

7 July 2016

This announcement contains inside information

AMUR MINERALS CORPORATION
(AIM: AMC)

June 2016 Drill Update
High Grade Extension – 50 Metres of 0.97% Nickel

Amur Minerals Corporation ("Amur" or the "Company"), a nickel-copper sulphide mineral exploration and resource development company focused on the far east of Russia, is pleased to announce the June 2016 drill results from its Maly Kurumkon / Flangovy ("MKF") drill programme at Kun-Manie.

Highlights:

- The early start to the drill season and higher than anticipated drilling rates have resulted in the completion of 38 holes containing a total of 7,469.2 metres which is nearly 50% of the total planned 15,000 metres for the year. A record number of metres have been drilled since 5 May 2016. This is more than have ever been completed in a single field season. The greatest previous total was 7,201.9 metres completed in 2012.
- The 2016 programme is divided into three areas identified as Area A, Area B and Area C. Area A is the first target located at the west end of MKF. The planned programme for Area A was intended to confirm, upgrade and expand the resource over a 500 metre length of the deposit. Planned for 3,300 metres of drilling, the programme was significantly upgraded during June in direct response to having identified new mineralisation to the west of the 500 metre long block which had been interpreted to be barren of mineral. The target area had been doubled to a length of 1,000 metres.
- Within Area A, drilling of a 2.1 million tonne high grade (>0.5% nickel) Inferred resource has now been completed to a drill spacing previously used to identify Indicated resources. The comprehensive high grade drill data set within the Inferred resource area indicates the zone to be 25.2 metres in average thickness, an increase from 15.8 metres used to define the April 2016 resource statement. The average length weighted grade of the holes within the Inferred resource area has also increased from 0.81% nickel to 0.88% nickel. Copper content increased from 0.21% to 0.25%. The high grade Inferred resource reported in April 2016 is considered to understate the mineralised tonnage, grade and metal for this 300 metre wide block.
- Area A mineralisation potential was considered to be limited to the west of the Inferred resource block where a fault was present and the geological rock type changed from ore hosting pyroxenites to typically barren metagabbro. Step out holes located across the fault now indicate the metagabbro is present but not as extensively as previously interpreted and high grade mineralisation is now confirmed to be present by drilling. The high grade mineralisation is

continuous from the Inferred resource block for an additional 400 metres westward, all of which is new discovery mineral. The total length of MKF has been increased to 2,600 metres. Additional potential remains further to the west within Area A and the Company will continue to drill further step outs in increments of 100 metres until the metagabbro is intersected in the drilling.

- The newly discovered high grade mineralisation in excess of 0.5% nickel averages 21.8 metres per hole containing 0.99% nickel and 0.24% copper. Drilling in the newly discovered mineralisation is being conducted at a spacing that SRK Consulting (UK) Ltd has used to report Indicated resources.
- Area A metallurgical holes drilled adjacent to existing holes have been completed with at least another four holes planned for the new mineral.
- Drilling of DFS metallurgical holes located in 1,200 metre long Area B located to the east of A was initiated in late May and is ongoing.
- Analytical results continue to be generated onsite using the Company's two Niton XL2 500 X-Ray Fluorescence ("RFA") units, allowing for rapid turnaround and decision making in the field.
- Alex Stewart Laboratories ("ASL") confirms that the analytical results from the first batch of 570 samples (May drilling) are in are being prepared for analysis. ASL results are used to estimate resources. An additional 478 samples (June drilling) have been shipped from our facilities in Khabarovsk, Russia to ASLS in Moscow.

Based on total metres, the 2016 drill programme of 15,000 metres is nearly 50% complete. Since inception of drilling in early May, the focus has been on the western limit of MKF identified as Area A. High grade nickel and copper results have been drilled and exceed expectations. The current Inferred drill resource appears to be understated with regard to thickness, grade and contained metal. The presently identified Inferred resource could be as much as 50% thicker (based on a 0.50% cutoff grade ("COG")) and with an average grade increase of 10%.

The drill discovery of another 400 metres of high grade nickel and copper mineralisation immediately to the west of the Inferred resource indicates that the MKF deposit is at least 2,600 metres in length. Very similar grades and thicknesses to that of the Inferred resource substantiate the potential to add to the reserve inventory. Given the location of the Area A mineralisation and the logistical support requirements to drill at Kun-Mane, the Company plans to drill all resources to a classification of Indicated. This precludes having to return to the area for any additional resource drilling and delineation.

Robin Young, CEO of Amur Minerals, commented:

"Last month we were pleased to report that the acquired 2016 drill results for the western area of Maly Kurumkon – Flangovy were successfully delineating the limits of the mineralisation and the likely conversion of a two to three million tonne block of Inferred resource to that of Indicated. We were also able to inform our shareholders that we had identified the presence of the thick, high grade zone located along the entire length of the deposit. This discovery of the pipe provides us with the additional potential to increase the tonnage and average grade of ore within this Inferred block during the next resource update. We were in the final stages of defining the western limit of the mineralisation and planning to shift our efforts to the collection of the metallurgical sample along the central area of Maly Kurumkon – Flangovy.

