

Amur Minerals

Company update

Kun-Manie keeps on growing

Metals & mining

8 October 2013

Amur Minerals has survived the worst recession since the 1930s through frugal and targeted exploration spending funded by equity raises and equity swap agreements. In doing so it has technically progressed Kun-Manie to such an extent that it has likely materially changed the potential scope for extracting the increasingly large JORC resource, which now stands at 0.52Mt and 0.15Mt contained nickel and copper respectively. Until an updated PFS is ready (in progress, release date tbc), we reiterate our previous estimate of this project's value of US\$394m or £0.59 per share (at a long-term nickel price of US\$20,000/t and a 10% discount rate).

Year end	Revenue (US\$m)	PBT* (US\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/10	0.0	(1.90)	(1.0)	0.0	N/A	N/A
12/11	0.0	(3.1)	(1.1)	0.0	N/A	N/A
12/12	0.0	(3.6)	(1.0)	0.0	N/A	N/A
12/13e	0.0	(2.0)	(0.5)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding intangible amortisation, exceptional items and share-based payments.

New PFS on the way – anticipated in H114

Amur has made good progress in addressing key issues highlighted in the conclusion of the 2007 SRK prefeasibility study (PFS). Management states that met testing has indicated the recovery of metal will be 'substantially higher' than indicated in the PFS, potentially reducing penalty charges at a smelter. A significant 55% increase in JORC resources and increased nickel and copper grades and assessment of potential precious metal by-products are likely to lead to a more economic mine schedule. Further work is required updating taxes, costs and infrastructure requirements, but Kun-Manie should materialise as a more valuable asset than understood from the 2007 SRK PFS.

The Russian far east targeted for development

The lack of a mining licence hinders Amur's ability to start securing financing and develop a mine at Kun-Manie. However, recently President Putin has made claims about developing the Russian far east to service Chinese markets, including its commodity demands. This could aid Amur's efforts to develop Kun-Manie through financial, tax and infrastructure assistance.

Valuation: New PFS to yield higher value?

Until Amur collates all its recent exploration and metallurgical test work results into a revised financial model for Kun-Manie (which we understand is underway with Amur's consultants), we reiterate our previous estimate of this project's value of US\$394m or £0.59 per share (at a long-term Ni price of US\$20,000/t and a 10% discount rate). This is primarily based on the 2007 SRK Consulting PFS. This valuation could be considered conservative in light of the recent developments at Kun-Manie and with specific regards to positive improvements in metallurgy, which could materially increase revenues, decrease penalty charges and have positive tax implications.

Price 7.2p

Market cap £31m

US\$1.55/£

Net cash (US\$m) as at 30 June 2013 2.2

Shares in issue 431.2m

Free float 80%

Code AMC

Primary exchange AIM

Secondary exchange N/A

Share price performance



%	1m	3m	12m
Abs	1.0	(21.8)	48.6
Rel (local)	1.7	(24.9)	28.4
52-week high/low		10.5p	4.4p

Business description

Amur Minerals is an exploration and development company focused on base metal projects located in Russia's far east. The company's principal asset is the Kun-Manie nickel sulphide deposit in the Amur Oblast, containing over a half of a million tonnes of contained nickel in four deposits.

Next events

Drilling update October 2013

Analysts

Tom Hayes +44 (0)20 3077 5725

Charles Gibson +44 (0)20 3077 5724

mining@edisongroup.com
[Edison profile page](#)

Investment summary

Company description: Growing Siberian nickel play

Amur's ability to progress exploration of the Kun-Manie project area and technical aspects related to future mining of the deposit during a time of continued nickel price weakness and oversupply should not be understated.

Valuation: Based on old SRK 2007 PFS

Our base-case valuation remains based on the SRK 2007 PFS. Due to Amur's progress at Kun-Manie over recent years, we feel the PFS is outdated and not a fair reflection of the project's true worth. We do not consider it valid at present to adjust our base case for Amur's new metallurgical test data or make assumptions of how the new July 2013 SRK estimated JORC resource may affect future mining of the deposit. To make such assumptions would mean overlooking other factors material to the valuation, such as penalty charges relating to deleterious elements. Although they are partially de-risked through lower MgO contents being recorded by Amur's consultants during the most recent metallurgical test work programme, they cannot be estimated accurately as they are being negotiated via as yet undetermined third-party smelting agreements. Other material factors would be governmental assistance via tax incentives and infrastructure assistance due to Kun-Manie's remote location within the Russian far east. However, we do undertake a sensitivities analysis to address certain changes to our valuation.

Financials: Equity swap agreements keep drills turning

Amur's accounts reflect its status as an exploration stage company, with the largest items relating to exploration activities and corporate overheads. The latter are largely related to company marketing activities and pursuit of its mining licence with the Russian authorities.

