

# ANNUAL REPORT 2019



AURIANT  
MINING



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## Auriant Mining in Brief



Russia focused gold miner



3 exploration properties



Listed on NASDAQ First North Premier Growth Market



550 employees



2 producing mines



2019 production of 689 kg of gold (22,137 oz)



Gold production 2013-2020E



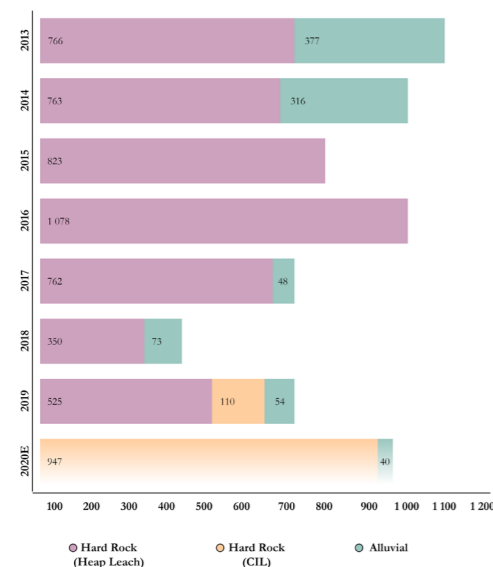
Approximately 3,100 shareholders



98,648,502 ordinary shares issued



Official Russian State Reserves Committee (GKZ) + JORC Resources and reserves of 1,705,000 troy ounces (53 tonnes) of gold



## Significant Events During 2019

JANUARY	
FEBRUARY	
MARCH	The Company received US\$ 0.8 mln, as a result of a sale and leaseback transaction and used these funds for the CIL construction.
APRIL	<p>Tardan CIL project documentation was approved by the State Expertise institution (GlavGosExpertiza)</p> <p>In April 2019, the resources of the Kara-Beldyr deposit were approved by the State Reserve Committee (GKZ). According to the resource statement filed by Auriant Mining for approval, Kara-Beldyr C1 and C2 resources amounted to 842,000 ozs of gold (26.2 tonnes) with an average grade of 3.38 g/t and 2,044m ozs of silver, (63.6 tonnes) with an average grade of 8.2 g/t. This latest resource statement confirms Auriant's confidence of building a mine that is able to produce up to 2 tonnes of gold/year with a mine life of over 10 years.</p> <p>Second tranche of loan facility (US\$2.2mln) from VTB to finance CIL plant construction was made available for drawdown after completion of the supervisory work at the CIL project.</p>
MAY	<p>Alluvial production commenced at Solcocon.</p> <p>Tardan Mine Visit by the Deputy Minister of Economic Development and Governmental meeting in Kyzyl.</p>
JUNE	<p>A new Exploration license was obtained (Ayen Creek Basin) for an area adjacent to the Kara-Beldyr Deposit</p> <p>The company attracted US\$ 0.3 million in leasing financing.</p>
JULY	In Q3 2019, the Company repaid US\$ 0.4 mln to VTB in line with the repayment schedule.
AUGUST	The Company signed a new loan facility agreement with VTB for US\$ 2.4 mln, to finance the CIL construction at Tardan and restructured the maturity schedule for repayment of US\$ 7.1 mln to VTB from the second half of 2019 to the second quarter of 2020.
SEPTEMBER	The Company started test works at the new CIL plant at Tardan.
OCTOBER	The Company finished test work at the new CIL plant at Tardan and began loading tailings into the plant as the next step towards full production.
NOVEMBER	The construction of the CIL plant at Tardan was completed in November 2019.
DECEMBER	<p>The Company repaid US\$ 0.4 mln to VTB in line with the repayment schedule.</p> <p>The CIL plant reached its projected throughput and recovery rate</p> <p>Heap leach operations were discontinued at the end of December.</p>

## Our Values



### Safety

People are our most important asset. Our mines are built and operated by our employees and it is our highest priority to create and maintain a safe and healthy working environment for them. We are constantly searching for new and innovative methods to ensure the safety of our employees.



### Social Responsibility

We are actively engaged in the local communities in the areas in which we operate by, among other things, supporting and contributing to education and infrastructure and by prioritizing the local population when employing staff. More about our CSR program you can read on page 36.



### Respect

We are committed to providing a positive working environment free of discrimination and harassment in all of our activities. We act and treat each other with dignity and respect. We believe that employees who are treated with respect have a higher level of professional performance. All of our employees are given equal opportunities for career development. We reward and encourage teamwork, creativity and innovation.



### Responsible Mining

Environmental responsibility is a central issue in a company with operations involving environmental risks. The majority of our activities are carried out in areas which are sensitive to the impact of mining operations. Auriant understands that there are people living close to our operations and, therefore, seeks to minimize the negative impact of our operations on the environment by focusing on adopting innovative technologies, continuously optimizing resource utilization and decreasing waste.



### Integrity

Auriant's success is dependent on trust and support from all stakeholders, including shareholders, employees, suppliers, contractors, Government, and local communities, which is why we are committed to the highest standards of integrity and sustainability. We have zero tolerance for corruption and aim to have the maximum level of transparency in our dealing with Government authorities, defending our interests in court when necessary.



### Corporate Governance

We genuinely believe that good corporate governance adds shareholder value and, therefore, the majority of our Board is composed of non-executive, independent directors with extensive experience in mining and in running public companies. We intend to further strengthen our corporate governance in order to deliver maximum shareholder value.

Corporate Governance section is located on page 48



## Our Strategy

The Company's strategy is focused on creating value growing organically through an increase of efficiency of operations at our operating mine Tardan, development of Kara-Beldyr project where exploration is complete, and continuing exploration at Solococon aimed to increase resources up to a production level.

Asset	Target	2019 Result
<b>TARDAN</b>	Upgrade technology to CIL	CIL construction completed Start of CIL production
<b>KARA-BELDYR</b>	Development of the project	Feasibility study Target production: 2 t of gold per year
<b>SOLCOCON</b>	Exploration to increase resources	Exploration program
<b>UZHUNZHUL</b>	Early stage exploration	Estimate of resource potential

## Tardan CIL construction



## Tardan CIL construction



## Chairman Statement



In 2019, the Russian Government announced that it intended to initiate a development program aimed to help the economy of Tyva. The Auriant Management team has played an active role interacting with local and federal governmental bodies in the development of the program, which was approved in April 2020. In particular, the program provides that a specific plan for development of additional electrical power infrastructure will be approved and implemented. As the potential Kara-Beldyr gold mine is named amongst some of the key regional investment projects, we believe that this program will help deliver electric power to the Kara-Beldyr mine, substantially reducing the operating costs of the project.

In 2020, Auriant Mining aims to produce 900 – 940 kg of gold at Tardan on its newly built CIL plant and 40 kg of gold at Solcocon. Thus, producing a total of 940 – 980 kg.

I would like to record my appreciation for the efforts of the management team and the support of our shareholders, which has ensured the progress that we have achieved in 2019, and which has set the Company on the right course for unlocking further value of its asset portfolio.

*Peter Daresbury*

Lord Daresbury (Peter)  
Chairman of the Board

I am pleased to report that during 2019, Auriant Mining achieved some significant milestones on the way to realising its long term strategy. The key element of this strategy was to successfully build a new CIL plant at Tardan which was put into operation in November 2019.

The Ramp up period of the new plant was completed at the end of January 2020; it was then able to run at full capacity of 50 tonnes/working hour and a recovery of 90%. Gold production achieved over the ramp up period amounted to 225 kg (7,233 oz).

In mid 2019, Rosprirodnadzor (RPN), the Russian State Environmental Agency conducted inspections of all the natural resource companies operating in Tyva – coal and metal miners, including Tardan. As a result of the inspection of Tardan, RPN reported 21 minor violations. There are now only two outstanding issues and the company is confident that it will have rectified them very soon.

In December 2019, Rosnedra, the Russian State Natural Resource Agency, put restrictions on carrying out mining activity at the Tardan deposit because the technical project documentation was deemed to be time expired. As we had updated the project documentation and submitted it to Rosnedra for approval before the end of December, we are delighted that we have received approval for the extension of the technical project until 2025 from the Tyvinian branch of Rosnedra. The full project documentation will be considered by the central office of Rosnedra in due course and we have strong grounds to believe that the restriction will be released in the first half of 2020. As we are currently focused on mining the PB deposit to supply the Tardan CIL plant, this is not having any detrimental effect on our mine plan.

## CEO Statement



Dear Stakeholders

2019 was a year of important changes in the Company's operations and outstanding achievements. We managed to create a solid foundation for our long term strategy.

### COMPLETION OF CIL PROJECT

In mid November 2019 the Company finished construction of the new CIL plant at Tardan and started gold production using the new technology. It was expected that the ramp up stage of the newly constructed CIL plant would take 2.5 months from inception. Over the ramp up stage, the Company has been monitoring equipment operations, development of chemical processes, staff performance, materials and energy consumption, grades at all stages of processing, including residual grades in the tailings.

According to the plan the Company was feeding the plant with high grade ore (4.7 g/t) during the ramp up period, from mid November 2019 until end of January 2020. The plant reached its projected throughput of 50 tonnes per working hour and recovery rate by the end of December 2019. Total gold production over ramp up period amounted to 225 kg. From February 2020, the Company is feeding regular ore into the CIL plant.

As a result of CIL plant introduction the Company managed to increase recovery rate from 60% to 90%.

Ore on the heap leach was irrigated until the end of December 2019 when heap leach production was ceased – with that the heap leach era at Tardan is over

At the end of 2019 the Company managed to increase electric power allocated to us on the newly

built 35kV line from 2.0 MWt to 2.5 MWt. It allows us to operate the CIL plant without powering it by diesel generators and using them only for a backup.

### PRODUCTION

In 2019 Auriant gold production amounted to 689 kg (+63% compared to last year) which included 635 kg from Tardan (+81%) and 54 kg from Solcocon (alluvial gold production; -26%).

During 2019, the Company's main source of ore was the Pravoberezhniy deposit. Total stripping works amounted to 982 thousand m<sup>3</sup>. Ore mined amounted to 473 thousand tonnes with an average grade of 2.42 g/t (total gold in ore was 1,144 kg). In 2020, the Company will continue mining the Pravoberezhniy deposit. In 2020 the Company will also undertake stripping works on Ore zone #3 and Ore body #26 of the Tardan deposit in order to secure access to ore on these ore bodies in 2021 and 2022.

In May 2019, alluvial production was resumed at Solcocon. This production was 100% outsourced and generated a net margin of approx. 29% of sales for the Company. In 2019, the Company engaged 2 contractors working on 2 placers. The Company produced 54 kg of alluvial gold compared to 73 kg produced in 2018. However, during 2019 production season we encountered substantial non confirmations of previously established alluvial resources. Over winter season we carried out a production exploration drilling on a new placer in order to confirm quality of mineable resources for 2020 production season.

### RESOURCES UPDATE

In 2018 the Company was focusing its cash resources on finishing CIL construction at Tardan and therefore didn't carry out exploration activity. In 2020 we will restart exploration activities at Tardan aiming for exploring additional resources and increasing quality of existing resources. Our primary drilling target will be Ore Zone #4, 6 and 15 at Tardan, flanks of Pravoberezhniy deposit and potentially Sorulug-Khem gold occurrence at the Greater Tardan. We are also looking forward for restarting exploration on Solcocon.

In June 2019 the Company obtained a new exploration license for the Ayen creek basin which is adjacent to the existing Kara-Beldyr license to the North-East. We assume that fault structures which

## CEO Statement

host the Gordeevskoye and Lagernoye deposits on Kara-Beldyr continue through the hill toward the Ayen creek area. Sediment tests of the creek bed show increased amount of gold down the creek flow after its intersection with the supposed fault structures.

After deploying new CIL plant on Tardan heap leach tailings accumulated since inception of heap leach operations in 2012 become an important production resource in the future. Tailings can be processed on the CIL plant with approximately 70% gold recovery. The Company accumulated approximately 3.0 t of gold in tailings (3,058 thousand tonnes of tailings with average grade of 1.06 g/t).

### CASH FLOWS

Consolidated revenue in 2019 was at MSEK 281.5 (US\$ 29.8 mln), an increase of 86% as compared to the previous year (MSEK 151.0 (US\$ 17.3 mln)).

Operating profit was MSEK 20.9 (US\$ 2.2 mln) compared to operating loss of MSEK 54.9 (US\$ 6.3 mln) in 2018.

EBITDA was MSEK 68.2 (US\$ 7.2 mln) compared to loss at EBITDA level of US\$ 1.7 mln (MSEK 14.2) in the previous reporting period.

In 2019 the Company demonstrated strong cash inflow from operating activities of MSEK 84.9 (US\$8.9 mln), as compared to MSEK 14.5 in 2018 (excluding cash inflow from assets sale).

In 2019 the Company drew down loan facility from VTB in amount US\$ 4.6 mln with a maturity date of December 31, 2021.

### OUTLOOK

In 2020, Auriant Mining aims to produce 900 – 940 kg of gold at Tardan on newly built CIL plant and 40 kg of gold at Solcocon. The Company expects to produce a total of 940 – 980 kg at Tardan and Solcocon sites in 2020.

Our key goals for 2020 are to restart exploration activities on Tardan and Solcocon and get started with Kara-Beldyr project subject to financing availability.

Finally, I would like to thank all our stakeholders for their considerable contribution and support; this includes our majority shareholders, all our other investors, and our employees and Directors.

Sergey Ustimenko

Chief Executive Officer

Auriant Mining AB



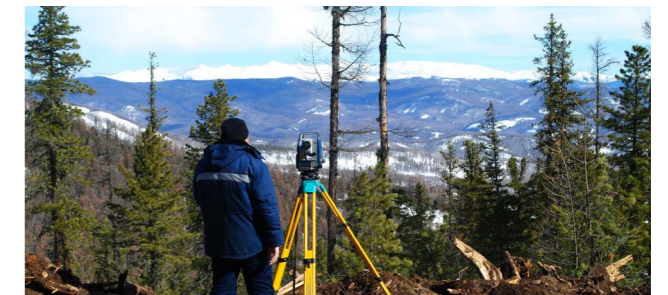


## Auriant Gold Assets



### TARDAN

- Flagship mine located in Republic of Tyva;
- 2019 gold production of 635 kg of gold;
- Open pit;
- CIL;
- Resources&reserves ~ 10 t of gold.



### KARA-BELDYR

- Ready to construct property;
- Located in Republic of Tyva;
- Expected technology: CIP;
- JORC resources&reserves: 26.8 t of gold;



### SOLCOCON

- Alluvial production restarted in 2017;
- 2019 production of 54 kg of gold
- Located in Zabaikalsky Krai;
- Reserves: 16 t of gold;
- Great exploration potential.



### UZHUNZHUL

- Greenfield
- Located in Republic of Khakassia;
- Exploration started in 2016
- Targeted reserves at 1st stage: 10 t of gold
- Good infrastructure.

## Auriant Resources and Reserves

Classification	Tonnage	g/t	000 oz	kg
<b>TARDAN</b>				
TARDAN DEPOSIT /GKZ/				
C <sub>1</sub> + C <sub>2</sub> Reserves	668,570	5.32	114	3,559
PRAVOBEREZHNY DEPOSIT /GKZ/				
C <sub>1</sub> + C <sub>2</sub>	1,079,876	3.23	112	3,488
GOLD IN ORE				
Total gold in ore	1,748,446	4.03	226	7,074
TAILINGS				
Heap leach tailings	2,872,250	1.06	98	3,058
<b>TOTAL GOLD</b>				
Tardan total gold	4,620,696	2.19	324	10,132
<b>KARA-BELDYR /JORC/</b>				
Indicated	9,540,000	2.63	807	25,101
Inferred	480,000	3.55	55	1,711
Indicated + Inferred	10,020,000	2.68	862	26,811
<b>SOLCOCON /GKZ/</b>				
BOGOMOLOVSKOE DEPOSIT				
C <sub>1</sub> + C <sub>2</sub> Reserves	1,934,186	3.65	227	7,060
KOZLOVSKOE DEPOSIT				
C <sub>1</sub> + C <sub>2</sub> Reserves	1,059,000	8.14	277	8,615
ALLUVIAL				
C <sub>1</sub> + C <sub>2</sub> Reserves	619,000	0.77	15	478
<b>TOTAL AURIANT RESERVES&amp;RESOURCES</b>				
Tardan	1,748,446	4.03	226	7,074
Kara-Beldyr	10,020,000	2.68	862	26,811
Solcocon	2,993,186	5.24	504	15,675
<b>TOTAL ORE</b>	<b>14,761,632</b>	<b>3.35</b>	<b>1,592</b>	<b>49,560</b>
Tardan (tailings)	2,872,250	1.06	98	3,058
Solcocon (alluvial gold)	619,000	0.77	15	478
<b>TOTAL</b>	<b>18,252,882</b>	<b>2.91</b>	<b>1,705</b>	<b>53,096</b>







## Tardan and Greater Tardan

Tardan and Greater Tardan



REPUBLIC OF TYVA



PRODUCTION/  
EXPLORATION



2019 PRODUCTION:  
635 KG



LICENSE: TARDAN DEPOSIT  
3.3 KM<sup>2</sup>  
VALID UNTIL: 2028



CIL AND HEAP LEACH  
PRODUCTION



LICENSE: GREATER TARDAN  
540 KM<sup>2</sup>  
VALID UNTIL: 2032



504 EMPLOYEES

## Reserves and Resources

Classification	Tonnage	g/t	000 oz	kg
<b>TARDAN</b>				
TARDAN DEPOSIT /GKZ/				
C <sub>1</sub> + C <sub>2</sub> Reserves	668,570	5.32	114	3,559
PRAVOBEREZHNY DEPOSIT /GKZ/				
C <sub>1</sub> + C <sub>2</sub>	1,079,876	3.23	112	3,488
GOLD IN ORE				
Total gold in ore	1,748,446	4.03	226	7,074
TAILINGS				
Heap leach tailings	2,872,250	1.06	98	3,058
<b>TOTAL GOLD</b>				
Tardan total gold	4,620,696	2.19	324	10,132

# Geology and Exploration

## GEOLOGY

The Tardan ore cluster is an integral part of the Tap-sa-Kaahemsky gold-placer region, which extends in a sublatitudinal direction for a distance of more than 90 km. In the structure of the Tardan ore cluster, three rock complexes play the major role in the formation of ore-bearing structures:

- Late Riphean volcanic-terrigenous sequence;
- On it lie interbedded limestones and dolomites of Vendian-Cambrian;
- All these formations are broken by the intrusion of the

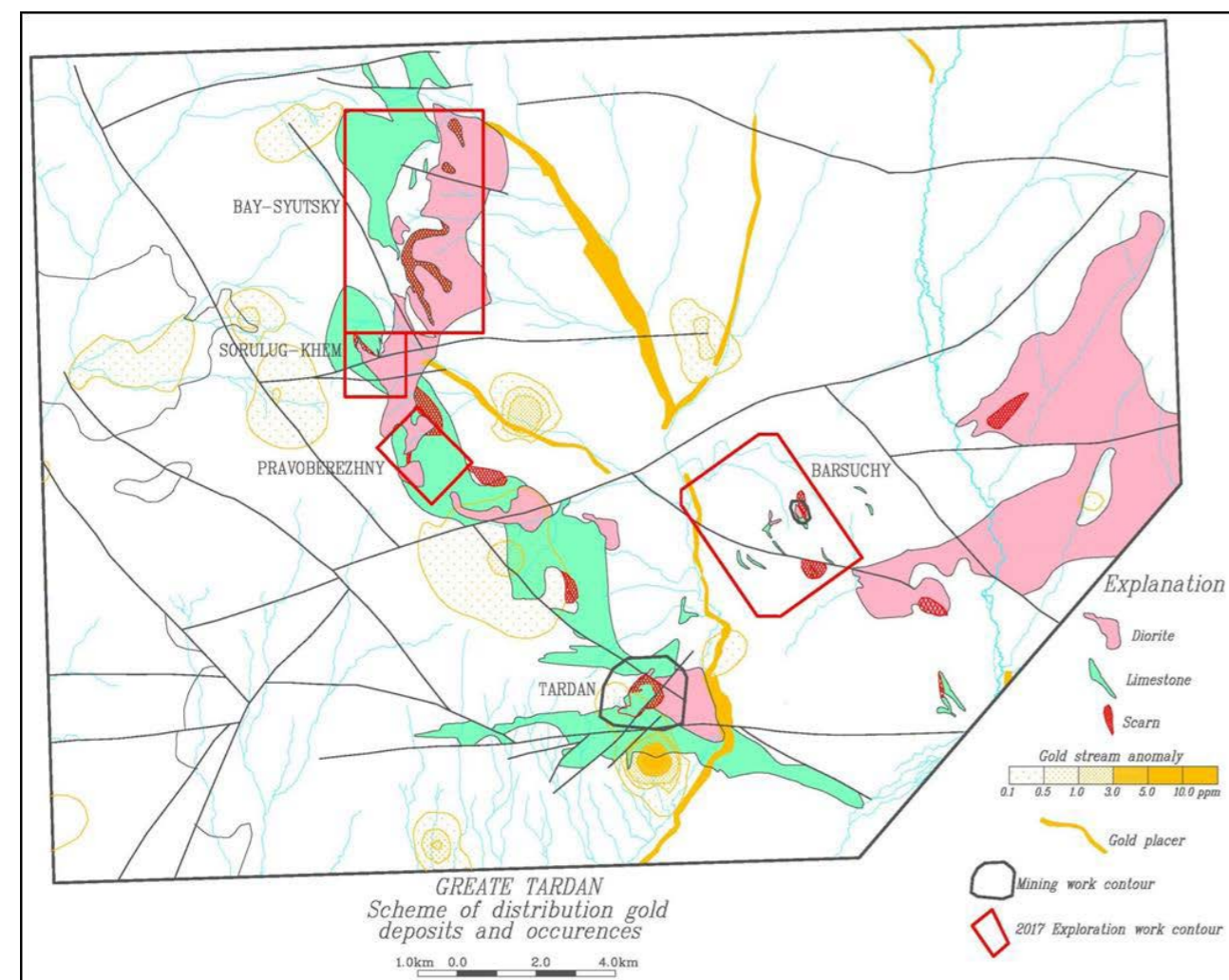
granodiorites of the Middle Cambrian.

The Tardan deposit according to the geological structure, the structural features and mineral composition, correspond to gold skarn type mineralization.

At present, the following skarns deposits and gold occurrences were identified: (a) Tardan and Pravoberezhnoe, both currently in production; (b) Bai-Syutskoye and Sorulug-Khem occurrences, which both are future exploration targets; and (c) Barsuchiy deposits, which is already mined out.

On Tardan a total of 16 ore zones containing 41 ore bodies have been identified.

## GREATER TARDAN



## TARDAN DEPOSIT

On Tardan a total of 16 ore zones containing 41 ore bodies have been identified.

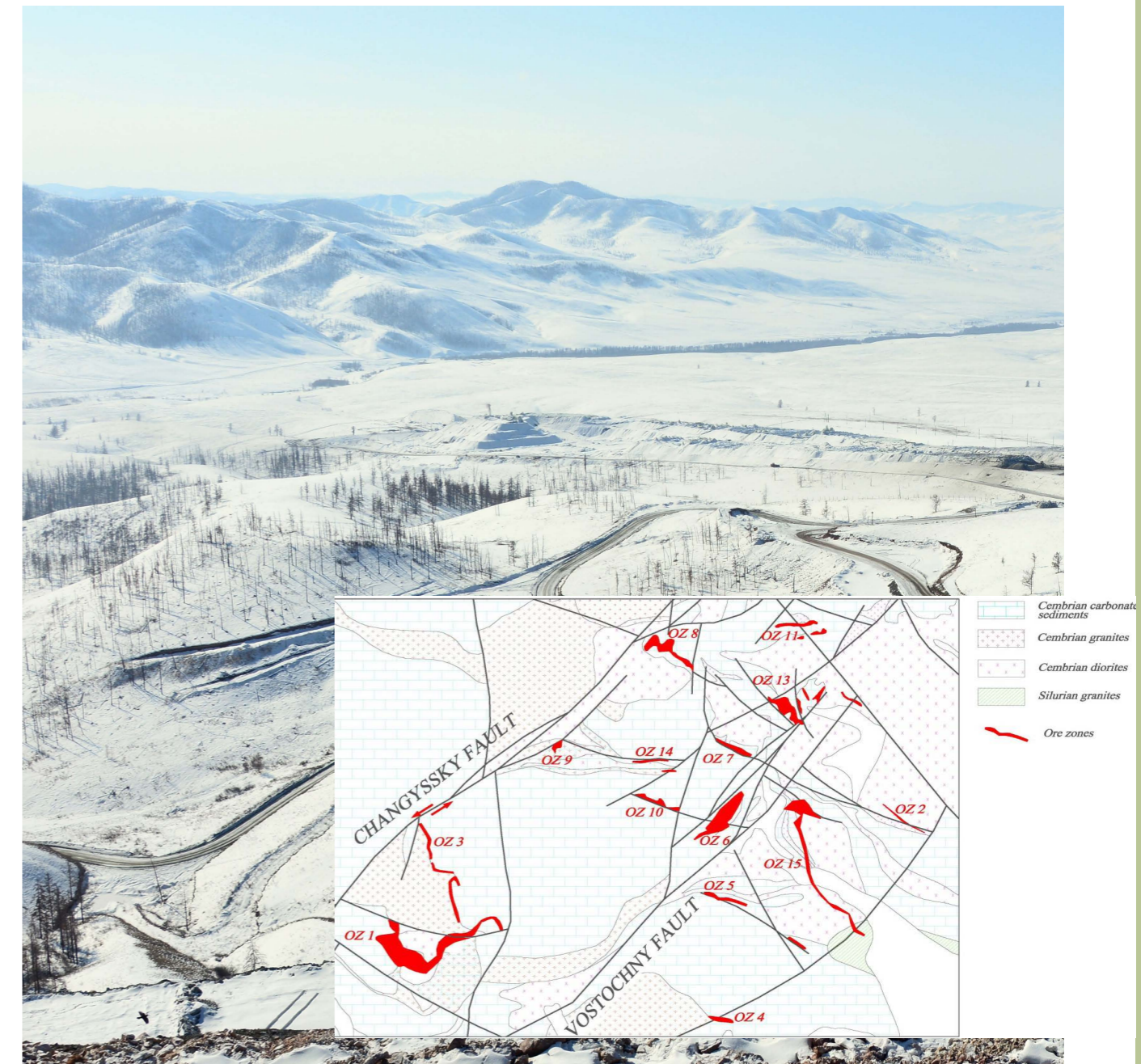
The Tardan deposit, itself, is a graben bounded by tectonic fractures which are part of the Baisyutskiy shear fracture. The total area of the block is approximately 4.0 km<sup>2</sup>.

The most common rock type is marblized limestone of

the Cambrian. Approximately 20-25% of the Tardan deposit area is underlain by granitoids of the Cambrian complex, of which diorites are the most common.

The major structural elements of the deposit are faults found on the contacts between the granites (diorites) and the host and carbonate rocks. Virtually, almost all of the ore zones are located in contact limestones of Vadibalinskaya formations and diorite sills of the Tannuolsky complex.

## TARDAN DEPOSIT



## TARDAN EXPLORATION

In 2018 and 2019 the Company was holding back exploration activities in order to mobilize cash for finishing CIL construction. Geologists of the Company were conducting desktop reviews of existing geological information with an eye to prioritize exploration works in future.

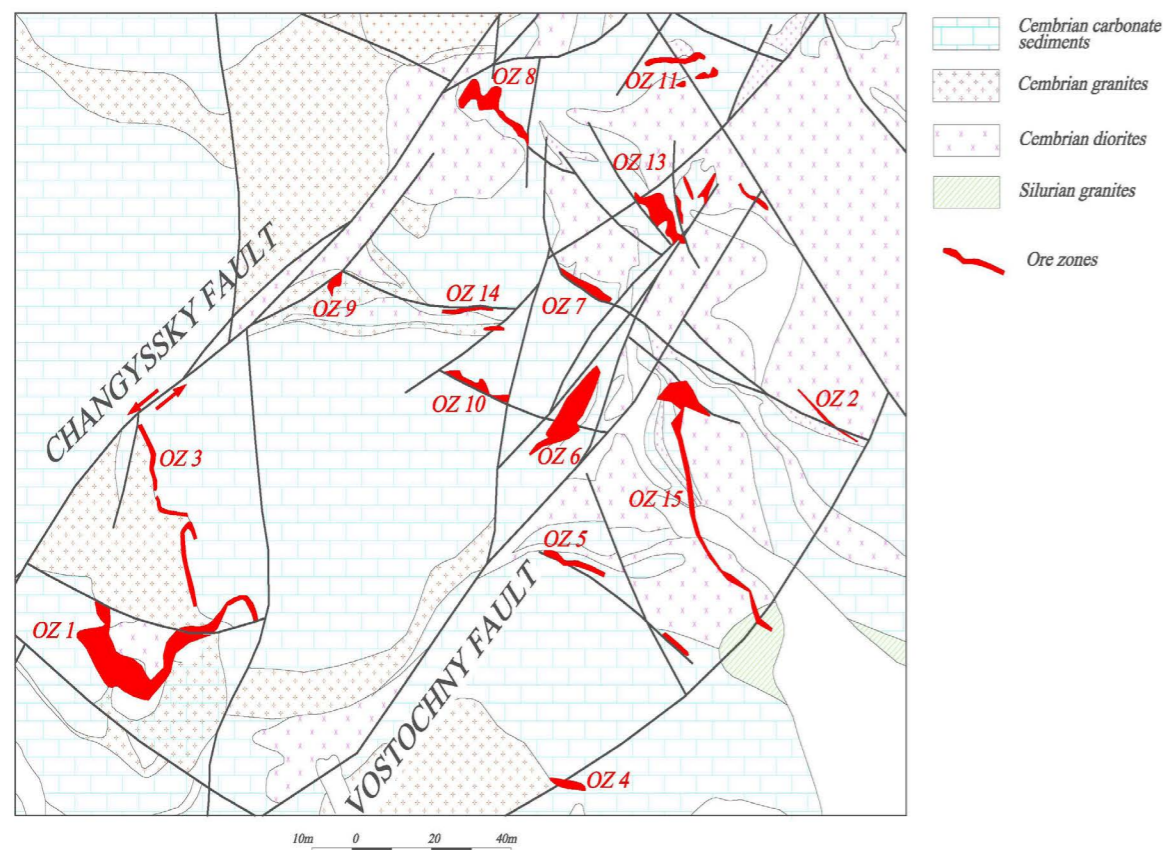
For 2020 the Company approved drilling program aimed for exploring additional resources and increase of a quality of existing geological information for a purpose of decreasing future production risks.

