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AMUR MINERALS CORPORATION
(AIM: AMC)

Maly Kurumkon / Flangovy Resource Exceeds Expectations

Amur Minerals Corporation ("Amur" or the "Company"), the nickel-copper sulphide mineral exploration and resource development company focused on the far east of Russia, is pleased to inform shareholders that an independent resource estimate of the Maly Kurumkon / Flangovy ("MKFL") deposit is now complete.

The estimate compiled by SRK Consulting (UK) Ltd ("SRK") includes all results from drilling undertake prior to and including 2015. The resource estimation methodology has been modified since that used for the previous estimate to enable the better definition of metal related to high grade zones. The global nickel equivalent for the entire Kun-Manie project has been increased from 831,000 tonnes to 958,000 tonnes (based on today's metal pricing for nickel, copper platinum and palladium). The global nickel metal resource for the Kun-Manie project has been increased from 650,600 tonnes to 723,000 tonnes. At MKFL, total contained nickel has been increased by approximately 25% from 294,200 tonnes to a total of 366,600 tonnes. MKFL resources suitable for conversion to reserves that can be used in a mine plan have been increased by 126% from 126,100 nickel tonnes to 285,200 nickel tonnes. The MKFL high grade zones contain 73% of the nickel at a cutoff grade of 0.5%. The newly implemented modelling approach has likewise been applied to update the deposits of Kubuk and Ikenskoe / Sobelovsky which contain similar high grades zones.

Highlights

- Kun-Manie contained nickel equivalent based on combined nickel, copper, platinum, and palladium using current metal prices stands at 958,000 tonnes. Cobalt, gold and silver are not included.

- The resource estimate compiled by SRK Consulting (UK) LTD ("SRK") has successfully identified the high grade zones in excess of 0.50% nickel within discrete continuous structures.

- Global Kun-Manie resource expanded from 120.8 million tonnes containing 650,600 tonnes of nickel, 178,400 tonnes of copper, 16.9 tonnes of platinum, and 18 tonnes of palladium to 158.4 million tonnes containing 723,000 tonnes of nickel, 203,100 tonnes of copper, 20.0 tonnes of platinum and 20.8 tonnes of palladium. The average nickel grade is 0.46% with copper being 0.13%.

- MKFL resource expanded from 52.9 million tonnes containing 294,200 nickel tonnes and 85,100 tonnes of copper to 90.6 million tonnes containing 366,600 tonnes of nickel and 109,900 tonnes of copper. Platinum increased to 8.5 tonnes with palladium now standing at 8.9 tonnes. The average nickel grade is 0.40% with copper being 0.12%.

- At MKFL, 78% of the contained nickel (285,200 tonnes) is now JORC classified as Indicated. Previously, the Indicated resource averages 0.42% nickel containing 126,100 tonnes of nickel. The infill drill programme of 2015 was successful in conversion of Inferred resources to Indicated resources. The MKFL Indicated resource has been more than doubled.

- Approximately 73% of the nickel (268,700 nickel tonnes at a zero cutoff grade ("COG")) is contained within high grade structures. Averaging 0.84% nickel and 0.22% copper, the total metal within the high grade zones is relatively insensitive to increasing cutoff grades. An increase in the COG from zero to 0.40% reduces the nickel inventory by 400 tonnes of nickel in the high grade structures to a total of 268,300 tonnes. The 0.40% COG was based on the nickel price of $8,800 per tonne ($4.00 / lb.).

- It is anticipated that there will be a substantial upgrade to the projected mine grades associated with the areas to be mined using underground methods within the MKFL area. Previously projected underground mining grades determined by the Company were 0.53% nickel, the high grade resource zones now are projected to be in the order 0.80% nickel. This represents an increase of approximately 50%.

- The MKFL potential mining reserve requires an update to identify the optimal location of the interface between open cast and underground production.

- The MKFL modelling approach has been tested on the Kubuk and Ikenskoe / Sobolevsky deposits. Results are being reviewed by the Company and will be released on completion of the review.

It was acknowledged by the Company that Resources and Reserves will be substantially altered with regard to the newly implemented modelling approach. For this reason, the Company has already placed a notice on its website that the resources are in the process of being updated. Also critical is the need to regenerate the mining reserves for the Kun-Manie project. Upon completion of the review of Kubuk and Ikenskoe / Sobolevsky, the JORC reserve will be updated.

