts of the Company and its subsidiaries as set out in note 1.

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

3. PRINCIPAL ACCOUNTING POLICIES

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

These financial statements have been prepared on the basis of a going concern and in line with IFRS. The adoption of all of the new and revised Standards and Interpretations issued by the IASB and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to the operations and effective for annual reporting periods beginning on 1 January 2010 are reflected in these financial statements.

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

(Amounts in '000s US Dollars)

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. The estimates and underlying assumptions are reviewed on an ongoing basis.

The following new standards, interpretations and amendments to existing standards have been adopted by the Group:

International Accounting Standards (IAS/IFRS)

		Effective date
IAS 27	- Amendment - Consolidated and separate financial statements	1 July 2009
IFRS 3	- Revised - Business Combinations	1 July 2009
IAS39	- Amendment - Financial Instruments: Recognition and Measurement: Eligible Hedged Items	1 July 2009
IAS39	- Amendment Reclassification of financial assets: effective date and transition	1 July 2009
IFRIC 9 & IAS39	- Amendment - Embedded Derivatives	1 January 2010
IFRS 2	- Amendment – Group cash settled share-based payments	1 January 2010
IFRS 1	- Amendment – Additional exemptions for first-time adopters	1 January 2010
Improvements to IFRSs	- Amendments to various statements issued 6 May 2010	1 January 2010

International Financial Reporting Interpretations (IFRIC)		Effective date
IFRIC 16	- Hedges of Net Investment in a Foreign Operation	1 January 2010
IFRIC 17*	- Distributions of non-cash assets to owners	1 January 2010
IFRIC 18*	- Transfers of assets from customers	1 January 2010

The adoption of these standards, interpretations and amendments did not affect the Company results of operations or financial positions. No other IFRS issued and adopted but not yet effective are expected to have an impact on the Group's financial statements.

(ii) Standards, amendments and interpretations, which are effective for reporting periods beginning after the date of these financial statements which have not been adopted early:

Standard	**Description**	**Effective date**
IAS 32	Amendment - Classification of Right Issues	1 Feb 2010
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 Jul 2010
IFRS 1	Amendment - First Time Adoption of IFRS	1 Jul 2010
IAS 24	Revised - Related Party Disclosures	1 Jan 2011
IFRIC 14	Amendment - IAS 19 Limit on a defined benefit asset	1 Jan 2011
IFRS 7 *	Amendment - Transfer of financial assets	1 Jul 2011
IFRS 1 *	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 Jul 2011
Improvements to IFRSs (2010) *	Miscellaneous amendments resulting from the IASB's annual improvements projects	1 Jan 2011
IAS 12 *	Deferred Tax: Recovery of Underlying Assets	1 Jan 2012
IFRS 9 *	Financial instruments	1 Jan 2013

(Amounts in '000s US Dollars)

IFRS 10 *	Consolidated financial statements	1 Jan 2013
IFRS 11 *	Joint arrangements	1 Jan 2013
IFRS 12 *	Disclosure of Involvement with Other Entities	1 Jan 2013
IFRS 13	Fair value measurement	1 Jan 2013
IAS 28	Investments in Associates (revised 2011)	1 Jan 2013
IAS 27	Separate Financial Statements (revised 2011)	1 Jan 2013

The Group has not yet assessed the impact of IFRS 9. All other amendments and interpretations are not expected to materially affect the Group's reporting or reported numbers.

* Not yet endorsed by European Union.

a) Functional and presentation currency

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial information is presented in US dollars ($), which is the functional and presentation currency of the Company. The exchange rate on 31 December 2010 was £1:$1.55 (2009: £1:$1.61) and $1:RUB 30.52 (2009: $1:RUB 30.24). The average rates applied to transactions during the year were £1:$1.55 (2009: £1:$1.56) and $1:RUB 30.31 (2009: $1:RUB 31.83).

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 dates 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 and loss of the period.

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

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

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

b) Segmental Reporting

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

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

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

c) Exploration and evaluation assets

When the Group incurs expenditure on mining properties that have not reached the stage of commercial production, the costs of acquiring the rights to such mineral properties and related exploration and evaluation costs, including directly attributable employment costs, are deferred where the expected recovery of costs is considered probable by the successful exploitation or sale of the asset. General overheads are expensed immediately. Depreciation on fixed assets used on exploration and evaluation projects is charged to deferred costs whilst the projects are in progress.

Where a feasibility study indicates that the future recovery of costs is not probable, full provision is made in respect of any deferred costs. Where mining properties are abandoned, deferred expenditure is written off in full.