Ore Zone #4 on Tardan is located beneath of Ore Zone #3 and is supposed to be hosted by the same

fault structure. On OZ #4 there one core drill hole and a trench, both having intervals with productive gold grades;

South flanks of Pravoberezhniy deposit – an exploration aimed to establish whether the ore body stretches further to the South;

Sorulug-Khem gold occurrence is located in 3 kilometers to the North from Pravoberezhniy deposit. The gold occurrence was initially explored during 2013 exploration campaign. Potential gold resources (P1) associated with the gold occurrence amount to 722 kg with average grade of 1.8 g/t.



## Tardan 2019 Production

During 2019, the Company's main source of ore was the Pravoberezhniy deposit. Total stripping works amounted to 982 thousand m<sup>3</sup>. Ore mined amounted to 473 thousand tonnes with an average grade of 2.42 g/t (total gold in ore was 1,144 kg). In 2020, the Company will continue mining the Pravoberezhniy deposit. The Company will also undertake stripping works on Ore zone #3 and Ore body #26 of the Tardan deposit in order to secure access to ore on these ore bodies in 2021 and 2022.

Total 12m 2019 gold production was 635 kg (20,407 oz), an increase of 81% compared to 350 kg (11,267 oz) in 12m 2018. Heap leach ore stacking was 334 thousand tonnes with an average grade of 2.08 g/t. CIL ore processing started in November and amounted to 38 thousand tonnes with an average grade of 3.94 g/t. Heap leach operations were discontinued at the end of December.

		12m 2019	12m 2018	Change		
<b>Mining</b>						
Waste stripping	000 m <sup>3</sup>	982	358	625	175%	
Ore mined	000 tonnes	473	219	254	116%	
Average grade	g/t	2.42	2.58	(0.16)	-6%	
<b>Heap leach</b>						
Ore stacking	000 tonnes	334	214	120	56%	
Grade	g/t	2.08	2.59	(0.51)	-20%	
Gold in ore stacked	kg	694	554	140	25%	
<b>Gold produced HL</b>	<b>kg</b>	<b>525</b>	<b>350</b>	<b>174</b>	<b>50%</b>	
<b>CIL</b>						
Ore processing	000 tonnes	38	-	-	-	
Grade	g/t	3.94	-	-	-	
Gold in ore	kg	151	-	-	-	
Gold produced CIL	kg	110	-	-	-	
<b>Gold produced total</b>	<b>kg</b>	<b>635</b>	<b>350</b>	<b>284</b>	<b>81%</b>	

## Tailings

The Company was producing gold using heap leaching technology since 2012. Irrigation of the heap was continuing until end of December 2019 when it got over. Since inception of heap leach operations the Company accumulated tailings in the amount of 2,872 thousand

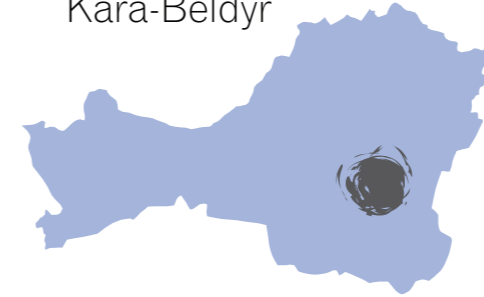
tonnes of ore with average residual gold grade of 1.06 g/t (total gold in tailings –3,085 kg).

Tailings of the heap leach are valuable gold resources processable on newly built CIL plant.

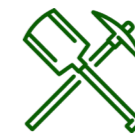


## Kara-Beldyr and Ayen

Kara-Beldyr



REPUBLIC OF TYVA



PRE DESIGN STAGE  
CAPEX ASSESSMENT



PROJECT:  
CIP+ GRAVITATION



LICENSE: KARA-BELDYR  
34KM<sup>2</sup>  
VALID UNTIL: 2027



JORC RESERVES:  
26.8 TONNES OF GOLD

## Reserves and Resources

Classification	Tonnage	g/t	000 oz	kg
<b>KARA-BELDYR /JORC/</b>				
Indicated	9,540,000	2.63	807	25,101
Inferred	480,000	3.55	55	1,711
<b>Indicated + Inferred</b>	<b>10,020,000</b>	<b>2.68</b>	<b>862</b>	<b>26,811</b>



# Kara-Beldyr Geology and Exploration

## GEOLOGY

The Kara-Beldyr prospect is located in the eastern part of the Altai – Sayan Orogenic belt and the western segment of the Mongol – Okhotsk belt.

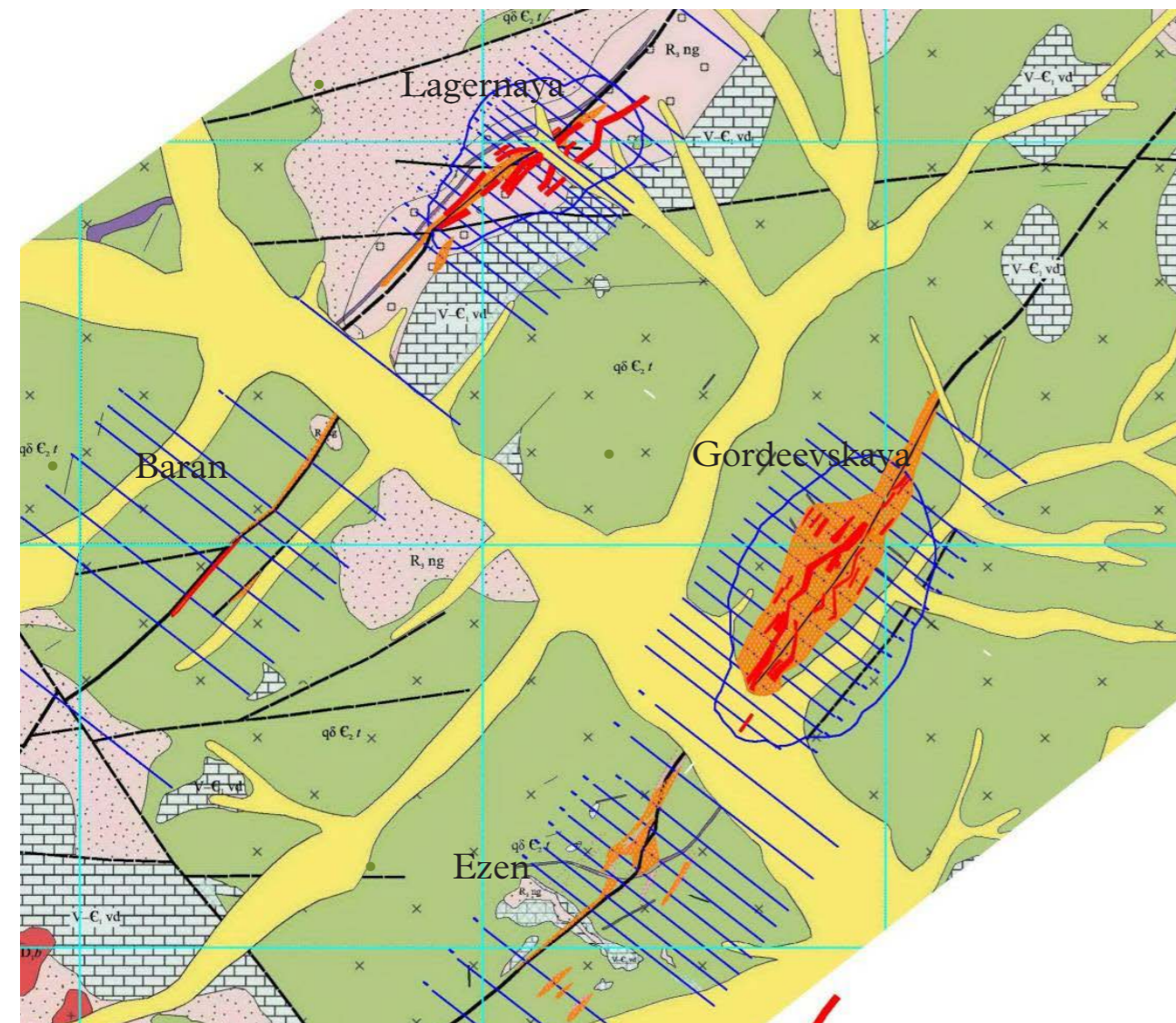
The Kara-Beldyr orogenic Au project consists of fault controlled Devonian age gold-silver mineralisation associated with metasomatised quartz diorites at Gord-eyeyskoye and conglomerates and dolomites at Lagerny.

The major controlling structures to mineralisation are large sub-vertical NE-SW trending fault structures identified during detailed exploration. These faults are interpreted to be transform faults off the Baikal rift zone. A number of these structures have been identified approximately 80km apart which were less obviously represented due to their distance from the main rift system.

The mineralisation of the Kara-Beldyr system is hosted by stratified Riphean-Cambrian deposits and Palae-zoi-granitoids.

The stratified deposits consist of Late Riphean the volcanic-terrigenous Noganoyanskaya formation and the carbonate Cambrian-Vendian Sarygchazinskaya formation divided by a pre-Vanadian unconformity. At Kara-Beldyr the carbonates (limestones and dolomite) underlie the volcanicterrigenous formations due to a structural and angular unconformity. The stratified deposits do not exceed 200m in thickness. The volcanic-terrigenous formations are hornfelsed and carbonate rocks are altered to magnesium or calcareous skarns, depending on the composition of the host carbonates.

Intrusions comprise a middle-Cambrian gabbro-tonalite-plagiogranite (not mapped within the Kara- Beldyr license area) and an early-Devonian Leucogranite. Close to the license boundaries, small occurrences of late-Riphean septonitised dunnites have been identified



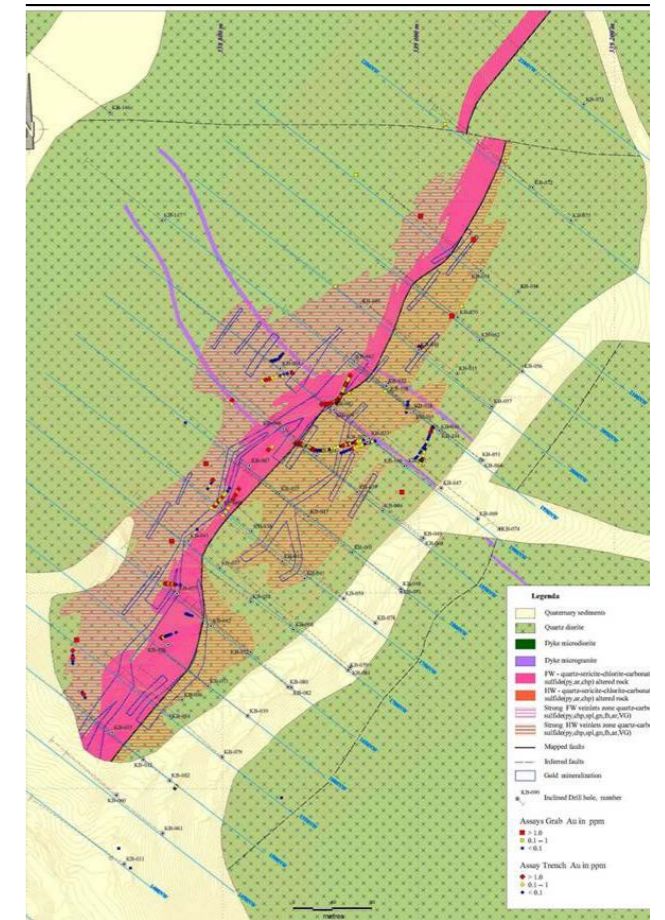
## GORDEEVSKAYA

The Gordeevskaya zone is focussed on a steeply dipping NE-SW trending fault (the Glavny fault) which crosses the license area. This fault has been traced for more than 2km and extends south towards the Ezen mineralised zone. The individual mineralised zones form a deposit striking towards the NE with a steep dip of around 64° towards the southeast. The Gordeevskaya deposit extends roughly 1km along the strike and has a thickness of 20m at its furthest extent to the north and south, up to 100-150m at its thickest. Mineralisation has been traced to a depth of 400m. An oxidation zone is developed generally between 40m and 80m depths.

Mineralised zones are lens shaped and occur roughly parallel to the Glavny fault and are hosted in metasomatised zones within quartz-diorites. Metasomatic alteration forms a zone 40-110m thick and has been traced by drilling from the northern extent of Gordeevskaya to the Ezen area in the south, a distance of more than 2km.

The metasomatised zones are well developed, masking the original structure and texture. The outer limit of the veinlet zone is marked by the absence of any secondary alteration, including the absence of any quartz and quartz-carbonate veins of any thickness.

The majority of the gold mineralisation (65%) at Gord-eyeyskoye is hosted by quartz-sericite alteration with minor amounts hosted by propylitic alteration (20%) and within the veinlets. No mineralization is seen within unaltered rocks.



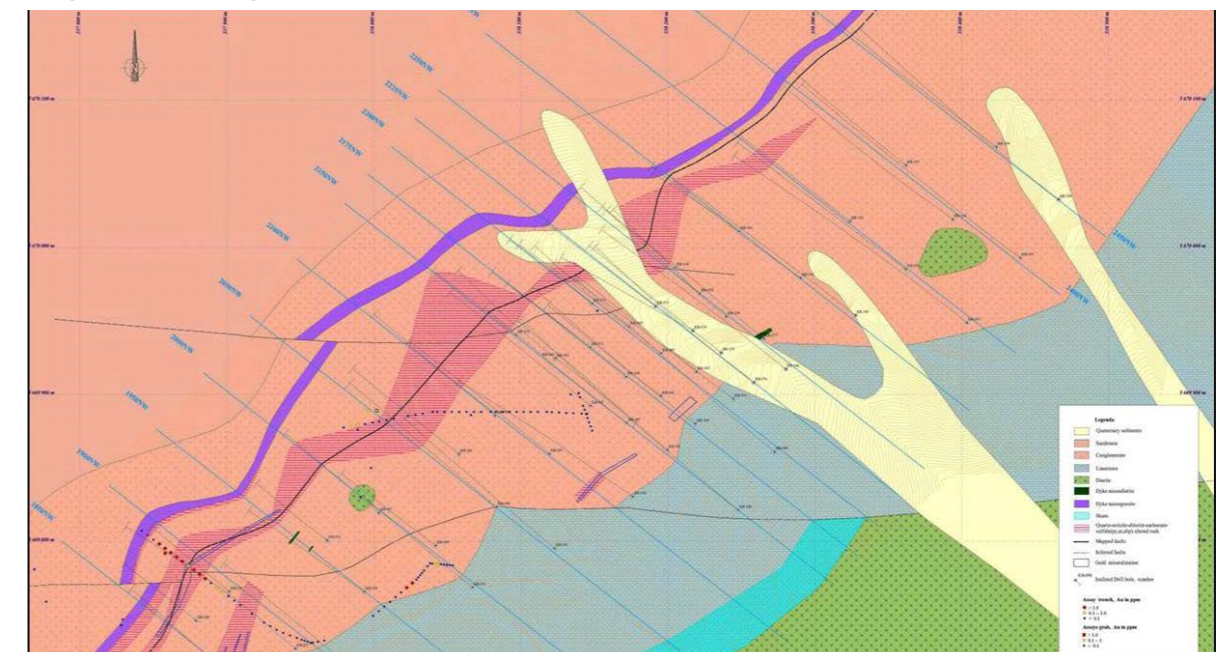
## LAGERNAYA (CAMP) ZONE

The Lagermaya (or Camp) zone is located approximately 1.5km to the northwest of Gordeevskaya. It has a similar structural trend and has a controlling fault structure almost identical to the Glavny fault of Gord-eyeyskaya.

The individual mineralised zones form a deposit striking towards the NE with a steep dip of around 65° to 70° towards the southeast. The Lagermaya deposit extends roughly 700m along the strike and has a thickness of

50m at its furthest extent to the north and south, up to 150m at its thickest.

Mineralisation has been traced to a depth of 200m. The host rocks at Lagermaya are of Late Riphean conglomerates and sandstones which tectonically overlie Vendian-Lower Cambrian dolomiticmarbles, with mineralisation hosted by metasomatic zones of quartz-sericite alteration. Mineralised zones at Lagermaya are thinner than at Gordeevskaya, averaging a 1.8m thickness, but are generally higher grade



## EXPLORATION

In 2019 the resources of the Kara-Beldyr deposit have been approved by the State Reserve Committee (GKZ), a Russian government body having a power to approve mineral resources before such resources could be put in operation. Approval of gold resources by GKZ is an important step towards the construction of the mine.

According to the resource statement filed by Auriant Mining for approval, Kara-Beldyr C1 and C2 resources amounted to 842 thousand ounces of gold (26.2 tons) with an average grade of 3.38 g/t and 2,044 thousand ounces of silver (63.6 tons) with an average grade of 8.2 g/t.

These latest results from the resource assessment demonstrate a close correlation with the estimates made under JORC produced by Wardell Armstrong International in March 2017. Geological resources of gold (both Inferred and Indicated) from this report were 862 thousand ounces of gold (26.6 tons); a difference of 20 thousand ounces, or 2%. The Company historically re-

ported Kara-Beldyr resources under JORC and we will continue report them in this way going forward.

In June 2019 the Company obtained a new exploration license for the Ayen creek basin (of 9 square km), via its subsidiary LLC "Tardan Gold". The Ayen creek license is adjacent to the existing Kara-Beldyr license to the North-East. The license was awarded by Rosnedra (Ministry of Mines) without an auction.

The value of this license will depend on an initial assessment of its geological potential. This is based on the assumption that the fault structures which host the Gordeevskoye and Lagernoye deposits continue through the hill toward the Ayen creek area. Sediment tests of the creek bed show increased amount of gold down the creek flow after its intersection with the supposed fault structures.

We estimate that exploration will take 4 to 5 years. In the case of the successful exploration of mineable gold resources, these resources would be mined and processed using the infrastructure of the Kara-Beldyr mine.





## Solcocon



Solcocon



ZABAIKALSKY KRAI



EXPLORATION/  
ALLUVIAL PRODUCTION



CIP (POTENTIALLY)



LICENSE: SOLCOCON  
220, 4 KM<sup>2</sup>  
VALID UNTIL: 2029



GKZ RESERVES:  
16.2 TONNES OF GOLD

## Reserves and Resources

Classification	Tonnage	g/t	000 oz	kg
<b>SOLCOCON /GKZ/</b>				
<b>BOGOMOLOVSKOE DEPOSIT (GKZ)</b>				
C1 + C2 Resources	1,934,186	3.65	227	7,060
<b>KOZLOVKOE DEPOSIT (GKZ)</b>				
C1 + C2 Resources	1,059,000	8.14	277	8,615
<b>ALLUVIAL</b>				
C1 + C2 Reserves	619,000	0.77	15	478
<b>TOTAL SOLCOCON</b>			<b>519</b>	<b>16,153</b>

## Geology and Exploration

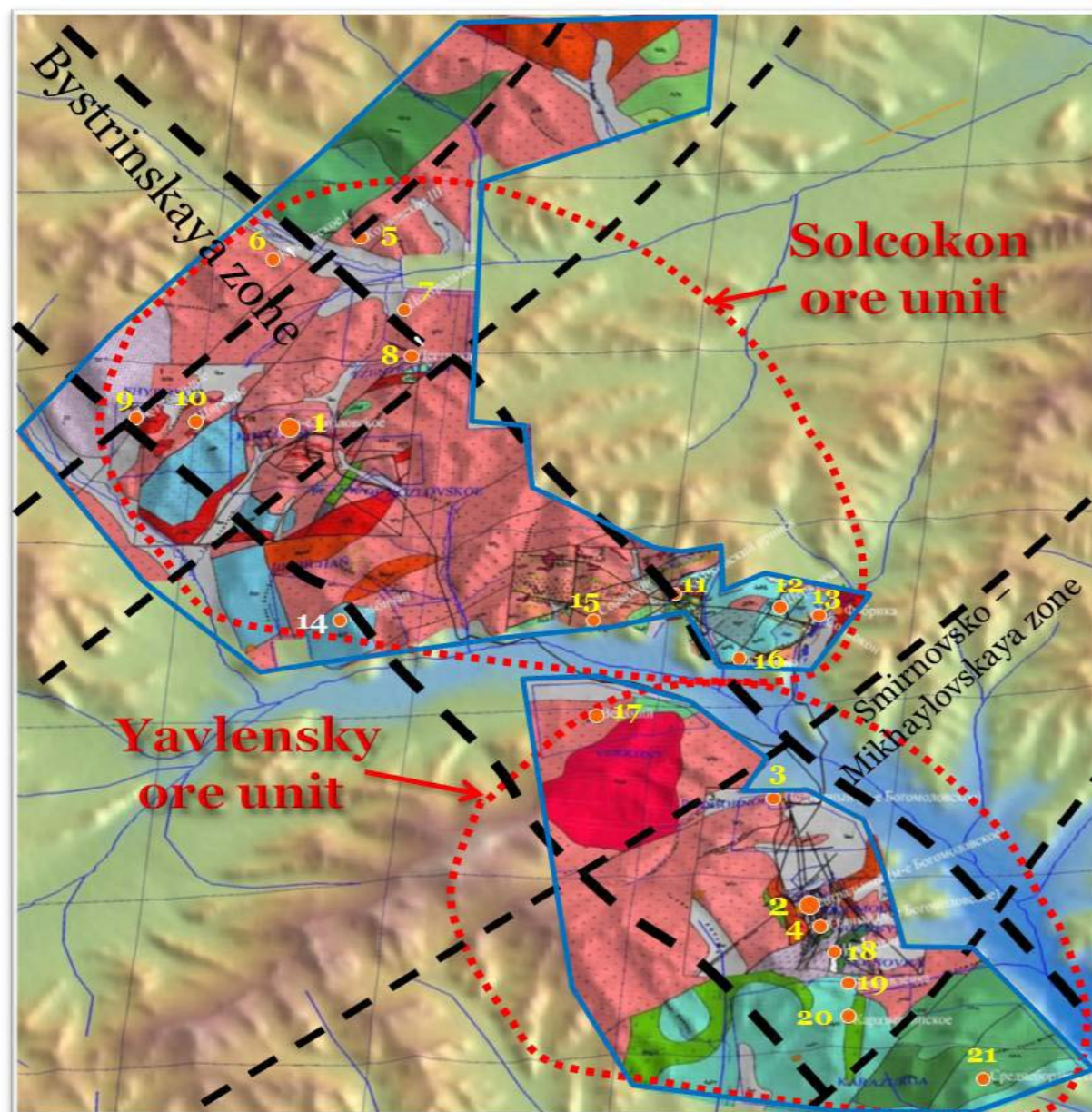
### GEOLOGY

The Staroverenskaya gold bearing area is a part of the Nerchinsko-Zavodskoy ore region. This area includes the Bogomolovskoye and Kozlovskoye gold deposits, as well as more than 20 other gold occurrences around the upper reaches of the Middle and Lower Borzya rivers. The Staroverenskaya area comprises two ore fields – Solkokonsky and Yavlensky.

Within the license area, the most significant gold occurrences and deposits are located within the Bystrinsky fault zone.

The majority of the ore deposits and occurrences are gold-sulphide formations, of which Bogomolovskoye is classed as low sulphide, and Kozlovskoye as the gold-arsenic mineralization type

### SOLCOCON GOLD DISTRIBUTION MAP

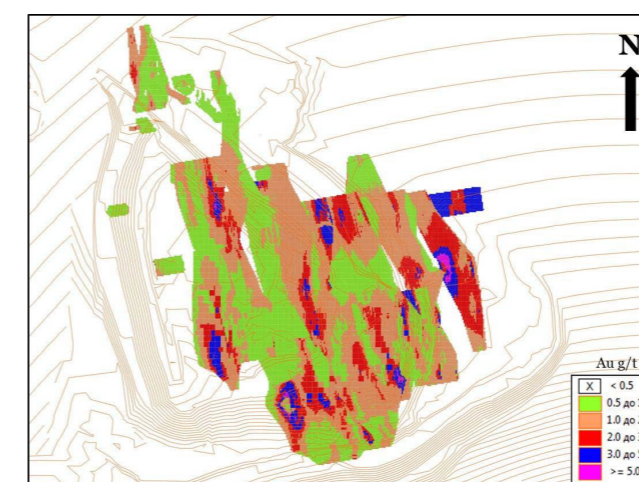
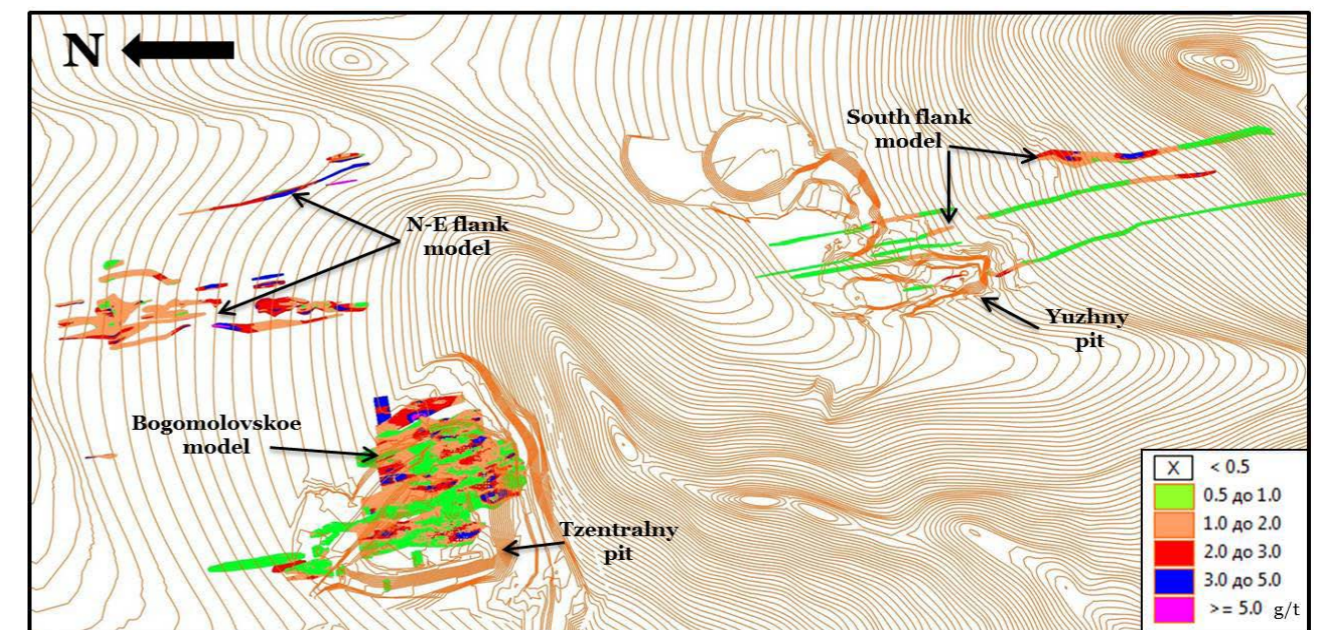


### EXPLORATION

Prospecting for increasing of gold resources at the Staroverinskaya license area is primarily associated with a more detailed geological exploration of flanks of the Bogomolovskoye deposit, as well as exploration on the following gold occurrences: Bilbichan, Solkokon-1, Scherkuncha, Kulinda, Ivanovo, Karazyrga, and some others.

The total potential resources of Staroverinskaya license area (P1 + P2 categories) amount to 65 tonnes of gold.

In 2017 the Company drilled 4,200 meters of core drilling on flanks of Bogomolovskoye deposit. In 2018 the Company developed block model of the central part of Bogomolovskoye deposit (Central pit). The Company also assessed resources of upper layers of Kozlovskoye deposit, suitable for leaching processing (ore of Kozlovskoye deposit contains arsenic, a polluting substance, which makes processing of these ore non economical).