The change to a new estimation approach was undertaken to better establish the grade distribution of the high grade mineralisation. The high grade zones contain 73% of metal at a grade of 0.84% nickel and 0.22% copper. These are the zones that will be targeted for reserve definition and inclusion in a mine plan. The present unaudited potential reserve is projected to be 0.54% nickel and 0.15% copper. This will permit the Company to generate a more optimised production schedule potentially moving higher grade ores forward in the production schedule having a larger and more beneficial impact on the economic potential of the project.

As the Company now completed resource estimation studies using two different methods, an extensive review of the history and development of the resource and reserve statements has been provided in the Notes to Editors. Readers of this announcement are encouraged to read the lengthy review to develop a full understanding of the evolution of the resources and reserves over the course of the last 15 months.

Robin Young, CEO of Amur Minerals, commented:

"We are extremely pleased to release the Maly Kurumkon / Flangovy resource update. We attained two major milestones with last year's drill programme at Maly Kurumkon / Flangovy. We increased the global nickel equivalent to just short of a million tonnes while simultaneously converting the majority of the previously existing Inferred resource into the Indicated resource category. The conversion added

50% to the project's Measured and Indicated resource. These resources are also believed to be suitable for JORC reserve definition. Additionally, continuous high grade zones have been identified and estimated. Substantially higher grades than reflected in previous resource models have been derived and should increase the mined grades within the anticipated areas targeted for underground production. An optimal production schedule could well result in moving the underground production forward in the life of mine schedule. We anticipate that this will improve the project economics by recovering more metal in earlier years."

"There is additional upside potential for the increase and improvement of the global resource at Kun-Manie without any additional drilling. The implementation of the same resource modelling procedures could have a substantial impact on the distribution of metal at Kubuk and Ikenskoe / Sobolevsky. Resources have been compiled and are under review. These could also significantly impact the global resource and reserve statements provided within this announcement. Results will be released as the review of each deposit is finalised.''

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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 Gerologist 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 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 was the lead engineer and participant of numerous studies and projects requiring the compilation of independent Bankable Studies utilised to finance small to large scale projects located 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.

Background

The Company is now using a modified resource estimation methodology that is significantly different from that historically utilised. Modelling has been updated to reflect the consideration that production will be derived from a combination of open cast and underground methods whereas all previous resource estimates have been based on open cast production only. For this reason, the Company has provided a detailed history of the development of the resources and attendant reserves to provide the reader with a detailed understanding of the currently reported resource and reserve statements which are the basis for establishing the economic potential of a project. It is an extensive and substantial review and the

Company encourages the readers to examine and consider the important information that has been provided.

Evolution of Resources and Reserves

At acquisition of the exploration licence, available project information indicated that the Kun-Manie licence area could contain a series of large, near surface bulk mineable nickel and copper sulphide deposits ranging in grade from 0.5% to 0.7% nickel. The information also indicated that the mineralisation was suitable for open cast mining. This observation was based on existing limited field exploration results, widely dispersed surface trenches and limited drilling within two potential deposits identified as Vodorazdelny and Ikenskoe.

Due to the project's remote location, it was understood that a substantial resource would have to be proven to cover the anticipated capital costs of a 300 to 400 kilometre long access road and the construction of a similar length power line as well as the capital cost expenditures associated with the mining and processing of a large scale bulk mineable resource on site. If successful, the production plan would consist of open cast mining of the mineralisation and the generation of a concentrate for onward shipping and contract smelting.

With this information, the Company focused its drilling on accessible areas of mineralisation that could be readily mined by open cast production methods. A total of 60 months of drilling has been completed and five deposits containing open cast recoverable ores have been identified within five deposits located within the confines of the production licence area. Open cast mineralisation has been drill identified at all deposits. Various maiden and resource updates have been compiled over the exploration project life. Procedures utilised by the independent consultant SRK were typical estimation approaches suited for the modelling of the open cast mineable resources and the subsequent determination of reserves. Mineralised structures based on a 0.2% cutoff grade were compiled within each deposit. These mineral structures included external dilution and internal waste that could not be selectively removed during open cast mining. Therefore, resource statements were reported using a 0.0% Ni cutoff grade to account for internal and external waste. Reserves reported based on the resource models were therefore appropriate for the open cast mining system.

In early 2014, external and internal studies designed to determine the current JORC compatible and potential expansion of the open cast reserve by the inclusion of Inferred resources were compiled. At the conclusion of the evaluations, a potential open cast reserve and production schedule was developed for both a contract smelting scenario and an owner operated smelter refinery complex.