Deferred exploration and evaluation costs are assessed at each reporting date to determine whether there are indicators that the asset may be impaired. If any such indicator exists, a review for impairment is conducted, by estimating the recoverable amount by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value if higher. If the recoverable amount is less than the carrying value of an asset, an impairment loss is recognised.

Individual mining properties are considered to be separate cash generating units for this purpose, except where they would be operated together as a single mining business.

The amounts shown as deferred exploration and evaluation expenditure represent costs incurred and do not necessarily reflect present or future values.

d) Property, plant and equipment

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

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

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

e) Inventories

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

f) Leased Assets

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

g) Income taxes

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

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

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

h) Costs associated with the issue of share capital

Costs associated with the issue of shares, net of any taxes, have been set off against share premium.

i) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in Note 14.

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

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

j) Financial Assets

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

Loans and Receivables

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

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

Fair value through profit and loss

This category comprises only in-the-money derivatives which are carried in the statement of financial position at fair value with changes in fair value recognised in profit and loss. The Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit and loss.

Available-for-sale Financial Assets

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise the Group's investment in shares of Grafton Resources Investments Limited. The shares were admitted to the Official List and to trading on the Main Market of the Irish Stock Exchange on 6 July 2009. The shares are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in equity. Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognised in other comprehensive income, is recognised in profit or loss. Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve.

k) Financial Liabilities

Other financial liabilities include trade payables and other short-term monetary liabilities, which are initially measured at fair value and subsequently recognised at amortised cost using effective interest rate method.

l) IFRS7 fair value measurement hierarchy

IFRS 7 requires certain disclosures which require the classification of 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 24). The fair value hierarchy has the following levels:

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

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

m) Share capital

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

n) Critical accounting estimates, assumptions and judgements

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

Accounting estimates and assumptions

i. Recoverability of the exploration and evaluation assets

The most significant assumption in the preparation of these financial statements relates to the recoverability of capitalised exploration costs included in non-current assets. Management have prepared a cash flow forecast, estimating costs of development of the mine and net profits once the mine has been put into operation. The main amounts and estimates required in calculating the future cash flows are:

- Development costs to date of operations
- Future sale price of metals extracted
- Amount of reserves available for extraction
- Operating expenses per tonne of metal extracted

Based on the cash flow forecast prepared, there is no impairment of the capitalised expenditure to date. However, the exploration is still at an early stage and a change in any of the above areas could result in a significant impact on the estimated future cash flows.

ii. Russian business environment

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

iii. Provisions for liabilities

As a result of exploration activities the Group is required to make a provision for rehabilitation. Due to the early stage of exploration activity no significant damage has been caused.

Accounting judgements

i. Exploration and evaluation costs

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

ii. Recoverable Value Added Tax (VAT)

Generally, Russian VAT on construction costs has not been recoverable until construction is complete and production commences although some amounts were recovered during the year. The directors anticipate that the non-current VAT of US$1,307 thousand (2009: US$1,332 thousand) in respect of capitalised Exploration and evaluation costs (note 5) and the total VAT receivable of US$323 thousand (2009: US$594 thousand) (note 9) will be recovered, however if the Group's projects do not proceed to production some VAT may be irrecoverable.

iii. Share-based payments

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

iv. Valuation of available-for-sale assets

During the year the Company held shares in an investment company that has shares listed on the Irish Stock Exchange. As none of these shares have ever traded on the exchange, there is no current market price available. The fair value of these shares was estimated by Directors based on comparison of the market value discount to net asset value of other similar listed investment companies. These shares were sold in October 2010 (note 11).

v. Valuation of derivative financial asset

On 22 July 2010 and 19 October 2010, the Group placed 17 million and 6 million shares respectively with Lanstead Capital L.P. for the total consideration of US$1,407,588 (£910,000).

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

(Amounts in '000s US Dollars)

4. SEGMENT REPORTING

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

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

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

Reportable information as at 31 December 2010

	Corporate (Unallocated)	Kun-Manie	Total
Administrative expenses	(1,001)	(606)	**(1,607)**
Impairment of exploration expenditure	-	(321)	**(321)**
Impairment of investment	(328)	-	**(328)**
Gain on sale of property, plant and equipment	-	-	**-**
Finance income	2,626	-	**2,626**
Finance expense	(5)	-	**(5)**
Taxation	-	-	**-**
Profit for the year	**1,292**	**(927)**	**365**
Non-current assets	-	14,450	**14,450**
Inventories	-	167	**167**
Derivative financial asset	3,806	-	**3,806**
Trade and other receivables	88	64	**152**
Current portion of VAT receivable	-	24	**24**
Cash and cash equivalents	2,815	251	**3,066**
Segment assets	**6,709**	**14,956**	**21,665**
Trade and other payables	(106)	(3)	**(109)**
Segment liabilities	**(106)**	**(3)**	**(109)**
Segment net assets	**6,603**	**14,953**	**21,556**