Cash position and equity swap agreements

Amur had US\$2.2m in cash on its balance sheet (30 June 2012), sufficient to fund its 2013 exploration field season (running June to October), comprising around 6km of drilling to follow the successes of its 2012 field season. To finance its budget, Amur has entered into a series of agreements with Lanstead Partners, an alternative investment vehicle focused on providing equity capital through bespoke agreements. Amur has already netted £2.07m from closing out its first Lanstead Agreement in May 2011 and in H1 it received £0.36m in monthly payments from a second agreement, which ended in March 2013.

A new Lanstead equity swap agreement was announced on 23 July 2013, raising £5.2m for Amur by way of subscription for a total of 71,724,141 shares at 7.25p. An initial £1m was paid and the subsequent monthly payment amounts will vary based on the relative average share price of Amur's stock to a stipulated benchmark price of 9.67p. Payments will increase or decrease based on the actual price above or below this benchmark price.

Sensitivities: Mining licence key

The drilling and exploration work undertaken while Amur has pursued approval of its mining licence could be viewed as a silver lining. It coincided with a low nickel price, reflecting a struggling steel industry amid a sluggish global recovery. The increased scale and improved grades and metallurgical data achieved over the last two years have prompted Amur to update the SRK 2007 PFS.

Company description: Low-cost nickel discovery

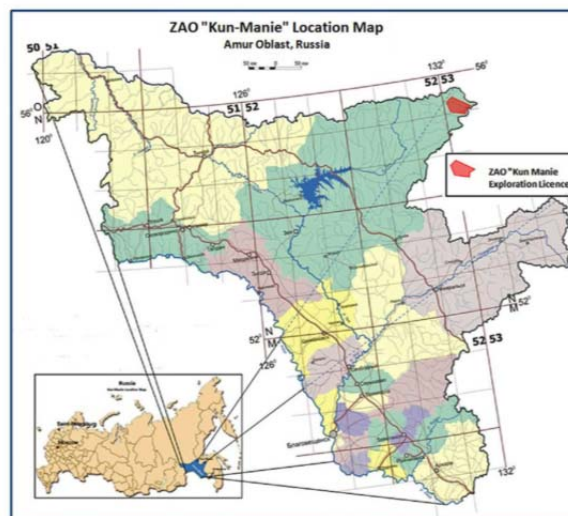
Amur Minerals has a 100% interest in the Kun-Manie deposit in the north-east corner of Russia's Amur Oblast in the far-east. To date, the project has delineated four specific resource deposits of nickel sulphide mineralisation to JORC resource standard, containing 527kt (1,161Mlbs) of in-situ nickel, discovered at an average cost of 1.5 US cents/lb (cf a nickel price currently of US\$6.22/lb). Drilling during the 2013 field season has identified a fifth deposit, which could add substantially to the recently reported JORC estimate.

History: SRK PFS completed in 2007 but needs revising

In November 2007, consultants SRK completed a PFS for Amur concluding that a project designed to produce a nickel concentrate had a net present value of US\$84m at a discount rate of 10% and nickel and copper prices of US\$7.50/lb and US\$1.50/lb respectively. All costs were included in the analysis, including staff costs, mining, transport to and from site, loading and railway transport to a third-party smelter. However, potential cobalt, platinum and palladium revenues were excluded from the analysis. In addition, while the optimal pit outlines had been determined, these have not been translated into optimum production schedules. As a result, some higher-grade production was delayed until later years, reducing the NPV of the project unnecessarily.

Further, in the conclusion of its 2007 Technical Study for Kun-Manie, SRK Consulting listed seven points requiring further work, two of which were related to the resource. The first related to the relatively low resource grade, suggesting further investigation of the potential to mine a higher grade in mining years three to five was required. The second stated that Amur should look at the potential to define additional resources at the project. The 2012 drill results, now modelled by Amur into an updated JORC resource (announced 29 July 2013), have resulted in a 55% increase in its JORC-compliant nickel resources (see page 4) potentially allowing for a higher-grade start to the mine life. This resource update does not include the promising Kubuk deposit currently being drilled as part of the 2013 field season. Also, as announced on 18 May 2012, metallurgical test results improved MgO levels globally from 16% to c 11.5%, resulting in potentially reduced smelter charges of c US\$76.2m. These four points would positively affect any revised feasibility study undertaken on Kun-Manie. The remaining three points related to the cost of a process plant, royalty rates and tax holidays and further investigations into site access roads.