During the open cast production evaluation and related scheduling effort, substantial portions of the higher grade open cast resource models were identified as being potentially recoverable by underground methods where greater profits per tonne of ore could be generated than would be attained from the open cast production environment. Using the existing open cast based resource models, a combined open cast and underground production schedule was compiled which generated an improved revenue curve over the anticipated life of the mine. It was noted that the grades within the existing open cast based block models were understating the grade of the underground material and potentially overstating the tonnage of underground ore. The primary reason for this conclusion within the resource was related to the inclusion of internal waste and external dilution reflecting the open cast mining method envisaged that would be left behind in an underground mining scenario. It was not possible to selectively exclude and account for this impact, a reserve was generated that indicated a combined open cast and underground mine production approach was suited for mining of the Kun-Manie resources.

The Company concluded that future resource modelling efforts would require enhancement to reflect the newly identified combined mining production programme. As the Company was in the process of infill and step out drilling of the MKFL deposit, it was determined the 2016 resource update would be the first resource model undertaken using the new resource estimation approach. Once the modified resource estimate approach was developed, it would be determined if the additional deposits of Kubuk and Ikenskoe / Sobolevsky should also be updated using the new procedures even though there was no additional drilling available to either deposit.

In Q1 of 2016, the Company in association with SRK undertook a review of the global MKFL drill results including the 2015 infill and step out drilling. It was determined that the resource estimation procedure could be modified to generate a model reflecting both open cast and underground production methods. The prime difference between the historical estimation procedures and that used to compile the new MKFL resource estimate was the identification and modelling of two mineral domains instead of the single domain approach used in the historical modelling efforts. High Grade (more suited for underground considerations) and Low Grade (more suited for open cast considerations) domains were generated.

Results generated during the Q1 2016 MKFL resource update determined the modified approach was successful in discretely characterising the resource allowing for a more representative determination of resources to be mined in a combined production environment. Updates of the Kubuk and Ikenskoe / Sobelevsky models were immediately initiated to provide a common estimation technique for these deposits.

The newly implemented modelling approach has significantly and positively impacted the resource statement at MKFL. The model provides a more robust reflection of the distribution of metal and tonnage. At this time, MKFL is the only resource model that has been fully updated and vetted by SRK and the Company using the new two mineral domain approach. The model is more robust as it allows for the development of a production mine plan better suited to evaluation of the underground reserve potential.

Updated resources for Ikenskoe / Sobolevsky and Kubuk have been received and are currently under review by the Company. Results will be released as the review of each deposit is completed. Vodorazdelny has not been remodelled as it remains an open cast production target and the resource would not significantly change by implementation of this approach. Gorny has been excluded as it is too low in grade and will therefore come late in the mine life and presently represents an open cast target.

Kun-Manie Resource Modelling Procedures (Implemented Through Q1 2015)

Resource estimates for the five deposits at Kun-Manie historically have been compiled on the basis that mine production would be generated by open cast mining. The original SRK modelling approach was created based on the available information and drill results developed during the early stages of exploration at Kun-Manie when deeper ores and substantially continuous high grade lenses had not yet been identified. Mineralised limits were established using an open cast compatible approach wherein mineralised shells were created using a single cutoff grade of 0.2% nickel. Within these shells, internal waste and external dilution that could not be selectively removed during open cast mining were included to allow for the reporting of fully diluted open cast reserve statements. The grades within the mineralised shells were estimated using Ordinary Kriging. This initial modelling process has been utilised since the drilling of the first hole at Kun-Manie and through all resource estimates and updates. As of April 2015, all deposits were originally estimated using the open cast considerations. A summary of the JORC resource as of April 2015 is summarized below.

Global Kun-Manie JORC Resource Estimate – All Deposits Open Cast Targets
Zero Cutoff Grade (Internal Waste and Dilution Included)

Orebody	Tonnage (Mt)	Ni (%)	Ni (t)	Cu (%)	Cu (t)	Pt (g/t)	Pt (kg)	Pd (g/t)	Pd (kg)
Total Measured	15.7	0.52	81,800	0.13	21,100	0.2	2,900	0.2	3,200
Total Indicated	37.8	0.56	210,500	0.15	57,000	0.1	4,560	0.1	5,300
Sub-total	**53.5**	**0.55**	**292,300**	**0.15**	**78,100**	**0.1**	**7,460**	**0.2**	**8,500**
Total Inferred	67.3	0.53	358,300	0.15	100,300	0.1	9,440	0.1	9,500
Grand Total	**120.8**	**0.54**	**650,600**	**0.15**	**178,400**	**0.1**	**16,900**	**0.1**	**18,000**

Numbers may not be precise due to rounding.