Results from the first drill hole in June immediately modified to our plans. This first hole intersected the high grade pipe where mineralisation was not anticipated to be present based on surface geological information. We immediately expanded the step out drill programme and have now extended the pipe a further 400 metre long along bringing its total length to 2,600 meters. Two of the holes have intersected mineral thicknesses of 50 metres which contain nickel grades ranging from 0.82% to 0.98%. This new mineralisation should add substantially to the resource inventory and contribute to the project potential. The rapid adjustment to our programme was possible due to our ability to generate preliminary analytical results at site.

We look forward to continuing our monthly drill updates as well as providing additional information related to the Definitive Feasibility Study.”

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For additional information, visit the Company’s website, www.amurminerals.com.

Please follow the link at the end of this RNS to view figures showing MKF drill hole location map.

Notes to Editors

The information contained in this announcement has been reviewed and approved by the CEO of Amur, Mr. Robin Young. Mr. Young is a Geological Engineer (cum laude), a Professional Geologist licensed by the Utah Division of Occupational and Professional Licensing, and is a Qualified Professional Geologist, as defined by the Toronto and Vancouver Stock Exchanges. An employee of Amur for 12 years, previously Mr. Young was employed as an exploration and mine geologist, mining engineer, construction manager of a mine startup as well as independent consultant with Fluor Engineers, Fluor Australia and Western Services Engineering, Inc. during which time his responsibilities included the independent compilation of resources and reserves in accordance with JORC standards. In addition, he has been the lead engineer and project manager in the compilation of numerous studies and projects requiring the compilation of independent Bankable Studies utilised to finance small to large scale projects worldwide. Mr. Young is responsible for the content of this announcement which includes information derived by SRK.

For further information, see the Company website at www.amurminerals.com.

The 2016 Drill Programme

Amur’s 2016 drill programme is focused on the largest of its five defined deposits at the Kun-Manie nickel – copper sulphide deposit located in the Russian Far East. The programme is a continuation of seasonally implemented exploration work programmes initiated since 2004. In 2015, the Company was awarded a 20 year mining licence (valid through 1 July 2035) and subsequently initiated the compilation of a Definitive Feasibility Study (“DFS”). Whilst the DFS is under development, the Company continues

to conduct exploration and development drilling on the site for the purposes of resource expansion, reserve definition and additional work to provide metallurgical information for inclusion in the DFS.

This year’s 15,000 metre drill programme is to be completed over three distinct geographical areas located along the 2,200 metre long Maly Kurumkon – Flangovy (“MKF”) deposit. The programme is intended to accomplish the following;

- Generate a large representative bulk sample for metallurgical test work to be included in the DFS planned for completion 31 December 2017. The sample will be used for process flow sheet design, plant design, determine of the composition of the concentrate and to establish the parameters for the design of a furnace to smelt the concentrate into a saleable Low Grade Matte (“LGM”).
- Verify and check drill a limited area of Indicated resource by completion of holes along two already drilled sections which are Indicated by resource class. This is to confirm that the increase in drill density does not significantly change the interpretation of the mineral thickness, grade and dip limits of the ore zone(s).
- Convert drill-identified Inferred resource to that of Indicated. Indicated resources are suitable for consideration in reserve definition in accordance with December 2012 JORC standards.
- Expand the resource beyond that delineated by previous drilling and reported as a part of the resource statement in April 2016.

Geographically, the programme covers three areas which require different considerations with regard to drill objectives and inclusion in the DFS. The areas are identified as A (the westernmost), B (the central) and C (the easternmost). Using the Company owned drill rigs (LF70 and LF90C), the drill programme is advancing as planned from west to east. This year’s drilling was initiated on 5 May 2016, a full four weeks ahead of the planned startup during the first week of June 2016.

Selection of MKF for the 2016 Drill Programme

This season’s focus remains on the MKF deposit. It is the largest of the five drill identified deposits with regard to ore tonnage, contained nickel and total length. MKF contains 59% (285,200 tonnes of nickel) of the global Measured and Indicated resource (484,100 tonnes of nickel) identified at Kun-Manie. Measured and Indicated resources are the source of reserves. MKF also contains 81,400 tonnes of nickel classified as an Inferred resource which is located in two distinct pods at the eastern and western limits of the 2.2 kilometre long deposit. Resource expansion potential is present along strike from the most recent and outermost drill sections which contain substantial economic intervals of mineralisation. Given the size, grade and potential for resource expansion, this deposit is considered to represent the primary source of ore production during the early stage of the planned operation. The resource for MKF follows.

