

## **ASIAN MINERAL RESOURCES LIMITED**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (Expressed in Canadian dollars, in accordance with IFRS)**

#### **QUARTER ENDED SEPTEMBER 30, 2016**

The following discussion of the operating results and financial position of Asian Mineral Resources Limited (the "Company" or "AMR") should be read in conjunction with the Company's unaudited consolidated interim financial statements for the three- and nine-month period ended September 30, 2016 and the audited consolidated financial statements and related notes for the fiscal year ended December 31, 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRS) which were prepared by management and are available on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com). Amounts are in Canadian dollars unless otherwise stated. References to "the Company", "AMR", "we", "our" and "us" means Asian Mineral Resources Ltd., its predecessors and consolidated subsidiaries, or any one or more of them, as the context requires.

This MD&A has been prepared as of November 28, 2016 with reference to National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators.

#### **Forward-Looking Information**

This management discussion and analysis ("MD&A") contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company, its subsidiaries, its affiliates, its projects, future metal prices, the estimation of mineral reserves and mineral resources, the realization of mineral reserve and resource estimates, the timing and amount of estimated future production, revenues, margins, costs of production, estimates of initial capital, sustaining capital, operating and exploration expenditures, costs and timing of the development of deposits, costs and timing of future exploration, requirements for additional capital, foreign exchange risks, governmental regulation of mining operations and exploration operations, timing and receipt of approvals, consents and permits under applicable mineral legislation, environmental risks, title disputes or claims, limitations of insurance coverage and regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases, or may be identified by statements to the effect that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and a variety of material factors, many of which are beyond the Company's control which may cause the actual results, performance or achievements of AMR, its subsidiaries and affiliated companies to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Readers are cautioned that forward-looking statements may not be appropriate for other purposes than outlined in this document. Such factors include, among others, future metal prices; general business, economic, competitive, political and social uncertainties; the actual results of current exploration and development activities; conclusions of economic

evaluations and studies; fluctuations in the value of the U.S. dollar relative to the local currencies in the jurisdictions of the Company's key projects; changes in project parameters as plans continue to be refined; possible variations of ore grade or projected recovery rates; accidents, labour disputes or slow-downs and other risks of the mining industry; climatic conditions; political instability, insurrection or war, civil unrest or armed assault; labour force availability and turnover; delays in obtaining financing or governmental approvals or in the completion of exploration and development activities; as well as those factors referred to in the section entitled "Risks and Uncertainties" section of the MD&A. The reader is also cautioned that the foregoing list of factors is not exhausted of the factors that may affect the Company's forward-looking statements.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this document and, except as required by applicable law, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

In addition, please note that statements relating to "reserves" or "resources" are deemed to be forward-looking information as they involve the implied assessment, based on certain estimates and assumptions, that, the resources and reserves described can be profitably mined in the future.

## **BUSINESS**

The Company was originally incorporated pursuant to the *New Zealand Companies Act 1993*. Effective December 31, 2004, it was continued as a British Columbia corporation under the *British Columbia Business Corporations Act*. The Company owns 100% of AMR Nickel Limited ("AMRN") and 100% of Asian Nickel Exploration Limited, both of which are incorporated pursuant to the laws of the Cook Islands. Through AMRN, the Company owns 90% of Ban Phuc Nickel Mines LLP ("BPNM"), a limited liability company established in 1993 under the laws of the Socialist Republic of Vietnam pursuant to a Foreign Investment Licence ("FIL") and a related Joint Venture Agreement and Charter whereby AMRN and Mineral Development Company ("Mideco"), an agency of the Ministry of Heavy Industry of Vietnam, formed BPNM to jointly explore and develop what was originally a 600 km<sup>2</sup> area designated in the FIL and is now 150 km<sup>2</sup> in Son La Province in north west Vietnam. Ownership of BPNM was originally held by AMRN as to 70% and by Mideco as to 30%. Mideco subsequently assigned a 10% interest in BPNM to Son La Mechanical Engineering Company, a company which was privatized and renamed Son La Mechanical Engineering Joint Stock Company ("Coxama"). In mid-2006, AMRN acquired Mideco's 20% interest so as to increase its interest to its current 90%.

The FIL was replaced in 2006 by an investment certificate issued under a new Law on Enterprises which provides for the establishment, management, organization and operation of various types of business enterprise carrying on business in all economic sectors in Vietnam and an Investment Law which replaced the legislation under which the FIL was granted. Concurrently, the Joint Venture Agreement and Charter were amended to conform with the new legislation and the revised ownership of BPNM. Development of the Project was completed in mid-2013 and commercial production was reached in November 2013.

In late 2010, the Vietnamese Government passed a new law, the Mineral Law 2010. Decree 15 of the law included a new statutory fee titled "mining rights grant fee". The Mineral Law 2010 provided the fee to be determined based on price, reserve, quality and type of the relevant mineral; however, until late 2013, both the Mineral Law 2010 and the Decree 15 did not specify the formula for calculation and thus there was no basis to estimate the fee payable. In November 2013, the Vietnamese Government issued Decree 203 which outlined the formula to calculate the mining rights grant fee and on that basis the Company estimated the cost of the fee and recognized a provision of \$4.6 million in its 2013 consolidated financial statements. On 6 February 2015, the Company received Decision No. 288/QD-BTNMT issued by the Ministry of Natural Resources and Environment ("MONRE") to amend the contents specified in the Mineral Mining License. In the Decision, the mining rights grant fee was fixed at \$2.9 million and is payable in annual installments over the three years from 2015 to 2017.

In July 2014, the Company's subsidiary, BPNM was awarded a mineral exploration license ("Exploration License") and commenced an exploration programme which provides for the exploration of nickel-copper mineralization over a significant area around its operating Ban Phuc nickel mine in Son La, Vietnam. Highlights of the Exploration License are:

- Provides BPNM with exclusive rights to explore within 49.7 km<sup>2</sup> of Son La province, Vietnam.
- Immediate focus on targeted extensions to the currently operating Ban Phuc mine.
- Encompasses multiple high-priority targets already identified and well understood by BPNM through its surface exploration programme.
- Following successful exploration, allows BPNM to apply for and obtain additional mining licences with no auction requirements (subject to positive feasibility study and EIA).