Q1 2015 JORC Open Cast Reserve and Upside Potential Assessment

During Q1 2015, Runge, Pincock, Minarco ("RPM") was engaged to generate two updated reserve estimates for each of the five deposits at Kun-Manie. Using the SRK resource models, RPM generated an initial open cast optimisation design based on resources of the Measured and Indicated classes to define reserves in accordance to JORC reporting criteria. The Measured and Indicated resources falling within the final open cast limits were classified as Proved and Probable reserves, respectively.

The second design utilised all resource classes including Inferred resources. By including the Inferred resource category, enlarged open cast designs were generated which identified areas of potential reserve that required further infill drilling to allow for the designation of reserves in accordance with JORC standards. The Company examined the expanded pit areas to prioritise infill drilling efforts to convert Inferred to Indicated resources.

Both designs were based on open cast mining of ore and its being processed at an onsite plant generating a single concentrate for contract smelting. The parameters included a metallurgical recovery of 80% nickel equivalent at the mine site and the operating costs presented below. The nickel price of $16,500 per tonne ($7.50 per lb.) was used.

Mining Cost Per Tonne	$1.58
Processing Cost Per Ore Tonne	$10.38
Tailings Handling Cost Per Ore Tonne	$0.14
Concentrate Transport To Rail Per Ore Tonne	$1.72
General & Administrative Per Ore Tonne	$2.15
Rail Transport to Smelter Per Ore Tonne	$12.09
Smelter Penalties Per Ore Tonne	$3.80

The RPM design for the open cast reserve statement based on Measured and Indicated resources is presented below.

Q1 2015 Non-JORC Open Cast Proved and Probable Reserves by Deposit
Fully Diluted Grades

Deposit	Waste (m T)	Ore (m T)	Strip Ratio	Ni (%)	Cu (%)
Ikenskoe / Sobolevsky	44.8	12.7	3.5	0.53	0.13
Maly Kurumkon / Flangovy	85.3	21.5	4.0	0.55	0.15

Vodorazdelny	4.1	5.0	0.8	0.67	0.18
Kubuk	None	None	None	None	None
Gorny	None	None	None	None	None
Total	**134.2**	**39.2**	**3.4**	**0.56**	**0.15**

Numbers may not be precise due to rounding.

The inclusion of Inferred resources in the definition of open cast limits established that a substantial portion of the Inferred resource could be mined should infill drilling confirm the continuity of the mineralisation and contained grades in areas of more widely spaced drilling. The upside potential reserve was substantially larger and resulted in the extraction of an additional 85% tonnes of nickel and copper above that of the JORC compliant estimates of reserves. The upside potential open cast reserve by deposit is summarised below.

Q1 2015 Non-JORC Open Cast Potential Reserve by Deposit
Inferred Resources Included - Fully Diluted Grades

Deposit	Waste (m T)	Ore (m T)	Strip Ratio	Ni (%)	Cu (%)
Ikenskoe / Sobolevsky	52.8	17.1	3.1	0.61	0.15
Maly Kurumkon / Flangovy	258.2	37.9	6.8	0.58	0.16
Vodorazdelny	3.3	4.4	0.8	0.71	0.18
Kubuk	25.1	7.3	3.5	0.62	0.16
Gorny	NE	NE	NE	NE	NE
Total	**339.4**	**66.8**	**5.1**	**0.60**	**0.16**

Numbers may not be precise due to rounding.
NE is Not Evaluated due to low grade of ores.

Based on the upside potential and assuming a 15 year production period, the analysis indicated that an average open cast production rate of 4.5 million tonnes of ore per year could be sustained with successful infill drilling of existing Inferred resources located within the upside potential open cast designs. This was greater than the 4.0 million tonne per year production rate defined in the 2007 SRK Pre-Feasibility Study ("PFS"). The average fully diluted mining grade for nickel was projected to be 0.60% and for copper it would be 0.16%. A total of 400,800 tonnes of nickel and 106,900 tonnes of copper were defined as present within the upside potential open cast designs at four of the Company's identified deposits. Gorny was excluded due to its lower grade.

The upside potential designs also permitted the Company to identify which portions of the Inferred resource required infill drilling. From within three deposits (Ikenskoe / Sobolevsky, Kubuk and MKFL), 28.2 million tonnes of Inferred resource required infill drilling. The largest Inferred target was defined to be located at MKFL. For this reason, the Company identified MKFL as the 2015 area for drilling.

