



**13 December 2007**

**Amur Minerals Corporation**  
("Amur" or "the Company")

**NPV for Kun-Manie: \$84 million Post Tax**

**(all financial figures are in US dollars)**

Amur Minerals Corporation (AIM: AMC), the exploration and development company focused on the Far East of Russia, announces the results of the SRK Consulting Pre Feasibility study on its Kun-Manie nickel sulphide deposit located in eastern Russia. The projections in the study indicate a Post Tax NPV (10%) of \$84 million with an IRR of 15.7%. At approximately 16,000 tonnes of nickel contained in concentrate per year, the facility would be one of the largest new nickel sulphide producers since the discovery of Voisey's Bay.

**Key Production Parameters:**

- Production of ore will be derived from three ore bodies;
- The mine and plant will operate 365 day per year;
- Seasonal roads will be used for 8 months each year to deliver concentrate and supplies between the site and rail head;
- Annually, four million tonnes of ore are proposed to be mined by open pit methods with a stripping ratio of 2.9 to 1.0 - one of the lowest stripping ratios associated with nickel sulphide mines worldwide;
- A Probable Ore Reserve of 31.5 Mt with mean grades of 0.54% Ni and 0.15% Cu has been derived from the previously reported Measured and Indicated Mineral Resource.
- The production schedule envisages that a total of 38.2 million tonnes (Mt) of ore at a grade of 0.55% nickel and 0.15% copper containing 210,000 tonnes of nickel and 59,000 tonnes of copper will be delivered to the plant providing a ten year mine life. This schedule includes a portion of Inferred Mineral Resources. All mine production has been adjusted to reflect mining loss and dilution assumptions; and
- The projected 76% metallurgical recovery will yield a total of 159,000 tonnes of nickel and 43,000 tonnes of copper.

### **Key Financial Parameters:**

- Initial capital expenditure is projected to be \$331 million. This includes the construction of a road to the site, all necessary ancillary structures, a processing plant, the tailings dam, mining fleet, preproduction mining, haul road construction and transport fleet. Engineering, procurement and construction management and contingencies are included. Approximately 42% of the initial capital cost relates to the construction of a seasonal access road;
- A total of \$66 million sustaining capital is projected over the 10 year mine life. This includes replacement of the mining and transport fleets as well as expansion of the tailings impoundment area as required;
- The total operating cost to generate a tonne of concentrate and deliver it to the nearest rail load out facility is projected to be \$16.63. This includes mining, processing, tailings disposal, royalties, administrative and transport costs ;
- The combined cost per ore tonne for rail transport and smelter charges is projected to be \$6.33 per ore tonne;
- The total cost to generate a pound of nickel will be \$2.51 including mining, processing, administrative, and all transportation fees. This excludes the contribution made from by-products;
- The projected Post Tax NPV (10%) is \$84 million with an IRR of 15.7%. This is based on post-tax projections - the most conservative approach to reporting on a project's economic potential; and
- The nickel price utilised in the evaluation study is \$7.50 per pound (\$16,530 per tonne), compared to an average price for the first 11 months of 2007 of \$17.30 per pound. Each dollar per pound increase adds more than \$100 million to the NPV (10%).

Additional details are provided in the section below.

### **Robin Young, Chief Executive Officer, Amur Minerals commented:**

*“Our primary objective was to determine if the resource we have identified to date is large enough to justify the significant capital expenditure required due to the remote location of Kun-Manie. This report confirms that the first phase of the Kun-Manie development is economic. It also confirms our belief that Kun-Manie will be a premier nickel producer when in production.*

*“Multiple undrilled targets remain and we have not yet defined the limits of the mineralisation in two of our drilled deposits, all of which is recoverable by open pit mining. There is the potential to more than double the resources on the site.*

*“These open pit mineable ore bodies will provide a solid platform for further development.. The exploration of additional defined targets of similar grade in the immediate area will add to the upside of the project and the potentially higher grade, larger targets of Yan-Hegd and Chorny Espiline could significantly change the scale of the operation.*

*“With the completion of the study, Amur has entered a new era: every tonne of newly drilled nickel will now increase and enhance the economic potential of the project.”*

The information contained in this announcement has been reviewed and approved by the CEO of Amur, Robin Young. Mr. Young is a Geological Engineer (cum laude) and is a Qualified Professional Geologist, as defined by the Toronto and Vancouver Stock Exchanges.