April 2016 Maly Kurumkon / Flangovy JORC Resource Zero Cutoff Grade (Includes Internal Waste)

Resource Category	Tonnes (millions)	Ni (%)	Ni Tonnes	Cu (%)	Cu Tonnes	Pt g/t	Pt Kg	Pd g/t	Pd Kg
Indicated High Grade	24.9	0.86	214,300	0.23	57,200	0.1	3,700	0.1	3,900
Indicated Low Grade	43.5	0.16	70,800	0.06	27,000	0.1	2,900	0.1	3,000

Total Indicated	68.4	0.42	285,200	0.12	84,200	0.1	6,600	0.1	6,900
Inferred High Grade	7.1	0.76	54,400	0.20	14,100	0.1	1,000	0.1	1,000
Inferred Low Grade	15.0	0.18	27,000	0.08	11,500	0.1	900	0.1	1,000
Total Inferred	22.2	0.37	81,400	0.12	25,600	0.1	2,000	0.1	2,000
Total High Grade	32.0	0.84	268,700	0.22	71,300	0.1	4,700	0.1	4,900
Total Low Grade	58.5	0.17	97,800	0.07	38,500	0.1	3,800	0.1	4,000
Total	90.6	0.40	366,600	0.12	109,800	0.1	8,500	0.1	8,900

The Company remains mindful that as the DFS progresses with the focus on MKF, the deposits of Vodorazdelny (“Vod”) and Ikenskoe / Sobolevsky (“Iken”) contain substantial amounts of Measured and Indicated resources that will likely contribute reserves to the DFS production schedule. Presently, inclusion of these reserve sources will be considered after the reserves are established during the mining evaluation of MKF. The largely Inferred Kubuk resource presents additional production potential as well as providing highly prospective potential for resource expansion to the east, west and dip directions. Kubuk requires both infill and step out drilling to establish its limits and to define the potential of the deposit to contribute to the reserve inventory. The most recent global resource statement (April 2016) for all deposits within the Company’s production licence follows.

**Global Total Resource – All Deposits
Zero Cutoff Grade (Includes Internal Waste)**

Resource Category	Tonnes (millions)	Ni (%)	Ni Tonnes	Cu (%)	Cu Tonnes	Pt g/t	Pt Kg	Pd g/t	Pd Kg
Measured	18.3	0.51	93,300	0.14	25,600	0.19	3,400	0.20	3,700
Indicated	88.7	0.44	390,900	0.12	111,100	0.11	9,600	0.11	10,200
Sub-total	107.0	0.45	484,100	0.13	136,600	0.12	13,000	0.13	13,900
Inferred	57.7	0.44	255,900	0.13	76,200	0.13	7,700	0.14	7,800
Grand Total	164.7	0.45	740,100	0.13	212,900	0.12	20,600	0.13	21,700

2016 Drill Schedule and Productivity

The 2016 drill programme covers three geographical areas located along the length of the MKF deposit. Identified as Areas A (the westernmost), Area B and Area C (the easternmost). Each has unique drill objectives and requirements. A total of 15,000 metres of drilling are planned for the season. Originally planned to be drilled over a five month period including June through October, a total drill rate of 3,000 metres per month was used to develop the programme and attendant schedule. Drilling is being conducted using the Company’s existing LF70 and a newly purchased LF90C Boart Longyear drill rig. The Q1 2016 drill plan by area and drill objective follows.

Drill Objective	Area A (m)	Area B (m)	Area C (m)	TOTAL (m)
Resource Verification	800	-	-	800
Resource Conversion	1,200	500	4,500	6,200
Resource Expansion	600	-	2,000	2,600
Metallurgical Sample	700	2,500	2,200	5,400
Planned Metres	3,300	3,000	8,700	15,000
Scheduled Completion	1 Jul	1 Aug	31 Oct	

The 2016 Q1 plan was to complete 3,000 total metres at 1 July 2016. At the end of June 2016, 7,469.2 metres have been completed within 38 holes representing nearly 250% more than scheduled and nearly half that planned for the entire 2016 season.

The substantially greater productivity is related to drilling having begun four weeks ahead of schedule and higher drill productivity rates. The average drill rate per day is 140 metres whilst 100 metres was used for planning purposes. More metres have already been drilled this year than have ever been drilled in a single field season (2012 - 7,201.9 metres).

Drill production from 5 May through 28 June is summarised below.

Drill Objective	Area A (m)	Area B (m)	Area C (m)	TOTAL (m)
Resource Verification	702.5	-	-	702.5
Resource Conversion	1,916.8	660.0	-	2,576.8
Resource Expansion	2,694.9	-	-	2,694.9
Metallurgical Sample	654.0	841.0	-	1,495.0
Total Completed	5,968.2	1,501.0	-	7,469.2

Drilling to date has been focused on the western area of MKF which is identified as Area A. Results have exceeded expectations and therefore additional drilling beyond that planned has been and will be completed in the area. The Inferred resource block appears to have been underestimated with regard to both contained ore tonnage and grade. Infill drilling of the mineralisation indicates it is both thicker and higher in grade (established in May). The resource expansion effort of the Area A programme has extended the mineralisation up to 400 metres in the westward direction where resource expansion was thought to be limited. Having planned a single 100 metre expansion step out, the mineralisation has now been identified to extend an additional 400 metres which has required a substantial increase in the budgeted drill requirements for Area A.

The Company will continue to drill Area A until the full extent of the mineralisation is established. The newly discovered mineralisation will be drilled at a spacing that has historically resulted in the definition of Indicated resources. By implementation of this approach, the Company will no longer need to remobilise to the area for future drilling. Metallurgical holes are planned within the expanded resource area. With the increase in metres for Area A, the allocation of the 15,000 metre drill budget to the three geographical areas will be adjusted.