Ore, t	Au grade, g/t	Gold, kg
<b>Bogomolovskoe deposit</b>		
3,448,698	1.37	4,719
<b>Flanks of Bogomolovskoe deposit</b>		
860,152	1.57	1,352
<b>Total Bogomolovskoe ore field</b>		
4,308,850	1.41	6,071
<b>Kozlovskoe deposit</b>		
285,090	4.99	1,422
<b>Total Starverinskaya area (recalculated resources)</b>		
4,593,940	1.63	7,493





## Uzhunzhul



REPUBLIC OF  
KHAKASSIA



EXPLORATION



LICENSE: UZHUNZHUL  
134 KM<sup>2</sup>  
VALID UNTIL: 2031



GREAT EXPLORATION  
POTENTIAL



# Geology and Exploration

## GEOLOGY

The Nemir-Chazygolskoye ore field, which covers the eastern part of the license area, is located on the south-east flank of the Uybatsky gold bearing area. The Yurkovsky, Vostochny, and Paraspan occurrences were discovered within the Uzhunzhul license area. In addition, the license area features placer deposits of gold.

Within the license area, sulphidic metasomatites are located within fault zones, developing along contacts with granite massifs and are characterized by intensive pyrite mineralization and silicification. The depth of the oxide zone is 130 - 150 m from the surface.

## EXPLORATION

There are 3 main exploration targets within Uzhunzhul license area:

1. The Yurkovsky prospect contains 12 gold-bearing zones. The length of the zones varies from 400 m to 2,500 m, and the zones are up to 350 m deep. The widths of the ore zones vary from 0.3 m up to 150 m. The zones are composed of beresite and propylite with gold-quartz veinlets.

The maximum gold grade in the ore bodies is 150 g/t, with averages from 3.0 up to 35.3 g/t depending on the zone.

2. The Vostochny Flank occurrence incorporates ore bodies with widths varying between 4.2 m and 47 m, and lengths up to 520 m. The gold grades vary up to 4.8 g/t.

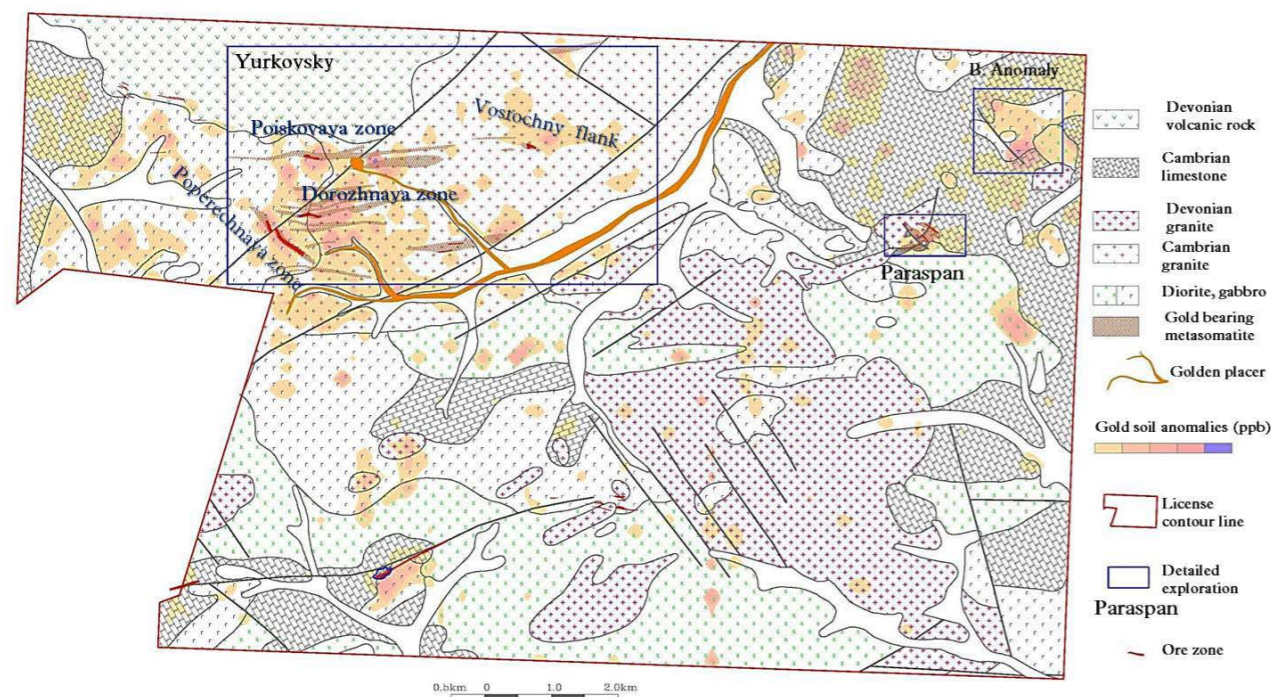
3. The Paraspan occurrence has grades up to 30 g/t.

In 2017, Uzhunzhul LLC continued geological studies of the subsoil, which comprised of the study of the material composition and metallurgical ores from the Uzhunzhul occurrences, and of the compilation of a geological report.

As a result, the reserves of category C<sub>2</sub> and predicted resources of category P<sub>1</sub> were measured for the gold occurrences of Yurkovskoye and Paraspan. The total reserves of C<sub>2</sub> category amounted to 2,812 kg (1,024,000 tonnes of ore with an average gold grade of 2.75 g / t), the resources of P<sub>1</sub> are 5,585 kg.

The geological report was submitted for examination by GKZ in November 2017 however resources were not approved by GKZ. In 2018, an addendum to the exploration project is prepared for detailing resources.

## UZHUNZHUL GEOLOGICAL MAP



## Social and Corporate Responsibility

The company is fully committed to continuous improvement as regards all aspects of Corporate and Social Responsibility and complies with safety, health and environmental standards meeting local regulatory requirements and practices in order to prevent accidents, to ensure a favorable working culture and to maintain mutually beneficial cooperation between the local residents and our management team

The company currently has two producing operating mines: Tardan which is located in the Republic of Tyva and Solcocon which is located in the Zabaikalsky region.

In 2019 the company completed construction of a new gold producing plant at its Tardan mine, introducing CIL technology instead of heap leaching.

The Corporate and Social Responsibility section describes corporate and social programs applied at all mines, however in this report we will keep attention to the Tardan mine.

### ECONOMY

Business activity and subsurface resources management foster economic growth and have an influence on the social indicators within the region.

Tardan is one of the largest investors and a growing gold-mining company in Tyva. In 2019 year for the Tyva development the Company spent around 39 640 \$: where 38.6% were financial resources and 61.4% was presented as equipment/transport or labor supplies. For realization of the social and cultural measures the Company spent 50.7% of resources and 49.3% of resources were invested in the projects of the regional development. As a part of the Agreement about socioeconomic collaboration in 2018, the delivered resources were increased by 22,7% or around 7 300 \$ in comparison with 2018 year.

### SOCIAL RESPONSIBILITY

Within the margin of realization of the Corporate Social program, the company invests a fixed sum on annual basis on sponsoring, social activities and people's welfare in the region.

Tardan takes part in regional projects, and collaborates with district and rural administrations located in the neighboring to Tardan's production units and organizes some other events (e.g. supporting of selective governmental arrangements and organization)

### COOPERATION WITH THE REGION

#### Development of the region

We take part in the social and economic development of the Kaa-Khemsy district.

We try to make children education and leisure activities more comfortable and we finished all engineering works

in school in Kundustug.

Children's Art School in Saryg-Sep was equipped with modern video control system.

We organized the drilling works of boreholes upon request of primary school in Kundustug.

We undertook to cover a part of expenses for heating repairing system in Palace of culture in Kundustug.

Around 7 600 \$ were invested in the activities preventing or suppression of forest fires.

#### Charity and sponsorship

We pay special attention to the vulnerable segments of the population, support orphans in Tyva and children from low-income families in the Kaa-Khemsy and Kundustug districts.

Around 9 600 \$ were spent as to for renovations of the Municipal unitary enterprises «Kaa-Khemsy» and for investment projects related to the district.

In 2019 as tradition demands we supplied with 220 presents for New Year celebration low-income and multi-child families as well as families with handicapped children in the Kaa-Khemsy and Kundustug districts.

Also, last year we continued to support the public newspaper «Vestnik Kaa-Khema».

#### Cultural events

We support national cultural events and we participate actively in all the arrangements, including different competitions.

In the interest of developing and flowering of Tuva culture as interiorly as exteriorly to the region we sent talented educatees of the Children's Art School of Saryg-Sepa to Krasnoyarsk Krai for participation in Multiregional choreographic competition. They came back with laureate first, second and third place diplomas in different competitive categories.

One more public interest organization – «Tuva rock-club» was supported by an all-digital audio mixing console for its concert activity.

#### Public and private partnership

We collaborate with public organizations and social communities and promote the company's transparency.

We also provide transport and certain other facilities to the governmental authorities, etc.

#### Human resources development

- Local employment priority
- Protection of workers
- Industrial safety maintenance
- Contributions to social needs

## Social and Corporate Responsibility

e) Staff development: educational programmes, upgrading skills and re-training programmes

f) Organization of vacancy fair together with the employment centre of the Republic of Tyva on a regular basis

g) Vacancy provision of information to the employment centre of Kaa-Khemsy district on monthly basis

### OUR PEOPLE

People engagement is a component element of every business process. Our people are our team. We are striving to encourage our employees in their career and professional development, providing safe and healthy working conditions and continuous education. Tardan is focused on employing local people and improving life in the region of Tyva, and the company's social program has a direct, positive effect on economic indicators in the region.

Tardan's activities in the field of human resources management are defined by its corporate approach based on principles of sustainable development and focused on the following aspects: motivation of professional growth, training of staff, improvement of social conditions, including financial and non-financial incentives, and creation of safe working conditions.

57,5% or 302 employees who are working at Tardan are residents of Tyva. The other members of the team are nearby residents.

The majority of them are production workers, and only a few of them have managerial positions or other office jobs, such as operators, building superintendents, depot masters, etc.

#### Remuneration policy and financial motivation

The average monthly salary in 2019 was stable and in comparison with the average salary in the Kaa-Khemsy district of Tyva. Adopted different programs stimulate all employees to work smart, hard and motivated.

Tardan works with the support of the development of its employees' professional and social skills, and we also pay special attention to the non-financial motivation of our staff and to the development of corporate values. In order to encourage our employees in this context, we have organized a series of events.

#### Corporate events

We engage in sports activities and periodically we organize some sport competitions among our employees.

Professional days such as geologist's day, engineer's day metallurgist's day and etc. became an inherent part of our corporate life.

Desirable celebration the Tuvan national New Year (the Shagaa) gets us and our family together.

### OVERVIEW

Company is fully committed to continuous improvement across all aspects of social responsibility, not only in the company's production units but also in the region of Tyva as a whole, and is, at the same time, focusing on more efficient and cost-effective business processes.

If you would like to know more about the way we support local people and how we interact with our employees, please don't hesitate to contact us on pr@auriant.com



## Board of Directors

### LORD DARESBURY (PETER), CHAIRMAN OF THE BOARD



*Born 1953, Chairman since 2014*

Lord Daresbury has held many senior positions in the mining industry, including directorships in Evraz Group S.A., Russia's largest steel producer (2005 - 2006); as well as chairman of Kazakhgold Group Ltd (2005 - 2007); and chairman of Highland Gold Mining Ltd, a major Russian gold miner (2002 - 2004). Peter is currently chairman of Sen Corporation Ltd and Jockey Club Catering. Current directorships include Moscow Credit Bank, ranked as a top-2 privately-owned bank by total assets in INTERFAX-100 as at 1 April 2019, and Rasant Ltd, a Russian antimony miner.

Shares: 400, 000; Stock options: 70,000

Independent in relation to the company, its management and the company's major shareholders.

### PRESTON HASKELL, MEMBER OF THE BOARD



*Born 1966, Board member since 2009*

Chief Executive Officer until May 24, 2012 and Chairman of the Board between May 24, 2012 to May 13, 2014. Preston is a Saint Kitts and Nevis citizen. Preston Haskell has been active as a businessman in Russia since the early 1990s. He serves as Chairman of Auriant Africa, an African focused exploration and mineral resource development and investment business. Preston has a Degree in Economics from the University of Southern California in the U.S

Shares: 51,563, 892 (through companies); Stock options: 0

Not independent in relation to the company and its management. Not independent in relation to the company's major shareholder.



## Board of Directors

### INGMAR HAGA, MEMBER OF THE BOARD



*Born 1951, Board Member since 2012*

Board Member since May 24, 2012, Ingmar is a citizen of Finland. Ingmar is an independent consultant & advisor to the mining industry. He has 38 years of international experience in the exploration and mining industry. He was Managing Director, Europe for Agnico Eagle Mines Limited between 2006-2017 and CEO of Polar Mining Oy, a Finnish subsidiary of Dragon Mining NL between 2003-2005. Prior to that he held various senior manager positions with the Outokumpu Group in Finland and Canada. He is currently Chairman of the Board of gold mining company Endomines AB. He also holds several positions of trust in several mining related associations and organizations. He has an MSc from Åbo Akademi, Finland

Shares: 0 ; Stock options: 50,000

Independent in relation to the company, its management and the company's major shareholders

### PATRIK PERENIUS, MEMBER OF THE BOARD



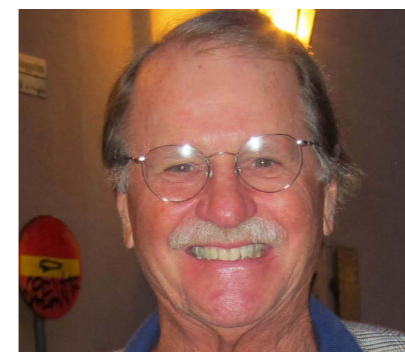
*Born 1951, Board Member since 2017*

Board member since May 12, 2017, previously also was a Board member between 2004-2010. Patrik has held many senior positions in the mining industry, including directorships in Delta Minerals AB, Interfox Resources AB, Dividend Sweden AB, Nordic Iron Ore AB, Gripen Oil and Gas AB. Patrik is currently Chairman of Archelon AB and Nickel Mountain Resources AB. Patrik holds a MSc. degree in Mining and mineral dressing from the Royal Institute of Technology (KTH), Stockholm.

Shares: No; Stock options: No

Independent in relation to the company, its management and the company's major shareholders

### JAMES P. SMITH, DEPUTY MEMBER OF THE BOARD



*Born 1944, Deputy Board Member since 2014*

James is a citizen of the United States of America. After Stanford, Mr. Smith worked for McKinsey & Co. before accepting a position as CFO and head of real estate development operations for the Haskell Company in Jacksonville FL, one of the largest design and build companies in the USA. Mr. Smith joined the Charter Company, a Fortune 500 Company in 1975 where he headed the Media Division and was responsible for Magazine and Newspaper Publishing, Radio Broadcasting, and Direct Marketing operations. He left Charter in 1982 to become CEO and principal owner of the Hamilton Collection, a Direct Marketer of Collectible products. Mr. Smith sold Hamilton in 1993 to Stanhome Inc and served as Executive VP of Stanhome Inc for 2 years thereafter, before retiring to pursue real estate development opportunities and his personal interests.

He graduated cum laude from Princeton University, with a degree in Chemistry in 1965 and completed his Masters in Business Administration with high honors from Stanford University Business School in 1970.

Shares: No; Stock options: No

Independent in relation to the company and its management. Not independent in relation to the company's major shareholders.

## Group Management

### SERGEY USTIMENKO, CEO



*Born 1972, CEO since 2016*

Sergey, a Russian national, joined Auriant Mining in May 2014 as CFO and has served as CEO since January 2016. Over the last 10 years, he held CFO positions in large Russian and international companies engaged in the sales and servicing of machines and equipment, in the airline industry and financial services. Prior to this Sergey was head of control at LUKOIL, the largest private Russian oil company. He also has 7 years of experience in auditing with BDO, KPMG and Arthur Andersen. Sergey graduated from Moscow State Technical University and holds a CPA qualification from 2001.

Shares: No; Stock options: 90,000

### VLADIMIR CHURIN, CHIEF GEOLOGIST



*Born 1956, Chief Geologist since 2012*

Vladimir is a Russian citizen having more than 35 years' experience as a gold geologist in gold exploration and deposit discovery. He joined Auriant Mining as Chief Geologist in October 2012. His previous experience includes working as Chief Geologist of Altynalmas in Kazakhstan, Exploration Manager Oxus Resources in Uzbekistan, and Deputy Chief of the Russian Federal Geological Agency in the Republic of Buryatia. In addition, he worked as Exploration Manager of Severstal Resources (now called Nordgold, a major Russian gold producer), Ilmenit, and Kinross Gold. Vladimir graduated from the Leningrad Mining Institute with an MSc Degree in Geology with a concentration in Exploration and Mining Geology.

Shares: No; Stock options: 10,000

### EKATERINA BABAeva, GROUP GENERAL COUNSEL



*Born 1982, Group General Counsel since 2012*

Ekaterina Babaeva joined Auriant Mining in April 2012 as acting Group General Counsel and was, then, appointed Group General Counsel in August 2012. Previously, Ekaterina was Legal Advisor to Colliers International from 2004 to 2009, having previously worked as a lawyer in a company providing auditing and legal advisory services. Ekaterina is focused on Russian and international corporate and M&A matters, and has experience in real estate and mining law. At present, in addition to her position at Auriant, Ekaterina continues working as Head of Legal Department at Haskell Group. Ekaterina graduated from the Lomonosov Moscow State University with a Degree in Law.

Shares: 235,492; Stock options: 90,000

### KONSTANTIN CHERNOV, HEAD OF HR



*Born 1975, HR Director since 2016*

Before joining Auriant Mining, Konstantin worked as Head of HR projects for Lenzoloto JSC, a subsidiary of Polyus in Irkutsk. Previously, he was the HR Director for the building contractor at the Elginskoye deposit (Metallurgshakhtspetsstroy) located in Yakutia. He has extensive experience in the mining sector including such positions as: HR Director in Artel starateley Amur JSC (Russkaya platina), HR Director at the deposits Mayskoe, Kubaka, Sopka Kwartsevaya (Polymetal) located in the Chukotsky region and the Magadanskaya oblast. He graduated from Magadan North-Eastern State University in Magadan with a Degree in Law.

Shares: No; Stock options: No

## Group Management

### MARINA MAKAROVA, ACTING CFO



*Born in 1974, acting CFO since 2018*

Marina joined the Company in 2012 as the treasury and corporate finance manager. She graduated Kostroma State Technological University with degrees in economics and management. Marina has extensive finance and banking experience with large Russian and international companies.

Shares: No; Stock options: 10,000

### MARIA CARRASCO, DEPUTY CEO



*Born 1977, Deputy CEO since 2016*

Maria Carrasco is a Swedish citizen. She joined Auriant Mining as Head of the Stockholm Office and Deputy CEO in 2016. Maria Carrasco's previous experience includes working as CEO of the Ural region branch of the United Europe Holding Group, a Key Account Manager for the LVMH Group, and Head of Sales in several large Russian and international companies in the perfume and cosmetic industry. She also has more than 5 years' experience as a tax specialist in the Swedish Tax Agency. Maria studied economics and business administration and engineering in Russia and graduated from Orenburg State University.

Shares: No; Stock options: No

### AUDITORS



Öhrlings PricewaterhouseCoopers, Anna Rozhdestvenskaya

Auriant Mining's auditors are Öhrlings PricewaterhouseCoopers, represented by Authorised Public Accountant, Anna Rozhdestvenskaya, born 1980. Anna Rozhdestvenskaya has been the Company's auditor since AGM held in May 2018.

Anna Rozhdestvenskaya has been the Co-signing auditor from 2015

For more details regarding all of Auriant Mining AB's warrants/employee stock options, please refer to the Share Capital and Ownership section of this report.

# Directors Report 2019

The Board of Directors and the Chief Executive Officer of Auriant Mining AB (publ) (hereafter referred to as "AUR AB") hereby submit the annual financial statements for financial year 1 January – 31 December 2019.

## GROUP STRUCTURE AND OPERATIONS

AUR AB is incorporated in Sweden, with mining operations in Eastern Siberia, Russia.

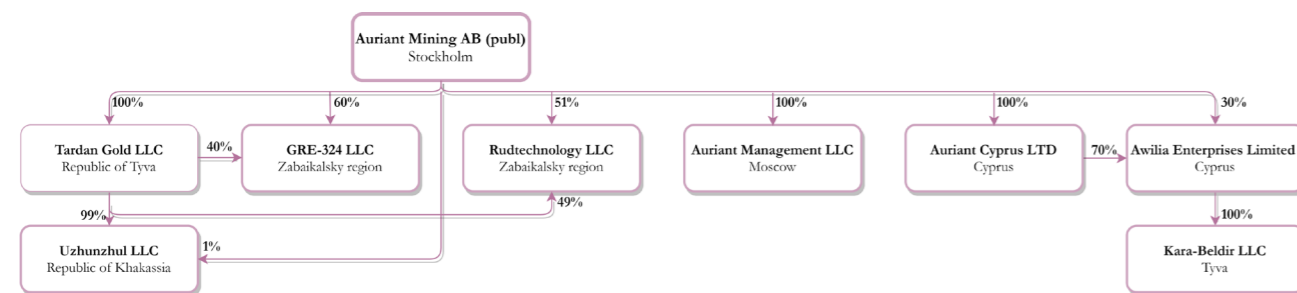
Currently, the Group is comprised of the Swedish Parent Company, AUR AB, which controls six subsidiaries in Russia and participates in two companies incorporated under the laws of Cyprus. The Russian subsidiaries are limited liability companies ("LLC"). The operations involve

exploration and production of gold, primarily in the Republic of Tyva, in eastern Siberia in Russia.

From March 29, 2005 until July 2010, AUR AB was listed on the Nordic Growth Market stock exchange in Sweden and since July 19, 2010, AUR AB is listed on the Nasdaq First North Premier Growth Market stock exchange in Sweden. The number of shareholders as of December 31, 2019 was 3,116.

The operations of the Group are performed via the subsidiaries. The Group's main assets comprise a number of subsoil use licenses held by the subsidiaries. The license areas operated are Tardan, Greater Tardan, Staroverinskaya (Solcocon), Uzhunzhul, Kara-Beldyr and Ayen creek basin.

Company	Location	Operations	Ownership
Auriant Mining AB	Stockholm, Sweden	Parent Company, supports the subsidiaries with financing, investor relations and strategic decisions, etc.	
<b>SUBSIDIARIES</b>			
LLC Tardan Gold	Kyzyl, Republic of Tyva, Russia	License holder and operator of production and exploration at the Tardan license area.	100% owned by AUR AB
LLC GRE-324	Chita, Zabaikalsky region, Russia	License holder of the Staroverinskaya license area.	60% owned by AUR AB 40% owned by LLC Tardan Gold
LLC Rudtechnology	Kalga, Kalganskiy district, Zabaikalsky region, Russia	Owner of the equipment previously used at the Solcocon heap leaching plant (now out of operation).	51% owned by AUR AB 49% owned by LLC Tardan Gold
LLC Uzhunzhul	Abakan, Republic of Khakassia, Russia	License holder and operator of the exploration at the Uzhunzhul license area.	99% owned by AUR AB 1% owned by LLC Tardan Gold
LLC Auriant Management	Moscow, Russia	Management company for the Russian subsidiaries.	100% owned by AUR AB
Awilia Enterprises Ltd.	Limassol, Cyprus	Owner of the operating company, LLC Kara-Beldyr.	30% owned by AUR AB 70% owned by Auriant Cyprus Limited
Auriant Cyprus Ltd.	Limassol, Cyprus	Co-owner of Awilia Enterprises Ltd. (holds 70% in Awilia).	100% owned by AUR AB
LLC Kara-Beldir	Kyzyl, Republic of Tyva, Russia	License holder and operator of the exploration at the Kara-Beldir license area.	100% owned by Awilia Enterprises Ltd.



## AURIANT MINING GOLD RESOURCES AND RESERVES

Classification	Tonnage	g/t	000 oz	kg
<b>TARDAN</b>				
TARDAN DEPOSIT /GKZ/				
C <sub>1</sub> + C <sub>2</sub> Reserves	668,570	5.32	114	3,559
PRAVOBEREZHNY DEPOSIT /GKZ/				
C <sub>1</sub> + C <sub>2</sub>	1,079,876	3.23	112	3,488
GOLD IN ORE				
Total gold in ore	1,748,446	4.03	226	7,074
TAILINGS				
Heap leach tailings	2,872,250	1.06	98	3,058
<b>TOTAL GOLD</b>				
Tardan total gold	4,620,696	2.19	324	10,132
<b>KARA-BELDYR /JORC/</b>				
Indicated	9,540,000	2.63	807	25,101
Inferred	480,000	3.55	55	1,711
Indicated + Inferred	10,020,000	2.68	862	26,811
<b>SOLCOCON /GKZ/</b>				
BOGOMOLOVSKOE DEPOSIT				
C <sub>1</sub> + C <sub>2</sub> Reserves	1,934,186	3.65	227	7,060
KOZLOVSKOE DEPOSIT				
C <sub>1</sub> + C <sub>2</sub> Reserves	1,059,000	8.14	277	8,615
ALLUVIAL				
C <sub>1</sub> + C <sub>2</sub> Reserves	619,000	0.77	15	478
<b>TOTAL AURIANT RESERVES&amp;RESOURCES</b>				
Tardan	1,748,446	4.03	226	7,074
Kara-Beldyr	10,020,000	2.68	862	26,811
Solcocon	2,993,186	5.24	504	15,675
<b>TOTAL ORE</b>	<b>14,761,632</b>	<b>3.35</b>	<b>1,592</b>	<b>49,560</b>
Tardan (tailings)	2,872,250	1.06	98	3,058
Solcocon (alluvial gold)	619,000	0.77	15	478
<b>TOTAL</b>	<b>18,252,882</b>	<b>2.91</b>	<b>1,705</b>	<b>53,096</b>

## Directors Report 2019

### ENVIRONMENTAL POLICY

Environmental responsibility is a central issue in a company with operations involving environmental risks. In the case of Auriant, risks can arise, for example when ore is extracted using heavy equipment or when explosives are used. In addition, the gold extraction process employs various chemicals that carry environmental risk. In general, Russian environmental laws applying to the mineral resources sector are quite strict and the environmental authorities carry out frequent inspections of Auriant subsidiaries' operations. Any violations are dealt with by the issue of warnings, instructions or, ultimately, the stoppage of operations. In addition, the mining licenses contain environmental requirements, including land remediation and recultivation measures following the termination of mining operations, which must be planned for years in advance. Auriant's subsidiaries have implemented environmental monitoring programs and measures to check their compliance with Russian environmental regulations.

In July-August 2019 the regional office of the Russian State Service for Supervision of Natural Resource Usage (Rosprirodnadzor) carried out extraordinary inspections of mining companies operating in the Republic of Tyva, including LLC "Tardan Gold". The inspection revealed a number of violations of environmental regulations by the subsidiary, and Rosprirodnadzor issued instructions for their rectification. The revealed violations were mainly deficiencies in documentation, but also one minor instance of air pollution (which the subsidiary revealed itself and had already rectified before the inspection took place), one minor instance of soil pollution (which the subsidiary disagrees with and has disputed in court) and two minor instances of improper waste disposal. These instances occurred at the production site with no effect on the surrounding environment, and did not involve any chemicals used by the subsidiary in its production cycle. The subsidiary disputed some of the findings in court and developed and implemented a detailed action plan to rectify the remaining violations. In particular, the two instances of improper waste disposal were immediately rectified, and new internal regulations were put in place to prevent such incidents in future

### COVID-19 PANDEMIC

The current COVID-19 pandemic is expected to affect all global markets and countries worldwide.

Government-mandated temporary lockdowns may disrupt the Auriant Mining Group's activities and operations and even lead to a full or partial suspension of the Group's mining and production operations. Despite the fact that no operational disruptions have occurred to Auriant Mining Group to date, in case the situation worsens the subsidiaries may experience temporary disruptions in supply chain and logistics in the coming months should the pandemic be prolonged. Such disruptions may impact the Group's ability to source and transport goods and services required to operate mines and/or to transport gold Dore bars to the refinery.

In a case if COVID-19 would spread amongst the Group's workforce, it may lead to a full or partial suspension of mine operations and production.

Management will continue to carefully monitor the situation and take all practically possible measures mitigating these risks.

## The Auriant Share

The number of outstanding shares as of December 30, 2019 was 98,648,502. All outstanding shares are fully paid.