Exhibit 1: Location of Kun-Manie exploration licence – close to the Chinese border

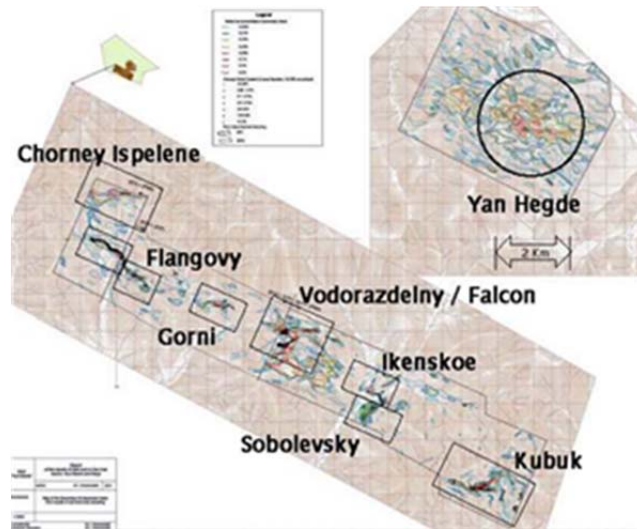


Source: Amur Minerals

Understanding the geology of Kun-Manie

Through expanding its short-term exploration strategy while pursuing its mining licence, Amur has greatly improved its understanding of the geological controls on Kun-Manie's mineralisation. The four official resource deposits are Maly Kurumkon, Vodorazdelny, Ikenskoe and Gorni, with Kubuk currently the subject of resource delineation as part of the 2013 field season (running June to October). The locations of all these deposits (all within the area that is the subject of Amur's mining licence application) as well as the other soil anomalies identified since field seasons started in 2004 are shown in the following exhibit.

Exhibit 2: The nine currently defined exploration areas at Kun-Manie



Source: Amur Minerals. Note: The fainter black outline encompassing all deposits/anomalies is Amur's applied for mining licence boundary.

A far more detailed description of each of the above exploration areas can be found in our February 2012 outlook note *District scale nickel*. However, in this note we concentrate on the Kubuk deposit, which has become a recent focus of Amur's 2013 exploration strategy due to the very large soil anomaly signature identified during the 2012 field season as measuring c 1km long and 2.5km wide.

As stated, the growing importance of the Kubuk deposit is down to its currently understood large size. Aside from the dimensions understood from geochemical sampling, it has been drill defined along a length of at least 750m and approximately 350m wide. A 30m thickness for this deposit has been estimated from the average thicknesses recorded from the 21 diamond drill holes sunk into Kubuk to date. All 21 holes intersected mineralisation, highlighting the continuity of the mineralised system present at Kubuk, but also in our view supporting Kun-Manie as a well-developed highly prospective nickel-copper district. Average Kubuk grades, currently estimated from using a Niton handheld XRF, are 0.66% nickel and 0.32% copper.

Amur intends to undertake a resource and reserve calculation on Kubuk, which it believes is mineable using open-pit extraction methods. Amur also states that this deposit could substantially add to the current resource of 532kt contained nickel (see Exhibit 3 below). No timeline to release such a resource update has yet been established.

With Amur consistently releasing positive drill, assay and resource and reserve data since it started undertaking field work and drilling in 2004, we consider that the final resource and reserve statements are likely to be much larger than that presented in Exhibit 3. Further, as the deposits are all near the surface it could be expected that a high rate of conversion from mineral resource to mineable reserve will be achieved.

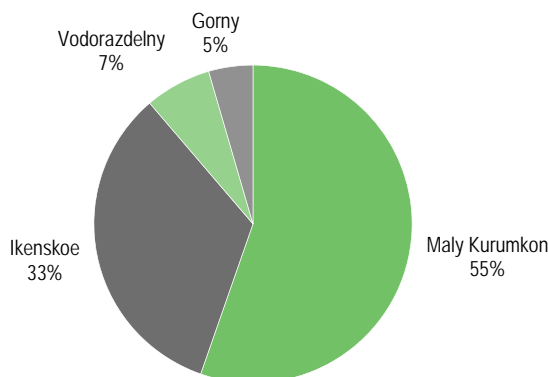
Resources: Now over half a million nickel tonnes

The following exhibit gives the current 30 July 2013 Kun-Manie JORC compliant resource estimate. This has been undertaken for only four of the eight currently defined exploration areas. The four resource deposits are Gorni, Ikenskoe, Vodorazdelny and Maly Kurumkon. Note also that the promising Kubuk resource deposit, currently being drilled as part of the 2013 field season, is not included and could provide further upside to the 531.7kt and 145.5kt currently estimated nickel and copper tonnes.