Area A Progress Overview

A total of 3,300 metres of drilling were planned for Area A. The present drill total is 5,968.2 metres with two of four drill objectives fully complete. This is a substantial increase over that planned for Area A. The primary reason for the increase is related to the success of the step out programme requiring substantially more drilling than planned. Mineralisation has been identified to extend further to the west with the discovery of resources where it was previously thought have limited expansion potential.

The original the step out (Resource Expansion) drill component was comprised of three to four holes totaling approximately 600 metres. These were intended to define the location and orientation of a fault that was interpreted to potentially limit the mineralisation at the western extent of MKF. At the end of May, reported drill results from the first two holes indicated that the intersected mineralisation was sub-economic and limited in thickness. The third hole (completed in early June) intersected 29.1 metres of

0.74% nickel and 0.19% copper indicating the orientation of fault (based on limited surface information) was significantly different and that potential for resource expansion existed.

Management approved additional step out drill metres to continue drilling along the strike direction from MKF to identify the extent of the newly discovered mineralisation in the westward direction. Any newly identified mineralisation was also to be drilled at the spacing SRK has utilised to define Indicated resources. At month end, a total of 12 holes had been completed and mineralisation had been extended an additional 400 metres in the western direction (now totaling 2,600 metres). At this report, another 100 metre step out is planned for Area A.

Additional metallurgical holes will be completed within the newly defined resource. Additional metallurgical drilling may be required if resource expansion continues to be defined.

By implementation of this approach, the area should be sufficiently drilled for the determination of Indicated resource and subsequent reserve definition thereby precluding the Company from having to return to the area for further resource drilling in the future.

The LF90C core rig is scheduled to drill the remainder of Area A.

Area B Progress Overview

Area B contains an Indicated resource inventory. The majority of the drilling planned within this area is for the acquisition of metallurgical sample for use in the DFS. A total of 12 holes (2,500 total metres) are scheduled for completion. An additional 600 metres is also budgeted to define the dip limits of mineralisation for mine design purposes. Area B drilling was initiated in late May (ahead of schedule) and is projected to be completed toward the end of July.

Presently, four of the twelve metallurgical holes have been completed containing a total of 841.0 metres. Drilling of the holes to define the mineralised limits in the dip direction has also been progressed with three holes containing 660 total drill metres having been completed.

During July, The LF70 will be drilling for the collection of the DFS metallurgical sample.

Area C Progress Overview

Drilling is scheduled to begin in August. As the Company plans to complete 15,000 metres of drilling during the 2016 season, this portion of the 2016 drill programme will be revised downward from the budgeted 8,700 metre total. These metres are now allocated to the definition of Area A. Once Area A is fully drilled, the Area C budget will be adjusted with priority drill metres allocated to resource conversion of the Inferred resource block and to the collection of additional metallurgical sample from within the Inferred block. All remaining metres are planned for step out drilling for resource expansion as the final stage of drilling in Area C and the completion of the 2016 field season.

Area A Detailed Drill Results

The Area A drill plan was designed to test a 500 metre length of the MKF deposit located at the westernmost limits of existing drill defined mineralisation. There are four drill objectives for Area A which include:

- The drilling of a 100 metre wide area of Indicated resources located at the eastern limit of Area A to establish that there would be a limited change in the interpretation of the mineralisation with regard to grade and thickness by the introduction of new holes creating a more densely drilled pattern. This was successfully completed in May and reported in the 1 June 2016 RNS.
- Infill drill the 300 metre wide Inferred resource block to a spacing suitable to reassign the mineralisation to that of the Indicated category. Initiated in May, this resource conversion (upgrade) was completed in June. The drill hole density increase has confirmed the continuity of the mineralisation and should result in an upgrade of the resource. It is noted that the 2016 drill information indicates the zone to be substantially thicker and higher in grade than previously estimated and the Company anticipates the newly estimated resource within this block will also substantially increase during the next resource update.
- A limited step out drill effort was planned 100 metres to the west of the Inferred block and begun by end of May. Based on a change of rock type (which typically is barren of mineralisation) and an identified fault thought to represent the contact between the barren and mineral host rock types, a three to four hole programme was designed to define the orientation of a fault interpreted to truncate the mineralisation at the western end of MKF. In the 1 June 2016 RNS, two holes had been completed and a third was in progress. At that date, limited mineral had been identified and the mineralisation was sub-economic. The third hole (completed 2 June) intersected a substantial zone of 29.1 metres averaging 0.74% nickel and 0.19% copper. As a result, the Company immediately expanded the step out drilling effort in the westward direction. Advancing in 100 metre steps during the month of June, successful drilling has identified that high grade mineralisation continues for an additional 400 metres to the west.
- As a part of the DFS, drilling for metallurgical sampling was planned. A total of five holes had been planned along the 500 metre length block that contains the Indicated and Inferred resource blocks. Drilling of these five originally planned holes is complete. Four additional metallurgical holes are anticipated and more may be required if step out drilling continues to add to the mineralised strike length.

Area A planned versus actual drilling distribution is summarised in the following table.