### **Enquiries:**

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### **General Description of the Project**

The project is based on a single simple concept which consists of generating a sulphide concentrate for sale on the international market. Conventional open pit mining and flotation of the ores serve as the base case. The concentrate will be trucked from the site over a 320 kilometre long road for delivery to the rail head at Ulak located on the Baikal Amur railroad in the Amur Oblast. From there, it will be transported by rail to a commercial smelter. For rail transport costing, it has been assumed that the concentrate will be shipped a maximum distance of 5,000 kilometres. There are several smelters located within this distance of the site.

The project will require the construction of a 320 kilometre long road, to allow truck access to the site over 8 months of the year, as well as the construction of a power line. The local state owned utility company has stated it will cover the capital expenditure to construct the power line and offset this investment by utilising a higher cost per kilowatt hour for power consumption. Surveys for the road and power line will be commissioned over the next year and final engineered designs will be submitted to the Local Government for approval.

The site will be operational throughout the year. Mine production will be derived from pits located along the Krumkon Trend within the Ikenkoe, Vodorazdelny and Maly Krumkon deposits. Mining will result in the delivery of 4.0 million tonnes of ore per year to the mill, which is planned to be constructed approximately midway between the three deposits. Waste will be placed in dumps located adjacent to the pits. An average stripping ratio of 2.9 tonnes of waste per tonne of ore is anticipated.

The mill is planned to treat 4.0 million tonnes of ore per year and is projected to have an overall recovery of 76%. This recovery is based on metallurgical test work completed by Sibsvetmetniproject of Krasnoyarsk with adjustments by SRK Consulting metallurgical

engineering staff. The mill tailings will be stored within an impoundment adjacent the mill site. The concentrate will be transported by truck during an eight month period and stored at a secured yard next to the rail head in Ulak. Monthly shipments to the smelter will provide a stable production cycle and recovery of revenues.

The smelter has not been identified in the study. The terms for smelting the concentrate were derived from an unsolicited smelter schedule identifying payment and charge parameters. Payments for delivered nickel will range from 61 to 67% of the contained nickel and 50% of the contained copper. As the smelters are land-locked the Company has assumed that the freight costs can be shared. The Company believes that these terms can be significantly improved.

### **Identified Areas Of Upside Potential to Improve Results**

The study has not optimised the operation nor was it intended to accomplish this. It was intended to establish the current viability of the existing mineralisation to support the operation as a large low grade producer. There are numerous areas of potential improvement as follows:

- Exploration potential remains very high within the property limits and additional resources could be added thereby expanding the mine life and impacting the overall annual production rate. The limits of the mineralisation within the Maly Krumkon and Ikenskoe pits have not been established. These could be enlarged and this next season's drill programme will continue to conduct step out drilling within these two areas. Successful results will extend the life of the mine and may permit selective mining wherein higher grades could be delivered to the mill earlier in the production cycle. In addition, the Chorney Espiline, Kubuk and Falcon targets have not been drilled. These could add mineable resources. Yan Hegd also represents a large target that could provide added resources;
- The access road represents approximately half of the initial capital expenditure. The study results are based on large scale maps. Flights over part of the route indicate that there is potential to minimise costs over approximately half of the route though the principal objective of further studies will be to identify a low-cost route over a watershed and to firm up the cost estimate.
- The Maly Krumkon pit was not optimised and optimisation studies are expected to increase the size of the open pit;
- Metallurgical test work has not been optimised. Follow up work is needed to determine the extent of improvement in metallurgical recoveries and concentrate quality potentially improving the global project economics;
- The smelter schedule used in this analysis was an unsolicited offer. It has not been negotiated and can therefore be considered to be onerous to the project. In addition, Brook Hunt has documented that in 2012 there will be a shortage of sulphide concentrate available to toll smelters as smelter capacities are projected to increase while sulphide nickel production will decrease. The Company believes it is better to delay detailed negotiations until a later date when better terms may be available that would further enhance the project economics;
- Alternative metallurgical processes will be investigated in the near term. As there is a large hydroelectric dam within the Amur Oblast, the Company considers that there could be potential for smelting of the concentrate by using flash smelting and / or electric arc furnaces that will result in the generation of a saleable matte. Successful results would reduce the cost to produce a pound of metal, recover a higher percentage of the contained metal value and allow for the recovery of revenues from the cobalt and other

minor constituents. Concurrently, rail transport costs would also be significantly reduced. The Company also intends to examine hydrometallurgical processes; and

- A comprehensive evaluation of the preferred size and scale of the operation is required. This will include a series of trade off studies that will establish the final configuration of and its production capacity.