Reportable information as at 31 December 2009

	Corporate (Unallocated)	Kun-Manie	Total
Administrative expenses	(1,117)	(280)	**(1,397)**
Impairment of exploration expenditure	(9)	(231)	**(240)**
Gain on sale of property, plant and equipment	-	55	**55**
Finance expense	(179)	-	**(179)**
Taxation	-	-	**-**
Loss for the year	**(1,305)**	**(456)**	**(1,761)**
Non-current assets	-	14,495	**14,495**
Inventories	-	247	**247**
Trade and other receivables	113	12	**125**
Current portion of VAT receivable	-	253	**253**
Available-for-sale investments	691	-	**691**
Cash and cash equivalents	720	277	**997**
Segment assets	**1,524**	**15,284**	**16,808**
Trade and other payables	(283)	(7)	**(290)**
Segment liabilities	**(283)**	**(7)**	**(290)**
Segment net assets	**1,241**	**15,277**	**16,518**

(Amounts in '000s US Dollars)

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

5. CAPITALISED EXPLORATION COSTS AND PROPERTY, PLANT AND EQUIPMENT

	Vehicles and office & computer equipment	Exploration and evaluation assets	Total
Cost:			
At 1 January 2009	**1,254**	**13,597**	**14,851**
Additions	-	503	503
Impairments	-	(240)	(240)
Disposals	(227)	-	(227)
Foreign exchange differences	(47)	(335)	(382)
At 31 December 2009	**980**	**13,525**	**14,505**
Additions	33	622	655
Impairments	-	(321)	(321)
Foreign exchange differences	(9)	(141)	(150)
At 31 December 2010	**1,004**	**13,685**	**14,689**
Accumulated depreciation:			
At 1 January 2009	**210**	**-**	**210**
Charge for the year	223	-	223
Disposals	(83)	-	(83)
Foreign exchange differences	1	-	1
		-	
At 31 December 2009	**351**	**-**	**351**
Charge for the year	190	-	190
Disposals	-	-	-
Foreign exchange differences	(3)	-	(3)
At 31 December 2010	**538**	**-**	**538**
Net book value:			
At 31 December 2010	**466**	**13,685**	**14,151**
At 31 December 2009	629	13,525	14,154
At 1 January 2009	1,044	13,597	14,641

Exploration and evaluation costs

Exploration and evaluation assets relate to the Group's mineral exploration licence, Kun-Manie.

In December 2008 the Kun-Manie exploration licence was extended for two years until 31 December 2010 without any further work commitment. A further extension was granted in September 2010 for an additional two years to 31 December 2012. In addition, in April 2009 RosNedra, the Russian licensing agency granted Kun-Manie a certificate of discovery, which gives the Company the right to convert part of the area into a 20 year mining licence. An application has been made for this mining licence.

The Kustak licence was acquired at auction in February 2007 and is valid for 25 years. It is a combined exploration and production licence. During the year the Group recognised an impairment charge of

(Amounts in '000s US Dollars)

US$321 thousand (2009: nil) relating to the Board's decision to focus its attention on the Kun-Manie licence and is reviewing the option of returning the Kustak licence to the Russian authorities. The impairment charge represents costs capitalised to date in respect of that project.

The carrying value of the exploration and evaluation assets is considered with reference to the reserves and resources estimates and their valuation which were independently assessed on 13 December 2007. The 2011/12 work program consists of activities to update the reserves and resources estimates.

VAT Receivable

The capitalised exploration and evaluation costs include VAT of US$1,307 thousand (2009: US$1,332 thousand). When the licensed areas are mined, the VAT will be recoverable based on the percentage of reserves mined in each year; however, if the Group's exploration project does not proceed to production, some VAT may be irrecoverable.

6. TRADE AND OTHER PAYABLES

	31 December 2010	31 December 2009
Accruals and other payables	109	290
	109	**290**

Included in accruals and other payables is US$9 thousand (2009: US$217 thousand) relating to unpaid directors fees.