Drill Objective	Area A Planned (m)	Area A Drilled (m)	Status
Resource Verification	800.0	702.5	Complete
Resource Upgrade	1,200.0	1,916.8	Complete
Resource Expansion	600.0	2,694.9	Ongoing
Metallurgical Sample	700.0	654.0	Ongoing
Metres	3,300.0	5,968.2	

**Comprehensive Drill Summary Report
28 June 2016**

Hole	Depth (m)	Target	Analytical Results	Completion Month
C400	47.0	Verification	RFA	May

C401	301.0	Verification	RFA	May
C402	61.0	Verification	RFA	May
C403	207.0	Verification	RFA	May
C406	86.5	Verification	RFA	May
C404	138.6	Resource Upgrade	RFA	May
C405	171.0	Resource Upgrade	RFA	May
C407	153.2	Resource Upgrade	RFA	May
C408	193.0	Resource Upgrade	RFA	May
C409	204.0	Resource Upgrade	RFA	May
C415	271.0	Resource Upgrade	RFA	June
C326	82.0	Resource Upgrade	RFA	June
C327	109.0	Resource Upgrade	RFA	June
C410	240.0	Resource Expansion	RFA	May
C411	187.0	Resource Expansion	RFA	May
C412	256.0	Resource Expansion	RFA	June
C413	187.0	Resource Expansion	RFA	June
C414	299.2	Resource Expansion	RFA	June
C416	264.0	Resource Expansion	RFA	June
C417	331.0	Resource Expansion	RFA	June
C418	314.5	Resource Expansion	RFA	June
C419	213.0	Resource Expansion	RFA	June
C420	298.2	Resource Expansion	RFA	June
C421	340.0	Resource Expansion	RFA	June
C422	360.00	Resource Expansion	Sample Prep	June
C105T	82.5	Metallurgical Sample	NA	May
C149T	115.5	Metallurgical Sample	NA	May
C404T	112.0	Metallurgical Sample	NA	June
C407T	142.0	Metallurgical Sample	NA	June
C409T	202.0	Metallurgical Sample	NA	June
Total	5,968.2			

NA: Whole core remains intact for Metallurgical Test Work.

Resource Verification

The Company successfully completed the verification drill effort in May and there is no new information to report. The final results are summarised in the 1 June 2016 RNS.

Resource Conversion – Inferred to Indicated

The Inferred to Indicated resource conversion programme of Area A was completed in June with the addition of three holes. The objective was to increase the drill density grid allowing for the conversion of Inferred resource to that of Indicated. A total of eight new holes within the 300 metre long Inferred block

brings the final number of holes completed within the block to twelve (including the four previously completed holes used to define the Inferred resource).

The 2016 infill drill results have successfully confirmed the continuity of the mineralisation within the Inferred resource block and the drill density is now equal to that used at MKF by SRK to assign the area to the Indicated resource category for reserve derivation. Within the 300 metre long block and at a cutoff grade (“COG”) of 0.2% nickel, the Inferred resource contains 3.4 million tonnes of ore with (averaging 14.9 metres thickness) an average projected resource grade of 0.55% nickel and 0.16% copper. Using a higher COG of 0.5% nickel, the Area A Inferred resource block contains 2.1 million ore tonnes averaging 0.74% nickel and 0.21% copper with a thickness in the order of 9.6 metres. This Inferred resource reported as of April 2016 was based on four widely spaced drill holes located at the extreme eastern and western limits of the 300 metre wide Inferred block. The drill results for the four discovery holes follow:

**Area A – Inferred Resource Drill Information
April 2016 SRK Resource**

Hole	0.2% Cutoff Grade					0.5% Cutoff Grade				
	From (m)	To (m)	Length (m)	Ni (%)	Cu (%)	From (m)	To (m)	Length (m)	Ni (%)	Cu (%)
Easternmost Drill Section										
C105	26.1	57.5	31.4	0.78	0.20	26.1	56.0	29.9	0.80	0.21
	61.6	78.8	17.2	0.71	0.17	61.6	78.8	17.2	0.75	0.19
C103	129.6	147.5	17.9	0.52	0.12	129.9	134.5	4.6	0.91	0.20
						143.6	146.0	2.4	0.95	0.19
C106	174.7	186.1	11.4	0.73	0.19	174.7	179.7	5.0	0.92	0.23
						182.5	186.1	3.6	0.78	0.28
Westernmost Drill Section										
C151	124.3	137.5	13.2	0.71	0.18	125.4	136	10.6	0.83	0.19
Average Per Hole			19.6	0.70	0.17			15.8	0.81	0.21

During June, an additional three holes (total of eight during 2016) were completed to define the dip limits of the mineralisation within the 300 metre block. The area is now considered to have been drilled to the extent that the contained resources are likely considered to of the Indicated resource category. The comprehensive 2016 infill drill results are presented in the following table.

