

05 August 2022

AMUR MINERALS CORPORATION
(AIM: AMC)

Proposed disposal of the Kun-Manie Project for US\$ 35 Million

Amur Minerals Corporation ("Amur" or the "Company"), the nickel-copper sulphide mineral exploration and resource development company focused on the far east of Russia, announces that it, together with its wholly owned subsidiary Irosta Trading Limited ("Irosta"), has entered into a Share Purchase Agreement (the "SPA") for the sale of 100% of its interest in Irosta's wholly owned subsidiary, AO Kun-Manie ("AO KM" or "Kun-Manie"). For a total consideration of US\$ 35 million, Bering Metals LLC (the "Buyer" or "Bering") will purchase AO KM and the benefit of all amounts owed by AO KM to Amur under intra-group loans (the "Transaction"). AO KM is an exploration and mining company which holds the Detailed Exploration and Mine Production mineral licence for the Kun-Manie nickel-copper sulphide project located in Amur Oblast of the Russian Federation.

Highlights:

- The total consideration for the Transaction is US\$ 35 million to be paid upon completion of the Transaction. The Transaction consideration is payable in US\$.
- The divesture price represents a premium of 119% to the Company's market capitalisation of 3 August 2022 (£13.2 million) and 44% to the current Kun-Manie book value of US\$24.3 million as at 31 December 2021 in Amur's latest annual report. The closing share price on 3 August 2022 was 0.89 pence per share.
- In addition to shareholder approval of the Transaction at a General Meeting scheduled for 24 August 2022 ("General Meeting"), completion of the Transaction requires the approval by a newly created Russian Federation government commission per the Presidential Decree No. 81 dated 1 March 2022 (which specifically addresses change of control of western held assets) and the consent of the Federal Antimonopoly Service of Russia.
- If the Transaction receives approval at the General Meeting and all other consents and approvals, following receipt of the consideration of US\$ 35 million, the Company intends to pay a special dividend of 1.8 pence per share to Shareholders within 90 days of Completion.

Robin Young, CEO of Amur, commented:

"The US\$ 35 million offer for the purchase of our Kun-Manie asset is a last and final offer from Bering Metals LLC, a Russian incorporated company controlled by Vladislav Sviblov. Economic sanctions and Russian foreign currency exchange controls implemented with regard to the 'Special Military Operation'

have adversely impacted our ability to advance, develop and place Kun-Manie into production in the foreseeable future,

Given the geopolitical situation, we highly recommend that shareholders approve the offer which at completion and receipt of a single payment of US\$ 35 million, a special dividend of 1.8 pence will be paid to shareholders within 90 days of receipt of funds.

Should shareholders reject the sale of Kun-Manie, there are virtually no alternatives available to our advancing development of the project. This includes a sale to non-Russian entities or to the ever increasing list of Russian sanctioned mining companies, funding institutions and banks. The majority of international resource associated entities within Russia have or are also withdrawing from Russian activities and operations.

The Company does not foresee that another offer to purchase Kun-Manie would be forthcoming in the event that the current offer is rejected.”

Order 81 and Company Approvals

The Transaction is subject to certain conditions occurring within 90 days of the signing of the SPA (“Completion”) including:

- the dispatch of a shareholder circular (“Circular”) and approval of a resolution to complete the Transaction at a general meeting of the Company (“General Meeting”) scheduled for 24 August 2022;
- the approval under the commission created with regard to the Presidential Decree No. 81 dated 1 March 2022 having been granted on the terms required by applicable law, and not having been subsequently revoked, and such approval not being conditional upon any further actions or omissions by any party; and
- the consent of the Federal Antimonopoly Service of Russia or its relevant territorial department to the Transaction being granted and such consent not being conditional upon any further actions or omissions by any of the parties to the SPA.

Background to and evaluation of the Disposal Price

In 2020, Amur developed a shortlist of potential partners or purchasers to whom a Russia-based project would be of interest. The list included Russian and internationally based mining companies, investment groups, financial institutions, metal trading groups and electric vehicle battery manufacturers. Discussions were held with potential partners and confidentiality agreements were signed with interested parties.