7. INVENTORIES

	31 December 2010	31 December 2009
Fuel	70	142
Other materials and supplies	97	105
	167	**247**

8. DERIVATIVE FINANCIAL ASSET

	31 December 2010	31 December 2009
Derivative financial asset	3,806	-
	3,806	-

On the 22 July 2010, the Company raised £595,000 (US$907,196) via issue of 17 million new shares to Lanstead Capital L.P ("Lanstead") at 3.5p per share. In addition the Company entered into an equity swap pricing mechanism with Lanstead for a notional 75% (12.75 million) of these shares with a notional reference price of 4.67p per share. All 17 million shares were transferred, with full voting rights on the date of the transaction. The Company will receive consideration on a monthly basis over a 24 month period.

The Company also issued 3 million shares to Lanstead as a value payment in connection with the equity swap agreement (note 13).

On the 19 October 2010, further £315,000 (US$500,881) were raised through the issue of 6 million new shares to Lanstead at 5.25p per share. The Company then entered into an equity swap price mechanism with Lanstead for a notional 75% (4.5 million) of these shares which together with the remaining 22 swap agreements from the initial arrangement had a notional reference price of 5.316p per share. All 6 million shares were transferred, with full voting rights on the date of the transaction. The Company will receive consideration for these shares on monthly basis over the remaining 22 month period.

The Company also issued 1.06 million shares to Lanstead as a value payment in connection with the equity swap agreement (note 13).

The equity swap pricing mechanism has been set up so that Lanstead hedge the consideration they pay for shares in the Company against the performance of the Company’s share price over a 24 month period. To the extent that the share price is greater or lower than the reference price at each swap settlement, the Company will receive greater or lower consideration calculated on pro-rata basis i.e. share price / reference price multiplied by the monthly transfer amount. The valuation for each settlement is determined to be the average share price for the preceding 5 trading days up to settlement date.

As the amount of consideration receivable from Lanstead will change in response to the change in the Company’s share price and foreign exchange rates and will be settled in the future, the receivable is treated as a derivative financial asset and has been designated at fair value through profit or loss.

The fair value of the derivative financial assets has been determined by reference to the Company’s share price and has been estimated as follows:

	Actual share price	Notional number of outstanding shares	Fair value US$000
Value recognised on inception (July 2010)	3.5p	12,750,000	907
Value recognised on inception (October 2010)	5.25p	4,500,000	501
		17,250,000	1,408
Consideration received during the year		(2,534,090)	(204)
Gain on revaluation of derivative (note 16)			2,602
Value of derivative at 31 December 2010	**16.75p**	**14,715,910**	**3,806**

In the period July 2010 to December 2010 a total of 4 swap agreements where settled for the total consideration of US$204 thousand. All swap agreements outstanding at 31 December 2010 had been settled by 9 May 2011 (note 26).

9. VAT RECEIVABLE

	31 December 2010	**31 December 2009**
Current portion of VAT Receivable	24	253
Non-current portion of VAT receivable	299	341
	323	**594**

The Group’s Russian subsidiary had total VAT receivable of RUR 10 million (US$323 thousand) as of the reporting date (2009: US$594 thousand). Of this portion, US$24 thousand represented amounts subsequently recovered post year end and have been classified as current. However, the process of receiving VAT refunds in Russia can take longer than 12 months and therefore, based on recent recovery experience, Management’s view is that the remaining portion of the VAT receivable balance is more appropriately classified as non-current. .

10. OTHER RECEIVABLES

	31 December 2010	**31 December 2009**
Other receivables	152	125

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

(Amounts in '000s US Dollars)

11. AVAILABLE-FOR-SALE INVESTMENT

	31 December 2010	31 December 2009
At the start of the year	691	-
Acquired during the year	-	691
Loss on disposal of investment held	(328)	-
Sale proceeds during the year	(363)	-
At the end of the year	**-**	**691**

On 1 June 2009, the Company entered into a share exchange transaction with Grafton Resource Investments Ltd ("Grafton"). The shares and acquisition costs of US$63,000 have been capitalised as Available-for-sale investments (note 13).

On 26 October 2010 the shares were disposed of for US$363 thousand and a loss on sale of assets held of US$328 thousand has been recognised in the income statement.