Exhibit 3: SRK calculated JORC mineral resource for Kun-Manie, 30 July 2013									
Orebody	Tonnage	Ni	Ni	Cu	Cu	Pt	Pt	Pd	Pd
Resource category	Mt	%	t	%	t	g/t	kg	g/t	kg
Gorny									
Measured	0.0	0	0	0	0	0	0	0	0
Indicated	0.0	0	0	0	0	0	0	0	0
Sub total	0.0	0	0	0	0	0	0	0	0
Inferred	7.6	0.31	23,900	0.09	7,000	0.2	1,600	0.2	1,900
Total	7.6	0.31	23,900	0.09	7,000	0.2	1,600	0.2	1,900
Ikenskoe									
Measured	14.9	0.52	77,100	0.13	19,700	0.20	2,700	0.20	3,000
Indicated	7.7	0.39	29,800	0.10	7,800	0.10	1,100	0.20	1,300
Sub total	22.6	0.47	106,900	0.12	27,500	0.20	3,800	0.20	4,300
Inferred	11.5	0.62	70,800	0.14	16,300	0.20	2,300	0.20	2,500
Total	34.1	0.52	177,700	0.13	43,800	0.20	6,100	0.20	6,800
Vodorazdelny									
Measured	0.8	0.57	4,700	0.17	1,400	0.3	200	0.3	200
Indicated	4.8	0.66	31,200	0.17	8,200	0.1	600	0.1	600
Sub total	5.6	0.64	35,900	0.17	9,600	0.1	800	0.1	800
Inferred	0.0	0	0	0	0	0	0	0	0
Total	5.6	0.64	35,900	0.17	9,600	0.1	800	0.1	800
Maly Kurumkon									
Measured	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indicated	21.8	0.58	126,100	0.16	34,900	0.1	2,400	0.1	3,000
Sub total	21.8	0.58	126,100	0.16	34,900	0.1	2,400	0.1	3,000
Inferred	31.1	0.54	168,100	0.16	50,200	0.1	5,400	0.1	6,100
Total	52.9	0.56	294,200	0.16	85,100	0.2	7,800	0.2	9,100
Total measured	15.7	0.52	81,800	0.13	21,100	0.2	2,900	0.2	3,200
Total indicated	34.3	0.55	187,100	0.15	50,900	0.1	4,100	0.1	4,900
Total inferred	50.2	0.52	262,800	0.15	73,500	0.1	9,300	0.1	10,500
Grand total	100.2	0.53	531,700	0.15	145,500	0.1	16,300	0.2	18,600

Source: Amur Minerals

Exhibit 4: Resources by deposit in percentage terms



Source: Edison Investment Research

Improved metallurgy to potentially reduce penalty fees

Amur has succeeded in improving metallurgical recovery of all the principal metals due to be mined at Kun-Manie. Flotation test work was undertaken on 24 sulphide ore samples representing six grade ranges taken from the drill reserve portions of the Maly Kurumkon, Vodorazdelny and Iksenskoe deposits (the three deposits that have defined JORC-compliant resource and reserves and are included in SRK's 2007 PFS – see Exhibit 2 for locations).

Importantly, the samples selected by Amur for flotation testing are now thought to be more representative of life of mine operating parameters and the likely variability of the ore delivered to the process plant. The results of the new SGS flotation test work are given in Exhibit 5.

Exhibit 5: Change in metallurgical recoveries				
Commodity	Average life of mine grade	SRK utilised metallurgical recovery	SGS projected metallurgical recovery	Percentage change
Nickel (%)	0.55	75.9	77.8	3%
Copper (%)	0.16	72.9	90.4	24%
Cobalt (%)	0.01	57.0	68.6	20%
Platinum (g/t)	0.18	51.1	73.9	45%
Palladium (g/t)	0.29	40.8	82.4	102%

Source: Amur Minerals. Note: Cobalt was not used by SRK in its economic assessment of the Kun-Manie project and would require further metallurgical and geological assessment to be included in any future revised cash flow analysis.

Concentrate grades (potentially) up 37% Ni and 21% Cu

As a result of metallurgical recoveries test work (Exhibit 5) undertaken on Maly Kurumkon ores, SGS has established markedly higher potential nickel and copper concentrate grades of 9.6% (vs 7.0% used in SRK's 2007 PFS) and 2.9% (vs a life of mine average of 2.4%) respectively. These increases translate to a 37% increase for nickel and a 21% increase for copper in concentrate. However, it should be noted that for these increased concentrate grades to be indicative of Kun-Manie as a whole (so is indicative of each of the numerous deposits contained within the Kun-Manie licence area), Amur will have to undertake extensive work programmes, involving drilling of the pre-resource exploration targets given in Exhibit 2 and laboratory test programmes.