**2016 Infill Drill Results
(Bold and Italics Highlighted Holes Completed in June 2016)**

Hole	0.2% Cutoff Grade					0.5% Cutoff Grade				
	From (m)	To (m)	Length (m)	Ni (%)	Cu (%)	From (m)	To (m)	Length (m)	Ni (%)	Cu (%)
C404	47.9	76.0	28.1	0.72	0.20	47.9	52.4	4.5	0.55	0.19
						55.4	66.0	10.6	0.93	0.24
	83.5	109.0	25.5	0.78	0.20	83.5	86.0	2.5	0.69	0.22
						93.5	107.5	14.0	1.02	0.21
C405	131.9	136.4	4.5	0.87	0.24	131.9	136.4	4.5	0.87	0.24
	154.9	163.0	8.1	0.67	0.17	156.4	163.0	6.6	0.76	0.19

C407	74.9	143.3	68.4	0.93	0.26	74.9	98.2	23.3	0.94	0.25
						100.8	143.3	42.5	1.01	0.29
C408	155	165.5	10.5	0.79	0.25	155.0	165.5	10.5	0.79	0.25
	174.4	183.3	8.9	0.55	0.14	177.5	183.3	5.8	0.65	0.13
C409	135.8	201.1	65.3	0.86	0.273	135.8	153.3	17.5	0.90	0.33
						156.3	199.6	43.3	0.93	0.28
C415	233.7	244.1	10.4	0.60	0.15	235.1	241.1	6.0	0.81	0.18
	250.1	259.0	8.9	0.44	0.15	253.1	256.1	3.0	0.62	0.23
C326	6.0	9.0	3.0	0.31	0.05					
	14.5	19.0	4.5	0.27	0.11					
	31.0	44.5	13.5	0.44	0.21	31.0	32.5	1.5	0.55	0.25
						37.0	40.0	3.0	0.70	0.21
	56.6	74.1	17.5	0.78	0.19	59.5	74.1	14.6	0.88	0.20
C327	94.0	98.5	4.5	0.28	0.07					
2016 Average / Hole			35.2	0.77	0.22			30.5	0.90	0.25
Prior Average / Hole			19.6	0.70	0.17			15.8	0.81	0.21
Global Average / Hole			30.0	0.75	0.21			25.2	0.88	0.25

The resource conversion drill programme has been highly successful within the 300 metre long Inferred block of Area A. The following has been noted:

- Continuity of the mineralisation has been verified and the drill spacing is equivalent to that used by SRK to identify Indicated resources. The next update to the resource estimate should result in the reclassification of this portion of the Inferred resource upward to Indicated.
- The 2016 drill information significantly varies from that used to estimate the Inferred resource. The estimate is based on a total of four holes. The global length weighted thicknesses and grades using 8 additional holes indicate the mineralised zone has greater thicknesses and higher grades. It is anticipated that a significant increase in the resource tonnage and total contained nickel and copper will be generated in the resource update for this specific Inferred resource block.
- At a 0.2% COG, the mineralised thickness as determined by the drill holes has been increased by 10.4 metres (53%) to an average of 30.0 metres with the nickel grade increasing from 0.70% to 0.75%. Copper has also increased from 0.17% to 0.21%. The current 0.2% COG Inferred resource is projected to be 3.4 million tonnes with an average projected resource grade of 0.55% nickel and 0.16% copper.
- At the 0.5% COG, the drill hole mineralised thickness has been increased by 59% (9.4 metres) to an average of 25.2 metres. Concurrently, the average nickel grade has increased from 0.81% to 0.88%. Copper has been increased from 0.21% to 0.25%. The 0.5% nickel COG indicates the block contains 2.1 million ore tonnes averaging 0.74% nickel and 0.21% copper with a thickness in the order of 9.6 metres.
- The projected increase in in both thickness and average grade has a compounding effect when both tonnage and grade are increased. Ultimately, it is anticipated that the resource update for

this Inferred resource area can increase the tonnage by as much as 50 to 60% while simultaneously having average grade increases approaching 10% for both nickel and copper.

Drilling is now complete for this resource conversion phase of Area A.

Resource Expansion – Mineral Limit Delineation

Resource expansion drill planning was set to complete one step out of 100 metres to the west of the limits of the block model. This limited plan was based on surface geological observations. A fault had been identified and the composition of the rock type changed from the host of pyroxenite to a typically unmineralised metagabbro. Drilling was begun at the end of May with three or four drill holes to confirm the precise location of the fault and that mineralisation was not present. At month end and as reported in the 1 June 2016 RNS, a total of 548.0 metres within three holes had been drilled. A fourth hole was also planned. The results from the first two holes indicated that minor sub-economic mineralisation was present with the third hole being transported to the onsite sample prep facilities for geological logging and analysis.

Analyses for the third hole (C412), indicated that there was substantial mineralisation present within the hole. The onsite lab results indicated a mineralised thickness of 29.1 metres containing 0.74% nickel and 0.19% copper. The fourth hole completed on the section also intersected 18.1 metres of 0.92% nickel and 0.23% copper.

Management and site staff conferred and step out drilling along strike to the west was immediately implemented. To be completed in 100 metre step outs, staff was directed to also drill any newly identified mineralisation on a grid sufficient to allow for its assignment to that of the Indicated resource category.

As of 28 June, a total of 12 step out holes containing a total of 3,289.9 metres spaced along four 100 metre spaced drill sections have been completed. All sections have intersected substantial thicknesses of high grade mineralisation adding 400 metres to the continuous mineralised strike length at MKF. MKF's total mineralised length now approaches 2.6 kilometres. Onsite generated analytical results from eleven holes are available with the most recently completed hole undergoing sample prep for site analysis. Additional holes are planned which will test another 100 metres of strike length and to also define the dip limits of the mineralisation for newly identified mineralisation. Drill results for the eleven new resource holes are presented in the following table.