12. TAXATION

	31 December 2010	31 December 2009
Current tax – BVI Corporation tax	-	-
Current tax - Russian Corporation tax	-	-
Current tax charge	-	-
Factors affecting tax charge for the year:		
Group profit/(loss) on ordinary activities before tax	365	(1,761)
	365	(1,761)
Tax charge at the BVI corporation tax rate of 0% (2008: 0%)	0	0
Effects of:		
Difference in Russian tax rate of 20% (2009: 20%) to BVI standard rate	(155)	(91)
Non-deductible expenses	6	(31)
Tax losses carried forward for offset against profits of future periods	149	122
Total tax charge for the year	-	-

During the exploration and development stages, the Group will accumulate tax losses which may be carried forward. As at 31 December 2010, the subsidiary in Russia had tax losses carried forward of US$1,837 thousand (2009: US$1,091 thousand) with an estimated tax value at the standard rate of corporation tax in Russia of 20% effective from 1 January 2010 of US$367 thousand (2009: US$218 thousand). Tax losses carried forward in the subsidiaries are available for use over a 10-year period. Of the total available Russian subsidiaries' tax credits, US$746 thousand will be available until 31 December 2020. US$642 thousand will be available until 31 December 2019 and US$449 thousand will be available until 31 December 2018..

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

The Group has significant exposure to the Russian business and fiscal environment through its business and operations being largely based in Russia.

Russia currently has a number of laws related to various taxes imposed by both federal and regional governmental authorities. Laws related to these taxes have not been in force for significant periods, in contrast to more developed market economies; therefore, implementing regulations are often unclear; and few precedents with regard to tax related issues have been established. Furthermore, the Russian Tax Service is in the process of developing and refining its methods of regulation. These facts create tax risks in Russia substantially more significant than those typically found in countries with more developed tax systems. Tax declarations, together with other legal compliance areas (such as customs and currency control matters) are subject to review and investigation by a number of authorities, who are enabled by law to impose extremely severe fines, penalties and interest charges. As a result of these factors, the Group is unable to determine whether or not the inspecting authorities would challenge the taxation treatment of certain transactions recorded by the Group and therefore affect the value of the losses carried forward.

(Amounts in '000s US Dollars)

13. SHARE CAPITAL AND RESERVES

	31 December 2010	31 December 2009
Number of Shares (no par value):		
Authorised	500,000,000	500,000,000
Issued and fully paid	**250,362,112**	**171,019,582**

General Meeting

At a general meeting held on 29 September 2010, shareholders passed an ordinary resolution to authorise the directors to allot up to 100 million ordinary shares pursuant to the Company's articles of association.

Another general meeting was held on 31 March 2010, at which shareholders passed a special resolution to disapply the pre-emption rights contained in the Company's articles of association in respect of an allotment of up to 50 million ordinary shares.

Issue of shares

On the 20 July 2010, the Company issued 1,428,570 new shares to Robin Young at a placing price of 3.5p to satisfy £50,000 ($75,000) of outstanding 2009 director's fees.

On the 22 July 2010, the Company raised £595,000 ($907,000) through the issue of 17 million new shares at a placing price of 3.5p, with a further 3 million new shares issued to satisfy commissions for the fund raising.

On the 28 July 2010, the Company raised £641,154 ($977,000) through the issue of 18.3 million new shares at a placing price of 3.5p.

On the 19 October 2010, the Company raised £315,000 ($501,000) through the issue of 6 million new shares at a placing price 5.25p, with a further 1.06 million new shares issued to satisfy commissions for the fund raising.

On the 16 November 2010, the Company raised £1,708,102 ($2,733,000) through the issue of 32.5 million new shares at a placing price of 5.25p.

The costs associated with the issues of US$387 thousand have been taken to the share premium reserve.

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

Issue of shares – comparative information

On 30 April 2009, the Company raised £180,000 ($266,000) through the issue of 6 million new shares.

On 1 June 2009, the Company raised and additional £120,900 ($193,000) via a placing of 3.1 million new shares at a placing price of £0.039 per share. Simultaneously, the Company issued a further 6 million new shares for a gross consideration of £1 in accordance with the terms of an earlier placing. Amur will have no further obligation to issue shares in connection with this previous placing.

(Amounts in '000s US Dollars)

Also on June 1, the Company entered into a share exchange transaction with Grafton Resource Investments Ltd. Amur has subscribed for shares in Grafton with a value of approximately £589,000 (US$783,000) based on a net asset value of US$38.42 per Grafton share in consideration for the issue of 15,100,000 new Amur ordinary shares at a value per ordinary share of 3.9p (a 44% premium to the closing mid market price of 2.7p on 29 May 2009).

On 21 August 2009, the Company raised £500,000 (US$825,000) through a placing of 7,142,857 ordinary shares at a placing price of £0.07. The Company also issued 1,057,000 new ordinary shares to satisfy commissions from an earlier fundraising.

