

Amur Minerals

Funding secured

Amur has raised £5.2m by way of a subscription by new and existing shareholders for a total of 71.7m shares (17% of shares in issue) at 7.25p (a 6.5% discount to the previous close). Of this, £5.0m follows the pattern of previous equity swap agreements with Lanstead Partners, which have proved successful in continuing to fund Amur's exploration of its growing Kun-Manie nickel resource while it progresses its mining licence to approval with the Russian authorities. As a result of a modified structure to this agreement, a £1m up-front payment is to be paid to Amur, which will comfortably fund at least its current Kubuk drill programme.

Year end	Revenue (US\$m)	PBT* (US\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/10	0.0	(1.9)	(1.0)	0.0	N/A	N/A
12/11	0.0	(3.1)	(1.1)	0.0	N/A	N/A
12/12	0.0	(3.6)	(1.0)	0.0	N/A	N/A
12/13e	0.0	(1.7)	(0.4)	0.0	N/A	N/A

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

Lanstead agreements should support Amur's plans

We assume Amur spends US\$1.5m on exploration in FY13. Management has stated that its drilling cost is c US\$40/m, due to its drill rig being owner-operated. Hence the cost of its newly expanded 5,000m Kubuk drill campaign would be c US\$200,000. Amur drilled a total of 7,200m across the whole of Kun-Manie in FY12 and we expect it to drill a comparable total meterage in FY13, resulting in a potential FY13 drilling cost of only US\$288,000. With a £1m upfront payment to be made to Amur, we consider this sufficient funding to complete at least its Kubuk drill programme. The remaining £4m (US\$6.1m) of the agreement could potentially pay out £167,000 (US\$255,000) per month (subject to Amur's share price maintaining the benchmark price of 9.67p). Even if it only achieves a proportion of that monthly funding, this Lanstead agreement should provide Amur with the ability to update its resource and reserve statements, the Kun-Manie economic model and its mine schedule to reflect higher grade areas identified since the 2007 PFS.

Updated resources and reserves to follow SRK visit

SRK Consulting is due to visit Kun-Manie shortly to verify Amur's exploration procedures. Once completed SRK should be able to sign-off on its resource and reserve estimates, allowing Amur to shortly announce these to the market.

Valuation: Unchanged, forecasts reflect FY12 results

We have updated our forecasts for FY12 financial results. Amur reported a loss of US\$3.6m, resulting predominantly from G&A costs of US\$1.8m and a US\$1.8m finance expense charge relating to its pre-existing Lanstead agreement. We reiterate our previous estimate of this project's value of US\$394m equating to 60p per share (accounting for the additional shares, and using a US\$20,000/t Ni price and 10% discount rate). This was primarily based on the old 2007 SRK Consulting pre-feasibility study, which will now be revised in light of the new exploration results.

£5.2m equity package

Metals & mining

29 July 2013

Price 7.60p

Market cap £33m

US\$1.53/£

Net cash (US\$m) as at end-Dec 2012 2.1

Shares in issue 431m

Free float 69%

Code AMC

Primary exchange AIM

Secondary exchange N/A

Share price performance



%	1m	3m	12m
Abs	(21)	(8.7)	64.3
Rel (local)	(25.9)	(11)	36.9
52-week high/low	10.5p	4.4p	

Business description

Amur Minerals is an exploration and development company focused on base metal projects located in Russia's far east. Amur's flagship Kun-Manie Ni-Cu project has a current global resource of 341,000t contained nickel and 95,000t contained copper.

Next events

Resource/reserve updates Q313

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Exhibit 1: Financial summary

	US\$'000s	2010	2011	2012	2013e
Year end 31 December		IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue		0	0	0	0
Cost of Sales		0	0	0	0
Gross Profit		0	0	0	0
EBITDA		(1,928)	(2,892)	(1,750)	(1,750)
Operating Profit (before GW and except.)		(1,928)	(2,892)	(1,750)	(1,691)
Intangible Amortisation		0	0	0	0
Exceptionals		(328)	0	0	0
Other		0	(1,505)	(435)	0
Operating Profit		(2,256)	(4,397)	(2,185)	(1,691)
Net Interest		0	(211)	(1,813)	31
Other		0	0	0	0
Profit Before Tax (norm)		(1,928)	(3,103)	(3,563)	(1,660)
Profit Before Tax (FRS 3)		(2,256)	(4,608)	(3,998)	(1,660)
Tax		0	0	0	0
Profit After Tax (norm)		(1,928)	(3,103)	(3,563)	(1,660)
Profit After Tax (FRS 3)		(2,256)	(4,608)	(3,998)	(1,660)
Average Number of Shares Outstanding (m)		193.9	271.8	345.1	392.2
EPS - normalised (c)		(1.0)	(1.1)	(1.0)	(0.4)
EPS - FRS 3 (c)		(1.2)	(1.7)	(1.2)	(0.4)
Dividend per share (c)		0.0	0.0	0.0	0.0
Gross Margin (%)		N/A	N/A	N/A	N/A
EBITDA Margin (%)		N/A	N/A	N/A	N/A
Operating Margin (before GW and except.) (%)		N/A	N/A	N/A	N/A
BALANCE SHEET					
Fixed Assets		14,151	13,903	17,928	17,987
Intangible Assets		13,685	13,503	17,084	17,084
Tangible Assets		466	400	844	903
Other receivables		0	0	0	0
Current Assets		7,215	7,386	8,389	7,389
Stocks		167	165	224	224
Trade Debtors		0	0	0	0
Cash		3,066	4,436	2,048	1,378
Other receivables/other		3,982	2,785	6,117	5,787
Current Liabilities		(109)	(102)	(119)	(119)
Creditors		(109)	(102)	(119)	(119)
Short term borrowings		0	0	0	0
Long Term Liabilities		0	0	0	0
Long term borrowings		0	0	0	0
Other long term liabilities		0	0	0	0
Net Assets		21,257	21,187	26,198	25,258
CASH FLOW					
Operating Cash Flow		(1,201)	(2,761)	(1,190)	(1,750)
Net Interest		0	0	0	31
Tax		0	0	0	0
Capex		(492)	(20)	(3,482)	(1,500)
Acquisitions/disposals		363	0	0	0
Financing		3,527	4,344	2,165	2,550
Dividends		0	0	0	0
Net Cash Flow		2,197	1,563	(2,507)	(669)
Opening net debt/(cash)		(997)	(3,066)	(4,436)	(2,048)
HP finance leases initiated		0	0	0	0
Other		(128)	(193)	119	0
Closing net debt/(cash)		(3,066)	(4,436)	(2,048)	(1,378)

Source: Edison Investment Research, Amur accounts

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