### **Third quarter Highlights**

- Mine production of 56,889 tonnes for Q3 2016
- Tonnes milled of 59,370
- Produced 893 tonnes of nickel contained metal in concentrate
- Produced 458 tonnes of copper contained metal in concentrate
- Net Sale revenues of \$10,938,261 after \$2,560,963 export tax

### **Outlook for 2016**

- AMR has successfully transitioned the Ban Phuc operations into care and maintenance. Site is now continuing to secure the operational assets and establish its detailed care and maintenance compliance and reporting protocols and processes.
- AMR has commenced review and interpretation of its low level exploration activities which includes field mapping, trenching and soil sampling. Following the assimilation and interpretation of this new information AMR will be in a position to revise the project ranking and priorities of its 26 initial exploration prospects.
- Further design planning and analysis of the Ban Phuc disseminated resource will continue with AMR looking to conclude a PEA level report by end of Q2 2017.
- On 11 August 2016, AMR has also entered into a Scheme Implementation Agreement (the "SIA") with Kasbah Resources (ASX : KAS) pursuant to which AMR will, if implemented, acquire all of the ordinary outstanding shares of Kasbah (the "Kasbah Shares") by way of a scheme of arrangement under the Australian Corporations Act (the "Transaction").

- Once completed, the Transaction will provide a clear path to the commencement of construction of Kasbah's Achmmach tin project located in Morocco (subject to the decision of the AMR board on an appropriate project financing package)
- The Transaction provides upside opportunities for both AMR and Kasbah shareholders with exposure to upswings in both tin and nickel, a diversified asset base and potential for future growth.
- The Transaction will be subject to, among other things, Kasbah shareholder approval, TSX-V and Australian Scheme Implementation Agreement (the "SIA") Stock Exchange approvals, receipt of all necessary regulatory and Australian court approvals, as well as the satisfaction of certain other conditions customary for a transaction of this nature.
- Kasbah has now received approval for its Scheme Implementation Agreement (the "SIA") from ASIC (Australian Securities and Investments Commission) and the Australian courts. The Scheme booklet has been posted to Kasbah shareholders. The Kasbah shareholder meeting was held on 23rd of November 2016 whereby Kasbah shareholders approved the scheme of arrangement.

## **THE QUARTER IN REVIEW**

### **BAN PHUC MINE**

For the quarter ended September 30, 2016 the mine achieved a total of 56,889 tonnes for the quarter. The operation achieved 2 shipments in the quarter totaling 13,000 wet metric tonnes of nickel concentrate sold.

Most of the existing massive sulphide vein ("MSV") reserves at Ban Phuc have been mined. The focus at Ban Phuc is to continue ongoing low level exploration work in the immediate term in line with future growth plans.

## BAN PHUC RESERVES AND RESOURCES

The Ban Phuc mine moved into care and maintenance status for the start of the fourth quarter 2016 due to nickel pricing and as noted, most of the existing MSV reserves at Ban Phuc have been mined. Ongoing exploration work is underway in line with future growth plans.

## PRODUCTION RESULTS

	<b>Quarter September 30, 2016</b>	<b>Quarter September 30, 2015</b>
Ore Mined (tonnes)	56,889	112,400
Ore Milled (tonnes)	59,370	110,848
Ni Concentrate Produced (dmt)	9,145	23,902
Average Ni grade (%)	1.73	2.4
Ni recovery (%)	87	88
Ni concentrate grade (%)	9.8	9.7
Ni contained metal in concentrate (tonnes)	893	2,307
Ni payable metal in concentrate (tonnes)	601	1,615
Average Cu grade (%)	0.8	1.0
Cu recovery (%)	94	95
Cu concentrate grade (%)	5.0	4.4
Cu contained metal in concentrate (tonnes)	458	1,058
Cu payable metal in concentrate (tonnes)	217	529

## FINANCIAL SUMMARY

### Selected Quarterly Information

	<b>Quarter to Sep 30, 2016</b>	<b>Quarter to Sep 30, 2015 - Restated</b>	<b>Quarter to Sep 30, 2014</b>	<b>Quarter to Sep 30, 2013</b>
Sale revenue	\$10,938,261	\$10,356,112	\$23,569,721	\$0
Interest income	\$1,502	\$8,113	\$353	\$1,282
Net income (loss)	(\$2,266,763)	(\$5,528,086)	\$2,838,547	(\$6,266,805)
Loss per common share (basic)	(\$0.00)	(\$0.01)	\$0.00	(\$0.01)
Loss per common share (diluted)	(\$0.00)	(\$0.01)	\$0.00	(\$0.01)
Total assets	\$13,694,309	\$58,099,159	\$76,668,832	\$62,266,090
Total non-current liabilities	\$50,429	\$19,260,180	\$23,251,920	\$21,184,051

**KEY OPERATING INFORMATION – BAN PHUC MINE**

	<b>Quarter September 30, 2016</b>	<b>Quarter June 30, 2016 - Restated</b>	<b>Quarter March 31, 2016 - Restated</b>	<b>Quarter December 31, 2015</b>	<b>Quarter September 30, 2015</b>
Ore Mined (tonnes)	56,889	78,065	116,976	105,358	112,400
Ore Milled (tonnes)	59,370	78,084	116,874	106,748	110,848
Ni Concentrate Produced (dmt)	9,145	13,476	19,390	21,675	23,902
Payable Nickel Produced (tonnes)	601	863	1,304	1,468	1,615
Payable Copper Produced (tonnes)	217	304	435	478	529
Ni Concentrate Sold (dmt)	11,895	10,151	20,984	29,873	14,050
Cash cost per Ni payable produced tonne (1)	\$8,691	\$9,122	\$6,196	\$7,407	\$7,761
Total production costs per Ni concentrate tonne (2)	\$13,813	\$14,298	\$11,812	\$15,348	\$13,752

- (1) Cash costs net of by-products per Ni payable metal in concentrate tonne include mining, processing, transportation, selling costs and direct overhead, net of Cu and Co credits.
- (2) Total production costs per Ni payable metal in concentrate include mining, processing, transportation, selling costs, direct overhead, depreciation and amortization at the operation sites.