### Economic Modelling Considerations and Results

Within the economic evaluation, sensitivity analyses to the variation in the metal prices, operating and capital cost expenditures were compiled. A summary of the key input parameters and results of the cash flow model are provided in the tables below.

### Operational Parameters and Considerations

<b>Mine Production</b>		
Total Production (Ore Plus Waste)	Mt	147.1
Waste	Mt	108.8
Ore	Mt	38.2
Stripping Ratio (Waste To Ore)		2.85
Ni Grade	%	0.55
Ni	kt	209.7
Cu Grade	%	0.15
Cu	kt	59.1
<b>Mill Production</b>		
Total Ni recovery	%	76
Tonnes concentrate (dry)	kt	2,808
Tonnes concentrate (wet)	kt	3,033
% Ni in concentrate	%	5.7
Tonnes Ni in Concentrate	Kt	159.3
% Cu in Concentrate	%	1.6
Tonnes Cu In Concentrate	kt	43.4
<b>Smelter Considerations</b>		
Payable Nickel With Adjustments	%	64
Payable Copper With Adjustments	%	50

### Operating Costs

<b>Operating Costs Per Ore Tonne</b>	
Smelter Charges	4.85
Rail Freight To Smelter	1.48
Mining	3.46
Processing	6.41
Tailings	0.21
Freight From Site To Rail Head	1.93
Royalties	3.16
G&A	1.46
Total All In Cost Per Ore Tonne	22.96

### Capital Costs – Combined Initial Plus Sustaining Plus Contingency

<b>Infrastructure &amp; Permanent Facilities Capital Costs</b>		
Studies	\$m	5
Road - 320 Km Access Road	\$m	140
Power - 320 Km Access	\$m	0
Site Facilities	\$m	5
EPCM (Road, Power, Facilities, Processing)	\$m	7
Processing	\$m	108
Tailings	\$m	29
Haul Roads	\$m	19
Ikenscoe Diversion	\$m	2
Transportation Fleet	\$m	20
Mining Fleet	\$m	66
Total Life Of Mine Capital	\$m	401

### Sensitivity Analysis

Parameters	Base Case	Nickel Price Sensitivity		Capital Cost % Variation		Operating Cost % Variation	
		+ \$1.00	- \$1.00	+25%	-25%	+25%	-25%
Nickel Price (lb)	\$7.50	\$8.50	\$6.50	\$7.50	\$7.50	\$7.50	\$7.50
Nickel Price (t)	\$16,530	\$18,734	\$14,326	\$16,530	\$16,530	\$16,530	\$16,530
Operating Costs	100%	100%	100%	100%	100%	125%	75%
Capital Costs	100%	100%	100%	125%	75%	100%	100%
Initial Start Up Capital (m USD)	336.4	336.4	336.4	419.3	253.5	336.4	336.4
Sustaining Capital (m USD)	65.9	65.9	65.9	82.4	49.5	65.9	65.9
Post Tax NPV 10% (m USD)	84	179	-29	11	157	19	149
IRR (%)	15.7%	21.7%	7.9%	10.6%	23.3%	11.3%	19.9%
Payback Year	4	3	7	5	3	5	3
NPV To Initial Cap Ratio	28.3%	60.2%	-9.9%	3.1%	70.1%	6.4%	50.1%
Cost / Lb Nickel FOB Rail	1.81	1.86	1.75	1.81	1.81	2.17	1.45
Cost / Lb Nickel To Smelter	0.69	0.69	0.69	0.69	0.69	0.73	0.65
Cost / Lb Nickel Init Cap Ex	0.96	0.96	0.96	1.19	0.72	0.96	0.96
Total Cost Per Pound	3.46	3.51	3.40	3.70	3.22	3.86	3.06