During 2021, three parties (one western and two Russian) demonstrated bona fide interest in funding or purchasing Kun-Manie. Negotiations advanced with all three parties and funding alternatives and purchase options were tabled. Of the three, a proposed outright purchase of Kun-Manie was selected as it offered the highest consideration available to the Company, approaching fair market value. Work on negotiating transaction documentation was initiated and neared completion in late February 2022.

On 24 February 2022, Russia initiated a special military operation (“SMO”) in Ukraine. The action resulted in the immediate implementation of sanctions and counter-measure responses by the Russian Government on 28 February, 1 March and 8 March 2022. The combined actions had an immediate impact on the terms of the proposed sale of Kun-Manie. The buyer and Amur agreed to monitor the situation and revisit the acquisition once the full impact of the sanctions and orders were understood.

Upon completion of a sanction and order review period, negotiations were resumed to modify the terms of the Disposal allowing for all constraints to be considered. Specific considerations and impacts on the transaction were as follows:

- A transaction with a Russian entity or individual can be implemented provided they are not subject to sanctions.
- Russian Government implemented orders restricting foreign currency flow out of Russia have a considerable impact. Foreign exchange payments may only be made with the approval of a newly formed Currency Control Committee and this committee has final approval on the quantity and timing of currency flow from Russia.
- For the transaction, the Company requires legal support using Russian solicitors to ensure that the transaction will meet all regulatory and statutory considerations. Many legal entities have exited Russia, including the Company’s former Russian solicitors who were involved in negotiations. Amur had anticipated that this might occur and have already engaged a highly regarded, experienced Russian law firm, Birch Legal.

From late March through early May 2022, a revised share purchase agreement was negotiated and executed. All necessary associated documentation was completed, including a circular for shareholder approval of the offer. Stanmix Holding Limited offered to purchase Kun-Manie on the following terms.

- US\$ 15 million upon Completion of the Transaction (to occur within 60 days of signing the SPA)
- US\$ 10 million within 12 months of the date of the SPA
- US\$ 50 million within 48 months of the date of the SPA
- US\$ 30 million, payable in ten annual instalments of US\$3 million commencing in 2027

Requiring shareholder approval, a general meeting was held on 25 May 2022. At the request of attending shareholders, Amur’s Chief Executive Officer, Robin Young conducted a Q&A session related to the transaction. Subsequent to the Q&A session, the offer from Stanmix was rejected. The primary reasons from Shareholders attending were:

- the payment terms extended over too long a period i.e. up to 15 years;
- there was no absolute guarantee that all payments would be forthcoming;
- the initial payment of US\$ 15 million was regarded as too low; and
- specific dividends to shareholders or other uses of proceeds were not identified.

Since 26 February 2022, the continuation of and responses to the SMO have substantially and further adversely impacted the opportunity to sell and/or develop Kun-Manie. Sanctions have and continue to eliminate many companies' interests, including mining entities, off-take metal marketers and all sanctioned Russian companies, as potential business counterparties. Additionally, the larger and well-funded Russian resource banks and fund sources are predominantly now sanctioned. International funding sources are avoiding participation in Russian based projects making it extremely difficult if not impossible to continue operations in Russia let alone develop and fund the future development of Kun-Manie.

Following the shareholder vote on 25 May 2022, the Board re-engaged with the buyer team and sought to negotiate a package which addresses the concerns of Shareholders raised at the meeting. At the same time, the situation in Ukraine has only deteriorated and it is increasingly clear that the SMO will be ongoing and its effects will be widespread and protracted. The Board has negotiated a consideration structure in which the initial payment has been increased and all of the consideration will be paid at the outset in conjunction with the transfer of shares in Kun-Manie. At the same time, the total purchase price proposed by the Buyer has been significantly reduced.