**Additional Disclosure for Venture Issuers without Significant Revenue (all figures relate to the Ban Phuc Property)**

	<b>Quarter to September 30, 2016</b>	<b>Quarter to September 30, 2015 - Restated</b>	<b>Quarter to September 30, 2014</b>
Expensed exploration costs	\$143,922	\$607,141	\$230,025
Expensed research and development costs (net of depreciation)	Nil	Nil	Nil
Building, infrastructure, mine, plant, machinery, motor vehicles (net of depreciation)	\$36,877	\$30,072,132	\$38,032,908
Furniture and office equipment, licences and franchises (net of depreciation/amortization)	\$13,552	\$2,309,546	\$3,784,209
Construction in progress	Nil	\$5,145,996	\$10,643,286

## Results of Operations for the Quarter Ended September 30, 2016

For the quarters ended September 30, 2016 and 2015, AMR incurred a net loss of \$2.3 million or \$0.00 basic and diluted loss per share and a net loss \$5.5 million or \$0.01 per share, respectively.

The detailed operating results of the quarters ended September 30, 2016 and 2015 as follows:

	2016	2015 - Restated
Revenue	\$ 10,938,261	\$ 10,356,112
Costs of sales		
Production costs:		
Mining production costs	(3,218,562)	(6,268,830)
Processing costs	(870,595)	(1,638,267)
Other production costs	(101,946)	(1,115,532)
Depreciation and amortization	(2,978,159)	(7,613,057)
Changes in inventories of finished goods and work in process	(2,357,274)	7,293,059
Royalty	(411,605)	(1,307,106)
Concentrate transport and logistics	(1,118,869)	(2,142,649)
Operating income (loss)	(118,749)	(2,436,270)
General administrative expenses:		
Salaries, wages and benefits	(396,496)	(1,063,611)
Taxes and fees	(226,512)	(311,537)
Professional and regulatory	(1,103,276)	(166,862)
Travel	(27,995)	(168,906)
Office, administrative and share-based compensation	(374,574)	(432,279)
Exploration	(143,922)	(607,141)
Other	157,113	-
Finance income	1,502	8,113
Finance expense	(33,854)	(349,593)
Profit (loss) for the period	\$ (2,266,763)	\$ (5,528,086)

The Company's Q3 2016 revenues of \$10.9 million comprised two shipments of nickel concentrate sales (11,895 dry metric tonnes sold – "dmt"), Q3 2015 revenues of \$10.4 million comprised three shipments of nickel concentrate sales of 14,050 dmt sold. The realized average nickel price per tonne during Q3 2016 and 2015 was \$13,341 (US\$10,226) and \$12,693 (US\$9,699), respectively.

The US dollar: Canadian dollar exchange rate slightly increased to 1.305 average during the third quarter of 2016 from 1.309 average during the same quarter of 2015. The fluctuation of US dollar: Canadian dollar exchange rate in the third quarter of 2016 led to a slight increase in revenues and expenses in Canadian dollar terms.

Production costs:

- Mining production costs reduced 48.6% to \$3.2 million in Q3 2016 from \$6.3 million in the same quarter of 2015. This cost reduction was largely due to: (i) savings with regard to contract labour and equipment hire of \$2.5 million; and (ii) 49.4% decrease in ore mined tonnage to 56,889 in Q3 2016 from 112,400 in Q3 2015 leading to a decrease in production mining costs of \$0.7 million.
- Processing costs were 46.9% lower at \$0.9 million in Q3 2016 from \$1.6 million in Q3 2015 due to lower processed ore and savings realized in consumables, materials and parts during Q3 2016 in crushing, grinding, flotation, concentrate dewatering, power and support services as well as significantly reduced headcount.
- Other production costs include maintenance, health and safety, environment, logistics and site administration costs. Positive results from a cost cutting programme included: (i) a reduced significant headcount; (ii) open bidding to select suppliers resulted in quality products at lower prices; and (iii) implementation of minimum order limits in consumable/fuel/spare parts. The cost cutting practices led to other production costs reduction to \$0.1 million in Q3 2016 from \$1.1 million in Q3 2015.
- Depreciation and amortization expenses are calculated utilizing (i) straight-line method for building, machinery, motor vehicles, infrastructure, office furniture and equipment, licenses and franchises; and (ii) unit of production (UoD) based on actual ore mined in the month and remaining mineral reserve for plant and mine development. Lower depreciation and amortization expense in Q3 2016 of \$3.0 million from Q3 2015 of \$7.6 million is due to the asset impairment recognized at December 31, 2015, which resulted in a lower depreciable asset balance in 2016.

At December 31, 2015, given indicators of impairment, the estimated value of the BPNM cash-generating unit was calculated using a discounted cash flow model. The Company estimated future operating and capital costs, production grades and recoveries and considered published metal price forecasts. Due to the sensitivity of the recoverable amounts to the various factors mentioned and specifically long-term metal prices as well as unforeseen factors, any significant change in the key assumptions and inputs could result in additional impairment charges in future periods.

The key assumptions used in the impairment model included the following:

- Life of mine of approximately one year;
- Forecasted Nickel price of US\$9,000 to US\$11,000 per tonne;
- Average Nickel grades of 2.20%;
- Average Nickel recovery of 86%; and
- Risk-adjusted project specific discount rate of 16%.