Analysis of deleterious (penalty) elements

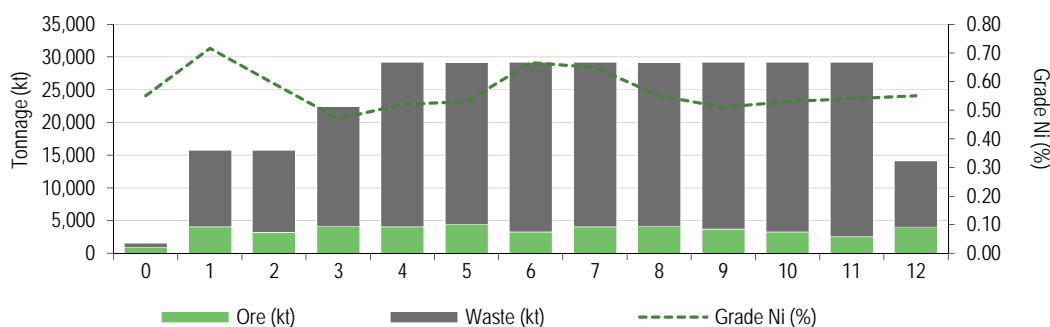
The other side to increasing the payability of concentrates from Kun-Manie is the reduction of the amounts of certain determinants in the concentrates, which can incur penalty charges from the smelter. Concerning nickel mining, two of the most important determinants are the level of arsenic (As) and magnesium oxide (MgO). A significant reduction of MgO has been achieved by SGS, with levels reduced from 16% (that used in the 2007 SRK pre-feasibility study) by around 3% to 13%. However, accurate assessment of the positive impact any reduction in MgO content will have on cash flows will only be known after further assessment being undertaken by Amur's consultants. The likely release date of this work has not yet been stated. Concerning arsenic levels, it is known from previous drill programmes that Kun-Manie nickel ores are relatively clean of arsenic; however, accurate assessment of arsenic levels will need to be calculated for the purpose of agreeing any future third-party smelting contract.

Please refer to the Sensitivities section on page 9 for an example of how an increase in concentrate grades might affect our US\$394m valuation.

Valuation

Although we consider the amount of technical progress Amur has made at Kun-Manie diminishes the relevance of the 2007 SRK Consulting PFS as it is unlikely to reflect the true value of the project, we still retain it as the most complete assessment of the project undertaken to date. We therefore reiterate our project valuation from our last outlook, *District scale nickel*, 3 February 2012, until Amur releases a new study, which we would expect could present a material change in scope, costs and capital expenditure for the project.

Exhibit 6: Kun-Manie mining schedule



Source: Edison Investment Research, SRK, Amur Minerals Corporation. Note: New resource is likely to materially affect this.

Based on the above schedule, SRK calculated a value for the project of US\$85m at a 10% discount rate and a 15% internal rate of return in what it described as its '4Mtpa Upside' scenario. This differed from SRK's '4Mtpa' scenario principally in its elimination of US\$231m in penalties relating to deleterious compounds (especially magnesium oxide, which has now been proven via met testing to be far lower than thought during the time of writing the 2007 SRK PFS) in the concentrate. We were not privy to the precise financial model used by SRK in deriving this valuation. However, by using the (very similar/identical) assumptions summarised below, we were able to derive a valuation for Kun-Manie of US\$89m.

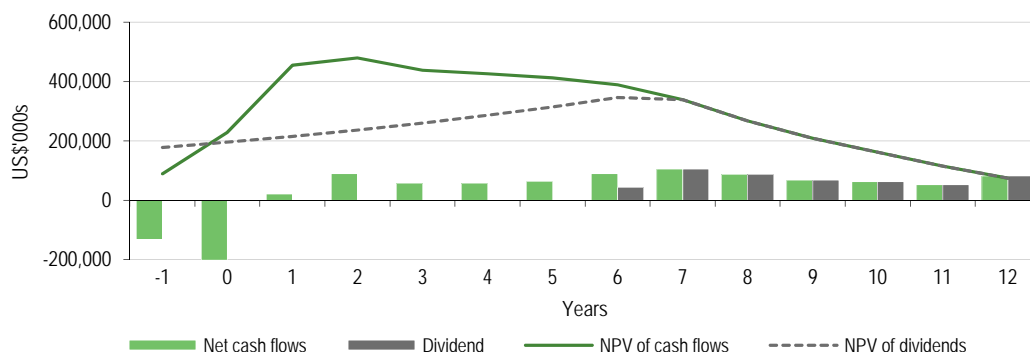
Exhibit 7: Edison assumptions used in deriving a value for Kun-Manie

Parameter	Assumption
Nickel price	US\$14,300/t
Nickel price	US\$6.49/lb
Payable nickel	67%
Copper price	US\$3,000/t
Payable copper	50%
Average nickel sulphide recovery	77.30%
Percent nickel in concentrate	7.00%
Freight costs (minesite – siding)	US\$21.67/t
Freight costs (siding – smelter)	US\$35.75/t
Royalties (Ni and Cu)	8% of net revenue after freight
Mining cost, ore	US\$1.30/t
Mining cost, waste	US\$1.20/t
Processing cost	US\$6.11/t
General and administrative cost	US\$2.25/t
Russian corporate tax rate	24%
Cost of debt	10%
Creditor days	30
Debtor days	30
Stock turn	12
Initial capex	US\$424m

Source: Edison Investment Research

The value of US\$89m is based on the present value of future cash flows to investors in the project and compares to a value based on the present value of future dividend flows to investors of US\$178m, as shown in the following exhibit.