RPM also noted that underground production looked to be a viable alternative in areas of high stripping ratios.

Owner Operated Smelter Impact on Open Cast Reserve Potential

In early Q2 2015, the Company held discussions with Outotec, a smelting specialist, to determine the potential of the Company constructing and operating its own smelter and refinery located along the Baikal Amur rail line. Based on the metallurgical results compiled by Sibsvetmetniproyect and SGS Minerals, it

was determined that a smelter refinery complex could successfully generate a smeltable concentrate. This was further confirmed by a confidential contract smelter that was interested in smelting of the Kun-Manie concentrate.

This potential reserve option was investigated because of the high cost to the Company related to contract smelting: refining fees, smelting penalties and the cost of rail transport to a contract smelter refiner. In addition, the Company was only going to be remunerated for 70% of the delivered nickel and 50% of the delivered copper. All other metals were excluded from the payable value. By constructing an owner operated smelter refinery complex, direct operating costs were increased by $11.25 per ore tonne. Simultaneously, the projected operating cost related to contract smelting was eliminated. This resulted in a net reduction of cost per tonne of ore by the removal of rail transport estimated to be $12.09 per tonne and the removal of $3.80 per ore tonne due to penalty fees associated with the contract smelter. It also allowed the Company to capture lost revenues associated with the smelter fees of 30% for nickel, 50% for copper and 100% fee for cobalt, platinum and palladium. Minor gold and silver could also be recovered.

The Company examined the existing upside production results to determine the impact on the potential reserve by changeover to an owner operated smelter refinery complex. It was determined the changeover would further increase the open cast potential reserve, as previously marginal ore could now be processed economically. The indicated expansion of the open cast potential reserve was determined for the four higher grade deposits. Gorny was excluded due to its lower grade.

Q2 2015 Non-JORC Open Cast Mining
Owner Operated Smelter Potential Reserves by Deposit
Inferred Resources Included - Fully Diluted Grades

Deposit	Waste (m T)	Ore (m T)	Strip Ratio	Ni (%)	Cu (%)
Ikenskoe / Sobolevsky	82.0	21.3	3.9	0.57	0.14
Maly Kurumkon / Flangovy	340.7	49.6	6.9	0.54	0.16
Vodorazdelny	4.1	5.0	0.8	0.67	0.18
Kubuk	64.3	9.4	6.9	0.62	0.16
Gorny	NE	NE	NE	NE	NE
Total	**491.1**	**85.3**	**5.8**	**0.56**	**0.16**

Numbers may not be precise due to rounding.NE is Not Evaluated due to low grade of ores.

The potential reserve (including the Inferred resource) increase represents a significant upgrade over that of the toll smelted reserve. The potential open cast reserve was increased to 85.3 million tonnes which represents a production rate of 5.7 million tonnes of ore per year over a 15 year mine life. The total mined nickel is 480,900 tonnes (74% of the total defined resource) with copper being 133,200 tonnes (75% of the total resource). It was also noted that an additional 151,700 tonnes of waste were mined to recover the 18.5 million in ore tonnes providing an incremental stripping ratio of 8.2 waste tonnes per ore tonne.

Key conclusions were derived at this stage. The Company should consider building and operating its own smelter refinery complex, with the additional plant and infrastructure becoming an integral part of the operation for Kun-Manie. And the existing drilled resource could support a 6.0 million tonne per year ore production rate.

End of H1 2015 Operational Blueprint

On 29 June 2015, the Company announced that it had developed an Operation Blueprint based on a series of internal trade off studies designed to optimise the proposed Kun-Manie operation. These included the compilation of a mine production scenario using a combination of open cast and underground production, newly generated operating costs reflecting the devaluation of the Ruble and the decision to construct and operate its own smelter refinery complex.

Based on an EBITDA analyses, the Company identified the limits of open cast mining for each of the four deposits as well as the potential sources for underground production. Two EBITDA values were calculated for each block. The greater value identified the mining method of choice. The open cast limit was determined when the open pit EBITDA value was exceeded by the underground value. The table below presents the potential distribution of production by open cast and underground production scenarios should infill drilling of the Inferred resources be successful.