At December 31, 2015, the carrying value of the BPNM cash-generating unit was \$39.7 million, which was greater than its estimated recoverable amount calculated on a discounted cash flow basis of \$13.1 million, which included \$2.7 million of working capital. The Company considers use of its internal discounted cash flow economic models as a proxy for the calculation of value-in-use. Based on the above assessment, at December 31, 2015, the Company recorded an impairment charge related to the BPNM mine of \$26.6 million.



The current economically recoverable ore reserve was completed at the end of September 2016 and the Ban Phuc mine moved into care and maintenance status from the start of the fourth quarter 2016.

- Changes in inventories of finished goods and work in process represent value of nickel concentrate produced and moved to stock. This cost increased to \$2.4 million in Q3 2016 from \$(7.3) million in Q3 2015 due to no export activities in May and June 2016 and it was reversed in Q3 2016 as exports and normal trade resumed subsequent to period end, with export activities operating under normal conditions in Q2 and Q3 2015.
- The royalty payable to the Vietnamese Government is calculated at 10% of either (i) the value of nickel concentrate sale price less export tax, processing, bagging, road freight, customs and warehouse costs; or (ii) exploited ore quantity converted from sold nickel concentrate quantity and the royalty taxable minimum price (“minimum price”) of VND1,660,000/ore tonne. Whichever method generates a higher tax payable amount is applied. In 2015, the price realized for nickel concentrate decreased and the sales price less export tax, processing, bagging, road freight, customs and warehouse costs was lower than VND1,660,000/ore tonne, therefore the Company applied the minimum price. Royalty expense is recorded when revenue from the sale of nickel concentrate is recognized.

In both Q3 2016 and 2015, nickel prices dropped resulting in the royalty expense being recognized based on a minimum price. Exploited ore quantity in Q3 2016 was 49.4% lower than Q3 2015 which led to the decrease in royalty to \$0.4 million in Q3 2016, from \$1.3 million in Q3 2015.

- Concentrate transport and logistics costs comprise in-land and sea freight costs related to the quantity of nickel concentrate sold. Concentrate transport and logistics rates were not changed between Q3 2016 and 2015. There were only two shipments in Q3 2016, compared with three shipments in Q3 2015. Further to that, sea freight was reduced by \$1/t in 2016. This led to a cost reduction to \$1.1 million in Q3 2016 from \$2.1 million in Q3 2015.

#### General administrative expenses:

- Salaries, wages and benefits costs reduced to \$0.4 million in Q3 2016 from \$0.7 million in Q3 2015 mainly due to reductions in headcount as the company transitioned towards care and maintenance status.
- Taxes and fees include foreign contractor withholding tax (“FCT”), environment protection fees (“EPT”) and amortized mining licensed grant fee (“MLGF”). EPT was calculated based on actual ore mined during the year. MLGF was amortized based on unit of production (UoD) based on actual ore mined in the month and remaining mineral reserve for plant and mine development which was fully depreciated in September 2016.
- Professional, regulatory and other fees increased to \$1.1 million in Q3 2016 from \$0.1 million in the same quarter in 2015 due to additional accruals of: (i) \$0.5 million advisory fees payable to Pala; and (ii) \$0.6 million transaction legal fees for the Kasbah Scheme implementation.
- Reduced travel costs in Q3 2016 due to limited business travel.
- Office, administrative and share-based compensation costs reduced to \$0.3 million in Q3 2016 from \$0.5 million in Q3 2015 due to: (i) no share-based compensation in Q3 2016; (ii) cost

cutting policy in 2016 for office and administrative expenses; and (iii) health insurance costs for employees reduced in line with headcount reduction.

Exploration costs decreased slightly to \$0.1 million in Q3 2016 from \$0.3 million in Q3 2015 due to limited exploration activities and reduced headcount.

Other income relates to scrap disposal proceeds in Q3 2016.

Finance expense significantly reduced to \$0.03 million in the third quarter 2016 from \$0.2 million in the same quarter in 2015, reflecting the fact that no loan interest was incurred during the 2016 quarter, since bank loans were fully repaid in 2015.

Other comprehensive income for the quarter results from movements in the US dollar relative to the Canadian dollar as applied to the translation of the Company's Vietnamese subsidiary whose functional currency is the US dollar. The US dollar: Canadian dollar exchange rate slightly decreased to 1.312 at September 30, 2016 from 1.335 at September 30, 2015. The movement between quarters resulted in a translation gain of \$1.0 million in Q3 2016. In the restated 2015 quarter, the Company recognized a translation loss of \$0.9 million.

## LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2016, the Company had cash and cash equivalents of \$5.5 million (December 31, 2015: \$5.7 million).

Cash generated from operating activities decreased by \$11.2 million to the generation of \$0.03 million in Q3 2016 from \$11.2 million in Q3 2015. This reduction reflects a \$3.3 million decrease in the current quarter's loss, offset by a \$4.5 million decrease in items not involving cash, particularly depreciation and amortization, and \$9.9 million decrease in non-cash operating working capital including (i) \$11.0 million and \$9.5 million decrease in accounts receivable and accounts payable, respectively, and (ii) \$10.6 million increase in inventory.

There was no cash used in investment activities during the 2016 third quarter (Q3 2015: \$0.6 million in mine development which was completed in the quarter).

There was no cash used in financing activities in Q3 2016 (Q3 2015: \$18.4 million repayment bank term loan). There was no repayment or draw down of bank term loans in Q3 2016 as outstanding bank loans were repaid fully in 2015.