On 28 August 2009, the Company raised an additional £592,550 (US$960,000) through a placing of 8,465,000 ordinary shares at a placing price of £0.07.

On 10 September 2009, granted 2,450,787 ordinary shares for a combination of accrued commission fees and services totalling $192 thousand, at an effective price 4.7p per share. Of the total number issued, 1,840,493 ordinary shares have been issued for professional services. The remaining 610,294 have been issued to cover fees relating to previous placing agreements.

The costs associated with the issues of US$87 thousand have been taken to the share premium reserve.

Group reserves comprise the following:

Share capital
Amounts subscribed for share capital at proceeds received.

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

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

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

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

14. SHARE BASED PAYMENTS

a) Options Granted

There were no new grants of options to directors or employees during 2010 (2009: nil). .

As of 31 December 2010, there was a total of 10,291,456 options and warrants outstanding (2009: 17,291,456). All of these instruments were fully vested and exercisable. They have maturities that vary between 15 March 2011 and 2 July 2013 with a weighted average strike price of 28p (2009: 24p).

Options and Warrants Outstanding

Grant Date	Number of Shares	Expiry	Strike Price
15 March 2006	7,044,456	15 March 2011	33p
10 May 2007	2,247,000	10 May 2012	18p
5 March 2008	700,000	5 March 2013	18.5p
2 July 2008	300,000	2 July 2013	17p

(Amounts in '000s US Dollars)

b) Shares for services

As stated in note 13, during the year the Company granted ordinary shares for a combination of accrued commission fees and shares for service fees. The shares were valued at the face value of amounts payable under contracts for services, or the net amount of commission owed for share placings.

2010	**Value**	**Shares**
Fees paid	75	1,428,570
Commissions	249	4,060,000
TOTAL	324	5,488,570

2009	**Value**	**Shares**
Fees paid	101	1,840,493
Commissions	106	1,432,000
TOTAL	207	3,272,493

c) Acquisition of available-for-sale asset

On 1 June 2009, the Company entered into a share exchange transaction with Grafton Resource Investments Ltd ("Grafton"). The Company subscribed for shares in Grafton with a value of approximately £589,000 (US$783,000) based on a net asset value of US$38.42 per Grafton share in consideration for the issue of 15,100,000 new Amur ordinary shares at an agreed value per ordinary share of £0.039.

IFRS requires that this transaction be valued using the Company's share price on the date of the transaction, which was £0.0253. As a result, the Company has recognised an addition to share capital of US$628,000. The Grafton shares are recognised in the statement of financial position as available-for-sale investments (note 11).

d) Settlement

Under the terms of a July 2008 placing the Company agreed, in the event that a future fund raising was to be completed with gross proceeds in excess of £1million at a price lower than £0.17 per share, to issue to the investor such number of additional fully paid up ordinary shares for the gross consideration of £1 so that following such issue the weighted average price paid per share as part of this placing shall be adjusted to be equal to that future placing price. The Company issued a further 6,000,000 ordinary shares for gross consideration of £1 on 1 June 2009 to extinguish all further obligations to issue shares in connection with this obligation. The Group estimated the value of the ratchet as US$179,000, being the value of 6 million shares at £0.025 which was the prevailing share price on 1 June 2009 when Black River Funds LLP subscribed for additional shares in a simultaneous transaction. At 31 December 2009 the Group recognised a US$179,000 addition to share capital and corresponding finance expense in the income statement.

15. ADMINISTRATIVE EXPENSES

	31 December 2010	**31 December 2009**
Salaries, wages and directors' fees	615	630
Travel and subsistence expenses	189	177
Professional fees	249	237
Investor relations	93	59
Gain on sale of property, plant and equipment	-	(55)
Foreign exchange differences	111	7
Other administrative expenses	350	287
	1,607	**1,342**

16. FINANCE INCOME

(Amounts in '000s US Dollars)

	31 December 2010	**31 December 2009**
Finance income	24	-
Fair value movement on derivative financial asset (note 8)	2,602	-
	2,626	**-**

17. FINANCE EXPENSE

	31 December 2010	**31 December 2009**
Interest expense on Lanstead swap arrangement (note 8)	5	-
Interest expense on settlement of ratchet (note 14d)	-	179
	5	**179**

18. PROFIT/(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 10.3 million (2009: 17.3 million) of potential ordinary shares have therefore been excluded from the following calculations:

	31 December 2010	**31 December 2009**
Net profit/(loss) for the year	365	(1,761)
Weighted average number of shares used in the calculation of basic loss per share	193,790,726	145,825,418
Basic and diluted profit/(loss) per share	**US$0.002**	**US$(0.01)**

(Amounts in '000s US Dollars)

19. DIRECTORS REMUNERATION

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

	Basic Salary	Fees	**Year Ended 31 December 2010**	Year ended 31 December 2009
Executive Directors				
Robin Young	143	-	143	190
David Woods	87	-	87	158
Non-Executive Directors				
Robert Schafer	-	31	31	34
John Haskell	-	-	-	9
George Eccles	-	-	-	9
David Straker-Smith	-	-	-	8
William McLucas	-	46	46	-
Eric McAuslan	-	23	23	8
Brian Savage	-	14	14	-
	230	**114**	**344**	**416**

The Directors who held office during the year and their interests in the Company's issued share capital are given below:

	Ordinary Shares		**Share Options**	
	At 31 December 2010	At 31 December 2009	At 31 December 2010	At 31 December 2009
Robert W. Schafer (appointed 31 January 2006)	33,333	33,333	354,000	354,000
Robin J. Young (appointed 5 January 2006)	158,590[1]	158,590[1]	4,614,570	3,186,000
David F. Wood (appointed 5 January 2006, retired 22 April 2010)	418,144	418,144	2,124,000	2,124,000
Brian C Savage (Appointed 22 July 2010)	-	-	-	-
Eric D. McAuslan (appointed 14 September 2009, retired 22 July 2010)	-	300,000	-	-
William P. McLucas (appointed 14 September 2009, retired 22 July 2010)	-	300,000	-	-
George W. Eccles (appointed 5 January 2006, retired 1 January 2009)	N/A	N/A	354,000	354,000
David Straker-Smith (appointed 5 January 2006, retired 1 January 2009)	N/A	N/A	354,000	354,000
John Haskell (appointed 5 March 2008, retired 1 January 2009)	N/A	N/A	N/A	N/A

1. As disclosed in the Company's Admission Document, 916,000 of the Ordinary Shares shown against Robin Young's name were the subject of an option in his favour over Ordinary Shares held by Foxley Associates Limited. This option agreement lapsed in 2009.

(Amounts in '000s US Dollars)

20. COMMITMENTS

Operating lease commitments

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

Capital commitments

There were no contracted commitments for capital purchases as at 31 December 2010 (2009: Nil).

21. RELATED PARTIES

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

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

Compensation of Key Management Personnel

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

	31 December 2010	31 December 2009
Salaries and fees	452	525
	452	**525**

22. UNIFIED SOCIAL TAX

The Russian subsidiary contributes to the Russian Federation state pension scheme, medical, social insurance and unemployment funds in respect of its staff. The Group's contribution amounts to 26% (2009 – 26%) of employees' salaries, and is expensed as incurred.

23. CONTINGENCIES

Political environment

As a result of the Group's Russian subsidiary, the operations and earnings of the Group are affected by political, legislative, fiscal and regulatory developments, including those related to environmental protection, in Russia. In particular, licences can be cancelled if the Group is found to be in non-compliance of the licence terms. Management are not aware of any areas of non-compliance that would result in licences held by the Group to be withdrawn.

Legal proceedings

In the opinion of management, there are no current legal proceedings or other claims outstanding, which will ultimately have a material adverse effect on the financial position of the Group.

Insurance of fixed assets

The insurance cover that was in place as at 31 December 2010 fully covered the property, machinery and equipment assets as at that date.

Taxation

Russian tax legislation is subject to varying interpretations and changes occur frequently. Further, the interpretation of tax legislation by tax authorities as applied to the transactions and activity of the Group may not coincide with that of management. As a result, transactions may be challenged by tax authorities and the Group may be assessed additional taxes, penalties and interest, which can be significant. Periods remain open to review by the tax and customs authorities with respect to tax liabilities for three years.

(Amounts in '000s US Dollars)

Environmental matters

The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. The Group has commissioned various baseline environmental studies as required by the Kun-Manie licence. Potential liabilities might arise as a result of changes in legislation and regulation or civil litigation. The impact of these potential changes cannot be estimated but could be material. In the current enforcement climate under existing legislation, management believes that there are no significant liabilities for environmental damage.