The share capital was SEK 11,097,956.42 with a quotient value per share of SEK 0.1125. The share

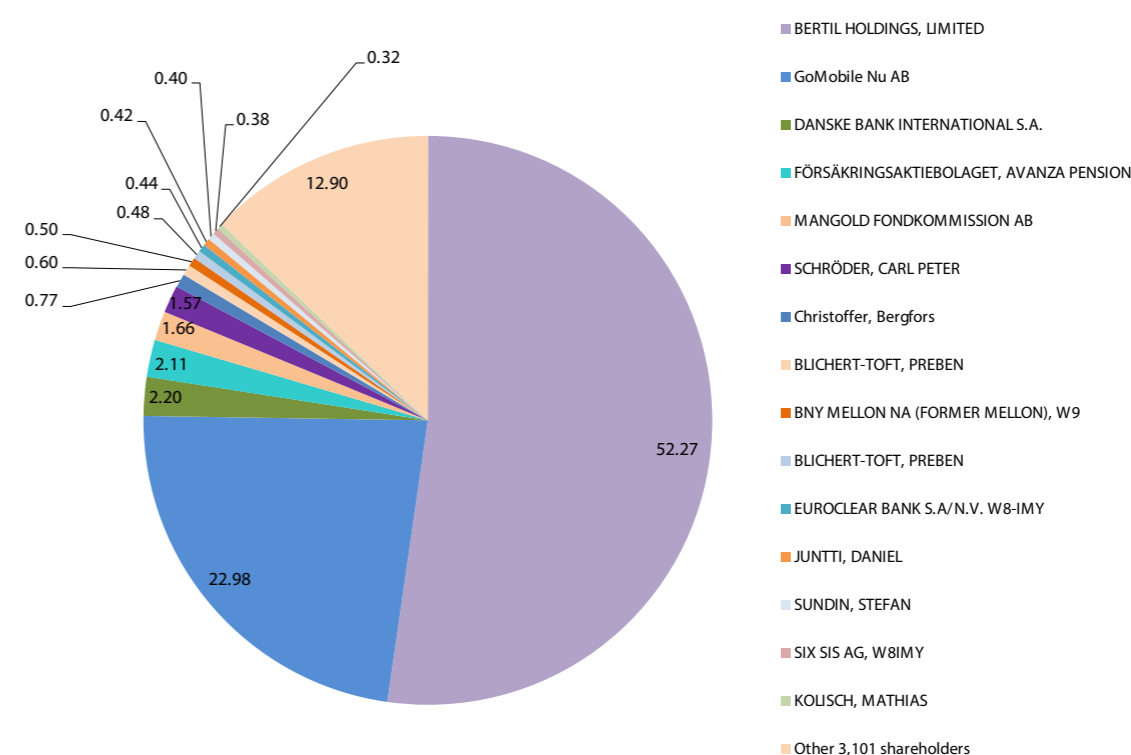
capital limits at the 2019 year-end according to the articles of association were not less than MSEK 5.3 and not more than MSEK 21.3. The limit for number of shares according to the articles of association was not less than 47,400,000 and not more than 189,600,000.

### LARGEST OWNERS

The 15 largest shareholders in Auriant Mining AB as of December 30, 2019

Shareholder	Number of shares	% share of ownership
BERTIL HOLDINGS, LIMITED	51,563,892	52.27
GoMobile Nu AB	22,673,793	22.98
DANSKE BANK INTERNATIONAL S.A.	2,165,933	2.20
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	2,078,503	2.11
MANGOLD FONDKOMMISSION AB	1,640,000	1.66
SCHRÖDER, CARL PETER	1,552,770	1.57
Christoffer, Bergfors	758,728	0.77
BLICHERT-TOFT, PREBEN	589,000	0.60
BNY MELLON NA (FORMER MELLON), W9	488,921	0.50
BLICHERT-TOFT, PREBEN	470,000	0.48
EUROCLEAR BANK S.A./N.V. W8-IMY	435,442	0.44
JUNTTI, DANIEL	410,000	0.42
SUNDIN, STEFAN	392,300	0.40
SIX SIS AG, W8IMY	370,050	0.38
KOLISCH, MATHIAS	315,000	0.32
<b>Subtotal for the 15 largest owners</b>	<b>85,904,332</b>	<b>87.10</b>
Other 3,101 shareholders	12,744,170	12.90
<b>Total number of shares outstanding before dilution</b>	<b>98,648,502</b>	<b>100.00</b>

Source: Euroclear



## STOCK OPTIONS AND WARRANTS

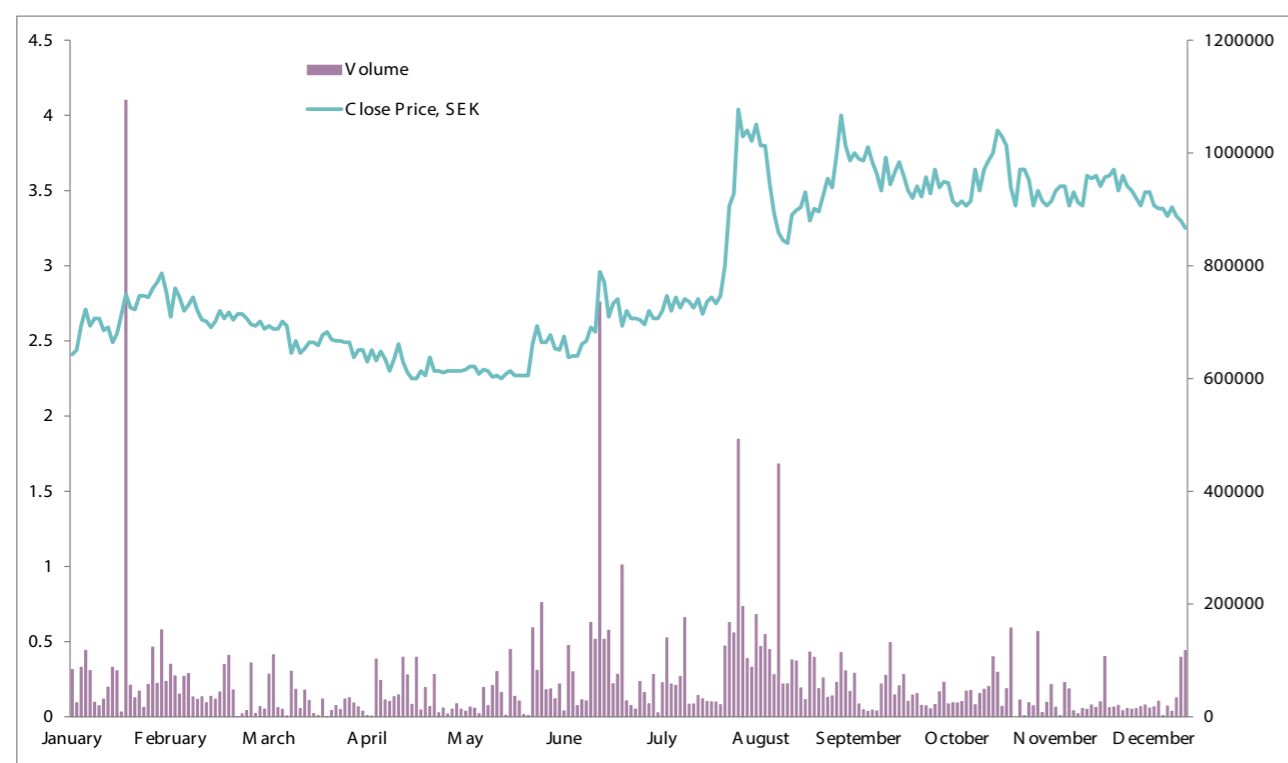
The Annual General Meeting in 2015 established an incentive program for the Board Members and an incentive program for members of management and other key employees, though the issue of stock options entailing the right to subscribe to shares.

The total number of the Board Member's and employee's stock options under these incentive programs at the end of 2019 was 345,000. For further details on the long-term incentive programs established in the Company, please see the section Long-term incentive programs in the Corporate Governance Report

## AURIANT SHARE PRICE

The Auriant share is listed on Nasdaq OMX First North (ticker AUR:SS). The share price and daily numbers of shares traded are displayed in the graph below.

### AURIANT MINING AB SHARE PRICE, SEK



## CHANGES IN SHARE CAPITAL

Event	Date	Change in number of shares	Outstanding number of shares	Quotient value/share	Offer price/share	Change	Closing share capital
Formation of the company	24.02.2004	1,000	1,000	100	100	100,000	100,000
New share issue*	13.07.2004	2,000,000	2,500,000	0.2	0.4	400,000	500,000
New share issue	20.09.2004	88,774	2,588,774	0.2	0.4	17,755	517,755
Issue in kind	20.09.2004	85,500,000	88,088,774	0.2	0.4	17,100,000	17,617,755
New share issue	15.11.2004	50,000,000	138,088,774	0.2	0.4	10,000,000	27,617,755
New share issue	16.03.2005	25,000,000	163,088,774	0.2	0.48	5,000,000	32,617,755
New share issue	20.06.2005	36,000,000	199,088,774	0.2	0.57	7,200,000	39,817,755
New share issue via share warrants	12.07.2005	36,756	199,125,530	0.2	0.6	7,351	39,825,106
New share issue via issue of warrants	03.10.2005	5,483,272	204,608,802	0.2	0.6	1,096,654	40,921,760
New share issue	13.10.2005	24,000,000	228,608,802	0.2	1.21	4,800,000	45,721,760
New share issue via issue of warrants	17.01.2006	2,143,677	230,752,479	0.2	0.6	428,735	46,150,496
New share issue via issue of warrants	22.06.2006	6,000,000	291,196,923	0.2	0.4	1,200,000	58,239,385
Offset share issue	06.07.2006	54,444,444	285,196,923	0.2	1.44	10,888,889	57,039,385
New share issue	03.10.2006	75,000,000	366,196,923	0.2	2.02	15,000,000	73,239,385
New share issue	01.02.2007	36,000,000	402,196,923	0.2	1.86	7,200,000	80,439,384
Offset share issue	07.05.2007	10,013,147	412,210,070	0.2	2.03	2,002,629	82,442,014
New share issue	24.07.2008	117,774,304	529,984,374	0.2	0.55	23,554,861	105,996,875
New share issue via share warrants	03.10.2008	135,388	530,119,762	0.2	0.55	27,078	106,023,952
New share issue via share warrants	04.11.2008	7,314	530,127,076	0.2	0.55	1,463	106,025,415
New share issue via share warrants	11.12.2008	660	530,127,736	0.2	0.55	132	106,025,547
New share issue	15.12.2008	497,264	530,625,000	0.2	0.2	99,453	106,125,000
Reduction of quotient value	17.03.2009	-	530,625,000	0.05	-	-79,593,750	26,531,250
Issue in kind	17.03.2009	3,000,000,000	3,530,625,000	0.05	0.06	150,000,000	176,531,250
Reversed split	15.07.2009	-3,512,971,875	17,653,125	10	-	0	176,531,250
Reduction of share capital	01.09.2010	-	17,653,125	1.125	-	-156,671,484	19,859,766
New share issue	01.09.2010	139,492,384	157,145,509	1.125	1.6	156,928,932	176,788,698
New share issue	14.09.2010	1,732,616	158,878,125	1.125	1.6	1,949,193	178,737,891
New share issue	08.10.2010	1,291,742	160,169,867	1.125	1.7031	1,453,210	180,191,101
New share issue	08.10.2010	3	160,169,870	1.125	1.125	3	180,191,104
Reversed split	20.10.2010	144,152,883	16,016,987	11.25	-	-	180,191,104
New share issue	28.07.2011	1,600,000	17,616,987	11.25	17.50	18,000,000	198,191,104
New share issue via issue of warrants	12.04.2013	185,442	17,802,429	11.25	11.25	2,086,223	200,277,327
Reduction of share capital**	18.09.2015	-	17,802,429	0.1125	-	-198,274,553	2,002,773
New share issue	08.09.2017	56,967,773	74,770,202	0.1125	2.50	6,408,874	8,411,648
New share issue	24.10.2017	76,980	74,847,182	0.1125	2.65	8,660	8,420,308
New share issue	09.04.2018	23,801,320	98,648,502	0.1125	2.50	2,677,648	11,097,956

\* Reduction of par value per share to SEK 0.20

\*\*Following the decision of Company's Annual Board Meeting (May 12th, 2015), Auriant Mining has informed that its share capital has been reduced by SEK 198,274,553. Reduction of share capital took place for transfer to a fund and is effected without retirement of shares. Upon the registration by the Swedish Companies Registration Office on 18 September 2015, the share capital of the Company amounted to SEK 2,002,773.25



## Corporate Governance Report 2019

Corporate governance involves the regulations and structure established to govern and manage a company in an effective and controlled manner. Corporate governance is primarily aimed at meeting the shareholders' requirements with regard to the return on their investment, and at providing all stakeholders with comprehensive, and correct, information as regards the company and its development. The Corporate Governance of Auriant Mining AB (publ) is based on the Swedish Companies Act, the Swedish Corporate Governance Code, the Articles of Association and other relevant laws and rules. Auriant Mining AB (publ) (in this Corporate Governance Report also referred to as "Auriant", the "Company" or the "Parent Company") is a Swedish public limited liability company with its registered office in Stockholm, Sweden and with business operations primarily in Siberia, Russia. Auriant was founded in 2004 and was listed on the NGM Equity, Nordic Growth Market on March 29, 2005 under the name, Central Asia Gold AB (publ). Since July 19, 2010, Auriant's shares have been listed on the Swedish stock exchange, Nasdaq First North Premier, which became a SME-classified Growth Market on 1 September 2019 and is therefore now referred to as Nasdaq First North Premier Growth Market. The shares are traded under the ticker "AUR". Auriant applies the Swedish Corporate Governance Code (the "Code"). The Code is based on the "comply or explain" principle, which implies that companies applying the Code can deviate from specific rules, but they must provide an explanation for such deviation. Deviations from the Code rules are detailed in the Company's Corporate Governance Reports. Governance, management and control responsibilities in Auriant are divided between the shareholders's meeting, the Board of Directors and the Chief Executive Officer.

### THE SHAREHOLDERS' MEETING

The shareholders' right to decide on Auriant's business matters is exercised at the Shareholders' Meeting of the Company, which is the Company's highest decision-making body. The Board of Directors is appointed by the Shareholders' Meeting, and the Chief Executive Officer is appointed by the Board of Directors. The Shareholders' Meeting has a sovereign role over the Board of Directors and the Chief Executive Officer. The duties of the Shareholders' Meeting include the election of Members of the Board, the approval of principles for the appointment of the Nomination Committee, the adoption of the income statement and balance sheet, resolutions on the appropriation of profits and discharge from liability for the members of the Board and the Chief Executive Officer, the determination of fees payable to the members of the Board and to the auditors and determination of the principles governing remuneration for the Chief Executive Officer and senior executives, the election of auditors and, where relevant, amendments to the Articles of Association.

### SHAREHOLDERS

There were, as of the end of 2019, in total, 98,648,502 shares in the Company and the same number of votes. There were 3,116 shareholders in the Company as of December 30, 2019. The largest shareholder was Bertil Holdings Ltd with 52.27% of shares. The second largest shareholding was that of GoMobile Nu AB, which held 22.98% of shares as of December 30, 2019. There are no other shareholders representing more than one tenth of the voting rights of all shares in the Company. The share capital of the Company as of December 30, 2019 totaled SEK 11,097,956.42.

### ANNUAL GENERAL MEETING 2018

Auriant's 2019 AGM was held on May 14, 2019 in Stockholm. The minutes from the meeting are available at [www.auriant.com](http://www.auriant.com).

The following principal resolutions were adopted:

- The Board of Directors and the Chief Executive Officer were discharged from liability for the previous financial year.
- It was resolved that until the end of the next annual general meeting, the number of Board Members shall be 4 and the number of deputies shall be 2.
- Lord Peter Daresbury, Ingmar Haga, Preston Haskell and Patrik Perenius were re-elected to the Board. James Provoost Smith Jr. was re-elected as Deputy Board Member and Andrey Barinskiy was elected as a new Deputy Board Member.
- Lord Peter Daresbury was re-elected as Chairman of the Board.
- It was resolved that the remuneration to the Chairman of the Board shall be SEK 400,000, and SEK 250,000 to each of the other ordinary board members and to the deputy board member James Provoost Smith Jr. It was further resolved that the remuneration to the new Deputy Board Member Andrey Barinskiy shall be SEK 100,000 per annum. It was decided that remuneration amounting to SEK 25,000 per year and member shall be paid for participation in each committee established by the Board. The maximum amount of remuneration payable to the Board, including remuneration for work in committees, is SEK 1,725,000.
- It was resolved to re-elect the auditing firm, Öhrlings PricewaterhouseCoopers AB as auditor.
- The AGM approved the principles for appointment of the Nomination Committee in accordance with the Nomination Committee's proposal.
- The AGM approved the Board's proposal on adoption of the guidelines for remuneration to members of the executive management.

At the Annual General Meeting 2019, a total of

72,322,936 shares were represented by 7 shareholders either in person or via proxies. The shares represented comprised approximately 73.31 per cent of the total number of shares in the Company.

### ANNUAL GENERAL MEETING IN 2020

The Annual General Meeting of shareholders will be held on Tuesday, May 19, 2020, at Näringslivets Hus, Storgatan 19, Stockholm. The annual report for 2019 is available on the Company's website as of April 28, 2020.

### NOMINATION COMMITTEE

The role of the Nomination Committee is to present proposals to the AGM for: (i) the election of AGM Chairman; (ii) the number of members of the Board; (iii) the election of the Chairman of the Board and other Board Members; (iv) Board fees, allocated between the Chairman and other Members; (v) any remuneration for committee work; and (vi) the election and payment of auditors and alternate auditors (where applicable). In addition, the Nomination Committee shall make proposals for decisions regarding the principles to be applied in establishing a new Nomination Committee.

The principles for the appointment of the Nomination Committee were approved by the AGM of May 14, 2019, as follows. The Nomination Committee shall consist of the Chairman of the Board and three other Members, each appointed by one of the three owners with the largest number of voting rights. The selection of the three largest shareholders shall be made on the basis of the share register of the Company kept by Euroclear Sweden AB as of the last banking day in September 2019. However, if it becomes known to the Company that two or more of the largest shareholders are controlled by the same physical person(s) (or the same physical person(s) holds shares in the Company both directly and through a company controlled by him), then all such shareholders shall be considered to comprise one shareholder for the purposes of the participation in the Nomination Committee. At the earliest convenient date after the end of September 2019, the Chairman of the Board shall contact the three shareholders with the largest number of voting rights, as determined above, and request that they each appoint a member to the Nomination Committee. If any of the three shareholders with the largest number of voting rights decline their right to appoint a member to the Nomination Committee, the shareholder with the next largest number of voting rights shall be provided with the opportunity to appoint a member. If such shareholder also declines its right to appoint a member to the Nomination Committee or does not respond to the request within a reasonable time, then the Nomination Committee shall be constituted by the remaining members. Unless the Nomination Committee members decide otherwise, the Chairman of the Nomination Committee shall be the member that represents the shareholder with the largest number of voting rights in the Company. If a member leaves the Nomination Committee before its work is completed, and if the Nomination Committee considers that there is a need to replace this member, then the Nomination Commit-

tee shall appoint a new member.

No remuneration shall be paid to the members of the Nomination Committee. The Nomination Committee may charge the Company reasonable expenses for travel and investigations.

The Nomination Committee for the 2019 AGM was comprised of Lord Peter Daresbury, Chairman of the Board; Ekaterina Drozdova, appointed by the largest shareholder Bertil Holdings Ltd; and Per Åhlgren, appointed by the second largest shareholder GoMobile Nu AB. An opportunity to appoint a member to the Nomination Committee was also offered to the third largest shareholder, which did not respond to the Company's request. The fourth largest shareholder decided not to appoint a member in accordance with its internal policy. The shareholders that appointed members of the Nomination Committee jointly represented more than 75 percent of the voting rights in the Company at the time of formation of the Nomination Committee. The Nomination Committee was duly constituted by the three members appointed as above, and was chaired by Per Åhlgren.

The Nomination Committee works to promote common interests of all shareholders of the Company and focuses on ensuring that the Company's Board of Directors is comprised of members possessing the knowledge and experience corresponding to the needs of the Company.

### BOARD OF DIRECTORS

In accordance with the Swedish Companies Act, the Board of Directors is responsible for the organisation of the Company and the administration of the Company's business, and shall continually assess the Company's and the Group's financial situation. The Board of Directors deals with issues of material significance, such as business plans, including profitability targets, budgets, interim reports and annual reports, the acquisition or sale of companies, significant property acquisitions or sales, the establishment of important policies, the structure of internal control systems, and significant organisational changes. Each year, Auriant's Board adopts written rules of procedure for the Board of Directors, written instructions to the Chief Executive Officer, written instructions regarding financial reporting and a Chart of Authority further detailing the division of work between the Board and the Chief Executive Officer. The rules of procedure regulate, among other things, the Board's duties, the minimum number of Board meetings to be held each year, the manner in which meetings are to be notified and the documents required to be distributed prior to Board meetings and the manner in which the minutes of Board meetings are to be drawn up. The written instructions regarding financial reporting regulate the reporting system in place, as the Board needs to be able to continually assess the Company's and Group's financial position. The written instructions to the Chief Executive Officer, together with the Chart of Authority, regulate the division of work, authorities, and responsibilities between the Board and the Chief Executive Officer.

According to the Articles of Association, the Board of Directors shall comprise a minimum of three, and maximum of ten, ordinary Members, and not more than five Deputy Board Members, elected by the Annual General Meeting.

### CHAIRMAN OF THE BOARD OF DIRECTORS

The 2019 Annual General Meeting re-elected Lord Peter Daresbury as Chairman of the Board. During 2019, Auriant's Chairman of the Board led the Board's work and ensured that the Board fulfilled its duties. The Chairman of the Board continually followed the Group's business and development through contact

with the Chief Executive Officer.

### MEMBERS OF THE BOARD OF DIRECTORS

At year-end 2019, Auriant's Board was comprised of four ordinary Board Members, Peter Daresbury (Chair), Ingmar Haga, Preston Haskell, and Patrik Perenius, and two Deputy Board Members, James Provoost Smith Jr. and Andrey Barinskiy, all elected by the Annual General Meeting on May 14, 2019. The members of the Board are presented in greater detail in the Board of Directors section of the annual report, and the details of the members' independence vis á vis the Company and its management are presented below.

### BOARD MEMBERS' INDEPENDENCE AND SHARES IN AURIANT

Board member	Shares in Auriant (owned by the Board member or by his closely related parties)	Stock options in Auriant	Independent of the Company and management	Independent of the major shareholders
Peter Daresbury (Chair)	400,000	70,000	Yes	Yes
Ingmar Haga	0	90,000	Yes	Yes
Preston Haskell	51,563,892	0	No	No
Patrik Perenius	0	0	Yes	Yes
James Provoost Smith Jr. (deputy Board member)	0	0	Yes	No
Andrey Barinskiy (deputy Board member)	0	0	Yes	Yes

\* Independence as defined by the Swedish Code of Corporate Governance.

### BOARD MEMBERS' ATTENDANCE AT BOARD MEETINGS IN 2018

Name	Position	Present
Peter Daresbury	Chair	8/8
Ingmar Haga	Member	8/8
Preston Haskell	Member	6/8
Patrik Perenius	Member	8/8
James Provoost Smith Jr. <sup>1</sup>	Deputy Board Member	7/8
Andrey Barinskiy	Deputy Board Member	3/8 <sup>2</sup>

<sup>1</sup> Mr. Smith participated in two Board meetings as deputy for Mr. Haskell. In addition Mr. Smith attended 5 Board meetings without participating in the decisions taken at those meetings.

<sup>2</sup> Mr. Barinskiy attended 3 out of 5 Board meetings held after he was elected as deputy board member at the 2019 AGM, without participating in the decisions taken at those Board meetings.

### THE BOARD'S WORK IN 2019

The Board held 8 meetings in 2019, including 6 ordinary meetings with personal attendance and 2 meetings by telephone. In addition, the Board passed 16 resolutions per capsulam, i.e. by correspondence. Important issues dealt with by the Board in 2019, in addition to the approval of the annual financial statements and the interim reports, and approval of the budgets, included:

- The Company's financial position and liquidity
- Strategic decision-making
- Construction progress and completion of the CIL plant at Tardan
- Findings made by Rosprirrodnadzor during its inspection at Tardan in August 2019 (unrelated to the CIL plant) and measures taken by the subsidiary to challenge incorrect findings and to rectify violations
- Approval of major contracts in accordance with the Chart of Authority
- Preparation for the Annual General Meeting.

The Board has conducted an evaluation of its work under the guidance of the Chairman of the Board. The evaluation is carried out on the basis of a self-assessment questionnaire. The questionnaire is circulated to the Board in the beginning of the year. Each ordinary Board member and deputy Board member is to complete the questionnaire independently. Responses are collated by the Chairman of the Board who then leads a discussion of the key points arising from the questionnaire, especially those areas that require improvement. This usually takes place at the last Board meeting in person prior to the AGM. Copies of completed questionnaires are also to be provided to the Nomination Committee. The evaluation ensures that the basic stipulations of the Code of Corporate Governance are complied with.

### BOARD COMMITTEES

#### Remuneration Committee

In 2019, the Remuneration Committee was comprised of Peter Daresbury and Preston Haskell. The Committee was chaired by Preston Haskell. The Remuneration Committee submits proposals for resolution by the Board regarding salary and other terms of employment of the CEO. The Committee also approves proposals regarding salaries and other terms of employment of the Group's management, according to the CEO's proposal.

In 2019, the Remuneration Committee held two meetings. Each member of the Committee attended both meetings.

#### Finance and Audit Committee

In 2019, the Finance and Audit Committee was comprised of JP Smith and Peter Daresbury. Mr. JP Smith continued to serve as Chairman of the Committee. The members of the Committee have the necessary competence and experience in accounting matters.

In 2019, the Finance and Audit Committee held two

meetings, attended by both members of the Committee.

#### Technical Committee

In 2019, the Technical Committee was comprised of Ingmar Haga and Patrik Perenius. Mr. Haga continued to serve as Chairman of the Committee. The Committee's task is to advise the remainder of the Board on mining and technical issues.

In 2019, the Technical Committee held three meetings. Each member of the Committee attended all three meetings.

The Committees report to the Board on their work on a regular basis.

### BOARD FEES

The Board of Directors' fees are decided by the Shareholders' Meeting. The following Board fees were approved by the Annual General Meeting of shareholders in 2019: for the Chairman of the Board Lord Peter Daresbury, SEK 400,000; SEK 250,000 to each of the other ordinary board members and to the deputy board member; and SEK 100,000 to the new deputy board member Andrey Barinskiy. It was decided that remuneration amounting to SEK 25,000 per year and member shall be paid for participation in each Committee established by the Board. It was further resolved that the maximum amount of remuneration payable to the Board, including remuneration for work in committees, shall be SEK 1,725,000.

### GROUP MANAGEMENT

As of the end of 2019, the Group's management was comprised of the CEO, deputy CEO, Acting CFO, Chief Geologist, Head of HR and Group General Counsel. The management of the Company as at the date of this report is presented on pages 40-41 of the annual report.

The Chief Executive Officer is responsible for the on-going management of the Company. The CEO's work is evaluated once a year. Sergey Ustimenko is the Chief Executive Officer of Auriant Mining AB since January 2016.

In the event that the CEO becomes unable to fulfill CEO's duties, the deputy CEO shall substitute for the CEO until a new CEO is appointed. Such events are specified in the written instructions to the CEO, adopted by the Board. Maria Carrasco is the Deputy CEO of the Company since October 2016.

### REMUNERATION OF EXECUTIVE MANAGEMENT

The AGM on May 14, 2019 approved the following guidelines for remuneration of executive management.

#### Guidelines

The guidelines shall apply to all employment contracts which are entered into after the meeting's resolution and, in those cases where amendments are made to the existing terms and conditions, after that point in time. The Company shall aim to offer total remuneration, which is reasonable and competitive, based on the circumstances in the country in question and shall also be

allowed to offer a so-called “Sign on” bonus in order to recruit the best personnel. The remuneration shall vary in relation to the performance of the individual and the Group. The total remuneration to the Group Management shall consist of the components stated below.

#### Fixed salary

The fixed salary (“Base Salary”) shall be adjusted to the market and shall be based on responsibility, competence and performance. The fixed salary shall be reviewed every year.

#### Variable salary

Variable remuneration may include:

- a) monthly variable remuneration, which shall depend on the executive’s individual performance;
- b) bonuses, including annual bonuses and one-time bonuses, which shall relate to the Company’s return on production results, reserves and production goals, and specific goals within each executive’s area of responsibility; and
- c) share and share-price related incentive programs.

The maximum amount of variable remuneration paid in cash shall not exceed one annual Base Salary of the executive in question.

#### Long-term incentives

The Board of Directors intends to assess, on a regular basis, the need of long-term incentive programs that are to be proposed to the general meeting.

#### Insurable benefits

Old-age pension, healthcare benefits and medical benefits shall, if applicable, be prepared in a manner that reflects the regulations and practices in the home country. If possible, pension plans shall be defined contribution plans. In individual cases, depending on the tax and/or social insurance laws which apply to the individual in question, other adjusted pension plans or pension solutions may be approved.

#### Other benefits

The company shall be able to provide individual members of the Group Management, or the entire Group Management, with other benefits. These benefits shall not constitute a substantial portion of the total remuneration. The benefits shall, in addition, correspond to normal benefits provided on the market.

#### Termination and severance pay

Notice of termination of employment shall be no more than twelve months upon termination initiated by the Group and no more than six months upon termination initiated by a member of the management. Severance pay may only be paid out upon termination by the Group or when a member of the Group Management resigns due to a significant change of his/her working conditions, which means the he/she cannot perform adequately.

#### Derogation from the guidelines

The Board shall be entitled to derogate from these

guidelines if special reasons exist in an individual case.

For more information regarding remuneration to the Chief Executive Officer, senior executives and other employees, please see Note 5 on page 86 of the annual report.

#### LONG-TERM INCENTIVE PROGRAMS

The Board regularly evaluates the need for long-term incentive programs. Currently, the following long-term incentive programs are established in the Company:

- the long-term incentive program for the members of management and a number of other employees, adopted at the Annual General Meeting on May 12, 2015;
- the long-term incentive program for the Company’s Board of Directors, adopted at the Annual General Meeting on May 12, 2015 upon the proposal of the major shareholder.