Q2 2015 Non-JORC Open Cast Owner Operated Smelter Potential Reserves
Inferred Resources Included - Fully Diluted Grades – Q2 Operating Cost Adjustment

Production All Resource Classes	Total Tonnes (Mt)	Total Ore (Mt)	Total Waste (Mt)	Strip Ratio	Ni (%)	Cu (%)	Co (%)	Pt (g/t)	Pd (g/t)
Open Pit / Underground		90.0	130.5		0.56	0.15	0.01	0.13	0.15
Open Pit Component	175.5	45.0	130.5	2.9	0.59	0.15	0.01	0.13	0.16
Underground Component		45.0			0.54	0.15	0.01	0.13	0.14

Numbers may not be precise due to rounding.

A total 90 million tonnes of ore potential reserve to be mined over a 15-year life was identified from the April 2015 resource inventory. The total life of mine metal to be delivered to the proposed smelter refinery complex is projected to be 411,600 tonnes of nickel, 124,900 tonnes of copper, 6,500 tonnes of cobalt, 8.1 tonnes of platinum and 9.2 tonnes of palladium. Minor gold and silver may also be recovered at the smelter. The metal will be contained within 6.3 million dry tonnes of concentrate. Confirmatory drilling of the Inferred portion considered to be potentially mineable must be infill drilled.

It was also noted that the development to access underground production could be done within ore, further reducing mining waste related to underground development.

Q1 2016 MKFL Drill Target Selection, Analysis and Resource Procedure Modifications

The 2015 drill programme targeted the Flangovy area of the MKFL deposit, was selected to allow the Company to accomplish three objectives. It contained a large 27 million tonne Inferred resource suitable for conversion to Indicated thereby adding to a JORC compatible reserve. The wide spaced drilling within Inferred block also contained a substantial amount of high grade ore indicated to be recoverable by open cast mining but having a high waste to ore stripping ratio area, thereby representing a potentially large underground mining area. It also included step out drilling to establish the potential for increasing the resource.

The final analytical results from Alex Stewart Laboratories (“ASL”) were delivered in January 2016, vetted by staff and subsequently provided to SRK for resource modelling. The 2015 drill information was combined with the existing data base and preliminary 3D analyses of the results were examined. Discussions were held between the Company and SRK wherein it was established that resource modelling required modification to reflect the differences between the mineralisation types and production methods.

Resource modelling was upgraded to account for two specific mineral domains reflecting the use of two mine production methods. The first domain was related to underground mineable grades (referred to as the High Grade domain) with the second being typical of open cast methods (referred to as a Low Grade domain).

The High Grade domain was modeled first and was based on a cutoff grade of 0.50% nickel. The domain contained some areas of lower grade to maintain geological continuity and which would not be able to be selectively removed during mining. The subsequently modelled Low Grade domain contained the remaining mineralisation typically in excess of 0.10% Ni as well as intercalated waste that cannot be selectively remove during open cast production. The Low Grade domain captures the mineralisation that is below the 0.50% nickel cutoff grade for the High Grade domain typically lies adjacent to and often surrounds the High Grade shells.

The Q1 2016 Maly Kurumkon – Flangovy Resource Estimate

The 2015 drill programme significantly upgraded the MKFL resource dated 30 July 2013. The 2013 MKFL resource consisted of 52.9 million tonnes of ore representing 43% of the global resource defined at Kun-Manie. Of the 52.9 million tonnes, 31.1 million tonnes were determined to be Inferred resource category with the remainder classified as Indicated resource. The MKFL resource prior to the update is summarised below.

2013 Resource Maly Kurumkon / Flangovy Resource
Zero Cutoff Grade (Includes Internal Waste and Dilution)
Open Cast Considerations Only

Resource Category	Tonnes (million)	Ni (%)	Ni Tonnes	Cu (%)	Cu Tonnes	Pt g/t	Pt Kg	Pd g/t	Pd Kg
Indicated	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	3,000	0.1	3,100
Total	**52.9**	**0.56**	**294,200**	**0.16**	**85,100**	**0.1**	**5,400**	**0.1**	**6,100**

Numbers may not be precise due to rounding.

The newly acquired drill information in combination with the newly introduced domain modelling method has positively and substantially impacted the MKFL resource statement. Based on the SRK resource model, the global mineralised tonnage has increased by 71% (37.7 million tonnes) whilst the nickel content has been increased by 25% (72,400 tonnes) with copper also increasing by 29% (24,800 tonnes). The infill drilling of the Inferred resource area has increased the Indicated resource by 46 million ore tonnes which are substantially larger than the anticipated 27 million tonnes targeted for conversion. The 2016 resource estimate is presented below and has been segregated into the resource contained within the Low and High Grade shells.