Exhibit 8: Kun-Manie project value profile (x axis = years)



Source: Edison Investment Research, SRK, Amur Minerals Corporation

The valuation derived by both methods converges to a value of US\$339m in year seven of the project's life, when the first significant dividend is hypothetically payable to investors. Please also refer to Exhibit 9, which demonstrates how our initial US\$89m valuation (now US\$394m) increases with changes to certain valuation parameters.

Potential equity dilution – not relevant at this time

We have previously undertaken a dilution analysis to demonstrate to investors the potential future dilution resulting from a 50:50 debt/equity structured financing of the estimated US\$424m required to develop Kun-Manie (as per the 2007 SRK PFS). We now do not consider such an exercise valid based purely on our assertion that the 2007 SRK PFS is unlikely to reflect the project's true value. Further analysis should be undertaken once a revised PFS is released by Amur.

Sensitivities

Updating our model purely to reflect changes in external factors results in changes to the valuation and internal rates of return for the project, shown below.

Exhibit 9: Updated Kun-Manie valuations

Parameter updated	NPV (US\$m)	IRR (%)
Nickel price US\$14,300/t and nickel payability 67%*	89	15.0
Nickel price increased to US\$20,000/t and nickel payability to 71%	394	30.3
Ditto, plus Ni in concentrate grade increased to 9.6% from 7.0%.	734	45.3
Nickel price increased from US\$14,300/t to US\$35,000/t and nickel payability from 67% to 73%	1,143	62.2
Ditto, plus Ni in concentrate grade increased to 7.5% from 7.0%.	1,257	66.8

Source: Edison Investment Research *NB reflects Edison's value based on SRK 2007 PFS

Kun-Manie's sensitivity to the nickel price, discount rate and percentage change in unit costs is given in the following exhibits.

Exhibit 10: Sensitivity to the nickel price

Ni price (US\$/t)	11,737	12,000	14,000	16,000	18,000	20,000
NPV (US\$'000s)	0	13	113	209	302	394

Source: Edison Investment Research

Exhibit 11: Sensitivity to discount rate

% change to discount rate	0%	5%	10%	15%	20%	25%
NPV (US\$'000s)	1,118	665	394	226	119	0

Source: Edison Investment Research

Exhibit 12: Sensitivity to unit costs

% change in operating costs	-20%	-10	0%	10%	20%	30%
NPV (US\$'000s)	447	420	394	366	339	311

Source: Edison Investment Research

Putin making moves to develop Russian far east

President Putin has made calls over the last year to develop the Russian far east, primarily to better serve the Chinese markets located across its borders. While these comments appear to place such development in the early stages of policy making, it could suggest infrastructure (helping Amur with its Kun-Manie access road – one of the key development requirements as per the SRK 2007 PFS), tax incentives and potential project funding assistance.

Mining licence status

Amur’s announcement on 24 May 2013 stated that Rosnedra (the Russian state mining authority) has calculated a one-off conversion price for a mining licence for subsoil use at Kun-Manie of US\$818k. This is an important step forward in an approval process that has seen little traction over the past two years.

Rosnedra has now submitted Amur’s updated applications to the four key regulatory authorities before submission to the Presidential Commission on Strategic Projects for final approval. These four are the Department of Defence, Federal Security Service, Anti-Monopoly Board and Ministry of Economic Development.

On 12 September 2013 Amur released an announcement on its updated Kun-Manie mining licence application. In it Amur states it has received verbal confirmation from representatives of the Russian state authorities that the Department of Defence and Federal Security Service have approved the company’s updated mining licence application. Official confirmation by these regulatory bodies as well as the Anti-Monopoly board provide the basis for Rosnedra’s compilation of the terms and conditions of the mining licence, which will be forwarded for review by the Ministry of Economic Development (MED). The MED review will consider the economic parameters and financial viability of the project and subsequently report back to Rosnedra its conclusions.

Once the MED reports back to Rosnedra, all required inputs to Amur’s mining application will be made and forwarded to the Presidential Commission on Strategic Projects. This commission meets a minimum of twice yearly (its last was in April 2013). The next meeting is anticipated during the autumn/winter of 2013.

Effect of increased concentrate grades on our NPV10 valuation

While the increase in concentrate grades are positive, they have only been performed on a small subset of Maly Kurumkon drill data and are not representative of all the deposits contained within the Kun-Manie licence area (including not only Vodorazdelny and Ikenskoe, but also the exploration target areas as shown in Exhibit 1). So for indicative purposes we have only included the improved nickel and copper concentrate grades into our Kun-Manie production model (based ostensibly on SRK’s 2007 PFS). The result would be to increase our estimate of the potential value of the project by 85% from our ‘base case’ February 2012 valuation of US\$394m to US\$734m (IRR 45.3%), using the same nickel price and discount rate of US\$20,000/t and 10% respectively.

We await the release of further metallurgical test results and the outcome of further work into refining the other operating parameters of SRK's 2007 PFS on Kun-Manie before we officially revisit our base case valuation. However, indications that increased concentrate grades are possible for nickel and copper highlights the potential for further upside to our existing US\$394m valuation.