The abovementioned long-term incentive programs expire in May 2020. No new long-term incentive programs were established in 2019.

#### AUDITOR

The AGM appoints the auditor of the Company. The auditor’s task is to examine the Company’s annual financial statements and accounts, as well as the administration and management by the Board and the Chief Executive Officer. The AGM of May 14, 2019 re-elected, for a period until the 2020 AGM, the auditing firm Öhrlings PricewaterhouseCoopers AB as the Company’s auditors. Since May 2018, the auditor-in-charge at PwC is Authorized Public Accountant Anna Rozhdestvenskaya.

The audit is conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit of the annual accounts is conducted during the period from February to April in the year following the financial year in question, and also includes a review of the nine-month bookclosing in November of the financial year in question.

#### INTERNAL CONTROL

Internal control is often defined as a process that is influenced by the Board, the company management and other staff, and which is established and developed to provide reasonable assurance that the company’s targets are being met in terms of the business operations being both appropriate to the goals of the company and being efficient. Reasonable assurance is also to be provided as regards the reliability of the financial reporting and compliance with relevant laws and regulations. Internal control consists of various aspects: control environment, risk assessment, control activities, and monitoring.

#### Control environment

The control environment primarily consists of the organisational structure, the assignment of responsibility and powers, management philosophy, ethical values, staff competence, policies and guidelines, as well as routines. In addition to the relevant legislation, the

framework within which Auriant’s Board and management work is comprised of the owners’ aims and the Swedish Corporate Governance Code. The formal decision-making procedure is based on the division of responsibility between the Board and the CEO, which the Board establishes each year in the form of written instructions to the Chief Executive Officer and the Chart of Authority. The CEO can delegate a degree of decision-making to other senior executives. Each member of the Board may sign on behalf of the Company in accordance with the revised signatory authority adopted in the end of 2019 (previously two Board members’ signatures were required). The revised signatory authority was adopted for administrative reasons, in view of the fact that all Board members reside in different countries. The CEO, in his/her normal business activities, is also entitled to sign on behalf of the Company. The CEO as well as individual Board members must act in accordance with the division of responsibilities and limits of authority set out in the Chart of Authority.

#### Risk assessment

A structured risk assessment makes it possible to identify material risks having an effect on internal control with regard to financial reporting and where these risks exist within the organisation. Auriant’s Board continually assesses the Company’s risk management, by assessing the preventative measures needed to be taken to reduce the Company’s risks. This involves, for example, ensuring that the Company has appropriate insurance and that the Company has the necessary policies and guidelines in place.

#### Control activities

Control measures are required to prevent, detect and correct errors and discrepancies. Each quarter, Auriant Mining’s Finance Department compiles financial reports providing details of earnings and cash flow for the most recent accounting period at subsidiary and Group level. Deviations from budget and forecasts are analysed and commented on. Documented processes exist for the compiling of the information on which the financial reports are based. Detected errors and discrepancies are analyzed and followed up.

#### Monitoring

Financial monitoring is carried out on a quarterly basis for all profit centres and at Group level. In addition, Group management receives operational results on a weekly and monthly basis. Monitoring is, then, carried out in comparison with budgets. Targets for the expected volume of gold production for the full year are initially set during the budgeting process at the end of the previous year. Normally, these targets are, again, reviewed and revised if necessary in the summer months when production has begun in earnest.

The Board receives weekly production updates and monthly operational reports, including plan-to actual analysis, of the Group. Financial reports of the Group, including profit and loss statements, cash flows, and statements of financial position, are analyzed by the Board on a quarterly basis. The Board continuously evaluates the information provided by the management.

Given its size, the Company has chosen not to establish a separate internal audit unit. If the Board finds it appropriate, internal control will be further expanded. The issue of internal control and a separate internal audit unit is reviewed annually by the Board and will be discussed again in 2020.

#### DEVIATIONS FROM THE SWEDISH CORPORATE GOVERNANCE CODE:

The Swedish Corporate Governance Code (the “Code”) is based on the “comply or explain” principle. This means that companies are not obliged to comply with every rule in the Code at all times, but are allowed the freedom to choose alternative solutions which they feel are better suited to their particular circumstances, as long as they openly report every deviation, describe the alternative solution they have chosen, and explain their reasons for doing so.

A revised Swedish Corporate Governance Code applies since 1 January 2020. In 2019, the Company did not comply with the following rules of then applicable version of the Code, for the reasons set out below:

*Code rule 1.1 provides that the date and venue of the annual general meeting are to be posted on the company’s website not later than in conjunction with the third quarter report.*

The date of the annual general meeting 2019 was posted on the Company’s website on January 21, 2019 and not in conjunction with the Q3 2018 Interim Report. It is considered that the shareholders were nevertheless given sufficient time to plan their attendance at the AGM, which was held on May 14, 2019. However the Company intends to follow Code rule 1.1 in future and has complied with it in relation to the 2020 AGM.

*Code rule 4.2 provides that deputies for directors elected by the shareholders’ meeting are not to be appointed.*

The Annual General Meeting 2019 re-elected James Provoost Smith Jr. as Deputy Board Member and elected Andrey Barinskiy as a new Deputy Board Member, in accordance with the Nomination Committee’s proposal. The Nomination Committee considered that the Board composition with 4 ordinary board members and 2 deputy board members was appropriate for the Company’s operations and phase of development.

*Code rule 7.5 provides that at least once a year, the Board is to meet the Company’s statutory auditor without the Chief Executive Officer or any other member of the executive management being present.*

In 2019, the Finance and Audit Committee met with the auditor instead of the full Board. The Committee then reported to the Board on the auditor’s comments, which was considered sufficient given that no serious issues were identified. The CEO of the Company and other members of management were present during the Committee’s meeting with the auditor, as it was considered that there were no issues requiring a discussion without their attendance.

*Code rule 9.2 provides that, except for the Chairman of the Board who may chair the Remuneration Committee, the other members of the Committee elected by the shareholders*

meeting are to be independent of the Company and its executive management.

The Board member Mr. Preston Haskell, who is not independent in relation to the Company and executive management in accordance with the criteria set out in Code rule 4.4, was a member and Chairman of the Remuneration Committee in 2019. Mr. Haskell's involvement in the Remuneration Committee is considered to be in the best interests of all of the shareholders of the Company for the following reasons. Mr. Haskell is, himself, the largest owner in the Company, indirectly owning, through companies, 52.27% of the shares, and, furthermore, he has significant knowledge and experience of executive remuneration issues. Mr. Haskell is not a member of the executive management of the Company.

### PROPOSAL FOR LOSS DISTRIBUTION

The Group's equity at year-end 2019 amounted to MSEK - 255.8 (US\$ -24.3 mln), of which share capital is MSEK 11.098 (US\$ 1.436 mln).

In the Parent Company the unrestricted shareholders equity amounts to:

	SEK
Share premium reserve	780,425,622
Retained earnings	-684,216,388
Net income for the year	13,123,000
Total unrestricted equity	109,332,234

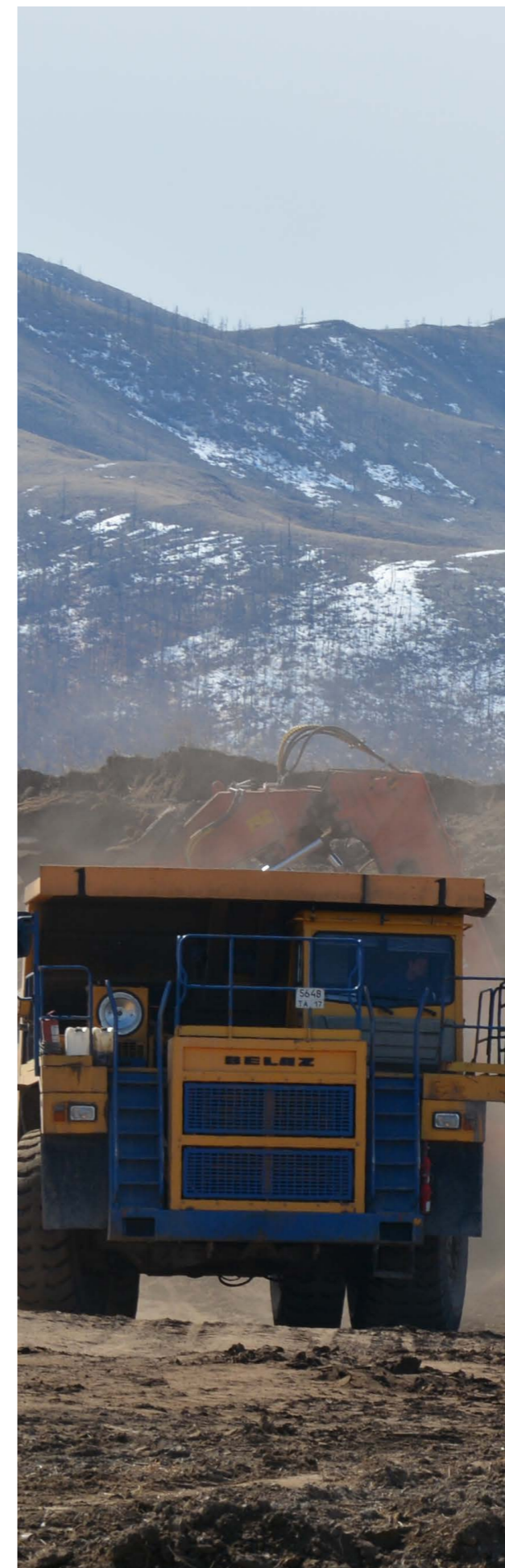
The Board of Directors and the Chief Executive Officer propose that the Parent Company's accumulated losses be carried forward and that no dividend be paid for the financial year.

### Auditor's Report on the Corporate Governance Report

The auditor's report on this Corporate Governance Report is included in the Auditor's Report, presented on page 114-115 of the annual report.

## Financial Statements

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## Operational Key Ratios, SEK

	2019	2018	2017	2016	2015	Definitions
<b>Profitability</b>						
Ore processed, 000 tonnes	473	219	410	399	474	Quantity of ore processed
Tailings processed, 000 tonnes	-	-	85	63	66	Quantity of tailings processed
Gold sands processed, 000 m3	151	189	106	-	-	Volume of gold sands processed
Gold production, oz	22,137	13,611	26,023	34,669	26,468	Gold production obtained during the period (troy oz)
Gold sales, oz	21,021	14,147	26,619	33,954	25,698	Actual sold gold production during the period (troy oz)
Revenue from sale of gold and gold equivalents, TSEK	281,565	150,992	286,494	369,053	252,235	Revenue from sale of gold and gold equivalents
Average realized gold price, US\$/oz	1,416	1,228	1,260	1,269	1,161	Average price received during the period (USD/oz)
Total cash costs per ounce, US\$/oz	884	1,069	915	577	798	Average total cash costs per ounce of gold produced
Revenue from management services	-	-	-	2,557	30,606	Revenue from management of five gold properties located in Russia's Chukotka region and owned by Aristus Holdings Ltd.
Profit/loss before income tax, TSEK	(8,592)	(104,328)	(18,919)	66,924	(169,396)	
Return on equity, %	(2.4%)	(41.9%)	(7.7%)	16.6%	(70.0%)	Net profit/loss for the period as a percentage of average equity during the period, including minority holdings
Return on total assets, %	(1.0%)	(16.0%)	(3.4%)	9.7%	(29.2%)	Net profit/loss for the period as a percentage of average total assets during the period
<b>Capital structure</b>						
Equity, TSEK	(255,755)	(235,836)	(185,992)	(308,259)	(353,810)	Total equity at the end of the period, including non-controlling interests
Interest-bearing liabilities, TSEK	761,956	704,633	635,089	834,727	808,191	Total interest-bearing liabilities at the end of the period
Equity ratio, %	(38.9%)	(41.7%)	(34.4%)	(51.7%)	(66.9%)	Equity, including non-controlling interests, as a percentage of the balance sheet total
<b>Cash flow and liquidity</b>						
Cash flow before investments, TSEK	84,876	28,814	70,419	149,566	44,264	Cash flow from operating activities
Cash flow after investments and financing, TSEK	(9,380)	(28,610)	5,811	35,446	(1,938)	Operating cash flow plus cash flow after investments and financing
Liquid assets, TSEK	1,343	10,666	41,730	37,959	361	Bank deposits and cash at the end of the period
Total assets, TSEK	657,847	565,154	540,353	595,681	528,893	
<b>Investments</b>						
Capital investments, TSEK	89,358	96,634	14,312	12,142	3,942	Net investments in material fixed assets, minus any disinvestments
<b>Employees</b>						
Average number of employees during the period	507	438	501	508	612	
<b>Share data</b>						
Number of outstanding shares before dilution	98,648,502	98,648,502	74,847,182	17,802,429	17,802,429	Number of issued shares at the end of the period, excluding the effect of outstanding warrants and any incentive options
Average number of outstanding shares for the period before dilution	98,648,502	92,192,802	35,609,445	17,802,429	17,802,429	Average number of shares for the period, including outstanding warrants with a redemption price lower than current stock exchange price.
Number of warrants outstanding	345,000	560,000	57,737,253	692,500	2,520,934	Number of non-exercised warrants at the end of the respective period.
Quotient value, SEK	0.11	0.11	0.11	0.11	0.11	Each share's proportion of the total share capital
Earnings per share, SEK	(0.06)	(0.96)	(0.54)	3.09	(10.03)	Net profit/loss after tax divided by the average number of outstanding shares during the period
Equity per share, SEK	(2.59)	(2.39)	(2.48)	(17.32)	(19.87)	Total equity, including non-controlling interersts, in relation to the number of issued shares at the end of the period.
Market price per share at the end of the period, SEK	3.25	2.49	2.16	7.25	1.85	Latest market price paid for the shares on the last trading day of the respective period.

## Operational Key Ratios, US\$

	2019	2018	2017	2016	2015	Definitions
<b>Profitability</b>						
Ore processed, 000 tonnes	473	219	410	399	474	Quantity of ore processed
Tailings processed, 000 tonnes	-	-	85	63	66	Quantity of tailings processed
Gold sands processed, 000 m3	151	189	106	-	-	Volume of gold sands processed
Gold production, oz	22,137	13,611	26,023	34,669	26,468	Gold production obtained during the period (troy oz)
Gold sales, oz	21,021	14,147	26,619	33,954	25,698	Actual sold gold production during the period (troy oz)
Revenue from sale of gold and gold equivalents, US\$ 000	29,762	17,373	33,532	43,080	29,829	Revenue from sale of gold and gold equivalents
Average realized gold price, US\$/oz	1,416	1,228	1,260	1,269	1,161	Average price received during the period (USD/oz)
Total cash costs per ounce, US\$/oz	884	1,069	915	577	798	Average total cash costs per ounce of gold produced
Revenue from management services	-	-	-	300	3,600	Revenue from management of five gold properties located in Russia's Chukotka region and owned by Aristus Holdings Ltd.
Profit/loss before income tax, US\$ 000	(1,514)	(11,934)	(2,157)	7,839	(20,378)	
Return on equity, %	(5.2%)	(47.1%)	(8.7%)	18.5%	(74.5%)	Net profit/loss for the period as a percentage of average equity during the period, including minority holdings
Return on total assets, %	(1.8%)	(15.0%)	(3.2%)	9.4%	(27.1%)	Net profit/loss for the period as a percentage of average total assets during the period
<b>Capital structure</b>						
Equity, US\$ 000	(24,318)	(23,154)	(19,734)	(30,398)	(39,656)	Total equity at the end of the period, including non-controlling interests
Interest-bearing liabilities, US\$ 000	81,780	78,546	77,147	91,758	96,818	Total interest-bearing liabilities at the end of the period
Equity ratio, %	(33.0%)	(35.0%)	(28.8%)	(44.1%)	(59.5%)	Equity, including non-controlling interests, as a percentage of the balance sheet total
<b>Cash flow and liquidity</b>						
Cash flow before investments, US\$ 000	8,856	3,417	8,569	17,429	5,113	Cash flow from operating activities
Cash flow after investments and financing, US\$ 000	(1,055)	(3,150)	1,004	4,140	(609)	Operating cash flow plus cash flow after investments and financing
Liquid assets, US\$ 000	145	1,189	5,069	4,173	43	Bank deposits and cash at the end of the period
Total assets, US\$ 000	73,735	66,126	68,499	68,969	66,652	
<b>Investments</b>						
Capital investments, US\$ 000	9,445	10,773	1,674	1,418	467	Net investments in material fixed assets, minus any disinvestments
<b>Employees</b>						
Average number of employees during the period	507	438	501	508	612	
<b>Share data</b>						
Number of outstanding shares before dilution	98,648,502	98,648,502	74,847,182	17,802,429	17,802,429	Number of issued shares at the end of the period, excluding the effect of outstanding warrants and any incentive options
Average number of outstanding shares for the period before dilution	98,648,502	92,192,802	35,609,445	17,802,429	17,802,429	Average number of shares for the period, including outstanding warrants with a redemption price lower than current stock exchange price.
Number of warrants outstanding	345,000	560,000	57,737,253	692,500	2,520,934	Number of non-exercised warrants at the end of the respective period.
Quotient value, US\$	0.02	0.02	0.02	0.02	0.02	Each share's proportion of the total share capital
Earnings per share, US\$	(0.01)	(0.11)	(0.06)	0.36	(1.21)	Net profit/loss after tax divided by the average number of outstanding shares during the period
Equity per share, US\$	(0.25)	(0.23)	(0.26)	(1.71)	(2.23)	Total equity, including non-controlling interersts, in relation to the number of issued shares at the end of the period.
Market price per share at the end of the period, US\$	0.35	0.28	0.26	0.80	0.22	Latest market price paid for the shares on the last trading day of the respective period.



## Comments by the CFO



Dear Stakeholders,

I am pleased to present the consolidated financial statements of the Group for year ended December 31, 2019.

In the reporting period, mining activities were focused on the Pravoberezhniy deposit, which was the main source of ore in 2019. The Company mined 473 thousand tonnes of ore with an average grade of 2.42 g/t (total gold in ore was 1,144 kg) in 2019, compared to 219 thousand tonnes of ore at an average grade of 2.58 g/t in 2018. Volume of stripping works amounted to 982 thousand m<sup>3</sup> compared to 358 thousand m<sup>3</sup> in 2018.

In 2019, Tardan continued production on the heap leach. The Company stacked 334 thousand tonnes of ore with an average grade of 2.08 g/t. Total gold production from the heap leach for 2019 was 525 kg (16,867 oz), an increase of 50% compared to 350 kg (11,267 oz) in 2018. The Company stopped crushing ore for the heap leach in the middle of October, but continued irrigating the heap leach up to the end of the year. Heap leach operations were discontinued at the end of December.

The construction of the CIL plant at Tardan was completed in November. The plant reached its projected throughput and recovery rate by the end of December 2019. CIL production for 2019 since its inception amounted to 110 kg (15 kg in November; 95 kg in December) and total production at Tardan in 2019 amounted to 635 kg (20,407 oz).

During 2019, the Company invested US\$ 9.0 mln in the CIL plant.

In May 2019, alluvial gold production resumed at Solcocon. Alluvial gold production is seasonal, usually from June to October. The production is 100% outsourced and generates a net margin of approximately 29% of sales. During the reporting period, the Company produced 54 kg (1,730 oz) of alluvial gold, a decrease of 26% compared to 73 kg (2,337 oz) produced in the previous period.

Following growth in production and sales volumes, EBITDA became positive, increasing by US\$ 8.9 mln, and amounted to US\$ 7.2 mln in 2019 as compared to loss of US\$ -1.7 mln in 2018.

Net cash flow generated from operating activities increased by US\$ 5.5 mln, or 159%, and amounted to US\$ 8.9 mln in the reporting period, compared to US\$ 3.4 mln in the previous reporting period (US\$ 1.8 mln excluding effect of Solcocon equipment sale in 2018).

In Q1 2019, the Company received US\$ 0.8 mln as the result of a sale and lease-back transaction and used these funds for the CIL construction.

In 2019, the Company drew down the final tranches of the loan facility, US\$ 3.2 mln, provided by VTB to finance the CIL construction at Tardan with a maturity date of December 31, 2021.

In Q3 2019, the Company also drew down the new loan facility, US\$ 1.4 mln, provided by VTB to finance the CIL construction at Tardan and restructured the maturity schedule for repayment of US\$ 7.1 mln to VTB from the second half of 2019 to the second quarter of 2020. In second quarter all existing loans provided by VTB were further restructured and rolled over to the end of 2023 (for details please refer to Note 28 of the financial statements). In 2019, the Company repaid US\$ 0.9 mln to VTB in line with the repayment schedule.

In December 2019, the Company agreed a new repayment schedule with KFM, according to which US\$ 2.0 mln of the principal debt will be repaid on December 31, 2020 and 2021 respectively.

Acting Chief Financial Officer  
Marina Makarova

## Consolidated income statement

	Note	2019 TSEK	2018 TSEK	2019 US\$000*	2018 US\$000*
Revenue	1	281,565	150,992	29,762	17,373
Cost of sales	2	(232,853)	(186,509)	(24,621)	(21,449)
<b>Gross profit</b>		<b>48,712</b>	<b>(35,517)</b>	<b>5,141</b>	<b>(4,076)</b>
General and administrative expenses	3	(20,633)	(20,918)	(2,184)	(2,417)
Other operating income	4	2,283	4,506	241	467
Other operating expenses	4	(9,469)	(2,973)	(1,001)	(347)
<b>Operating profit/(loss)</b>		<b>20,893</b>	<b>(54,902)</b>	<b>2,197</b>	<b>(6,373)</b>
Financial income	6	12,095	45	679	5
Financial expenses	7	(41,580)	(49,471)	(4,390)	(5,566)
<b>Profit/(Loss) before income tax</b>		<b>(8,592)</b>	<b>(104,328)</b>	<b>(1,514)</b>	<b>(11,934)</b>
Income tax	8	2,616	15,869	278	1,831
<b>Net profit/(loss) for the period</b>		<b>(5,976)</b>	<b>(88,459)</b>	<b>(1,236)</b>	<b>(10,103)</b>
Whereof attributable to:					
The owners of the parent company		(5,976)	(88,459)	(1,236)	(10,103)
Earnings per share before dilution (SEK, US\$)	17	(0.06)	(0.96)	(0.01)	(0.11)
Earnings per share after dilution (SEK, US\$)		(0.06)	(0.96)	(0.01)	(0.11)
Number of shares issued at period end		98,648,502	98,648,502	98,648,502	98,648,502
Average number of shares for the period		98,648,502	92,192,802	98,648,502	92,192,802
Average number of shares for the period after dilution		98,993,502	92,752,802	98,993,502	92,752,802

\*USD amounts are included for convenience purposes (convenience currency).

## Consolidated statement of comprehensive income

	2019 TSEK	2018 TSEK	2019 US\$000*	2018 US\$000*
Net profit/loss for the period	(5,976)	(88,459)	(1,236)	(10,103)
<b>Other comprehensive income</b>				
Translation difference	(14,283)	(18,927)	36	(181)
<b>Total comprehensive income for the period</b>	<b>(20,259)</b>	<b>(107,386)</b>	<b>(1,200)</b>	<b>(10,284)</b>

\*USD amounts are included for convenience purposes (convenience currency).

## Consolidated statement of financial position

	Note	31-12-2019 TSEK	31-12-2018 TSEK	31-12-2019 US\$000*	31-12-2018 US\$000*
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Intangible fixed assets</b>					
Mining permits and capitalised exploration costs	9	149,734	172,038	20,036	23,016
<b>Tangible fixed assets</b>					
Buildings and land	10	56,586	60,292	6,073	6,720
Machinery, equipment and other technical plant	11	65,206	82,941	6,975	9,230
Construction in progress	12	191,016	100,590	20,502	11,215
		<b>312,808</b>	<b>243,823</b>	<b>33,550</b>	<b>27,165</b>
Stripping assets		37,721	23,171	4,049	2,583
Deferred taxes recoverable**	8	63,962	50,434	6,049	4,926
<b>Total non-current assets</b>		<b>564,225</b>	<b>489,466</b>	<b>63,684</b>	<b>57,690</b>
<b>CURRENT ASSETS</b>					
Inventories	14	47,123	33,663	5,057	3,753
Accounts receivable trade	20	1,088	1,208	117	133
Other current receivables	15	37,211	28,394	3,994	3,165
Prepaid expenses	15	6,857	1,757	737	196
Cash and bank holdings	16	1,343	10,666	145	1,189
<b>Total current assets</b>		<b>93,622</b>	<b>75,688</b>	<b>10,050</b>	<b>8,436</b>
<b>TOTAL ASSETS</b>		<b>657,847</b>	<b>565,154</b>	<b>73,734</b>	<b>66,126</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	17	11,098	11,098	1,436	1,436
Additional paid in capital		554,060	553,720	79,197	79,160
Translation difference reserve		(155,253)	(140,970)	(13,823)	(13,859)
Retained earnings		(665,660)	(659,684)	(91,127)	(89,891)
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<b>(255,755)</b>	<b>(235,836)</b>	<b>(24,317)</b>	<b>(23,154)</b>
<b>TOTAL EQUITY</b>		<b>(255,755)</b>	<b>(235,836)</b>	<b>(24,317)</b>	<b>(23,154)</b>
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax**	8	38	-	-	-
Provisions	18	5,744	6,072	617	677
Bank loans and other notes	19	191,002	254,330	20,500	28,350
Debt to shareholder	19	329,251	307,891	35,338	34,321
Other long-term liabilities	25	98,050	87,062	10,523	9,705
<b>Total non-current liabilities</b>		<b>624,085</b>	<b>655,355</b>	<b>66,978</b>	<b>73,053</b>
<b>CURRENT LIABILITIES</b>					
Trade and other accounts payable	21	39,970	13,478	4,289	1,495
Bank loans payable	19	178,424	67,935	19,150	7,573
Shareholder loans payable	19	21,083	18,101	2,263	2,018
Other current liabilities	22	50,040	46,121	5,371	5,141
<b>Total current liabilities</b>		<b>289,517</b>	<b>145,635</b>	<b>31,073</b>	<b>16,227</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>657,847</b>	<b>565,154</b>	<b>73,734</b>	<b>66,126</b>

\*USD amounts are included for convenience purposes (convenience currency).

\*\* For presentation purposes, deferred tax assets and deferred tax liabilities have been offset at subsidiary level in accordance with p.74 IAS 12.

## Consolidated statement of changes in equity

All amounts in TSEK	Attributable to the shareholders of the parent company					Non-controlling interest	Total equity
	Share capital	Additional paid in capital	Translation difference reserve	Retained earnings			
<b>Equity as at December 31, 2017</b>	<b>8,420</b>	<b>498,856</b>	<b>(122,043)</b>	<b>(571,225)</b>	-	<b>(185,992)</b>	
<b>Comprehensive income</b>							
Net profit/(loss) for the period	-	-	-	(88,459)	-	(88,459)	
Other comprehensive income	-	-	(18,927)	-	-	(18,927)	
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(18,927)</b>	<b>(88,459)</b>	<b>-</b>	<b>(107,386)</b>	
<b>Transactions with owners in their capacity as owners</b>							
Proceeds from share issued	2,678	54,855	-	-	-	57,533	
Warrants and options issue	-	9	-	-	-	9	
<b>Total transactions with owners in their capacity as owners</b>	<b>2,678</b>	<b>54,864</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,542</b>	
<b>Equity as at December 31, 2018</b>	<b>11,098</b>	<b>553,720</b>	<b>(140,970)</b>	<b>(659,684)</b>	<b>-</b>	<b>(235,836)</b>	
<b>Comprehensive income</b>							
Net profit/(loss) for the period	-	-	-	(5,976)	-	(5,976)	
Other comprehensive income	-	340	(14,283)	-	-	(13,943)	
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>340</b>	<b>(14,283)</b>	<b>(5,976)</b>	<b>-</b>	<b>(19,919)</b>	
<b>Transactions with owners in their capacity as owners</b>							
Proceeds from share issued	-	-	-	-	-	-	
Warrants and options issue	-	-	-	-	-	-	
<b>Total transactions with owners in their capacity as owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Equity as at December 31, 2019</b>	<b>11,098</b>	<b>554,060</b>	<b>(155,253)</b>	<b>(665,660)</b>	<b>-</b>	<b>(255,755)</b>	

## Consolidated statement of changes in equity

All amounts in US\$000*	Attributable to the shareholders of the parent company					Non-controlling interest	Total equity
	Share capital	Additional paid in capital	Translation difference reserve	Retained earnings			
<b>Equity as at December 31, 2017</b>	<b>1,117</b>	<b>72,615</b>	<b>(13,678)</b>	<b>(79,788)</b>	<b>-</b>	<b>(19,734)</b>	
<b>Comprehensive income</b>							
Net profit/loss for the period	-	-	-	(10,103)	-	(10,103)	
Other comprehensive income	-	-	(181)	-	-	(181)	
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(181)</b>	<b>(10,103)</b>	<b>-</b>	<b>(10,284)</b>	
<b>Transactions with owners in their capacity as owners</b>							
Proceeds from share issued	319	6,544	-	-	-	6,863	
Warrants and options issue	-	1	-	-	-	1	
<b>Total transactions with owners in their capacity as owners</b>	<b>319</b>	<b>6,545</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,864</b>	
<b>Equity as at December 31, 2018</b>	<b>1,436</b>	<b>79,160</b>	<b>(13,859)</b>	<b>(89,891)</b>	<b>-</b>	<b>(23,154)</b>	
<b>Comprehensive income</b>							
Net profit/loss for the period	-	-	-	(1,236)	-	(1,236)	
Other comprehensive income	-	37	36	-	-	73	
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>37</b>	<b>36</b>	<b>(1,236)</b>	<b>-</b>	<b>(1,163)</b>	
<b>Transactions with owners in their capacity as owners</b>							
Proceeds from share issued	-	-	-	-	-	-	
Warrants and options issue	-	-	-	-	-	-	
<b>Total transactions with owners in their capacity as owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Equity as at December 31, 2019</b>	<b>1,436</b>	<b>79,197</b>	<b>(13,823)</b>	<b>(91,127)</b>	<b>-</b>	<b>(24,317)</b>	

\*USD amounts are included for convenience purposes (convenience currency).