The Company had the following contractual obligations at September 30, 2016:

	Payment due by period		
	Total	Less than 1 year	1 – 3 years
Accounts payable	3,384,581	3,384,581	-
Other obligations (taxes and accrued liabilities)	5,521,476	4,142,050	1,379,426
Total	8,906,057	7,526,631	1,379,426

## Summary of Quarterly Results

	Sep 30, 2015	Jun 30, 2016 - Restated	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015 - Restated	Jun 30, 2015 - Restated	Mar 31, 2015 - Restated	Dec 31, 2014 - Restated
Concentrate Sold (dmt)	11,895	10,151	20,984	29,873	14,050	21,489	20,874	22,852
Sale revenues	\$10,938,261	\$7,467,406	\$16,121,857	\$22,064,379	\$10,356,112	\$20,498,526	\$21,834,182	\$27,832,825
Interest income	\$1,502	\$5,892	\$7,709	\$5,200	\$8,113	\$30,442	\$193	\$317
Other income	\$157,113	\$0	\$0	\$0	\$0	\$0	\$0	
Royalty	\$411,605	\$747,769	\$921,301	\$2,654,845	\$1,307,106	\$1,284,405	\$1,835,316	\$(545,329)
Production costs	\$9,526,536	\$6,559,736	\$12,671,144	\$23,433,643	\$9,342,627	\$16,264,122	\$17,926,271	\$23,482,195
Concentrate transport & logistics	\$1,118,869	\$1,458,418	\$2,646,428	\$3,129,052	\$2,142,649	\$2,262,188	\$2,318,985	\$2,534,278
General & administrative expenses	\$2,128,853	\$1,795,836	\$1,145,410	\$3,321,824	\$2,143,195	\$1,618,823	\$1,848,306	\$1,811,978
Exploration	\$143,922	\$186,648	\$185,696	\$231,541	\$607,141	\$284,834	\$156,206	\$716,599
Other expense	-	\$242,337	\$28,134	\$329,495	-	-	-	\$35,142
Net Income/ (Loss)	\$(2,266,763)	\$(3,554,174)	\$(1,504,045)	\$(37,728,574)	\$(5,528,086)	\$(1,414,384)	\$(2,536,735)	\$(638,590)
Income (Loss) per share (non-diluted)	\$(0.00)	\$(0.01)	\$(0.00)	\$(0.05)	\$(0.01)	\$(0.00)	\$(0.00)	\$0.00
Income (Loss) per share (diluted)	\$(0.00)	\$(0.01)	\$(0.00)	\$(0.04)	\$(0.01)	\$(0.00)	\$(0.00)	\$0.00
Total Assets	\$13,694,309	\$19,724,979	\$23,698,857	\$29,281,822	\$58,099,159	\$76,366,781	\$80,256,043	\$74,919,826

## SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

In the application of the group's accounting policies, which are described in Note 4 of the notes to the consolidated interim financial statements, management is required to make judgments, estimates, and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments that management has made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognized in the Financial Statements:

### **Basis of presentation**

The consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standards ("IAS 34") "Interim Financial Reporting". The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, AMR Nickel and Asian Nickel Exploration Limited and its 90% owned BPNM joint venture which is fully consolidated. The Company's presentation currency is Canadian dollars. The functional currency of AMR and its subsidiaries AMR Nickel Limited and Asian Nickel Exploration Limited is the Canadian dollar, while the U.S dollar is the functional currency of its subsidiary BPNM.

### **Going Concern**

Management has determined that the Company will be able to continue as a going concern for the foreseeable future and realize its assets and discharge its liabilities and commitments in the normal course of business, and therefore, these financial statements have been prepared on a going concern basis and do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

As at September 30, 2016, the Company has cash and cash equivalents of \$5.5 million and working capital of \$6.1 million. During the quarter ended September 30, 2016, the Company realized a net loss of \$2.3 million and has an accumulated deficit of \$138.0 million. Whether the Company will generate profitability and maintain positive cash flow is uncertain and depends on numerous factors, including but not limited to production levels, production costs, ore grades, metallurgy, and nickel prices. These factors indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current operations, including exploration programs, will result in profitable mining operations. The recoverability of the carrying value of exploration and development properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interest on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Management continues to assess the mining and processing operations against nickel prices. Given the sustained low nickel price environment and forecasted nickel prices, a full review of the mining schedule and economic viability of mining was conducted. It was determined at current pricing levels it would not be economically viable to continue mining beyond September 2016. The Company placed the Ban Phuc mine on care and maintenance at the start of the fourth quarter 2016 due to uncertainty around current nickel prices. The exploration potential at Ban Phuc remains a key strategic opportunity in the overall growth plan for AMR's Ban Phuc projects and remains the key focus for AMR's growth plan which includes a significant disseminated resource that is not economic at current nickel prices.

## **Asset Impairment**

The Company's property, plant and equipment was assessed for impairment indicators at December 31, 2015 to determine if the carrying amounts of these assets were recoverable. An impairment loss of \$26.6 million was recognized for the year ended December 31, 2015.

To determine fair value, management assesses the recoverable amount of the assets using the net present value of expected future cash flows. The assessment of fair values requires the use of judgments and assumptions for estimated recoverable production, long term commodity prices, discount rates, rehabilitation costs, future capital requirements and operating performance. Changes in any of these judgments or assumptions could result in a significant difference between the carrying amount and fair value of these assets.

## **Provision for rehabilitation costs**

The Company is required to decommission, rehabilitate and restore mines and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities. The provision has been calculated taking into account the estimated future obligations including the costs of dismantling and removal of facilities, restoration and monitoring of the affected areas. The provision for future restoration costs is the estimate agreed with the expenditure required to settle the restoration obligation at the reporting date.

At September 30, 2016, there is a provision for rehabilitation of \$420,972 (December 31, 2015: \$444,219).

## **Ore reserve estimates**

Estimates of recoverable quantities of reserves include assumptions on commodity prices, exchange rates, discount rates and production costs for future cash flows. It also involves assessment and judgment of difficult geological models. The economic, geological and technical factors used to estimate ore reserves may change from period to period. Changes in ore reserves affect the carrying values of mine properties, property, plant and equipment and the provision for rehabilitation assets. Ore reserves are integral to the amount of depreciation and amortization that will be charged to the Consolidated Statement of Operations and Comprehensive Loss.