Financials: Equity swap agreements keep drills turning

Amur's accounts reflect its status as an exploration-stage company, with the largest items relating to exploration activities and corporate overheads. The latter are largely related to company marketing activities and pursuit of its mining licence with the Russian authorities.

Cash position and equity swap agreements

Amur had US\$2.2m in cash on its balance sheet (30 June 2012), sufficient to fund its 2013 exploration field season (running June to October), comprising around 6km of drilling to follow the successes of its 2012 field season. To finance its budget, Amur has entered into a series of agreements with Lanstead Partners, an alternative investment vehicle focused on providing equity capital through bespoke agreements. Amur has already netted £2.07m from closing out its first Lanstead Agreement in May 2011, and in H1 it received £0.36m in monthly payments from a second agreement, which ended in March 2013.

A new Lanstead equity swap agreement was announced on 23 July 2013, raising £5.2m for Amur by way of subscription for a total of 71,724,141 shares at 7.25p. Following an initial £1m payments, the monthly payment amounts vary based on the relative average share price of Amur's stock to a stipulated benchmark price of 9.67p. Payments will increase or decrease based on the actual price above or below this benchmark price.

To assist Amur during its expanded exploration phase and to lower operating costs while it secures its mining licence, in 2011 the company purchased its own diamond drilling rig, which it states saves an average of US\$75 a metre. For illustrative purposes if we assume that this saving reduces costs to an average of US\$100 a metre, then its 6,000m 2013 drill programme would cost Amur US\$600,000 or c 27% of its reported 30 June 2013 cash position.

Exhibit 13: Financial summary

	US\$'000s	2010	2011	2012	2013e
Year end 31 December		IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue		0	0	0	0
Cost of Sales		0	0	0	0
Gross Profit		0	0	0	0
EBITDA		(1,928)	(2,892)	(1,750)	(2,000)
Operating Profit (before GW and except.)		(1,928)	(2,892)	(1,750)	(2,051)
Intangible Amortisation		0	0	0	0
Exceptionals		(328)	0	0	0
Other		0	(1,505)	(435)	455
Operating Profit		(2,256)	(4,397)	(2,185)	(1,596)
Net Interest		0	(211)	(1,813)	31
Other		0	0	0	0
Profit Before Tax (norm)		(1,928)	(3,103)	(3,563)	(2,020)
Profit Before Tax (FRS 3)		(2,256)	(4,608)	(3,998)	(1,565)
Tax		0	0	0	0
Profit After Tax (norm)		(1,928)	(3,103)	(3,563)	(2,020)
Profit After Tax (FRS 3)		(2,256)	(4,608)	(3,998)	(1,565)
Average Number of Shares Outstanding (m)		193.9	271.8	345.1	392.2
EPS - normalised (c)		(1.0)	(1.1)	(1.0)	(0.5)
EPS - FRS 3 (c)		(1.2)	(1.7)	(1.2)	(0.4)
Dividend per share (c)		0.0	0.0	0.0	0.0
Gross Margin (%)		N/A	N/A	N/A	N/A
EBITDA Margin (%)		N/A	N/A	N/A	N/A
Operating Margin (before GW and except.) (%)		N/A	N/A	N/A	N/A
BALANCE SHEET					
Fixed Assets		14,151	13,903	17,928	17,963
Intangible Assets		13,685	13,503	17,084	17,084
Tangible Assets		466	400	844	879
Other receivables		0	0	0	0
Current Assets		7,215	7,386	8,389	8,423
Stocks		167	165	224	224
Trade Debtors		0	0	0	0
Cash		3,066	4,436	2,048	2,412
Other receivables/other		3,982	2,785	6,117	5,787
Current Liabilities		(109)	(102)	(119)	(119)
Creditors		(109)	(102)	(119)	(119)
Short term borrowings		0	0	0	0
Long Term Liabilities		0	0	0	0
Long term borrowings		0	0	0	0
Other long term liabilities		0	0	0	0
Net Assets		21,257	21,187	26,198	26,267
CASH FLOW					
Operating Cash Flow		(1,201)	(2,761)	(1,071)	(2,895)
Net Interest		0	0	0	31
Tax		0	0	0	0
Capex		(492)	(20)	(3,482)	(2,257)
Acquisitions/disposals		363	0	0	0
Financing		3,527	4,344	2,165	5,685
Dividends		0	0	0	0
Net Cash Flow		2,197	1,563	(2,388)	564
Opening net debt/(cash)		(997)	(3,066)	(4,436)	(2,048)
HP finance leases initiated		0	0	0	0
Other		(128)	(193)	0	(200)
Closing net debt/(cash)		(3,066)	(4,436)	(2,048)	(2,412)

Source: Company accounts and Edison Investment Research

Contact details	Revenue by geography
14 Gaidar Street Office 9 Khabarovsk 680063 Russia Phone: +7 4212 755 615 www.amurminerals.com	N/A