## Consolidated cash flow statement

	2019 TSEK	2018 TSEK	2019 US\$000*	2018 US\$000*
<b>OPERATING ACTIVITIES</b>				
Receipts from customers	283,103	139,443	29,763	15,864
Receipts from assets sale	-	14,317	-	1,766
VAT and other reimbursement	30,428	38,585	3,217	4,462
Payments to suppliers	(149,355)	(92,959)	(15,743)	(10,560)
Payments to employees and social taxes	(65,189)	(56,549)	(6,897)	(6,499)
Income tax paid	-	(499)	-	(58)
Other taxes paid	(14,116)	(13,524)	(1,484)	(1,558)
<b>Net cash flows from/(used in) operating activities</b>	<b>84,876</b>	<b>28,814</b>	<b>8,856</b>	<b>3,417</b>
<b>INVESTING ACTIVITIES</b>				
Purchase and construction of property plant and equipment	(85,483)	(67,070)	(8,999)	(7,621)
Interest capitalised in construction	(9,094)	(2,806)	(480)	(315)
Exploration and research work	(722)	(5,752)	(669)	(669)
Purchases of financial assets	-	-	-	-
<b>Net cash flows used in investing activities</b>	<b>(95,299)</b>	<b>(75,628)</b>	<b>(9,556)</b>	<b>(8,605)</b>
<b>FINANCING ACTIVITIES**</b>				
Proceeds from borrowings, net	43,611	38,744	4,576	4,285
Receipts from share issue	-	27,214	-	3,173
Repayment of borrowings, net	(8,359)	(18,644)	(870)	(2,062)
Interest paid	(23,336)	(27,167)	(2,943)	(3,126)
Lease payments	(18,567)	(1,795)	(1,957)	(213)
Proceeds from sale and leaseback transactions	7,694	-	839	-
Transaction costs arising on share issue	-	(647)	-	(76)
Other finance income/expenses	-	499	-	57
<b>Net cash from/(used in) financing activities</b>	<b>1,043</b>	<b>18,204</b>	<b>(355)</b>	<b>2,038</b>
Net increase/(decrease) in cash and cash equivalents	(9,380)	(28,610)	(1,055)	(3,150)
Net foreign exchange difference	57	1,317	11	(730)
Opening balance cash and cash equivalents	10,666	37,959	1,189	5,069
<b>Closing balance cash and cash equivalents</b>	<b>1,343</b>	<b>10,666</b>	<b>145</b>	<b>1,189</b>

\*USD amounts are included for convenience purposes (convenience currency).

\*\*For more information please refer to Note 27.

## Parent Company income statement

	Note	2019 TSEK	2018 TSEK	2019 US\$000*	2018 US\$000*
<b>Income</b>					
Other operating income	4	720	720	76	83
<b>Operating costs</b>					
External expenses	3	(4,883)	(5,511)	(516)	(634)
Employee benefit expenses	5	(2,797)	(2,960)	(296)	(341)
<b>Operating result</b>		<b>(6,960)</b>	<b>(7,751)</b>	<b>(736)</b>	<b>(892)</b>
Financial income	6	33,017	16,976	3,490	1,953
Financial expenses	7	(12,934)	(57,247)	(1,367)	(6,587)
<b>Result after financial items</b>		<b>13,123</b>	<b>(48,022)</b>	<b>1,387</b>	<b>(5,526)</b>
Tax on this year's result	8	-	-	-	-
<b>Result for the year</b>		<b>13,123</b>	<b>(48,022)</b>	<b>1,387</b>	<b>(5,526)</b>

\*USD amounts are included for convenience purposes (convenience currency).

## Parent Company statement of comprehensive income

	Note	2019 TSEK	2018 TSEK	2019 US\$000*	2018 US\$000*
<b>Net result for the year</b>		<b>13,123</b>	<b>(48,022)</b>	<b>1,387</b>	<b>(5,526)</b>
<b>Other comprehensive income</b>					
Translation differences		-	-	(1,526)	(3,920)
<b>Total comprehensive income for the year</b>		<b>13,123</b>	<b>(48,022)</b>	<b>(139)</b>	<b>(9,446)</b>

\*USD amounts are included for convenience purposes (convenience currency).

## Parent Company statement of financial position

	Note	31-12-2019 TSEK	31-12-2018 TSEK	31-12-2019 US\$000*	31-12-2018 US\$000*
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Financial non-current assets</b>					
Investments in subsidiaries	14	592,357	543,529	63,577	60,587
Loans to subsidiaries	23	183,529	193,584	19,698	21,579
<b>Total non-current assets</b>		<b>775,886</b>	<b>737,113</b>	<b>83,275</b>	<b>82,166</b>
<b>CURRENT ASSETS</b>					
Other current receivables	16	1,213	1,001	130	112
Prepaid expenses	16	158	190	17	21
Cash and cash equivalents	17	1,081	175	116	20
<b>Total current assets</b>		<b>2,452</b>	<b>1,366</b>	<b>263</b>	<b>153</b>
<b>TOTAL ASSETS</b>		<b>778,338</b>	<b>738,479</b>	<b>83,538</b>	<b>82,319</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
<b>Restricted equity</b>					
Share capital		11,098	11,098	1,436	1,436
Statutory reserve		266,306	266,306	40,872	40,872
<b>Total restricted equity</b>		<b>277,404</b>	<b>277,404</b>	<b>42,308</b>	<b>42,308</b>
<b>Unrestricted equity</b>					
Share premium reserve		780,426	780,426	113,954	113,954
Translation difference		-	-	(11,017)	(9,491)
Retained earnings		(684,217)	(636,195)	(105,124)	(99,598)
Net result for the year		13,123	(48,022)	1,387	(5,526)
<b>Total unrestricted equity</b>		<b>109,332</b>	<b>96,209</b>	<b>(800)</b>	<b>(661)</b>
<b>TOTAL EQUITY</b>		<b>386,736</b>	<b>373,613</b>	<b>41,508</b>	<b>41,467</b>
<b>NON-CURRENT LIABILITIES</b>					
Long-term loans	20	349,270	307,891	37,487	34,321
<b>Total non-current liabilities</b>		<b>349,270</b>	<b>307,891</b>	<b>37,487</b>	<b>34,321</b>
<b>CURRENT LIABILITIES</b>					
Trade and other accounts payable	21	1,315	1,214	142	135
Short-term loans	20	21,083	18,101	2,263	2,018
Other short-term liabilities	22	19,934	37,660	2,138	4,198
<b>Total current liabilities</b>		<b>42,332</b>	<b>56,975</b>	<b>4,543</b>	<b>6,351</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>778,338</b>	<b>738,479</b>	<b>83,538</b>	<b>82,319</b>

\*USD amounts are included for convenience purposes (convenience currency).



## Parent company statement of changes in equity

	Restricted Equity		Unrestricted Equity			Net income for the period	Total equity
	Share capital	Statutory reserve	Share premium reserve	Translation difference reserve	Retained earnings		
All amounts in TSEK							
<b>Equity as at December 31, 2017</b>	<b>8,420</b>	<b>266,306</b>	<b>725,562</b>	-	<b>(651,793)</b>	<b>15,598</b>	<b>364,093</b>
Profit/loss brought forward	-	-	-	-	15,598	(15,598)	-
<b>Comprehensive income</b>							
Net profit/loss for the period	-	-	-	-	-	(48,022)	(48,022)
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(48,022)</b>	<b>(48,022)</b>
<b>Transactions with owners in their capacity as owners</b>							
Proceeds from share issued	2,678	-	54,855	-	-	-	57,533
Warrants and options issue	-	-	9	-	-	-	9
<b>Total transactions with owners in their capacity as owners</b>	<b>2,678</b>	<b>-</b>	<b>54,864</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,542</b>
<b>Equity as at December 31, 2018</b>	<b>11,098</b>	<b>266,306</b>	<b>780,426</b>	<b>-</b>	<b>(636,195)</b>	<b>(48,022)</b>	<b>373,613</b>
Profit/loss brought forward	-	-	-	-	(48,022)	48,022	-
<b>Comprehensive income</b>							
Net profit/loss for the period	-	-	-	-	-	13,123	13,123
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,123</b>	<b>13,123</b>
<b>Transactions with owners in their capacity as owners</b>							
Proceeds from share issued	-	-	-	-	-	-	-
Warrants and options issue	-	-	-	-	-	-	-
<b>Total transactions with owners in their capacity as owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity as at December 31, 2019</b>	<b>11,098</b>	<b>266,306</b>	<b>780,426</b>	<b>-</b>	<b>(684,217)</b>	<b>13,123</b>	<b>386,736</b>

## Parent company statement of changes in equity

	Restricted Equity		Unrestricted Equity			Net income for the period	Total equity
	Share capital	Statutory reserve	Share premium reserve	Translation difference reserve	Retained earnings		
All amounts in US\$000*							
<b>Equity as at December 31, 2017</b>	<b>1,117</b>	<b>40,872</b>	<b>107,409</b>	<b>(5,571)</b>	<b>(101,423)</b>	<b>1,825</b>	<b>44,228</b>
Profit/loss brought forward	-	-	-	-	1,825	(1,825)	-
<b>Comprehensive income</b>							
Net profit/loss for the period	-	-	-	-	-	(5,526)	(5,526)
Other comprehensive income	-	-	-	(3,920)	-	-	(3,920)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,920)</b>	<b>-</b>	<b>(5,526)</b>	<b>(9,446)</b>
<b>Transactions with owners in their capacity as owners</b>							
Proceeds from share issued	319	-	6,544	-	-	-	6,864
Warrants and options issue	-	-	1	-	-	-	1
<b>Total transactions with owners in their capacity as owners</b>	<b>319</b>	<b>-</b>	<b>6,545</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,865</b>
<b>Equity as at December 31, 2018</b>	<b>1,436</b>	<b>40,872</b>	<b>113,954</b>	<b>(9,491)</b>	<b>(99,598)</b>	<b>(5,526)</b>	<b>41,647</b>
Profit/loss brought forward	-	-	-	-	(5,526)	5,526	-
<b>Comprehensive income</b>							
Net profit/loss for the period	-	-	-	-	-	1,387	1,387
Other comprehensive income	-	-	-	(1,526)	-	-	(1,526)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,526)</b>	<b>-</b>	<b>1,387</b>	<b>(139)</b>
<b>Transactions with owners in their capacity as owners</b>							
Proceeds from share issued	-	-	-	-	-	-	-
Warrants and options issue	-	-	-	-	-	-	-
<b>Total transactions with owners in their capacity as owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Equity as at December 31, 2019</b>	<b>1,436</b>	<b>40,872</b>	<b>113,954</b>	<b>(11,017)</b>	<b>(105,124)</b>	<b>1,387</b>	<b>41,508</b>

\*USD amounts are included for convenience purposes (convenience currency).

## Parent company cash flow statement

	2019 TSEK	2018 TSEK	2019 US\$000*	2018 US\$000*
<b>OPERATING ACTIVITIES</b>				
Receipts from customers	720	1,536	76	174
VAT and other reimbursement	279	554	30	64
Payments to suppliers	(5,350)	(6,153)	(566)	(718)
Payments to employees and Board Members	(2,558)	(2,842)	(271)	(328)
Income tax paid	-	-	-	-
Other taxes paid	-	-	-	-
<b>Net cash flows from/(used in) operating activities</b>	<b>(6,909)</b>	<b>(6,905)</b>	<b>(731)</b>	<b>(808)</b>
<b>INVESTING ACTIVITIES</b>				
Borrowings given to subsidiaries	8,119	(34,443)	859	(3,874)
<b>Net cash flows used in investing activities</b>	<b>8,119</b>	<b>(34,443)</b>	<b>859</b>	<b>(3,874)</b>
<b>FINANCING ACTIVITIES**</b>				
Proceeds from borrowings	-	18,055	-	1,997
Receipts from share issue	-	27,224	-	3,173
Repayment of borrowings	-	-	-	-
Interest paid	(135)	(1,375)	(14)	(158)
Transaction costs arising on share issue	(160)	(644)	(17)	(76)
Other finance income/expenses (arrangement fee to Golden Impala)	-	(1,789)	-	(210)
<b>Net cash flows from/(used in) financing activities</b>	<b>(295)</b>	<b>41,471</b>	<b>(31)</b>	<b>4,726</b>
Net increase/(decrease) in cash and cash equivalents	915	123	97	44
Net foreign exchange difference	(9)	(205)	(1)	(55)
Opening balance cash and cash equivalents	175	257	20	31
<b>Closing balance cash and cash equivalents</b>	<b>1,081</b>	<b>175</b>	<b>116</b>	<b>20</b>

\*USD amounts are included for convenience purposes (convenience currency).

\*\*For more information please refer to Note 27.

## Notes to the consolidated financial statements and parent company accounts

### GENERAL INFORMATION

Auriant Mining AB (publ) (“AUR AB”, “the Parent company” or “the Company”) and its subsidiaries (collectively referred to as “the Group” or “the Auriant Mining Group”) currently engage in the exploration for and production of mineral gold in different regions of the Russian Federation. The Parent Company is a registered public limited liability company with its head office in Sweden. The address of the head office is Box 55696, 102 15 Stockholm.

AUR AB was listed on the Swedish NGM Nordic Growth Market stock exchange on March 29, 2005 and has been listed on the Swedish Nasdaq First North Premier Growth Market stock exchange since July 19, 2010. As of December 31, 2019 the Company had 3,116 shareholders.

The Board of directors approved these consolidated accounts for publication on April 28, 2020.

### BASIS OF PREPARATION

The consolidated financial statements of the Auriant Mining Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (“IASB”). IFRS include the standards and interpretations approved by the IASB including IFRS, International Accounting Standards (“IAS”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

Title	Subject	Effective for annual periods beginning on or after	Expected effect on the consolidated financial statements
IFRS 16	Leases	1 January 2019	No effect
Amendments to IFRS 9	Prepayment Features with Negative Compensation and modifications of financial liabilities	1 January 2019	No effect
IFRIC 23	Uncertainty over Income Tax Treatment	1 January 2019	No effect
Amendments to IAS 12	Income Tax consequences of dividends	1 January 2019	No effect
Amendments to IAS 19	Plan Amendments, Curtailment and Settlement	1 January 2019	No effect
Amendments to IAS 23	Treatment of borrowings after the related asset is ready for its intended use or sale	1 January 2019	No effect

Accounting policy related to IFRS 16 is presented in section “Summary of significant accounting policies”, (r) “Leasing” below.

A number of IFRS standards and interpretations have been published, but have not yet become effective.

#### Definition of Material – Amendments to IAS 1 and IAS 8

The amendments of IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarify materiality assessment and definition of users of financial statements. The Definition of Material Amendments to IAS 1 and IAS 8 came into effect January 1, 2020.

#### Definition of a Business – Amendments to IFRS 3

Some additional information is disclosed based on the standard RFR 1 “Supplementary accounting regulations for groups” from the Swedish Financial Reporting Board and the Swedish Annual Accounts Act.

The consolidated financial statements for 2019 have been prepared using the historical cost method and on accounting principles assuming that the Group will continue its operations during a period sufficient to carry out its objectives and commitments, and will not be liquidated in the foreseeable future.

The Parent Company accounts have been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board’s recommendation RFR 2 “Accounting for legal entities”. The accounting policies for the Parent Company are the same as for the Group with a few exceptions. These exceptions are, where applicable, described under each section below.

### CHANGES IN ACCOUNTING POLICIES

The following is a list of new or amended IFRS standards and interpretations that have been applied from January 1, 2019 and expected effect on the Group’s consolidated financial statement.

The amended definition of a business in IFRS 3 Business Combination requires a new evaluation of inputs and outputs in the acquisition calculation process. In general, this amendment might result in more acquisitions being accounted for as asset acquisitions and it will be part of the accounting of acquired business going forward. The Definition of a Business – Amendments to IFRS 3 came into effect January 1, 2020.

#### Revised Conceptual Framework for Financial Reporting

Domestic will apply the revised Framework from January 1, 2020.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of consolidation

The consolidated financial statements are prepared in accordance with the Group's accounting principles and include the accounts of the Parent Company and all subsidiaries over which the Group holds the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable, or convertible, are taken into consideration in assessing whether the Group has a controlling interest in another entity.

Subsidiaries are fully consolidated from the date on which controlling interest is transferred to the Group. They are deconsolidated from the date on which such controlling interest ceases. The Group uses the acquisition method of accounting to report business combinations. On an acquisition-by-acquisition basis, the Group reports any non-controlling interest in the acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net assets. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. The accounting principles of subsidiaries have been changed, where necessary, to ensure consistency with the accounting principles adopted by the Group.

In the Parent company accounts, investments in subsidiaries are reported at cost less any impairment charges. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. The excess of the consideration transferred the amount of any non-controlling interest in the acquired entity and the fair value on the acquisition date of any previous equity interest in the acquired entity exceeding the fair value of the Group's share of the identifiable net assets acquired is reported as goodwill. If this amount is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary

are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

### (b) Business combinations and goodwill

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-Based Payments at the acquisition date (see below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. The Group has no goodwill as of December 31, 2019 (December 31, 2018 - nil).

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration

that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified.

Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

### (c) Translation of foreign currency

#### *Functional currency and reporting currency*

The functional currency of individual companies is determined by the primary economic environment in which the entity operates or the one in which it primarily generates and expends cash. The functional currency of the subsidiaries which operate in Russia is US dollar; the functional currency of Parent company is SEK. The consolidated accounts are presented in Swedish Krona (SEK) – reporting currency and US dollar – convenience currency.

#### *Translation of foreign subsidiaries and other foreign operations*

The earnings and the financial positions of all Group companies (none of which have a high-inflation currency) that have a different functional currency from the reporting currency are translated to the Group's reporting currency as follows:

- assets and liabilities for each of the statements of financial position are converted at the closing rate;
- income statements for each of the subsidiaries are converted at the average exchange rate (provided that this average rate constitutes a reasonable approximation of the accumulated effect of the rates applying on the date of the transaction, otherwise assets and liabilities are converted at the rate on the date of the transaction), and
- all exchange rate differences arising are recognised as a separate component of other comprehensive income and the cumulative effect is included in the

translation difference reserve in equity.

Goodwill and adjustments to the fair value arising upon the acquisition of a foreign company are treated as assets and liabilities attributable to this operation and are converted at the closing rate.

#### *Receivables and liabilities in foreign currency*

Receivables and liabilities in foreign currency are valued at the exchange rate on the balance sheet date. Exchange rate differences for operational receivables and operational liabilities are included in operating income, while exchange rate differences for financial receivables and liabilities are reported in financial items. Unrealised exchange rate gains and losses relating to operational receivables and liabilities are reported net under other operating income/expenses.

At December 31, 2019 the closing rate of 9.3171 SEK per US\$ at December 31, 2018) was applied. Income and expenses were translated using the average rates of SEK per US\$: 9.1706 for Q1 2019, 9.4494 for Q2 2019, 9.5853 for Q3 2019 and 9.6323 for Q4 2019 (8.1068, 8.6674, 8.9488 and 9.0417 for 2018 respectively).

### (d) Revenue recognition

Revenue comprises the fair value of the consideration received, or to be received, for the sale of goods in the ordinary course of the Group's activities. Revenue is reported net of value added tax and after elimination of intercompany sales. The Group recognises revenue when or as a performance obligation is satisfied, i.e. when control of the goods produced underlying the particular performance obligation is transferred to the customer.

#### *Sale of gold*

Revenue from the sale of gold is reported when a purchase agreement has been concluded and when delivery to the buyer has been completed, usually to a Russian licensed commercial bank. Reporting is preceded by the semi-finished product that the Group produces, a gold ore concentrate, being delivered to a refinery that enriches the ore concentrate into the end product, 24 carat pure gold and a certain residual amount of silver. Sales are reported gross before the mineral resources extraction tax (MRET). The MRET amounts to 6% of the produced volume of gold, multiplied by the sales price. The MRET is, thus, directly related to the volume of gold produced, but not to the actual volume sold. Consequently, the MRET is reported as a production cost among operating expenses. The sale of gold is currently not subject to value added tax in Russia.

#### *Other income*

Any other income not received in the ordinary course of the Group's activities is reported as "other operating income".

#### *Interest income*

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the

Group reduces the carrying amount to its recoverable amount, which is the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

**(e) Depreciation and amortisation**

*Intangible fixed assets*

Intangible fixed assets are subject to amortisation according to the unit of production method. According to the unit of production method, amortisation is reported at the same rate as production. This means that the total expected production of gold from each license object is evaluated during the licence object's expected useful economic lifetime and amortisation in each period is carried out corresponding to the period's proportional share of the total expected production. The amortisation of a license object is reported when commercial production from that license object has commenced.

*Tangible fixed assets*

Tangible fixed assets are depreciated according to the particular asset's estimated useful lifetime. If applicable, the asset's residual value is taken into account when establishing the depreciable amount of the asset.

The straight-line method of depreciation is applied for tangible fixed assets, based on the following expected useful lifetimes:

Buildings	10 – 60 years
Processing plants	2 – 10 years
Machinery	2 – 10 years
Computers	3 years

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

**(f) Current and deferred income tax**

The income tax expense for the period represents the sum of the tax currently payable and deferred tax. Taxes are recognised in the income statement, except when the tax refers to items recognised in other comprehensive income or directly in equity. In such cases, the tax is also recognised in the statement of other comprehensive income or in equity.

The current tax expenses are reported on the basis of the tax regulations determined on the balance sheet date or which, in practice, were determined in the countries in which the Parent Company subsidiaries operate and generate taxable income. Management regularly assesses the applications made in income tax returns in relation to situations where applicable tax regulations are the subject of interpretation. When considered appropriate, provisions are reported for amounts that are likely to be payable to the Tax

Agency.

Deferred income taxes are recognised, applying the liability method, on all temporary differences arising between the taxable value of assets and liabilities and their reported values in the consolidated financial statements. However, deferred tax is not recognised if it arises as a consequence of a transaction constituting the initial recognition of an asset or liability that is not a business combination and which, at date of the transaction, affects neither the recognised nor taxable results. Deferred income tax is calculated applying the tax rates (and legislation) which have been determined or announced on balance sheet date and which are expected to apply when the deferred tax asset in question is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent it is probable that future tax surpluses will be available against which temporary differences can be offset.

Deferred tax is reported on the basis of the temporary differences arising on participations in subsidiaries and joint ventures, except when the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

**(g) Employee benefits**

All of the Group's pension plans are defined contribution plans, in which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current period and prior periods. Wages, salaries, contributions to the Russian Federation state pension and social security funds, paid annual leave and sick leave and bonuses are accrued in the period in which the associated services are rendered by the employees of the Group.

**(h) Employee incentive programs**

From 2013 the Group implemented employee incentive programs. Refer to Note 17 for details. Incentive programs consist of warrants and options to acquire shares granted to employees. The accounting treatment is based on the standard IFRS 2 "Share-based Payment".

Employee incentive programs are measured at fair value as at the grant date using the Black-Scholes model and the Monte-Carlo simulation model, depending on the program.

Programs are recognised in financial statements as personnel costs and related equity (additional paid in capital) on the group and on the parent level. Each program consists of three tranches with separate vesting periods, i.e. in accounting terms making up 3 separate programs running simultaneously (with a 1, 2 and 3 year vesting periods, respectively). The cost is, therefore, recognized linearly for each tranche over the vesting period. When acquired warrants and options are used by employees to acquire shares and the company issues new shares, this is accounted for as any other share issue.

**(i) Intangible fixed assets**

The intangible assets of Auriant Mining Group consist of mining permits (licenses), exploration and evaluation expenditures and mine development costs.

*Licenses*

Licences for mining permits are initially reported at acquisition value. Such licences are acquired in Russia (the Group's only area of operation at present) usually at an open, public licence auction, where the winning price in the auction comprises the acquisition value.

*Exploration and evaluation expenditures*

Exploration costs are reported in accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources. The Group applies the so-called "Successful Effort method" for its exploration costs, implying that all expenses for licensing, exploration and evaluation are initially capitalised.

Exploration work is reported at acquisition value and includes various activities, such as drilling of various natural areas, geochemical and magnetic surveys and analyses in laboratories. Exploration work can, in addition, include salary costs for the staff conducting the work, for materials and fuel, depreciation on machinery and equipment and administrative expenses directly attributable to the sites subject to the exploration work. Borrowing costs directly attributable to exploration projects commencing after January 1, 2009, are included in the capitalised amount of exploration costs.

Capitalised exploration costs are reported in accordance with IAS 38 Intangible assets when it has been established that there is extractable ore at an individual mining or placer property and technical possibilities and commercial potential for extraction of the ore body can be proven.

Purchased exploration and evaluation assets are recognized as assets at acquisition cost or at fair value if purchased as part of a business combination. An impairment review is performed, either individually or at cash-generating unit level (license areas) when there is an indication that the carrying amount of the assets may exceed their recoverable amounts.

*Mine development costs*

Mine development costs are capitalised and include expenditure incurred to develop new ore bodies, to define future mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production, and also include interest and financing costs relating to the construction of mineral property.

Mine development costs are amortised, upon commencement of production, applying a unit of production method based on the estimated proven and probable mineral reserves to which they relate, or they are written off if the property is abandoned. The net carrying amounts of mine development costs at each mining property are reviewed for impairment either individually or at the cash-generating unit level (license areas) when events and changes in circumstances indicate that the carrying amount may

not be recoverable. To the extent that these values exceed their recoverable amounts, such excess is fully recognised as expenses in the "Other expenses" line of the consolidated income statement in the financial year in which this is determined.

Costs for development of a mining property where production has commenced are capitalised if it is likely that such costs will produce additional performance gains in the mining property, resulting in the likelihood of prospective economic benefits, which includes future revenue from newly discovered gold, cost savings or other benefits resulting from the use of the asset in question. Should this not apply, these expenses are reported as production costs in the period in which they incur.

Intangible fixed assets are subject to amortisation according to the unit of production method. According to the unit of production method, amortisation is reported at the same rate as production. This means that the total expected production of gold from each license object is evaluated during the licence object's expected useful economic lifetime and amortisation in each period is carried out corresponding to the period's proportional share of the total expected production. The amortisation of a license object begins to be reported when commercial production from that license object is underway.

**(j) Stripping costs**

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and are subsequently amortised over its useful life applying a units of production method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as determined by management.

Stripping costs incurred during the production phase are generally considered to result in two benefits, either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a stripping activity asset, provided the following criteria are met:

- a. Future economic benefits (improved access to the ore body) are probable;
- b. The component of the ore body for which access will be improved can be accurately identified;
- c. The costs associated with the improved access can be reliably measured.

If not all of these criteria are fulfilled, the production stripping costs are charged to the statement of profit or loss as operating costs as they incur.

In identifying components of the ore body, the Group works closely with the mining operations' personnel for each mining operation to analyse each of the mine plans. Generally, a component will be a subset of the total ore body, and a mine may have several components. The mine plans and, therefore, the identification of components, can vary between mines for a number of reasons. These include, but are not limited to: the type of commodity, the geological characteristics of the ore body and/or the geographical location.

The stripping activity asset is initially measured at cost, which is comprised of the accumulation of costs directly incurred to perform the stripping activity improving access to the identified ore component, plus an allocation of directly attributable overhead costs. If incidental operations take place at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, then, these costs are not included in the cost of the stripping activity asset.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is applied to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is, subsequently, depreciated applying the units of production method over the life of the identified ore body component that became more accessible as a result of the stripping activity. Economically recoverable reserves are applied to determine the expected useful life of the identified ore body component. The stripping activity asset is, then, carried at cost less depreciation and any impairment losses.

As of December 31, 2019, the Group recognised the stripping assets in an amount of MSEK 37.7 (US\$ 4.0 m) (December 31, 2018: MSEK 23.2 (US\$ 2.6 m)).

### (k) Tangible fixed assets

Tangible fixed assets consist of buildings, machinery, office equipment, tools, technical plants and construction in progress. All tangible fixed assets are reported at historical cost less depreciation. The initial cost of an asset is comprised of its purchase price or construction cost, any costs directly attributable to bringing the asset into operation and the initial estimate of the restoration obligation. The purchase price or construction cost is comprised of the aggregate amount paid and the fair value of any other consideration provided to acquire the asset. Borrowing costs directly attributable to tangible assets acquired after January 1, 2009 are also included in the acquisition value. Expenditure for improvement of the performance of the assets over and above their original performance increases the reported value of these assets. Expenditure for repair and maintenance is reported as an expense in the period in which it is incurred.