Given the worsening situation the Board has considered the revised Disposal price of US\$ 35 million, which is a substantial decrease in price compared to the US\$ 105 million of the original transaction which was rejected by Shareholders, and has ultimately concluded that this is now the final opportunity to recoup the Company's sunk costs in Russia when taking into account a number of internal and external factors that have affected the Kun-Manie Project:

- The geopolitical situation between Russia and Western countries has deteriorated since the announcement of 9 May 2022 detailing the original proposed sale, both in terms of market sentiment towards Russia and within Russia to Western companies.
- Market conditions have deteriorated in the months since the original transaction, driven by rising inflation, supply chain disruption and the threat of a recession, which has put downward pressure on UK small cap stocks.
- The Disposal addresses Shareholder concerns about the initial transaction, including a more substantial initial consideration which is all delivered at Completion, and a commitment to the payment of a special dividend of 1.8 pence per share to be paid to Shareholders within 90 days of Completion. After Completion of the Disposal, the Company will become a cash shell and will seek to complete a reverse takeover which will require Shareholder approval within 12 months. Should an acceptable reverse takeover opportunity not be identified and approved by the Shareholders, the remaining funds from the transaction less costs shall be distributed as a second special dividend.
- The Company has been advancing the Project in accordance with the terms of its Detailed Exploration and Mining Licence and notes the anticipated life of mine capital cost estimate of US\$ 1.92 billion, including US\$1.14 billion for preproduction and construction costs of a 12.4 million open pit ore tonne per annum operation, as detailed in the TEO Project Russian feasibility study. The Company does not foresee this financing being readily available in order to advance the Project to production.
- The Company has received no other proposals for the acquisition of Kun-Manie and is not in discussions with any other parties regarding a disposal of the asset.
- The Company does not foresee that another offer to purchase Kun-Manie would be forthcoming in the event that the current offer is rejected.

The structure of the transaction, the purchase price and payment terms are consistent with the sale of other Russian assets owned by Western companies that have been purchased by Russian entities since the start of the SMO.

Future Strategy and Special Dividend

The Transaction is a fundamental disposal pursuant to Rule 15 of the AIM Rules for Companies. A Circular containing full details of the Transaction will be published and notified by RNS and a General Meeting is expected to be held on 24 August 2022.

Following receipt of the consideration of US\$ 35 million, the Company intends to pay a special dividend of 1.8 pence per share to be paid to Shareholders within 90 days of Completion and receipt of funds. The Company has received tax advice that the Disposal is unlikely to attract capital gains or withholding tax. The Board proposes that the record date and payment date for the distribution of the post-Completion dividend shall be no later than 90 days following receipt of the consideration payment.

The Directors intend to seek to acquire another company or business in exchange for the issue of Ordinary Shares in a single transaction (a “reverse takeover”), which will only be able to go forward with Shareholder approval. In considering the Company’s future strategy, the Board will seek to identify opportunities offering the potential to deliver value creation and returns to Shareholders over the medium to long-term in the form of capital and / or dividends.

The Company will be required to make an acquisition or acquisitions which constitute(s) a reverse takeover under AIM Rule 14 on or before the date falling six months from the completion of the Disposal, or be re-admitted to trading on AIM as an investing company under AIM Rule 8. Failing that, the Company’s Ordinary Shares would then be suspended from trading on AIM pursuant to AIM Rule 40. If the Company’s shares remain suspended for six months, admission of the Company’s shares will be cancelled.

Pursuant to Rule 14 of the AIM Rules, a reverse takeover transaction would require the publication of an admission document in respect of the proposed enlarged entity and would be conditional upon the consent of Shareholders being given at a general meeting.

Market conditions may have a negative impact on the Company’s ability to make an acquisition or acquisitions which would constitute a reverse takeover under AIM Rule 14. There is no guarantee that the Company will be successful in meeting the AIM Rule 14 deadline as described above.

As at 31 December 2021, the net asset value of the Company was US\$ 31.1 million.

About Bering Metals LLC

Bering Metals LLC is a Russian incorporated company controlled by Vladislav Sviblov. Mr Sviblov is a Russian entrepreneur and shareholder in some major mining and industrial assets including Highland Gold Mining, one of the largest gold miners in Russia which Mr Sviblov acquired in 2020. Mr Sviblov has previously completed two additional major M&A transactions, namely the acquisition of Trans-Siberian Gold in Kamchatka, and the assets of the Zoloto Kamchatki group. In April 2022, Highland Gold Mining entered into a definitive agreement to acquire the Russian assets of New York Stock Exchange-listed Kinross Gold Corporation.

Market Abuse Regulation (MAR) Disclosure

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (“MAR”), and is disclosed in accordance with the Company’s obligations under Article 17 of MAR.

Terms used and not defined in this announcement shall have the same meanings given to them in the Circular.

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