2016 Step Out Drill Results (Bold and Italics Highlighted Holes Completed in June 2016)

Hole	0.2% Cutoff Grade					0.5% Cutoff Grade				
	From (m)	To (m)	Length (m)	Ni (%)	Cu (%)	From (m)	To (m)	Length (m)	Ni (%)	Cu (%)
C410	227.3	230.3	3.0	0.22	0.07					
C411	181.1	187.0	5.9	0.27	0.13					
<i>C412</i>	<i>211.9</i>	<i>241.0</i>	<i>29.1</i>	<i>0.74</i>	<i>0.19</i>	<i>211.9</i>	<i>224.2</i>	<i>12.3</i>	<i>1.00</i>	<i>0.22</i>
						<i>233.2</i>	<i>239.0</i>	<i>5.8</i>	<i>0.88</i>	<i>0.25</i>
<i>C413</i>	<i>151.7</i>	<i>157.7</i>	<i>6.0</i>	<i>0.44</i>	<i>0.20</i>	<i>154.7</i>	<i>156.2</i>	<i>1.5</i>	<i>0.53</i>	<i>0.22</i>
	<i>163.7</i>	<i>166.7</i>	<i>3.0</i>	<i>0.33</i>	<i>0.14</i>	<i>163.7</i>	<i>165.2</i>	<i>1.5</i>	<i>0.51</i>	<i>0.23</i>

<i>C414</i>	<i>236.3</i>	<i>251.3</i>	<i>15.0</i>	<i>0.96</i>	<i>0.24</i>	<i>236.3</i>	<i>251.3</i>	<i>15.0</i>	<i>0.96</i>	<i>0.24</i>
	<i>260.3</i>	<i>296.7</i>	<i>36.4</i>	<i>0.98</i>	<i>0.24</i>	<i>260.3</i>	<i>294.6</i>	<i>34.3</i>	<i>1.02</i>	<i>0.25</i>
<i>C416</i>	<i>227.2</i>	<i>237.5</i>	<i>10.3</i>	<i>0.75</i>	<i>0.23</i>	<i>227.2</i>	<i>237.5</i>	<i>10.3</i>	<i>0.75</i>	<i>0.23</i>
	<i>244.0</i>	<i>252.4</i>	<i>8.4</i>	<i>0.56</i>	<i>0.15</i>	<i>245.5</i>	<i>247.0</i>	<i>1.5</i>	<i>0.56</i>	<i>0.12</i>
						<i>248.5</i>	<i>252.4</i>	<i>3.9</i>	<i>0.79</i>	<i>0.20</i>
<i>C417</i>	<i>286.6</i>	<i>297.1</i>	<i>10.5</i>	<i>0.69</i>	<i>0.15</i>	<i>288.1</i>	<i>292.6</i>	<i>4.5</i>	<i>1.21</i>	<i>0.26</i>
	<i>303.1</i>	<i>313.6</i>	<i>10.5</i>	<i>0.32</i>	<i>0.14</i>	<i>312.1</i>	<i>313.6</i>	<i>1.5</i>	<i>0.62</i>	<i>0.18</i>
<i>C418</i>	<i>274.5</i>	<i>292.6</i>	<i>18.1</i>	<i>0.92</i>	<i>0.23</i>	<i>274.5</i>	<i>290.6</i>	<i>16.1</i>	<i>0.99</i>	<i>0.25</i>
<i>C419</i>	<i>207.0</i>	<i>211.1</i>	<i>4.1</i>	<i>0.28</i>	<i>0.12</i>					
<i>C420</i>	<i>237.7</i>	<i>288.6</i>	<i>50.9</i>	<i>0.82</i>	<i>0.21</i>	<i>237.7</i>	<i>243.4</i>	<i>5.7</i>	<i>0.70</i>	<i>0.20</i>
						<i>246.8</i>	<i>263.3</i>	<i>16.5</i>	<i>1.24</i>	<i>0.22</i>
						<i>266.3</i>	<i>287.1</i>	<i>20.8</i>	<i>1.07</i>	<i>0.27</i>
<i>C421</i>	<i>305.1</i>	<i>332.6</i>	<i>27.5</i>	<i>0.91</i>	<i>0.24</i>	<i>305.1</i>	<i>318.6</i>	<i>13.5</i>	<i>0.97</i>	<i>0.27</i>
						<i>321.6</i>	<i>331.1</i>	<i>9.5</i>	<i>1.15</i>	<i>0.28</i>
2016 Average / Hole			<i>21.7</i>	<i>0.77</i>	<i>0.21</i>			<i>21.8</i>	<i>0.99</i>	<i>0.24</i>
2016 Average / Interval			<i>15.9</i>	<i>0.77</i>	<i>0.21</i>			<i>10.2</i>	<i>0.99</i>	<i>0.24</i>

The highly successful step out programme should substantially increase the resource of MKF. Specifically, it has been noted that:

- Mineralisation continues for at least another 400 metres to the west where none was anticipated.
- Mineralisation from within 11 holes averages 21.7 m in thickness per hole and contains 0.77% nickel and 0.21% copper when a 0.2% nickel cutoff grade is applied.
- For high grade intersections (>0.5% nickel), 8 holes have an average thickness per hole of 21.8 metres averaging 0.99% nickel and 0.24% copper.
- Resource estimation in the area should add substantially to the MKF and global mineral inventory. Drilling is being conducted at a spacing which has previously been suitable for the definition of Indicated resources.
- The step out drill programme has been substantially increased from that originally budgeted.