March 2016 Maly Kurumkon / Flangovy JORC Resource
Zero Cutoff Grade (Includes Internal Waste)
High Grade and Low Grade Mineral Domains

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**

Numbers may not be precise due to rounding.

With regard to the High Grade domain, a total of 32.0 million tonnes of ore are present and average 0.84% nickel with copper being 0.22%. The High Grade domain contains 73% of the total nickel and 65% of the total copper. As for the Low Grade shell, the resource grade is reduced because much of the high grade data used to previously calculate the open cast grade is now restricted to the High Grade domain.

This newly compiled resource estimate is more robust for the development of reserves in the combined mine production scenario where both open cast and underground methods are planned for implementation. By having a segregated High and Low Grade Domain model, it will enhance the definition of reserves and potentially allow for the development of an optimised production schedule where higher grades can be scheduled earlier in the production cycle.

Impact of Cutoff Grade

The cutoff grade defines the amount of ore that is recoverable at a profit. The profit varies with the long term metal price that is utilised. Selection of the correct metal price anticipated at anticipated production start up in four years hence is challenging at best. For this reason, a series of cutoff grades were examined at three nickel metals prices. These were the current price of approximately $8,800 per tonne ($4.00 / lb.), the Company utilised price since 2007 of $16,500 per tonne ($7.50 per lb.) and the long term independent price projected by Royal Bank of Canada of $20,900 per tonne ($9.50). The resultant cutoff grades for the open cast recoverable portion of the resource range from 0.12% nickel to 0.29% nickel. The underground associated cutoff grade ranges from 0.17% nickel to 0.39% nickel. Using this widely varying range of cutoff grades, the Company identified the portion of the MKFL nickel resource available for conversion to reserves. This includes the Inferred resource as well and is summarised in the table below.

Proportion of the April 2016 MKFL Resource Available for Conversion to Reserve
Open Cast and Underground Production
Inferred Resource Included

Resource at Increasing COG	Tonnes (mt)	Ni (%)	Ni Tonnes
MKFL April 2015 Resource	52.9	0.56	294,200
MKFL April 2015 Potential Owner Operated Smelter Reserve	45.5	0.56	252,800
MKFL April 2016 (Zero Nickel Cutoff Grade)	90.6	0.40	366,600
MKFL April 2016 (0.1% Nickel Cutoff Grade)	74.5	0.48	355,400
MKFL April 2016 (0.2% Nickel Cutoff Grade)	50.2	0.64	318,600
MKFL April 2016 (0.3% Nickel Cutoff Grade)	36.3	0.79	285,500
MKFL April 2016 (0.4% Nickel Cutoff Grade)	33.0	0.83	274,700

Percent Change from April 2016 Zero Nickel COG Resource	% Tonnes	% Ni	% Ni Tonnes
Percent Change of April 2016 Resource Above 0.1% Ni COG	-16%	120%	-3%
Percent Change of April 2016 Resource Above 0.2% Ni COG	-40%	160%	-13%
Percent Change of April 2016 Resource Above 0.3% Ni COG	-54%	198%	-22%
Percent Change of April 2016 Resource Above 0.4% Ni COG	-58%	208%	-25%

The Company cautions the reader that the above information is indicative only. Use of a single cutoff grade is not appropriate as the open cast cutoff grades will differ from that of an underground operation. This is intended to illustrate the impact of the new resource modelling approach and the sensitivities of the resource as a whole to changing metal price. However, it is possible to note that a substantial portion of the metal contained in the total resource has the potential to be converted to reserves (this assumes successful infill drilling of the Inferred resource).

At a cutoff grade of 0.2% nickel, 55% of the April 2016 resource tonnes are above cutoff grade. A total of 50.2 million tonnes contain 318,600 tonnes of nickel at a grade of 0.64% nickel. This is greater than the 294,200 tonne nickel resource of April 2015 at MKFL. The 2015 global resource estimate at a zero cutoff defined the resource to consist of 52.9 million tonnes averaging 0.56% nickel. The new modelling approach indicates a higher average grade by approximately 14%. This is comparable to a nickel price of $16,500 per nickel tonne ($7.50 per lb.) which has been the price utilised by the Company since 2007.