See part (r) Leasing for accounting principles for Leasing. Rights of use assets are reported within tangible

fixed assets in the balance sheet.

Russian legislation does not, yet, permit the ownership of land within the license area. Land owned by the company consists of plots at which office buildings or warehouses are situated. Land is not depreciated.

Construction in progress is represented mostly by new heap leach section. Upon completion of construction, the assets are reported as buildings or machinery, equipment and other technical plants. The assets' residual value and useful life are reviewed on each balance sheet date and adjusted when necessary. When an asset's reported value is deemed to possibly not be able to be recovered, an impairment loss is reported immediately reflecting its recoverable amount.

Gains and losses on disposals are determined by comparing sales revenues with their reported value. These items are reported under other operating income and other operating expenses, respectively, in the income statement.

At each reporting date, management assess whether there is any indication of impairment within the categories of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and an impairment loss is recognised as an expense in the "Other expenses" line of consolidated income statement. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Tangible fixed assets are depreciated according to the particular asset's estimated useful lifetime (for details, refer to the paragraph "Depreciation and amortisation below"). If applicable, the asset's residual value is taken into account when establishing the depreciable amount of the asset.

### (l) Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

#### Financial assets

Financial assets include cash and cash equivalents, accounts receivable, shares and participations, loan claims and derivative instruments. Financial assets are classified into three valuation categories: measured at

"fair value through profit or loss" (FVTPL), "fair value through other comprehensive income" (FVTOCI) and "amortised cost".

Fair value through profit and loss:

Assets included in this category are financial assets that do not meet the requirements for valuation at amortised cost or at fair value through other comprehensive income. Financial assets and liabilities held for trading are always classified as "Financial assets at fair value through profit or loss" as well as financial assets that are managed and evaluated based on fair values. Holdings in this category are reported as short-term investments if their term to maturity on the acquisition date is less than three months and as "Other interest-bearing current receivables" if the term to maturity is between three and twelve months. Derivative instruments, except where used for hedge accounting, are included in this category as well. Assets in this category are valued regularly at fair value and changes in value are reported in the income statement. Derivative instruments taken up in respect of business-related items are reported in the operating profit, while derivative instruments of a financial nature are reported in financial items. Assets in this category are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as non-current assets.

Amortized cost:

Financial assets found in this category have a business model to receive contractual cash flows and the contractual cash flows are payments only of principal and interest. Loans and receivables, investments and accounts receivable are financial assets that can be found in this category. The claims arise when cash, goods or services are provided directly to the debtor without an intention of trading in the receivables. Assets in this category are valued at amortized cost. The amortized cost is determined based on the effective interest rate, which is calculated on the acquisition date. Accounts receivable with a maturity of less than 12 months are not recognized at amortized cost, but at the amount that are expected to be received, net after deduction of impairment. They are included in Current assets, except for items with a maturity in excess of 12 months after the closing date, which are reported as Fixed assets.

Fair value through other comprehensive income:

Financial assets (debt instruments) found in this category have a business model to both receive contractual cash flows and sell the asset and the contractual cash flows are payments only of principal and interest. Assets in this category are valued regularly at fair value with changes in value in other comprehensive income. Upon removal of the investments from the balance sheet, any accumulated profit or loss previously reported in comprehensive income is reversed to the income statement. They are included in current assets, with the exception of items with maturity dates more than twelve months after the balance sheet date, which are classified as non-current assets. The group held no instruments in this category during 2019.

At initial recognition, it is allowed to irrevocably classify equity instruments (shares) that are not held for trading

purposes, or fair value through other comprehensive income. The group applies this for unlisted shares.

#### Impairment of financial assets

In accordance with IFRS 9, the Group evaluates at each reporting period whether there is any objective evidence that financial assets measured at amortised cost are impaired under an expected credit loss model.

The Group always recognises lifetime expected credit losses ("ECL") for its trade and other receivables (the "simplified approach" under IFRS 9) and updates this expectation at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in

the financial instrument's external (if available) or internal credit rating;

- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per the globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

If there is objective evidence that impairment losses on financial assets measured at amortised cost have been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

When impairment is recognised, the carrying amount of the financial asset is reduced by an allowance for doubtful accounts and impairment losses are recognised in profit or loss. The carrying amount of financial assets measured at amortised cost is directly

reduced for the impairment when they are expected to become uncollectible in the future and all collateral is implemented or transferred to the Group. If, in a subsequent period, the amount of the impairment loss provided changes due to an event occurring after the impairment was recognised, the previously recognised impairment losses are adjusted through the allowance for doubtful accounts.

#### *De-recognition of financial assets*

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense, respectively, over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments, as applicable, through the expected life of the financial asset or liability, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets designated as at FVTPL.

#### *Financial liabilities*

All financial liabilities are measured at fair value at initial recognition. However, financial liabilities measured at amortised cost are measured at cost after deducting transaction costs that are directly attributable to the financial liabilities.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, except for derivatives measured at fair value through profit or loss. The Group determines the classification at initial recognition.

After initial recognition, financial liabilities are measured based on the classification as follows:

- Financial liabilities measured at amortised cost are measured at amortised cost using the effective interest method. Amortisation under the effective interest method and gains or losses on de-recognition are recognised as profit or loss in the consolidated statement of income.
- Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as measured at fair value through profit or loss at initial

recognition; The net gain or loss recognised in the consolidated statement of profit or loss incorporates any interest paid on the financial liability and is included in the Gain / (loss) on derivative financial instruments and investments, net.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method, with interest expense recognised within Finance cost.

#### *De-recognition of financial liabilities*

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### **(m) Inventory**

Inventory is valued, with application of the weighted average method, at the lower of the acquisition value and the net realisable value on the balance sheet date. Pure gold and semi-finished products comprise direct manufacturing costs such as lining material, wages and, also, assignable production overhead costs. Borrowing costs are not included in the valuation. The net sale value is comprised of the normal sales price with deductions for usual selling expenses.

Auriant Mining manufactures, via its subsidiaries, gold concentrate at various advanced levels. The gold concentrate is usually smelted by the subsidiary into Doré class gold ingots prior to delivery to external refineries (smelting works) for final enrichment to sale quality (24 carat). This gold is designated as "finished goods". The consolidated statement of financial position also includes an item covering the spare parts, diesel fuel, etc. that is consumed during gold manufacture. This category of assets is referred to as "raw materials and consumables". Furthermore, the consolidated statement of financial position includes work in progress, such as preparation work (overburden, etc.) and ores, stored at the warehouses. Together "finished goods", "raw materials and consumables" and "work in progress" constitute items in the statement of financial position referred to as "inventory".

#### **(n) Cash and cash equivalents**

Cash and cash equivalents are defined as cash and bank balances, as well as short-term investments with a maturity of three months or less from acquisition date which can easily be transformed into cash.

#### **(o) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs. Subsequently, borrowings are carried at amortised cost applying the effective interest method.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period is required to complete and prepare the asset for

its intended use. All other borrowing costs are expensed.

Split accounting is applied for convertible bonds to measure the liability and the equity components upon initial recognition of the instrument. The fair value of the consideration in respect of the liability component is measured first, at the fair value of a similar liability that does not have any associated equity conversion option. This becomes the liability component's carrying amount at initial recognition. The liability component is classified as a other financial liability measured at amortised cost using the effective interest method. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. The equity component is not remeasured after initial recognition and classified in equity part of the balance sheet.

#### **(p) Trade and other payables**

Trade payables are accrued when the counterparty has performed its obligations under the contract; they are carried at amortised cost applying the effective interest method.

#### **(q) Value added tax**

Gold production and subsequent sales are not subject to output value added tax. Input VAT is recoverable against income tax. Where input VAT is not recoverable, the VAT provision is reported in the statement of financial position corresponding with the statement of comprehensive income in the relevant period.

#### **(r) Leasing**

IFRS 16 Leases (hereinafter IFRS 16) came into effect as of January 1, 2019. The Group has adopted IFRS 16 and it has been applied since January 1, 2019. IFRS 16 replaced IAS 17 Leases as well as IFRIC 4, Determining Whether an Arrangement Contains a Lease. For IFRS transition, the Group applied the simplified transition approach and has not restated the comparative figures.

Leases are recognized as a right-of-use asset and a corresponding liability. Lease liabilities are initially measured at the present value of the future lease payments, fixed and variable depending on an index or a rate, discounted by the incremental borrowing rate. Each lease payment is allocated between an amortization of the liability and finance cost. Lease liabilities are remeasured when there is a change in future lease payments. Right-of-use assets are measured at cost, comprising the amount of the initial measurement of the lease liability, lease payments made at or before the commencement date and any initial direct costs and any restoration costs. The right-of-use asset is depreciated over the lease term on a straight-line basis and charged to the income statement over the lease period. When there is a remeasurement of, or adjustment to the lease liability, a corresponding adjustment is made to the right-of-use asset.

Exception from the new principles that the group is applying is applicable for lease agreements with low value (assets of a value less than US\$ 5 thousand or approximately SEK 50 thousand), and leases where no right-of-use asset or leasing liability with remaining term of twelve months or less. These assets are not included



when determining the liability or right-of-use asset in the Balance Sheet.

As of December 31, 2019 the Group financial leases assets amounted to SEK 49.4 mln (US\$ 5.3 mln) and as of December 31, 2018: SEK 39.3 mln (US\$ 4.4 mln).

An assessment performed by the Group showed that the Group had no substantial leases except for the leases already recognised as financial in 2018. As a result of the exception rules applied under IFRS 16, there is no effect on the Group's consolidated financial statements as of December 31, 2019.

The Parent company did not have any leasing contracts as of December 31, 2019 and December 31, 2018.

#### (s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

The Group reviews its site restoration provisions annually. The provisions for site restoration at the reporting date represents management's best estimate of the present value of the future restoration costs required. Changes to estimated future costs are reported in the statement of financial position by either increasing or decreasing the restoration liability.

#### (t) Equity

Transaction costs directly related to new share issues or options are recognised in equity as a reduction of the issue proceeds.

#### (u) Cash flow statement

Cash flows from operating, investing and financing activities are reported using the direct method.

Interest paid and received is classified as financing activities in the cash flow statement.

Cash and cash equivalents are defined as cash and bank balances, as well as short-term investments with maturity of three months or less from the date of acquisition, which can easily be transformed into cash.

#### (v) Management of financial risks

The Group's activities expose it to a variety of financial risks: a) market risk (including currency and gold price risk and interest rate risk), b) credit risk and c) liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group attempts to mitigate the effects of these risks by ensuring that the Board and the management have the relevant competence. Consequently, the company works proactively by carrying out suitable measures to counteract and manage the risks and, in addition, the Group obtains advice from consultants, when necessary. The company does not use derivative instruments to hedge financial risks.

The Group's assessed risk exposure relating to financial instruments is further described in Note 20.

#### (w) Segment reporting

Operating segments are recognised in a manner complying with the internal reporting submitted to the highest decision-making function. At Group level, this function has been identified as the CEO, who is responsible for and manages the day-to-day administration of the Group in accordance with the guidelines of the Board.

Since the date of its formation, the Group has only extracted one product, gold, in one economic environment, Russia. An operating segment is a Group of assets and performed activities exposed to risks and rewards differentiating them from other operating segments. A geographical area is an area in which assets, goods or services are exposed to risks relating to a certain economic environment differentiating them from risks associated with activities in other economic environments. As a result, the Group is only considered to have one operating segment.

### ESTIMATIONS AND EVALUATIONS IN THE FINANCIAL STATEMENTS

In order to prepare financial statements in accordance with IFRS, estimations and assumptions must be undertaken affecting the reported assets and liabilities, as well as income and expenses and other information submitted in the annual financial statements. The evaluations and estimations made by the Board of Directors and the management are based on historic experience and forecasts of future developments. The actual outcome may differ in future periods from these estimations.

In particular, information about significant areas of uncertainty regarding the estimations considered by management in preparing the consolidated financial statements is provided below.

#### Ore calculation principles

The Group reports ore reserves in accordance with Russian geological standards. In brief, this means that, after the initial exploration period for a mining licence, all mineral licence holders in Russia must undergo an ore classification inspection (roughly equivalent to a western feasibility study) by the Russian State Committee on Reserves, GKZ, either in Moscow or at GKZ's appropriate regional office. This ore classification is performed once and can, then, be updated as required. If the ore reserves are approved, they are entered in the Russian state register of reserves and will provide the basis for production requirements that are, consequently, drawn up for the licence holder. The Russian principles for ore

classification are similar, but not identical, to western standards.

The Russian registered ore reserves form the basis for the Group's amortisation of mining permits and exploration costs in accordance with the Unit of production method.

The registered ore reserves are, thus, established by an external, governmental body (GKZ), which is independent of the Group. The calculation of the reserves is based on a very comprehensive range of geological and financial data summarised in a Russian feasibility study. Ore reserves are not static, but may vary over time depending on factors, such as the price of gold, new geological information, currency exchange rates and cost levels. A change in ore reserves can have a considerable impact on such matters as amortisation, restoration costs and the value of assets.

#### Restoration costs

An obligation regarding future restoration costs arises when there is an environmental impact due to a mining operation in the form of exploration, evaluation, development or on-going production. The restoration costs are calculated on the basis of a restoration plan. The Group reviews its mine restoration provision annually. Significant estimates and assumptions are made in determining the provision for mine restoration as there are numerous factors affecting the ultimate amount to be paid. These factors include estimates of the extent and costs of restoration activities, technological changes, regulatory changes, cost increases as compared with inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the reported provisions. The provisions at reporting date represent management's best estimate of the present value of future, required restoration costs. Changes in estimated future costs are reported in the statement of financial position by either increasing, or decreasing, the restoration liability and restoration asset provided the initial estimate was originally reported as part of an asset measured in accordance with IAS 16 Property, Plant and Equipment. Any reduction in the restoration liability and, therefore, any deduction from the reported restoration asset, may not exceed the reported value of that asset. If it does, any excess over the reported value is reported immediately in profit or loss. If the change in the estimate results in an increase in the restoration liability and, therefore, an increase in the reported value of the asset, the entity is required to consider whether this is an indication of an impairment of the asset as a whole and is to test for impairment in accordance with IAS 36.

The amount of the restoration costs depends on the type of land in which the mining operation is located. If the mining operation is located within an area originally classified as agricultural, forestry or building land, the restoration requirements are more extensive. If, on the other hand, the land in question did not have any particular alternative use at the time of the initiation of the mining operation, the restoration requirements are more modest. At

present, none of the different mining licences in eastern Siberia held by the Group are located on agricultural, forestry or building land. See Note 18 for further details.

#### Impairment of assets

The Group reviews each cash generating unit annually, in order to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell, and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. The fair value of mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates, such as the cost of future expansion plans and eventual disposal, applying assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate reflecting current market assessments of the time value of funds and the risks specific to the asset. Management has assessed its cash generating units as comprising an individual mining licence, which is the lowest level for which cash inflows are largely independent of the other assets.

An impairment test was carried out on the Group's productive gold assets as at December 31, 2019. The most significant portion of the intangible and tangible fixed assets relates to the Tardan license area. For this purpose, a discounted cash flow model has been applied extending over a 10-year period, together with a consideration of the value of registered reserves. A number of variables are simulated in the model. Among the more important assumptions are the price of gold and the required yield. The base assumption regarding the price of gold during the period is a value of 1,400 US\$/oz and the required yield is 8.9% per year. A number of other assumptions are also important. The results of the assessment of these base assumptions are that no impairment is required at year-end 2019.

An impairment test of significant assets is also performed at Parent Company level. The impairment test is based on a 8-year cash flow model forecast prepared for Auriant's production units. Cash flows are discounted to their present value using a discount rate reflecting current market assessments of the time value of funds and the risks specific to the asset. The net present value of the forecasted cash flow is compared with the book values of shares and loans provided by the Parent Company. Where an impairment indicator exists, i.e. the book value exceeds the net present value of the forecasted cash flow, an impairment provision is recorded at year end. The impairment test performed as at December 31, 2019 at Parent Company level showed no

impairment requirement.

*Recovery of deferred tax assets*

Judgment is required in determining whether deferred tax assets are to be reported in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecasted earnings from the operations and on the application of existing tax laws in each jurisdiction. To the extent that actual taxable income differs significantly from estimated, forecasted taxable income, the ability of the Group to realise the net deferred tax assets reported at reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to secure tax deductions in future periods. See Note 8 for further details.

*Inventories*

Net realisable value tests are performed at least once per year and represent the estimated future sales

price of the product, based on prevailing spot metal prices at the reporting date, less estimated costs to complete production and bring the product to sale. Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by means of periodic surveys. See Note 14 for further details.

*Fair value of financial instruments*

When the fair value of financial assets and financial liabilities reported in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques, including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in determining fair values. The judgments include considerations of inputs, such as liquidity risk, credit risk and volatility. Changes in assumptions regarding these factors could affect the reported fair value of the financial instruments. See Note 20 for further details.

## NOTE 1

### REVENUE

Total revenue from the sale of gold and gold equivalents of MSEK 281.6 (US\$ 29.8 mln) in 2019 and MSEK 151.0 (US\$ 17.4 mln) in 2018 was generated by the Russian entities of the Group. No revenue was generated in Sweden. In 2019 the Group had one customer for gold – the Russian bank, VTB. The Group's mining activities were focused on the Pravoberezhniy deposit at Tardan, which was the main source of ore in 2019. Total gold sales volumes amounted to 654 kg (21,021 oz), which is 49%, or 214 kg (6,874 oz), more than in the previous reporting period.

	Group		Group	
	2019 TSEK	2018 TSEK	2019 US\$000	2018 US\$000
Revenue from sale of hard rock gold	261,890	128,951	27,683	14,837
Revenue from sale of alluvial gold	19,675	22,041	2,079	2,536
<b>TOTAL REVENUE FROM SALE OF GOLD AND GOLD EQUIVALENTS</b>	<b>281,565</b>	<b>150,992</b>	<b>29,762</b>	<b>17,373</b>

## NOTE 2

### COST OF SALES

	Group		Group	
	2019 TSEK	2018 TSEK	2019 US\$000	2018 US\$000
External expenses	52,519	25,492	5,551	2,946
Materials	58,188	34,627	6,151	3,984
Employee benefit expenses	54,483	40,978	5,759	4,715
Taxes	19,657	10,678	2,078	1,229
Alluvial operator costs	13,632	14,586	1,441	1,678
Depreciation, amortization and write downs	47,342	40,697	5,011	4,659
Change in stripping asset	(7,826)	(1,282)	(826)	(148)
Change in stock of finished and semi-finished goods	(5,142)	20,733	(544)	2,386
<b>TOTAL COST OF SALES</b>	<b>232,853</b>	<b>186,509</b>	<b>24,621</b>	<b>21,449</b>

In 2019, cash costs increased by 44%, or US\$ 6.4 mln, due to higher production volumes and growth of mining operations (waste stripping increased by 175% and ore stacking - by 56% compared to 2018). Cash costs consist of external expenses, employee benefit expenses, materials, taxes, mostly Mineral Extraction Tax (MET), and alluvial operator costs. Total Cash costs reduced by 17% to US\$ 884 per oz (12m 2018: US\$ 1,059 per oz).

Stripping works on Pravoberezhniy deposit in 2019 were pulled forward to secure access to ore which would be mined in the future, which resulted in increased stripping assets compared to the beginning of the period, and respective charge to cost of sales in the amount of US\$ 0.7 mln. Change in stock of finished and semi-finished goods in 2019 was driven by commence of CIL gold production.

In 2019 and 2018, the Company engaged two contractors working on different sites at Solcocon, on the basis of 84% split of gold sales. Alluvial operator costs decreased by 7% in line with volume production decline compared to the prior period: 54 kg (1.730 oz) of gold was produced compared to 73 kg (2.337 oz).

## NOTE 3

### GENERAL AND ADMINISTRATIVE EXPENSES

	Group		Parent Company		Group		Parent Company	
	2019 TSEK	2018 TSEK	2019 TSEK	2018 TSEK	2019 US\$000	2018 US\$000	2019 US\$000	2018 US\$000
Employee benefit expenses	13,517	13,295	2,797	2,960	1,430	1,530	296	341
External expenses*	7,109	7,612	4,883	5,511	753	886	516	634
Depreciation, amortization and write downs	7	11	-	-	1	1	-	-
<b>TOTAL GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>20,633</b>	<b>20,918</b>	<b>7,680</b>	<b>8,471</b>	<b>2,184</b>	<b>2,417</b>	<b>812</b>	<b>975</b>

General and administrative expenses relate to Management Company and Parent Company.

\* External expenses include audit services. For the remuneration to auditors refer the table below:

#### Audit fees

	Group		Parent Company		Group		Parent Company	
	2019 TSEK	2018 TSEK	2019 TSEK	2018 TSEK	2019 US\$000	2018 US\$000	2019 US\$000	2018 US\$000
<b>PWC</b>								
Audit engagement	1,000	1,000	1,000	1,000	106	115	106	115
Other statutory engagements	41	33	41	33	4	4	4	4
Other services	93	100	93	100	10	12	10	12
<b>TOTAL FEES FOR THE AUDIT AND RELATED SERVICES TO PWC</b>	<b>1,134</b>	<b>1,133</b>	<b>1,134</b>	<b>1,133</b>	<b>120</b>	<b>130</b>	<b>120</b>	<b>130</b>
<b>Other auditing firms</b>								
Statutory audit and related services	107	112	-	-	11	15	-	-
<b>TOTAL FEES FOR THE AUDIT AND RELATED SERVICES TO AUDITING FIRMS</b>	<b>1,241</b>	<b>1,245</b>	<b>1,134</b>	<b>1,133</b>	<b>131</b>	<b>146</b>	<b>120</b>	<b>130</b>

Audit assignment is defined as fees for the statutory audit (i.e. audit work required to present the Audit Report and provide audit advice in connection with the audit assignment).

## NOTE 4

### OTHER INCOME AND EXPENSES

	Group		Parent Company		Group		Parent Company	
	2019 TSEK	2018 TSEK	2019 TSEK	2018 TSEK	2019 US\$000	2018 US\$000	2019 US\$000	2018 US\$000
<b>Other operating income</b>								
Reversal of site restoration provision	1,065	-	-	-	113	-	-	-
Reversal of bad debt provision	223	-	-	-	24	-	-	-
Reversal of impairment provision	-	1,675	-	-	-	193	-	-
Services to contractors (rent, accomodation services, other)	273	644	-	-	29	74	-	-
Penalty to Urumkan	-	377	-	-	-	43	-	-
Social security expenses reimbursement	-	209	-	-	-	24	-	-
Consulting services to subsidiary	-	-	720	720	-	-	76	83
Other	722	1,601	-	-	75	133	-	-
<b>TOTAL OTHER OPERATING INCOME</b>	<b>2,283</b>	<b>4,506</b>	<b>720</b>	<b>720</b>	<b>241</b>	<b>467</b>	<b>76</b>	<b>83</b>

#### Reversal of provisions

In 2019, reversal of provisions primarily related to site restoration and bad debt, amounted to a total of MSEK 1.3 or US\$ 0.1 mln. Reversal of provisions in 2018 mainly was recovery of impaired equipments and machinery in LLC GRE 324 in 2015 that have been sold in 2018.

	Group		Parent Company		Group		Parent Company	
	2019 TSEK	2018 TSEK	2019 TSEK	2018 TSEK	2019 US\$000	2018 US\$000	2019 US\$000	2018 US\$000
<b>Other operating expenses</b>								
Previous periods waste disposal fees	(6,713)	-	-	-	(710)	-	-	-
Bad debt expenses, write down inventory	(773)	(64)	-	-	(82)	(7)	-	-
Taxes and penalties	(558)	(196)	-	-	(59)	(23)	-	-
Sponsorship fees	(462)	(396)	-	-	(49)	(46)	-	-
Bank fees	(277)	(221)	-	-	(29)	(25)	-	-
Write-off fixed assets	(237)	(321)	-	-	(25)	(37)	-	-
Provision for site restoration	-	(702)	-	-	-	(81)	-	-
Other	(448)	(1,073)	-	-	(47)	(128)	-	-
<b>TOTAL OTHER OPERATING EXPENSES</b>	<b>(9,469)</b>	<b>(2,973)</b>	<b>-</b>	<b>-</b>	<b>(1,001)</b>	<b>(347)</b>	<b>-</b>	<b>-</b>

Other operating expenses in 2019 amounted to US\$ 1.0 mln and increased by 188% compared to the previous reporting period. The increase was attributable to waste disposal fees accrued for previous periods, US\$ 0.7 mln. Increase in bad debt expenses in 2019 was due to insolvency of fuel supplier.

## NOTE 5

### EMPLOYEE BENEFITS

	Group		Parent Company		Group		Parent Company	
	2019 TSEK	2018 TSEK	2019 TSEK	2018 TSEK	2019 US\$000	2018 US\$000	2019 US\$000	2018 US\$000
<b>Salaries and remuneration in Sweden</b>								
Board of Directors	1,613	1,553	1,613	1,550	171	178	171	178
including stock options and warrants	-	3	-	-	-	-	-	-
Senior executives	525	631	525	631	57	73	57	73
CEO	144	144	144	144	15	17	15	17
	<b>2,282</b>	<b>2,328</b>	<b>2,282</b>	<b>2,325</b>	<b>243</b>	<b>268</b>	<b>243</b>	<b>268</b>
<b>Salaries and remuneration in Russia</b>								
CEO	1,793	1,701	-	-	190	195	-	-
including stock options and warrants	-	3	-	-	-	-	-	-
Senior executives	1,883	1,645	-	-	199	189	-	-
including stock options and warrants	-	2	-	-	-	-	-	-
Other employees	48,557	37,425	-	-	5,133	4,309	-	-
including stock options and warrants	-	1	-	-	-	-	-	-
	<b>52,233</b>	<b>40,771</b>	<b>-</b>	<b>-</b>	<b>5,522</b>	<b>4,693</b>	<b>-</b>	<b>-</b>
<b>Total salaries and remuneration</b>	<b>54,515</b>	<b>43,099</b>	<b>2,282</b>	<b>2,325</b>	<b>5,765</b>	<b>4,961</b>	<b>243</b>	<b>268</b>
<b>Social security expenses in Sweden</b>								
Board of Directors	276	363	276	363	29	42	29	42
Senior executives	194	227	194	227	19	25	19	26
CEO	45	45	45	45	5	5	5	5
including pension expenses	23	23	23	23	2	3	2	3
	<b>515</b>	<b>635</b>	<b>515</b>	<b>635</b>	<b>53</b>	<b>72</b>	<b>53</b>	<b>73</b>
<b>Social security expenses in Russia</b>								
CEO	297	279	-	-	31	32	-	-
including pension expenses	33	31	-	-	3	4	-	-
Senior executives	380	330	-	-	40	38	-	-
including pension expenses	131	125	-	-	14	14	-	-
Other employees	12,293	9,930	-	-	1,299	1,142	-	-
including pension expenses	10,641	7,970	-	-	1,125	917	-	-
	<b>12,970</b>	<b>10,539</b>	<b>-</b>	<b>-</b>	<b>1,370</b>	<b>1,212</b>	<b>-</b>	<b>-</b>
<b>Total social security expenses</b>	<b>13,485</b>	<b>11,174</b>	<b>515</b>	<b>635</b>	<b>1,423</b>	<b>1,284</b>	<b>53</b>	<b>73</b>
<b>Total employee benefit expenses</b>	<b>68,000</b>	<b>54,273</b>	<b>2,797</b>	<b>2,960</b>	<b>7,188</b>	<b>6,245</b>	<b>296</b>	<b>341</b>

### Remuneration and other benefits of the Board\* and Senior executives

	2019 TSEK	2018 TSEK	2019 US\$000	2018 US\$000
<b>Board of directors</b>				
Lord Daresbury (Peter), Chairman of the Board	450	452	48	50
Preston Haskell	275	275	29	32
Ingmar Haga	275	276	29	32
Patrik Perenius	275	275	29	32
James Provoost Smith	275	275	29	32
Andrey Barinskiy	63	-	7	-
<b>Total Board of directors</b>	<b>1,613</b>	<b>1,553</b>	<b>171</b>	<b>178</b>
including stock options and warrants	-	3	-	-
<b>Senior Executives**</b>				
Payroll***	2,408	2,276	256	262
including stock options and warrants	-	2	-	1
<b>Chief Executive Officer</b>				
Payroll***	1,937	1,845	205	212
including stock options and warrants	-	3	-	1
<b>Total Senior Executives and CEO</b>	<b>4,345</b>	<b>4,121</b>	<b>461</b>	<b>474</b>

\* Remuneration to the Board of Directors and guidelines for remuneration to Chief Executive Officer and Senior Executives are approved by AGM.

\*\*Senior Executives in 2019 and 2018 includes acting CFO, Deputy CEO, Group General Counsel, Chief Geologist and Head of HR.

\*\*\* There were no bonuses accrued and/or paid for 2019 and 2018 financial year results.

An incentive program for the Group's Board of Directors, senior executives and employees had been established through issue of stock options and warrants. For a detailed description of the program, please, refer to Note 17 of the report.