24. FINANCIAL INSTRUMENTS

Financial instruments

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

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

	31 December 2010	31 December 2009
Loans and receivables at amortised costs		
Cash and cash equivalents	3,066	997
Financial assets available for sale		
Available for sale investment	-	691
Financial assets at fair value through profit or loss		
Derivative financial asset	3,806	-
Financial liabilities held at amortised costs		
Trade and other payables	109	290

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

Liquidity risk

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

(Amounts in '000s US Dollars)

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

Group 2010	**Carrying amount**	**Contractual cash flows**	**6 months or less**
Trade and other payables	109	109	109
	109	109	109

Group 2009	**Carrying amount**	**Contractual cash flows**	**6 months or less**
Trade and other payables	290	290	290
	290	290	290

Credit risk

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:

Group	**2010**		**2009**	
	Carrying value	**Maximum exposure**	**Carrying value**	**Maximum exposure**
Cash and cash equivalents	3,066	3,066	997	997
Derivative financial asset	3,806	3,806	-	-
Available for sale investment	-	-	691	691
	6,872	6,872	1,688	1,688

Fair values

The fair values of the Group's cash in banks, prepayments and accounts payable are considered equal to the book value as they are all short term.

The derivative financial asset is measured subsequent to initial recognition at fair value by reference to the Company's share price and grouped into Levels 1 to 3 based on the degree to which the fair value is observable

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

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Amounts in '000s US Dollars)

Level 2 fair value measurements at 31 December 2010

	Derivative financial asset	
	31 December 2010	**31 December 2009**
Opening balance	-	-
Additions	1,408	-
Repayment	(204)	-
Net gains recognised in income statement	2,602	-
Closing balance	**3,806**	**-**

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 2010 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 2009.

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

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

The sensitivity analysis below has been determined based on the exposure to floating interest rates during the year. A 25 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates as this is the step change in rates typically expected from major central banks in a single rate change.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's profit for the years ended 31 December 2010 and 31 December 2009 would not change materially.

Currency risk

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

Management reviews its currency risk exposure periodically and hedges part of its exposure to the US dollar by buying and holding on deposit GBP. The Group also hold Roubles in order to cover a proportion of anticipated Rouble expenditures. As at 31 December 2010 the Group had on deposit approximately US$2,743 thousand in GBP (2009: US$683 thousand) and US$65 thousand in Rouble (2009: US$96 thousand) bank accounts.

An analysis of the Group's holdings of financial instruments in various currencies at the year end is as follows:

	31 December 2010		
	Denominated in		
	USD	RUR	GBP
Cash and cash equivalents	258	65	2,743
Derivative financial asset	-	-	3,806
Payables and accruals	(23)	(4)	(82)
Net Exposure	235	61	6,476

(Amounts in ‘000s US Dollars)

	31 December 2009		
		Denominated in	
	USD	RUR	GBP
Cash and cash equivalents	218	96	683
Available for sale investment	691	-	-
Payables and accruals	(219)	(7)	(64)
Net Exposure	690	89	619

The main financial risk faced by the Group relates to currency risk exposure due to its Rouble based costs for exploration works. The Company’s functional currency and financing is the USD, and therefore if the Rouble strengthens its positions against the USD, this has a negative impact on the Group. Given the unpredictability in currency exchange rates movement, this exposure can give rise to a material change (either favourable or unfavourable) in the future.

The following table details the Group’s sensitivity to a 10% increase and decrease in the USD against the Russian rouble and sterling. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the USD strengthens 10% against the relevant currency. For a 10% weakening of the USD against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	Rouble Impact		**Sterling Impact**	
	2010	2009	2010	2009
Profit or loss	13	10	648	63

In the Directors’ opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year. Rouble denominated expenditures is seasonal with higher volumes in the second and third quarters of the financial year.

25. CAPITAL RISK MANAGEMENT

The Group’s objectives when managing capital (i.e. share capital, share premium and retained deficit) are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other shareholders.

The principal strategy of the Group to maintain the capital structure is to issue new shares.

The Group currently does not have any borrowings and none is planned in the next twelve months.

26. EVENTS AFTER THE REPORTING DATE

Share Placement

On 22 March 2011, the Company raised £2.5 million through the issue of 25 million new shares at a placing price of 10p, with a further 2.5 million new shares being issued to satisfy commissions from the fundraising.

Award of Options

On 18 April 2011 the Company awarded a total of 10.6 million share options to Directors and Executives at a strike price of 12.675p.

Completion of Lanstead Equity Swap Arrangement

On 9 May 2011 the equity swap agreement with Lanstead was settled at a total for the whole arrangement of £2,086,454 (US$3,374,066), being the fair value of the swap arrangement at the date, completing and closing the arrangement entered into by the Company as detailed in note 8.