## **Share-based compensation**

The Company has a share option plan, under which the fair value of all share-based awards is estimated using the Black-Scholes Option-Pricing Model at the grant date and amortized over the vesting periods. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by a direct employee, including directors of the Company. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest.

Upon the exercise of the share purchase options, consideration paid together with the amount previously recognized in the share-based payment reserve is recorded as an increase to share capital. Charges for share purchase options that are forfeited before vesting are reversed from the share-based payments reserves. For those share purchase options that expire or are forfeited after vesting, the amount previously recorded in share-based payments reserve is transferred to deficit.

During the third quarter 2016, the Company recognized nil recorded share-based compensation expense in both third quarters for 2016 and 2015. During Q3 2016, nil forfeited and expired options (2015: \$65,875) was transferred from share-based payment reserve to deficit.

### **Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements at September 30, 2016.

### **Future Accounting Policies**

There were no new standards effective January 1, 2016 that had a material impact on the Company's consolidated interim financial statements. The Company has not early adopted any other standard, interpretation or amendment in the consolidated interim financial statements that have been issued, but are not yet effective.

In addition to the new standards and interpretations not yet adopted discussed in the Company's December 31, 2015 annual consolidated financial statements, the Company notes the following pronouncements during the period ended September 30, 2016:

#### *IAS 12, Income Taxes (Amendments)*

On January 19, 2016, the IASB issued Recognition of Deferred Tax Assets for Unrealized Losses as an amendment to IAS 12. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments apply retrospectively for annual periods beginning on or after January 1, 2017 with early adoption permitted.

The Company intends to adopt the amendments to IAS 12 in its consolidated financial statements for the annual period beginning on January 1, 2017. The extent of the impact of adoption of the standard has not yet been determined.

#### *IFRS 2, Share-Based Payment (Amendments)*

On June 20, 2016, the IASB issued amendments to IFRS 2 clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for: the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments apply for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively. Retrospective, or early, application is permitted if information is available without the use of hindsight. The Company intends to adopt the amendments to IFRS 2 in its consolidated financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

## **TRANSACTIONS WITH RELATED PARTIES**

### **Directors**

No directors fees were paid nor recognized during both quarters ended September 30, 2016 and 2015.

### **Key management**

Salary paid and recognized to key management personnel during the third quarter 2016 totalled \$215,695 (2015: \$689,832).

### **Pala Investment Limited**

During 2012 Pala Investment Limited (“Pala”) became a controlling shareholder of the Company.

During the period ended September 30, 2016, the Company accrued \$0.5 million payable to Pala for advisory fees from 1 July 2015 to 30 September 2016 and travelling costs reimbursement (September 30, 2015: the Company paid \$0.2 million in advisory fees and travelling costs reimbursement to Pala).

## **RISK FACTORS**

Because of the nature of its business, the operations of the Company are subject to a number of risks, including the following, any one or all of which could have a material adverse effect on the Company and its business:

### **Dependence on the Ban Phuc Nickel Project**

AMR is primarily focused on the development of the Ban Phuc mine. AMR does not own any significant assets other than those related to AMR’s ownership interest in the mine which is AMR’s only mineral property and represents AMR’s only immediate potential for future generation of revenues. Unless AMR acquires additional property interests, any adverse developments affecting the mine could have a material adverse effect upon AMR and would materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations of AMR.

### **Mine Life**

Due to the continued low nickel price management have assessed the economic viability of the mining operations and placed Ban Phuc into care and maintenance effective the start of Q4 2016.

### **Risk of the Revocation of Licences and Permits**

Any failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications, including for exploration permits and exploitation or mining licenses, and tenure, could result in loss, reduction or expropriation of entitlements, the imposition of additional local or foreign parties as joint venture partners with carried or other interests or enforcement actions against us, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Furthermore, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner, which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities or mining and milling or more stringent implementation thereof could have a material adverse impact on us.

The occurrence of these various factors and uncertainties cannot be predicted and any of them could have an adverse effect on our operations or profitability.

### **Additional funding requirements**

Further exploration and development by the Company will depend upon the Company's ability to obtain necessary permits and also financing through the joint venturing of projects, equity financing, debt financing or other means. There is no assurance that the Company will be successful in obtaining the required permits, financing or obtaining such financing on acceptable terms. Failure to obtain required financing on a timely basis or on acceptable terms could have a material adverse effect on the Company's financial conditions, results of operations and liquidity and could cause the Company to forfeit all of parts of its property and reduce or terminate its operations.

Sales of substantial amounts of the Common Shares, or the availability of such Common Shares for sale, could adversely affect the prevailing market prices for the Company's securities. A decline in the market prices of the Company's securities could impair its ability to raise additional capital through the sale of new Common Shares should the Company desire to do so.

AMR may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the nickel industry in particular), the location of the Project in Vietnam and the price of nickel on the commodities markets (which will impact the amount of asset-based financing available) and/or the loss of key management personnel. Further, if the price of nickel on the commodities markets decreases, then potential revenues from the Project will likely decrease and such decreased revenues may increase the requirements for capital. If AMR is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, forfeit its interest in some or all of its properties, incur financial penalties or reduce or terminate its operations.



**The Company has entered into an off-take agreement with a single customer for all of the production from the Project.**

In April 2008, BPNM entered into the Off-Take Agreement for all of the concentrate production from the Project from the currently defined resources. Jinchuan is a large Chinese enterprise, and as of 28<sup>th</sup> November 2016 have settled up to and including shipment 41 with only the final settlement of shipment 42 remaining. The Off-Take Agreement also granted Jinchuan a first refusal option on additional nickel concentrates that BPNM may produce from new projects other than the Project. AMR is working with Jinchuan under the conditions of the current Off-Take Agreement now that Ban Phuc Nickel has moved into Care and Maintenance phase.