Metallurgical Drill Programme

All five holes originally planned for metallurgical sample collection in Area A have been completed. The holes (654 total metres) are comprised of a combination of HQ and NQ diameter cores. With the expansion of the resource in the westward direction, it is intended to add additional metallurgical holes. It is anticipated that an additional hole will be added for each successful 100 metre step out.

Area B Detailed Drill Results

Drilling of the 1,200 metre long Area B was originally planned to begin in early July 2016. Drilling was initiated in May due to the drill season commencing a month ahead of schedule. The majority of the

planned drilling (2,500 metres) is to be focused on the acquisition of the bulk metallurgical sample for the DFS. A limited number of infill holes (totaling approximately 500 metres) are planned also scheduled to define mineralised dip limits where appropriate. Area B drilling is being conducted using the LF70. It is anticipated the LF90C will be available late in mid-July and will assist in the completion of the programme in this area. Again drilling will advance from west to east.

Presently, three of twelve metallurgical holes have been completed (624 metres). Mineral limit definition has also been completed along three drill sections containing a total of 660 metres.

Area C Detailed Drill Results

Drilling at Area C will begin once the Areas A and B drill efforts have been completed. Planned to begin in August, infill drilling for conversion of a 400 metre wide block of Inferred resource identified by the 2015 drill programme will be conducted first. Additional metallurgical holes spaced 100 metres along strike will be identified and drilled based on the infill drill results. Once the 400 metre long Inferred resource has been infill drilled and metallurgical holes completed, step out holes will be drilled for resource expansion. The total budgeted metres for Area C will be reduced from the projected 8,700 metres.

Analytical Results – Cautionary Comment

The analytical results presented within this RNS have been internally derived by the Company using two Niton XL2 500 X-Ray Fluorescence units (“RFA”). Use of these units provides a rapid turnaround allowing for knowledgeable decisions to be made in the field. Use of these results is not without risk if a unit has not been rigorously tested and calibrated. It is therefore, necessary to utilise the standards provided with the units, to test existing samples that have been analysed by external facilities and to use samples from the types of ore that are to be encountered to calibrate the units. Both units are calibrated at the beginning of the season and are tested daily at the start and end of each shift to ensure that there is no drift during the course of the shift or damage to the Niton units thereby introducing erroneous information. The reported RFA results provide reasonable but not definitive results and for this reason, the Company reports RFA results with this cautionary comment. This rigorous calibration process allows the Company to report preliminary but reasonable results in advance of obtaining the final externally derived results which require from 6 weeks and to 10 weeks from Alex Stewart Laboratories (“ASL”) based in Moscow, Russia.

As noted, the second source of analytical results is produced by Alex Stewart Laboratories (“ASL”) located in Moscow, Russia. This fully independent, licenced and certified laboratory provides the results that are considered to be the final analytical values used in resource estimation and is of a greater accuracy than that of the RFA unit.

For information purposes, a comparison of the results generated by the RFA unit with that of ASL during the 2015 drill programme are summarised in the table below.

Niton (RFA) Versus ASL Analytical Results Control Analysis

Commodity / COG	Metal % RFA	Metal % ASL
Nickel +0.2%	0.717	0.725
Nickel +0.5%	0.942	0.951

Copper +0.1%	0.246	0.244
Copper +0.2%	0.312	0.310
Copper +0.3%	0.410	0.388

Alex Stewart Laboratory Results

The turnaround time from when a mineralised core sample is recovered at the drill rig to obtaining the final analytical result is dependent upon multiple factors. The Company provides a monthly helicopter flight to the site to provide fresh food stuffs, undertake staff changes and provide required spares. On the return flight, the sample pulps are delivered to Khabarovsk staff and then are transshipped by rail to ASL's Moscow, Russia facility. On receipt of the ASL analytical results, the Company carefully examines the data to ensure that the external results are accurately reported. This is accomplished analysis of results determined by ASL for Company inserted blind known and blank samples. If there is any notable difference within the reported results from these hidden samples, the Company will request a re-assay of the samples. Once samples are verified as representative, these become the master result available for future use in resource estimation and metallurgical test work. These externally derived results require a minimum of 6 and up to 10 weeks to be obtained from ASL.

In June, a total of 570 samples from the first 16 holes were delivered to ASL for the holes completed in May. An update from ASL indicates that results from the samples should be available to the Company during July. Once verified, these results will replace those of the Company derived RFA results. The second set of sample pulps collected during June (478) have been delivered to Khabarovsk, Russia and shipped to ASL.

Glossary

DEFINITIONS OF EXPLORATION RESULTS, RESOURCES & RESERVES EXTRACTED FROM THE JORC CODE: (December 2012) (www.jorc.org)

A 'Mineral Resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and/or grade continuity.

An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