CAGR metrics	Profitability metrics	Balance sheet metrics	Sensitivities evaluation
EPS 09-13e	N/A ROCE 13e	N/A Gearing 13e	N/A Litigation/regulatory ●
EPS 11-13e	N/A Avg ROCE 09-13e	N/A Interest cover 13er	N/A Pensions ○
EBITDA 09-13e	N/A ROE 13e	N/A CA/CL 13e	N/A Currency ◐
EBITDA 11-13e	N/A Gross margin 13e	N/A Stock days 13e	N/A Stock overhang ○
Sales 09-13e	N/A Operating margin 13e	N/A Debtor days 13e	N/A Interest rates ○
Sales 11-13e	N/A Gr mgn / Op mgn 13e	N/A Creditor days 13e	N/A Oil/commodity prices ●

Management team
CEO: Robin Young Mr Young is a geologist and mining engineer who has worked extensively in the CIS since 1991. He has 37 years of experience in the mineral resources industry overall and has been CEO of Amur since October 2004.
Chairman: Robert Schafer Mr Schafer has 38 years of experience in the mineral industry, working in the international sector with both major and junior mining companies. He is currently vice-president, business development with Hunter Dickinson.

NED: Brian Savage
Mr Savage is a founder of Frontier Mining and served as a director since that company's formation in August 1998, acting as chief executive officer between 2001 and 2009. He has 20 years' experience in all aspects of the mining industry.

Principal shareholders	(%)
Lanstead Capital LP	19.58
Marlborough Fund Managers – Multiple portfolios	0.42
Marlborough Fund Managers – MFM CFS Balanced Opportunities Fund	0.42
Robin Jay Young	0.41
Robert William Schafer	0.06
Brian Charles Savage	0.04

Companies named in this report
N/A

Edison, the investment intelligence firm, is the future of investor interaction with corporates. Our team of over 100 analysts and investment professionals work with leading companies, fund managers and investment banks worldwide to support their capital markets activity. We provide services to more than 400 retained corporate and investor clients from our offices in London, New York, Frankfurt, Sydney and Wellington. Edison is authorised and regulated by the Financial Services Authority (www.fsa.gov.uk/register/firm/BasicDetails.do?sid=181584). Edison Investment Research (NZ) Limited (Edison NZ) is the New Zealand subsidiary of Edison. Edison NZ is registered on the New Zealand Financial Service Providers Register (FSP number 247505) and is registered to provide wholesale and/or generic financial advisory services only. Edison Investment Research Inc (Edison US) is the US subsidiary of Edison and is not regulated by the Securities and Exchange Commission. Edison Investment Research Limited (Edison Aus) [46085869] is the Australian subsidiary of Edison and is not regulated by the Australian Securities and Investment Commission. Edison Germany is a branch entity of Edison Investment Research Limited [4794244]. www.edisongroup.com

DISCLAIMER

Copyright 2013 Edison Investment Research Limited. All rights reserved. This report has been commissioned by Amur Minerals and prepared and issued by Edison for publication globally. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of Edison at the time of publication. The securities described in the Investment Research may not be eligible for sale in all jurisdictions or to certain categories of investors. This research is issued in Australia by Edison Aus and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act. The Investment Research is distributed in the United States by Edison US to major US institutional investors only. Edison US is not registered as an investment adviser with the Securities and Exchange Commission. Edison US relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. As such, Edison does not offer or provide personalised advice. We publish information about companies in which we believe our readers may be interested and this information reflects our sincere opinions. The information that we provide or that is derived from our website is not intended to be, and should not be construed in any manner whatsoever as, personalised advice. Also, our website and the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. This document is provided for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. Edison has a restrictive policy relating to personal dealing. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report. Edison or its affiliates may perform services or solicit business from any of the companies mentioned in this report. The value of securities mentioned in this report can fall as well as rise and are subject to large and sudden swings. In addition it may be difficult or not possible to buy, sell or obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (ie without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision. To the maximum extent permitted by law, Edison, its affiliates and contractors, and their respective directors, officers and employees will not be liable for any loss or damage arising as a result of reliance being placed on any of the information contained in this report and do not guarantee the returns on investments in the products discussed in this publication. FTSE International Limited ("FTSE") © FTSE 2013. "FTSE" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

Frankfurt +49 (0)69 78 8076 960 Schumannstrasse 34b 60325 Frankfurt Germany	London +44 (0)20 3077 5700 280 High Holborn London, WC1V 7EE United Kingdom	New York +1 646 653 7026 245 Park Avenue, 39th Floor 10167, New York US	Sydney +61 (0)2 9258 1162 Level 33, Australia Square 264 George St, Sydney NSW 2000, Australia	Wellington +64 (0)48 948 555 Level 15, 171 Featherston St Wellington 6011 New Zealand
--	--	--	---	--