**AMR may not meet its production targets or its cost estimates**

The ability of the Ban Phuc mine to meet future nickel production levels is dependent in part on the successful development of mines and/or expansion of mining operations in the future which rely on the accuracy of predicted factors including capital and operating costs, metallurgical recoveries, reserve estimates, and future prices, as well as accurate feasibility studies, acquisition of land and surface rights and issuance of necessary permits/approvals. Actual production and costs may vary from the estimates for a variety of reasons such as estimates of grade, tonnage, dilution and metallurgical and other characteristics of the ore varying in the actual ore mined, revisions to mine plans, risks and hazards associated with mining, adverse weather conditions, unexpected labor shortages or strikes, equipment failures and other interruptions in production capabilities. Production costs in the future may also be affected by increased stripping costs, increases in level of ore impurities, labor costs, raw material costs, inflation and fluctuations in currency exchange rates. Failure to achieve future production targets or cost estimates could have a material adverse impact on AMR's future sales, profitability, cash flow and overall financial performance.

**Mining operations are vulnerable to supply chain disruptions**

AMR's future operations could be adversely affected by shortages of, as well as lead times to deliver, strategic spares, critical consumables and mining equipment. In the past, other mining companies have experienced shortages in critical consumables, particularly as production capacity in the global mining industry has expanded in response to increased demand for commodities, and it has experienced increased delivery times for these items. Shortages of strategic spares, critical consumables or mining equipment, could in the future, result in production delays and production shortfalls, and increases in prices could result in an increase in both operating costs and the capital expenditure to maintain and develop mining operations.

AMR and other nickel mining companies, have influence over manufacturers and suppliers of these items. In certain cases, there may be only limited suppliers for certain strategic spares, critical consumables or mining equipment who command superior bargaining power relative to AMR, or it could at times face limited supply or increased lead time in the delivery of such items.

If AMR experiences shortages, or increased lead times in delivery of strategic spares, critical consumables or mining equipment, its future results of operations and financial condition could be adversely affected.

### **Political Risk and Economic Instability**

AMR's exploration, development and operation activities occur in Vietnam. As such, AMR may be affected by possible political or economic instability in Vietnam. There can, for example, be no assurance that future political and economic conditions in Vietnam will not result in the government adopting policies respecting foreign ownership and development of interests in mineral resources, which could be adverse to the Company's interests or profitability. The risks include, but are not limited to, terrorism, military repression, fluctuations in currency exchange rates and high rates of inflation. Changes in resource development or investment policies or shifts in political attitude in Vietnam may prevent or hinder AMR's business activities and render the Project unprofitable by preventing or impeding future property exploration, development or mining. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, restrictions on repatriation of earnings, royalties and duties, income taxes, nationalization of property or businesses, expropriation of property, maintenance claims, environmental legislation, land use, land claims of local people, water use and mine safety. The laws on foregoing investment and mining are still evolving in Vietnam and it is not known how they will evolve. In particular, the current law on minerals allows the government to announce areas where mining activities are prohibited (or temporarily prohibited) for reasons of national defense, security, protection of historical or cultural sites, scenery or other public interests, subject only to providing fair and equitable treatment in respect of damage caused where mineral activities are being legally conducted therein. The effect of these factors cannot be accurately predicted.

### **Vietnamese tax laws are open to interpretation and, with respect to mining and refining, there are no clear precedents to properly guide AMR's tax policies**

Management of AMR considers that AMR has made adequate provision for tax liabilities to the Vietnamese national, provincial and local authorities based on correspondence with such authorities and on external advice received. However, because Vietnam's tax laws, especially with respect to mining and refining are evolving and open to interpretation, there is a risk that material additional and/or back-dated taxes and penalties may be levied on AMR, which could adversely impact its results of operations and financial condition of AMR.

### **Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure.**

Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. AMR's inability to secure adequate water and power resources, as well as other events such as unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect AMR's operations, financial condition and results of operations.

### **AMR is dependent on outside parties for the conduct of its business**

AMR has relied upon consultants, engineers and other service providers and intends to rely on these parties for development, construction, and operating expertise. Substantial expenditures are required to construct mines to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract metal from ore and, in the case of new exploration, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Project.

### **Exchange rates**

The profitability of AMR may decrease when affected by fluctuations in the foreign currency exchange rates between the United States dollar, the Canadian dollar, the Australian dollar and the Vietnamese dong. Exchange rate fluctuations affect the costs of development activities that AMR incurs in United States dollars, Australian dollars and Vietnamese dong. AMR does not currently take any steps to hedge against currency fluctuations.

### **Certain directors and officers may have conflicts of interest.**

Certain of the directors and officers of AMR are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies, including activities involving mining and mineral exploration, and, as a result of these and other activities, such directors and officers of AMR may become subject to conflicts of interest. The BCBCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

### **Illiquid market for AMR's securities**

AMR shares are highly illiquid and cannot be easily sold in the market without significant risk of a loss in value. Further contributing to AMR's illiquidity, is the fact that a small group of shareholders currently hold over 88% of its Common Shares. There can be no assurance that an active market for AMR's securities will develop. In addition, the market price of the securities of AMR at any given point in time may not accurately reflect the long-term value of AMR. Furthermore, responding to any events or circumstances resulting from the risk factors described herein could result in substantial costs and divert management's attention and resources.

### **Significant Shareholder**

At the date of this report, Pala has control over AMR and its interests may conflict with those of other shareholders. Pala owns, directly 569,813,827 Common Shares, representing approximately 72.2% of the issued and outstanding Common Shares on a non-diluted basis, plus 54,166,667 Common Share purchase warrants, which if exercised, would bring Pala's ownership interest in the Company to 74.9% on a partially-diluted basis. Pala has a significant influence in any matter coming before a vote of shareholders and Pala alone will be in a position to prevent approval of certain matters requiring shareholder approval. Investors should be aware that votes in respect of the Common Shares may be significantly influenced by a small group of insiders as detailed in the

table below. Pala is also able to effect certain fundamental changes to AMR in accordance with the BCBCA because it is able to, on its own, meet the applicable 66 2/3% voting threshold for shareholder approval to effect such changes.