Using the approximate current nickel price of $8,800 per tonne ($4.00 per lb.) giving an approximate 0.30% cutoff grade, the available resource decreases to approximately 35 million tonnes of ore containing about 280,000 tonnes of nickel. The average grade of this material is projected to be a minimum of 0.79% nickel which is nearly double the average grade of the newly updated MKFL resource which is 0.40% nickel (the zero grade cutoff grade).

The analysis provides an overview of the potential variation in the available resource to reserve conversion. It does not reflect the fact that there will be two distinct COG's independently related to the open cast production and that of underground production.

Looking Forward

The development of the use of a dual domain modelling of the resource at MKFL has provided a more robust model in defined tonnages and grades suitable for comparison in the development of a mine production schedule. For this reason, the Company has and plans to undertake the following:

- Resource models have been regenerated at the deposits of Kubuk and Ikenskoe / Sobolevsky and provided to the Company for review, comment and finalisation. It is anticipated that substantial modifications in the resources of each deposit will be reported. As the results of each deposit are finalised, the results will be released.

- Upon finalisation of the resource update, a Request for Proposal ("RFP") to compile reserve statements and an optimised production schedule will be issued. The work will include the generation of an updated reserve statement fully compliant with JORC standards. In addition, the upside potential reserve will be examined wherein Inferred resources are included in a potential mine plan to facilitate future drill programmes.

- Determination of metallurgical grade recovery curves at Flangovy and Kubuk are being defined through metallurgical test work by SGS Minerals. The final results are near completion and will be utilised to the definition of reserve.

JORC Resource Estimate – April 2016
(zero cutoff grade)

Orebody	Tonnage Mt	Ni %	Ni t	Cu %	Cu t	Pt g/t	Pt kg	Pd g/t	Pd kg
Kubuk (Under Update)									
Measured	0	0	0	0	0	0	0	0	0
Indicated	3.5	0.68	23,400	0.18	6,100	0.1	460	0.1	400
Subtotal	3.5	0.68	23,400	0.18	6,100	0.1	460	0.1	400
Inferred	17.1	0.56	95,500	0.16	26,800	0.1	2,540	0.1	2,000
Total	**20.6**	**0.58**	**118,900**	**0.16**	**32,900**	**0.1**	**3,000**	**0.1**	**2,400**
Gorny (No Update Planned)									
Measured	0	0	0	0	0	0	0	0	0
Indicated	0	0	0	0	0	0	0	0	0
Subtotal	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 / Sobolevsky (Under Update)									
Measured	14.9	0.52	77,100	0.13	19,700	0.2	2,700	0.2	3,000
Indicated	7.7	0.39	29,800	0.1	7,800	0.1	1,100	0.2	1,300
Subtotal	**22.6**	**0.47**	**106,900**	**0.12**	**27,500**	**0.2**	**3,800**	**0.2**	**4,300**
Inferred	11.5	0.62	70,800	0.14	16,300	0.2	2,300	0.2	2,500
Total	**34.1**	**0.52**	**177,700**	**0.13**	**43,800**	**0.2**	**6,100**	**0.2**	**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
Subtotal	**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
Total	**5.6**	**0.64**	**35,900**	**0.17**	**9,600**	**0.1**	**800**	**0.14**	**800**
Maly Krumkon / Flangovy									
Measured	0	0	0	0	0	0	0	0	0
Indicated	68.4	0.42	285,200	0.12	84,200	0.1	6,600	0.1	6,900
Subtotal	**68.4**	**0.42**	**285,200**	**0.12**	**84,200**	**0.1**	**6,600**	**0.1**	**6,900**
Inferred	22.2	0.37	81,400	0.12	25,600	0.1	1,900	0.1	2,000
Total	**90.6**	**0.40**	**366,600**	**0.12**	**109,800**	**0.1**	**8,500**	**0.1**	**8,900**

Global Total Resource

Measured	**15.7**	**0.52**	**81,800**	**0.13**	**21,100**	**0.2**	**2,900**	**0.2**	**3,200**
Indicated	**84.4**	**0.44**	**369,600**	**0.13**	**106,300**	**0.1**	**8,800**	**0.1**	**9,200**
Sub-total	**100.1**	**0.45**	**451,400**	**0.13**	**127,400**	**0.1**	**11,600**	**0.1**	**12,400**
Inferred	**58.4**	**0.47**	**271,600**	**0.13**	**75,700**	**0.1**	**8,300**	**0.1**	**8,400**
Grand Total	**158.4**	**0.46**	**723,000**	**0.13**	**203,100**	**0.1**	**20,000**	**0.1**	**20,800**

Numbers may not be precise due to rounding.

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.