Shareholder	Number of Common Shares <sup>(1)</sup>	Percentage of Common Shares Outstanding
Pala Investments Limited	569,813,827	72.2%
Melior Resource Inc	47,272,727	6.0%
Lion Selection Group Limited <sup>(2)</sup>	39,950,288	5.1%
Malaysia Smelting Corporation Berhad <sup>(3)</sup>	31,297,661	4.0%
<b>Total</b>	<b>688,334,503</b>	<b>87.3%</b>

**Notes:**

(1) Based on information posted on SEDI as of November 28, 2016.

(2) Of the 39,950,288 Common Shares, 16,666,666 are held by Lion Selection Group Limited and 23,283,622 are held by its affiliate Asian Lion Limited, an entity which is controlled by Lion Selection Group Limited.

(3) Pala has a right of first refusal to purchase the Common Shares held by MSC, which if exercised would bring Pala's ownership to 601,111,488 Common Shares, representing approximately 76.2% on a non-diluted basis and 77.7% on a partially diluted basis, if it exercises its 54,166,667 Common Share purchase warrants.

**Mining industry**

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a mineral deposit may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the activities currently planned by the Company will result in profitable commercial mining operations. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot accurately be predicted, but in combination they could result in the Company not receiving an adequate return on invested capital.

The Company's activities are subject to all the hazards and risks normally encountered in the exploration for, and development and production of minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

### **Limited production revenues; history of losses**

To date, the Company has only limited production revenue from mining operations, as commercial production at Ban Phuc commenced late in 2013. There can be no assurance that significant additional losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as the costs for consultants, personnel and equipment associated with advancing exploration, development and commercial production of its properties are incurred. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultant's analysis and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control.

### **Competition**

The mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and the acquisition of attractive mineral properties. The Company's ability to acquire properties in the future will depend not only on its ability to develop the Project, but also in its ability to select and acquire other suitable producing properties or prospects for mineral exploration or development. There can be no assurance that the Company will be able to compete successfully with others in acquiring such properties or prospects.

### **Insurance and uninsured risks**

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to its mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in development or mining, monetary losses and possible legal liability.

While the Company has obtained certain insurance to protect itself against the potential risks associated with its operations, the Company may not be able to maintain insurance to cover such risks at economically feasible premiums and such insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

## **Government regulation**

The Company's exploration, development and operating activities are subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local residents and other matters. Although the Company's planned activities will be carried out in accordance with all applicable rules and regulations, there can be no assurance that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail such planned activities with materially adverse impacts on financial performance and profitability.

The mineral rights and interests of the Company are subject to obtaining government approvals, licences and permits, land clearance being completed and land use rights being obtained. Such approvals, licences and permits and the completion of land clearance and obtaining of land use rights are, as a practical matter, subject to the discretion of the government or governmental officials. No assurance can be given that the Company will be successful in obtaining or maintaining any or all of the various approvals, licences and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing or proceeding with planned activities.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Application of or amendments to current laws and regulations governing operations or more stringent implementation thereof could have a substantial adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mineral properties.

## **Personnel**

The Company is dependent on obtaining and retaining the services of management and skilled personnel. Failure to obtain such services or the loss of them could have a material adverse effect on the Company's operations. There can be no assurance that the required personnel will be available on suitable terms.

## **Environmental risks and hazards**

All phases of the Company's activities will be subject to environmental regulation mandating, among other things, the maintenance of air and water quality standards and land reclamation; and limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation will not adversely affect the Company's operations.

## **Enforceability of civil liabilities**

Certain of the Company's directors and officers reside outside Canada. Substantially all of the assets of such persons are, and substantially all of the assets of the Company are, located outside Canada. It may not be possible for investors to effect service of process within Canada upon such persons and it may also not be possible to enforce against the Company and/or such persons judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

## **Litigation risk**

All industries, including the mining industry, are subject to legal claims, with and without merit. The Company may be involved from time to time in various routine legal proceedings, which include labour matters such as unfair termination claims, supplier matters and property issues incidental to its business. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have a material effect on financial position and results of operations.

## **The market price for Common Shares cannot be assured**

The market price of a publicly traded stock is affected by many variables, some of which are not directly related to the success of AMR. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be junior companies, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of AMR's securities in the future.

## **FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, trade and other payables, and the project financing loan. The fair values of these financial instruments are not materially different from their carrying values.

In respect of credit risk on its bank accounts and investments. Credit risk on bank accounts and short term investments is limited through maintaining the Company's balances with high credit financial institutions.

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company has offices in Canada and Vietnam and holds cash in Canadian, United States, and Australian dollars and in Vietnamese Dong.

A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar, the Australian dollar and Vietnamese Dong could have an effect on the Company's results of operations, financial position or cash flows.

With regards to liquidity risk, the Company has in place a planning and budgeting process to aid in determining the funds required to support normal operating requirements on an ongoing basis, including capital development and exploration expenditures. Discussions about going concern are included in Note 1, Nature of operations and going concern, in the annual financial statements.

## **DISCLOSURE CONTROLS**

In connection with Exemption Orders issued in November, 2007, and revised in December, 2008, by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificates under National Instrument ('NI') 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company, including the Annual Information Form dated August 11, 2014 and the Asian Mineral Resources Limited NI 43-101 Technical Report dated February 5, 2013 (as amended February 15, 2013), is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **SHARE DATA**

As at November 28, 2016, the Company had 788,920,842 common shares outstanding, as well as (a) options outstanding to purchase an aggregate of 21,298,284 common shares expiring at various dates between July 17, 2017 and October 1, 2020 and exercisable at various prices between \$0.05 and \$0.10 per share; and (b) 54,166,667 share purchase warrants outstanding, exercisable at \$0.10



per share expiring May 25, 2017. On a fully diluted basis, the Company has 864,385,793 common shares outstanding.