	Group		Parent Company	
	2019	2018	2019	2018
<b>Group – Board of Directors and CEO at year-end</b>				
Women	-	-	-	-
Men	7	6	7	6
<b>Group – Management at year-end</b>				
Women	3	3	1	1
Men	2	2	-	-

	Total 2019	of which woman	Total 2018	of which woman
<b>Number of employees</b>				
<b>Average number of employees</b>				
Parent Company in Sweden	1	1	1	1
Subsidiaries in Russia	506	100	437	79
<b>Total for the Group</b>	<b>507</b>	<b>101</b>	<b>438</b>	<b>80</b>
<b>Number of employees at year-end</b>				
Parent company in Sweden	1	1	1	1
Subsidiaries in Russia	549	94	454	88
<b>Total for the Group</b>	<b>550</b>	<b>95</b>	<b>455</b>	<b>89</b>

## NOTE 6

### FINANCIAL INCOME

	Group		Parent Company		Group		Parent Company	
	2019 TSEK	2018 TSEK	2019 TSEK	2018 TSEK	2019 US\$000	2018 US\$000	2019 US\$000	2018 US\$000
Exchange rate differences	12,095	-	13,478	-	679	-	1,425	-
Interest income from Group companies	-	-	19,539	16,976	-	-	2,065	1,953
Other interest income	-	45	-	-	-	5	-	-
<b>TOTAL FINANCIAL INCOME</b>	<b>12,095</b>	<b>45</b>	<b>33,017</b>	<b>16,976</b>	<b>679</b>	<b>5</b>	<b>3,490</b>	<b>1,953</b>

## NOTE 7

### FINANCIAL EXPENSES

	Group		Parent Company		Group		Parent Company	
	2019 TSEK	2018 TSEK	2019 TSEK	2018 TSEK	2019 US\$000	2018 US\$000	2019 US\$000	2018 US\$000
Interest expenses on loans and borrowings	(40,324)	(32,534)	(12,934)	(6,885)	(4,258)	(3,735)	(1,367)	(792)
Interest expenses on leasing	(1,256)	(167)	-	-	(133)	(19)	-	-
Other interest expenses	-	(350)	-	-	-	(41)	-	-
<b>Total interest expenses</b>	<b>(41,580)</b>	<b>(33,051)</b>	<b>(12,934)</b>	<b>(6,885)</b>	<b>(4,390)</b>	<b>(3,795)</b>	<b>(1,367)</b>	<b>(792)</b>
Arrangement fee to Golden Impala*	-	(1,756)	-	(1,756)	-	(202)	-	(202)
Exchange rate differences	-	(14,664)	-	(48,606)	-	(1,569)	-	(5,593)
<b>TOTAL FINANCIAL EXPENSES</b>	<b>(41,580)</b>	<b>(49,471)</b>	<b>(12,934)</b>	<b>(57,247)</b>	<b>(4,390)</b>	<b>(5,566)</b>	<b>(1,367)</b>	<b>(6,587)</b>

In 2019 interest expense on loans and borrowings increased as the Group drew down VTB loan facilities during 2019 and received bridging loan facility from Golden Impala in December, 2018.

\* Arrangement fee to Golden Impala was paid by Auriant Mining for revised debt terms include extending the maturity of the loan from Golden Impala Limited for further 2.5 years from 30 June 2019 (as was announced in press release dated January 12, 2018) to December 31, 2021, when Kara-Beldyr is expected to start, and a continuation in that period of the existing interest rate of 2% per annum.

## NOTE 8

### INCOME TAX AND DEFERRED INCOME TAX

	Group		Parent Company		Group		Parent Company	
	2019 TSEK	2018 TSEK	2019 TSEK	2018 TSEK	2019 US\$000	2018 US\$000	2019 US\$000	2018 US\$000
Current tax	(6)	(32)	-	-	(1)	(4)	-	-
Deferred tax	2,622	15,901	-	-	279	1,835	-	-
<b>Total</b>	<b>2,616</b>	<b>15,869</b>	<b>-</b>	<b>-</b>	<b>278</b>	<b>1,831</b>	<b>-</b>	<b>-</b>

#### Connection between tax expense and reported profit/loss

Pre-tax profit/loss	(8,592)	(104,328)	13,123	(48,022)	(1,514)	(11,935)	1,387	(5,621)
Tax according to applicable tax rate	2,091	21,521	(2,808)	10,565	221	2,476	(297)	1,216
Tax effect of expenses that are non-deductible for tax purposes	(8,921)	(3,441)	(2,768)	(1,515)	(943)	(395)	(293)	(174)
Tax effect of non-taxable income	5,459	6,839	-	-	577	792	-	-
Tax losses for which no deferred income tax asset was recognised	(1,589)	-	-	-	(167)	-	-	-
Previously unrecognised tax losses now recouped to reduce tax expense	5,576	(9,050)	5,576	(9,050)	590	(1,042)	590	(1,042)
<b>Total</b>	<b>2,616</b>	<b>15,869</b>	<b>-</b>	<b>-</b>	<b>278</b>	<b>1,831</b>	<b>-</b>	<b>-</b>

The applicable tax rate for the Parent Company is 21.4%. The applicable tax rate for the Russian subsidiaries is 20%. The main business activities in the Group are carried out in Russia and the applicable tax rate used for the Group is 20%.

Currently, tax loss carry-forwards in the Parent Company are not reported as deferred tax assets in the balance sheet, as it is uncertain whether such tax losses can be utilised based on the managerial character of the Parent Company. The total tax losses carried forward in the parent company amounts to MSEK 58 and are not limited in time. During 2019 the Parent company recouped MSEK 13 of previously unrecognised tax losses to reduce current tax expense.

In the subsidiaries, deferred tax assets on tax losses carried forward are reported when it is probable that the subsidiary will generate sufficient taxable profits to utilise the tax losses within the foreseeable future. According to the Russian tax law, tax losses available for offsetting against future taxable income are not limited in time.

The Group has material amount of deferred tax assets at Tardan Gold. The majority of the deferred tax assets relate to tax losses carried forward. Based on the forecast the LLC Tardan Gold will generate taxable profits that enable to utilise deferred tax asset within a period of 2-3 years.

Deferred tax relates to the following:

	Consolidated statement of financial position, TSEK		Consolidated statement of profit or loss, TSEK	
	2019	2018	2019	2018
<b>Deferred tax assets:</b>				
Losses available for offsetting against future taxable income	64,158	55,735	(5,401)	18,232
Stripping costs	-	-	-	(1,706)
Site restoration provision	755	645	-	-
Depreciation of fixed assets	2,795	-	28	-
Bad debt provision	-	83	104	75
Other temporary differences	-	(148)	(2,422)	(1,601)
Functional currency on non-monetary items	33,369	28,709	13,737	(9,169)
<b>Total Deferred tax assets</b>	<b>101,077</b>	<b>85,024</b>		
<b>Deferred tax liabilities:</b>				
Exploration costs	(22,692)	(23,099)	303	2,002
Work in progress	(11,050)	(7,679)	(2,081)	4,915
Other income	-	-	-	2,557
Leasing of equipment	(2,385)	(1,285)	(161)	708
Depreciation of fixed assets	-	(2,246)	(482)	(178)
Expenses capitalised	(988)	(281)	(1,003)	34
<b>Total Deferred tax liabilities</b>	<b>(37,115)</b>	<b>(34,590)</b>		
<b>Deferred tax expense</b>			<b>2,622</b>	<b>15,869</b>
<b>Net deferred tax assets</b>	<b>63,962</b>	<b>50,434</b>		
Reflected in the statement of financial position as follows:				
<b>Deferred tax assets</b>	<b>63,962</b>	<b>50,434</b>		
<b>Deferred tax liabilities</b>	<b>-</b>	<b>-</b>		

Deferred tax relates to the following:

	Consolidated statement of financial position, US\$ 000		Consolidated statement of profit or loss, US\$ 000	
	2019	2018	2019	2018
<b>Deferred tax assets:</b>				
Losses available for offsetting against future taxable income	6,887	6,213	(568)	2,093
Stripping costs	-	-	-	(196)
Site restoration provision	81	72	-	-
Depreciation of fixed assets	300	-	3	-
Bad debt provision	-	9	11	9
Other temporary differences	-	(16)	(256)	(184)
Functional currency on non-monetary items	3,481	3,195	1,452	(1,045)
<b>Total Deferred tax assets</b>	<b>10,749</b>	<b>9,473</b>		
<b>Deferred tax liabilities:</b>				
Exploration costs	(3,152)	(3,267)	32	230
Work in progress	(1,186)	(856)	(221)	566
Other income	-	-	-	294
Leasing of equipment	(256)	(144)	(17)	81
Depreciation of fixed assets	-	(250)	(51)	(20)
Expenses capitalised	(106)	(30)	(106)	4
<b>Total Deferred tax liabilities</b>	<b>(4,700)</b>	<b>(4,547)</b>		
<b>Deferred tax expense</b>			<b>279</b>	<b>1,832</b>
<b>Net deferred tax assets</b>	<b>6,049</b>	<b>4,926</b>		
Reflected in the statement of financial position as follows:				
<b>Deferred tax assets</b>	<b>6,049</b>	<b>4,926</b>		
<b>Deferred tax liabilities</b>	<b>-</b>	<b>-</b>		

## NOTE 9

### MINING PERMITS AND CAPITALISED EXPLORATION COSTS

	Group		Parent Company	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
	TSEK	TSEK	TSEK	TSEK
Opening balance	239,173	248,280	392	392
Capitalized exploration costs	3,208	9,306	-	-
FV revaluation of contingent liability effect	(8,578)	-	-	-
Translation difference	1,481	(18,413)	-	-
<b>Closing balance</b>	<b>235,284</b>	<b>239,173</b>	<b>392</b>	<b>392</b>
Opening balance amortizations and write downs	(67,135)	(84,094)	(392)	(392)
Amortization for the period	(22,820)	(13,157)	-	-
Translation difference	4,405	30,116	-	-
<b>Closing amortizations and write downs</b>	<b>(85,550)</b>	<b>(67,135)</b>	<b>(392)</b>	<b>(392)</b>
<b>Closing net book value</b>	<b>149,734</b>	<b>172,038</b>	<b>-</b>	<b>-</b>

	Group		Parent Company	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018
	US\$000	US\$000	US\$000	US\$000
Opening balance	38,954	37,883	60	60
Capitalized exploration costs	339	1,071	-	-
FV revaluation of contingent liability effect	(907)	-	-	-
<b>Closing balance</b>	<b>38,386</b>	<b>38,954</b>	<b>60</b>	<b>60</b>
Opening balance amortizations and write downs	(15,938)	(14,423)	(60)	(60)
Amortization for the period	(2,412)	(1,515)	-	-
<b>Closing amortizations and write downs</b>	<b>(18,350)</b>	<b>(15,938)</b>	<b>(60)</b>	<b>(60)</b>
<b>Closing net book value</b>	<b>20,036</b>	<b>23,016</b>	<b>-</b>	<b>-</b>

Assets are mainly represented by exploration and mine development costs and are held by the Russian subsidiaries of the Group (no assets are held by the Swedish Parent Company). Intangible assets represent a significant portion of the assets in the Group and impairment tests are regularly carried out by management in order to ensure that the recoverable values of these assets is not lower than their carrying values. The impairment tests are carried out through the use of a discounted cash flow model over the calculated lifetime of the asset/deposit and with consideration of the registered reserves on the deposit/license area. A number of variables are simulated in the model. Among the more important variables are the price of gold and the yield required.

An impairment test was carried out on the Group's productive gold assets as at 31 December, 2019. The most significant portion of the intangible assets refers to the Tardan license area. The key assumptions applied in the test were the price of gold during the test period of 1,400 USD/oz, and a discounting rate of 8.9%. The result of the impairment tests on LLC Tardan Gold was that no impairment of the intangible assets was required as at December 31, 2019.

## NOTE 10

### BUILDINGS AND LAND

	Group			
	31-12-2019 TSEK	31-12-2018 TSEK	31-12-2019 US\$000	31-12-2018 US\$000
Opening balance	122,371	111,630	13,640	13,559
Purchases	-	-	-	-
Fixed assets put into use	1,336	700	141	81
Disposals	(133)	-	(14)	-
Translation difference	4,703	10,041	-	-
<b>Closing balance accumulated acquisition values</b>	<b>128,277</b>	<b>122,371</b>	<b>13,767</b>	<b>13,640</b>
Opening balance	(62,079)	(50,030)	(6,920)	(6,077)
Depreciation for the financial year	(7,327)	(7,322)	(774)	(843)
Disposals	-	-	-	-
Translation difference	(2,285)	(4,727)	-	-
<b>Closing balance accumulated depreciation</b>	<b>(71,691)</b>	<b>(62,079)</b>	<b>(7,694)</b>	<b>(6,920)</b>
<b>Closing net book value</b>	<b>56,586</b>	<b>60,292</b>	<b>6,073</b>	<b>6,720</b>

## NOTE 11

### MACHINERY, EQUIPMENT AND OTHER TECHNICAL PLANTS

	Group			
	31-12-2019 TSEK	31-12-2018 TSEK	31-12-2019 US\$000	31-12-2018 US\$000
Opening balance	279,451	252,909	31,065	30,658
Purchases	2,505	848	265	98
Fixed assets put into use	167	5,397	18	621
Disposals	(2,403)	(2,716)	(254)	(312)
Translation difference	10,871	23,013	-	-
<b>Closing accumulated acquisition values</b>	<b>290,591</b>	<b>279,451</b>	<b>31,094</b>	<b>31,065</b>
Opening balance	(196,510)	(166,681)	(21,835)	(20,207)
Depreciation for the financial year	(21,481)	(21,637)	(2,284)	(2,474)
Disposals	-	7,352	-	846
Stocktake write-off	-	-	-	-
Translation difference	(7,393)	(15,544)	-	-
<b>Closing accumulated depreciation</b>	<b>(225,385)</b>	<b>(196,510)</b>	<b>(24,119)</b>	<b>(21,835)</b>
<b>Closing net book value</b>	<b>65,206</b>	<b>82,941</b>	<b>6,975</b>	<b>9,230</b>

## NOTE 12

### CONSTRUCTION IN PROGRESS

	Group			
	31-12-2019 TSEK	31-12-2018 TSEK	31-12-2019 US\$000	31-12-2018 US\$000
Opening balance	100,590	10,537	11,215	1,280
Purchases during the year*	89,388	92,786	9,446	10,676
Fixed assets put into use	(1,502)	(6,452)	(157)	(741)
Translation difference	2,541	3,719	-	-
<b>Closing book value</b>	<b>191,016</b>	<b>100,590</b>	<b>20,502</b>	<b>11,215</b>

All tangible fixed assets are held by the Russian subsidiaries and no assets are held by the Swedish Parent Company.

\* Increase of construction in progress balance at year end 2019 explained by significant capital investments in construction of new CIL plant at LLC Tardan Gold. As of December 31, 2019 interests on finance lease and VTB loans were capitalized at the amount of US\$ 1.2 mln.

## NOTE 13

### SHARES IN GROUP COMPANIES

Subsidiaries	Co. ID	Regd office	Proportion of ordinary shares directly held by Parent (%)	Proportion of ordinary shares held by the group (%)	Book value of shares in subsidiaries on Parent Company on December 31, 2019	Book value of shares in subsidiaries on Parent Company on December 31, 2018
LLC Tardan Gold	1041700563519	Kyzyl	100%	100%	557,898	509,070
LLC Uzhunzhul*	1071901004746	Abakan	1%	100%	2,577	2,577
LLC GRE 324*	1037542001441	Chita	60%	100%	-	-
LLC Rudtehnologiya*	1077530000570	Krasnokamensk	51%	100%	-	-
LLC Auriant Management	1097746422840	Moscow	100%	100%	8,518	8,518
Auriant Cyprus Ltd	334919	Limassol	100%	100%	-	-
Awilia Enterprises Ltd**	270158	Limassol	30%	100%	23,364	23,364
LLC Kara-Beldir***	1071701001460	Kyzyl	0%	100%	-	-
<b>TOTAL</b>					<b>592,357</b>	<b>543,529</b>

\* The subsidiaries LLC Uzhunzhul, LLC GRE 324 and LLC Rudtehnologiya are indirectly owned by 100% through the subsidiary LLC Tardan Gold.

\*\* 70% of Awilia Enterprises Ltd is indirectly owned through the subsidiary Auriant Cyprus Ltd.

\*\*\* The subsidiary LLC Kara-Beldir is indirectly owned through the subsidiary Awilia Enterprises Ltd.; hence, there is no book value for this company in Auriant Mining AB.

The investment in subsidiaries represent a significant portion of the assets in the Parent Company and impairment tests are regularly carried out by the board and management of Auriant mining AB in order to assess that the recoverable value of these assets is not less than their reported values. The impairment test is carried out through the application of discounted cash flow model. The model is sensitive to a number of variables and assessments, with some of the more important being the price of gold and the required yield. The impairment test at Parent Company level shows no impairment requirement.

## NOTE 14

### INVENTORIES

	Group			
	31-12-2019 TSEK	31-12-2018 TSEK	31-12-2019 US\$000	31-12-2018 US\$000
Raw materials and consumables	12,879	8,714	1,382	972
Finished goods	647	541	69	60
Work in progress	33,597	24,408	3,606	2,721
<b>Total</b>	<b>47,123</b>	<b>33,663</b>	<b>5,057</b>	<b>3,753</b>

The cost of inventories recognised as expense amounted to MSEK 58.188 (US\$ 6.151 m) (2018: MSEK 34.627 (US\$ 3.984 m)). The Company had 48.5 kg of gold produced, but not sold and accounted as WIP on December 31, 2019 (22.6 kg on December, 2018). The balance of finished goods on December 31, 2019 related to 2.3 kg of gold ready for sale (1.8 kg on December 31, 2018).

## NOTE 15

### OTHER CURRENT RECEIVABLES AND PREPAID EXPENSES

	Group		Parent Company	
	31-12-2019 TSEK	31-12-2018 TSEK	31-12-2019 TSEK	31-12-2018 TSEK
VAT receivable*	34,793	23,568	61	82
Other current receivables	2,418	4,826	1,152	919
<b>Total other current receivables</b>	<b>37,211</b>	<b>28,394</b>	<b>1,213</b>	<b>1,001</b>
Prepaid expenses	6,857	1,757	158	190
<b>Total prepaid expenses</b>	<b>6,857</b>	<b>1,757</b>	<b>158</b>	<b>190</b>

	Group		Parent Company	
	31-12-2019 US\$000	31-12-2018 US\$000	31-12-2019 US\$000	31-12-2018 US\$000
VAT receivable*	3,734	2,627	7	9
Other current receivables	260	538	123	103
<b>Total other current receivables</b>	<b>3,994</b>	<b>3,165</b>	<b>130</b>	<b>112</b>
Prepaid expenses	737	196	17	21
<b>Total prepaid expenses</b>	<b>737</b>	<b>196</b>	<b>17</b>	<b>21</b>

\* The sale of gold is subject to 0% output VAT but the purchase of the majority of materials is subject to input VAT at a rate of 20%. Consequently, Auriant Mining Group companies always have a significant amount of VAT receivables with the state. It usually takes 3-6 months to recover VAT.

Prepaid expenses are comprised of advances paid out to suppliers for materials and services to be provided in 2020 during the normal course of the Group's business.

## NOTE 16

### CASH AND CASH EQUIVALENTS

	Group		Parent Company	
	31-12-2019 TSEK	31-12-2018 TSEK	31-12-2019 TSEK	31-12-2018 TSEK
Cash at bank	1,343	10,666	1,081	175
<b>Total cash and cash equivalents</b>	<b>1,343</b>	<b>10,666</b>	<b>1,081</b>	<b>175</b>

	Group		Parent Company	
	31-12-2019 US\$000	31-12-2018 US\$000	31-12-2019 US\$000	31-12-2018 US\$000
Cash at bank	145	1,189	116	20
<b>Total cash and cash equivalents</b>	<b>145</b>	<b>1,189</b>	<b>116</b>	<b>20</b>

Cash and cash equivalents include only cash at bank.

## NOTE 17

### EARNINGS PER SHARE AND OTHER INFORMATION REGARDING SHARE AND EQUITY

#### a) Before dilution

Earnings per share before dilution are calculated by dividing the profit/loss attributable to the Parent Company's shareholders by the weighted average number of ordinary shares during the period.

	Group			
	2019 TSEK	2018 TSEK	2019 US\$000	2018 US\$000
Profit/Loss attributable to the Parent Company's shareholders	(5,976)	(88,459)	(1,236)	(10,103)
Weighted average number of ordinary shares	98,648,502	92,192,802	98,648,502	92,192,802
Earnings per share, SEK, US\$	(0.06)	(0.96)	(0.01)	(0.11)

#### b) After dilution

Annual General Meeting established incentive programs for Board Members, Management and other key employees through the issue of stock options entailing the right to subscribe to shares. For details on the long-term incentive programs established in the Company, please see the section Long-term incentive programs in the Corporate Governance report 2019.

	Group			
	2019 TSEK	2018 TSEK	2019 US\$000	2018 US\$000
Profit/Loss attributable to the Parent Company's shareholders	(5,976)	(88,459)	(1,236)	(10,103)
Weighted average number of ordinary shares	98,648,502	92,192,802	98,648,502	92,192,802
Number of share options at year end*	345,000	560,000	345,000	560,000
Average number of shares for the period after dilution	98,993,502	92,752,802	98,993,502	92,752,802
Earnings per share after dilution, SEK, US\$	(0.06)	(0.96)	(0.01)	(0.11)

\* The subscription period for subscription of shares in Auriant Mining with warrants, issued in connection with the rights issue in September 2017, ended on 30 March 2018. A total of 23,801,320 new shares were subscribed at the exercise price of SEK 2.50 per share raising total proceeds of approximately SEK 59.5 million (US\$ 7.1 million) of additional capital before transaction costs. The number of shares subscribed represents approximately 42 per cent of the total number of warrants issued. The warrants not exercised by 30 March 2018 have now lapsed. After registration of the new shares at the Swedish Companies Registration Office the total number of shares in Auriant Mining in issue will increase by 23,801,320, from 74,847,182 to 98,648,502.



**c) Number of shares outstanding, quotient value per share, and the limits of share capital**

At the 2019 and 2018 year-ends, the number of shares was as follows:

Number of shares	Group		Parent Company	
	2019	2018	2019	2018
Opening balance	98,648,502	74,847,182	98,648,502	74,847,182
New share issued during the period	-	23,801,320	-	23,801,320
Number of shares outstanding at each year-end	98,648,502	98,648,502	98,648,502	98,648,502
<b>Share capital (Quotient value SEK 0,1125 per share)</b>	<b>11,097,956</b>	<b>11,097,956</b>	<b>11,097,956</b>	<b>11,097,956</b>
<b>Share capital in US\$</b>	<b>1,436,769</b>	<b>1,436,769</b>	<b>1,436,769</b>	<b>1,436,769</b>

The share capital limits at the 2019 year-end according to the articles of association were not less than MSEK 5.3 and not more than MSEK 21.3. The limit for number of shares was not less than 47,400,000 and not more than 189,600,000. The number of authorised and fully paid shares at the year-end 2019 is 98,648,502.

## NOTE 18

### PROVISIONS

	Group			
	31-12-2019 TSEK	31-12-2018 TSEK	31-12-2019 US\$000	31-12-2018 US\$000
Opening provision for restoration costs	6,072	5,757	677	699
Additional provisions during the year	184	931	19	107
Unwinding of discount	79	229	8	22
Reversal of provision for site restoration	(1,065)	-	(113)	-
Translation difference	474	(845)	26	(151)
<b>Total provisions</b>	<b>5,744</b>	<b>6,072</b>	<b>617</b>	<b>677</b>

The present value of restoration costs is calculated for each license in each subsidiary on an annual basis and is based on technical specialists' assessment of the amount of work and machinery needed to comply with the restoration requirements in each license agreement. The assessment of future restoration costs is based on the assumptions stated in each license agreement.

Decrease of site restoration provision in 2019 relates to the re-estimation of costs required to eliminate the impact on the environment caused by the mining activities.

The provision for restoration costs as regards the Tardan license area is estimated to be utilised at the end of the mining license period - 2032. The provision relating to the Staroverinskaya license area is estimated to be utilized at the end of the mining license period - 2029.

## NOTE 19

### LONG TERM AND SHORT-TERM LOANS, BONDS AND NOTES

	Group					
	31-12-2019 TSEK	31-12-2019 US\$ 000	Effective interest rate in 2019	31-12-2018 TSEK	31-12-2018 US\$ 000	Effective interest rate in 2018
Liability to Golden Impala (bonds), USD	329,251	35,338	2.9%	307,891	34,321	1.9%
Long-term bank loans payable, USD*	187,965	20,174	9.5%	251,724	28,060	8.3%
Long-term notes payable, RUR	3,037	326	-	2,606	290	-
<b>Total long-term loans, notes and bond</b>	<b>520,253</b>	<b>55,838</b>		<b>562,221</b>	<b>62,671</b>	
Short-term liability to Golden Impala, USD**	21,083	2,263	12.3%	18,101	2,018	12.3%
Short-term bank loans payable, USD***	178,424	19,150	9.5%	67,935	7,573	8.3%
<b>Total short-term loans</b>	<b>199,507</b>	<b>21,413</b>		<b>86,036</b>	<b>9,591</b>	

\*In 2019, the Company drew down the final tranches of the loan facility, US\$ 3.2 mln, provided by VTB to finance the CIL construction at Tardan with a maturity date of December 31, 2021. In Q3 2019, the Company also drew down the new loan facility, US\$ 1.4 mln, provided by VTB to finance the CIL construction at Tardan and restructured the maturity schedule for repayment of US\$ 7.1 mln to VTB from the second half of 2019 to the second quarter of 2020. In 2019, the Company repaid US\$ 0.9 mln to VTB in line with the repayment schedule. In April 2020, the Group restructured repayment terms of existing loans payable (for details please refer to Note 28 of the financial statements).

\*\* In December 2018, the Company drew down US\$ 2 mln from the unsecured revolving bridging loan the facility with Golden Impala Limited, with maturity date on December 31, 2018, in order to provide short-term working capital during the low production season and to secure continuous funding of the CIL project. In 2019 the Company agreed a new maturity date of March 31, 2020. In February 2020, the loan was fully repaid.

\*\*\* Short-term bank loans payable represents by short-term part of principal amount of loan agreement with VTB to be paid at the end of December, 2020.

	TSEK	US\$000
<b>Liability to Golden Impala as of December 31, 2018</b>	<b>325,992</b>	<b>36,339</b>
Changes during the period due to:		
Interest accrued	12,171	1,282
Interest paid	(181)	(20)
Translation difference	12,352	-
<b>Liability to Golden Impala as of December 31, 2019</b>	<b>350,334</b>	<b>37,601</b>

## NOTE 20

### FINANCIAL ASSETS, LIABILITIES AND RISKS

This Note contains information regarding financial assets and liabilities, including the risks in the financial instruments to which the Group is exposed.

The Group's financial instrument categories and classifications are described in note "Summary of significant accounting policies".

#### Financial liabilities disclosures

	Group		Parent Company	
	31-12-2019 TSEK	31-12-2018 TSEK	31-12-2019 TSEK	31-12-2018 TSEK
Liability to Golden Impala (bonds)	329,251	307,891	329,251	307,891
Bank loans and notes payable	191,002	254,330	-	-
Lease payable	12,512	15,845	-	-
Liability to KFM*	20,020	-	20,020	-
Other long-term liabilities**	65,518	71,218	-	-
<b>Total long-term financial liabilities</b>	<b>618,303</b>	<b>649,284</b>	<b>349,271</b>	<b>307,891</b>
Bank loans payable***	178,424	67,935	-	-
Liability to Golden Impala	21,083	18,101	21,083	18,101
Lease payable	13,214	5,743	-	-
Trade accounts payable	24,114	5,285	426	403
Liability to KFM*	19,520	37,326	19,520	37,326
<b>Total current financial liabilities</b>	<b>256,355</b>	<b>134,390</b>	<b>41,029</b>	<b>55,830</b>

	Group		Parent Company	
	31-12-2019 US\$000	31-12-2018 US\$000	31-12-2019 US\$000	31-12-2018 US\$000
Liability to Golden Impala	35,338	34,321	35,338	34,321
Bank loans and notes payable	20,500	28,350	-	-
Lease payable	1,342	1,766	-	-
Liability to KFM*	2,149	-	2,149	-
Other long-term liabilities**	7,032	7,939	-	-
<b>Total long-term financial liabilities</b>	<b>66,361</b>	<b>72,376</b>	<b>37,487</b>	<b>34,321</b>
Bank loans payable***	19,150	7,573	-	-
Liability to Golden Impala	2,263	2,018	2,263	2,018
Lease payable	1,418	640	-	-
Trade accounts payable	2,588	589	46	45
Liability to KFM*	2,095	4,161	2,095	4,161
<b>Total short-term financial liabilities</b>	<b>27,514</b>	<b>14,981</b>	<b>4,404</b>	<b>6,224</b>

\* In December 2019, the Company agreed a new repayment schedule with KFM, according to which US\$ 2.0 mln of the principal debt will be repaid on December 31, 2020 and 2021 respectively.

\*\* Other long-term liabilities as at December 31, 2019 and December 31, 2018 included liability to Centerra in accordance with royalty agreement, described in note 25 "Other long-term liabilities".

\*\*\* Bank loans payable were represented by the liability to VTB. In April 2020, the Group restructured repayment terms of existing loans payable (for details please refer to Note 28 of the financial statements).

A Group maturity analysis in relation to the total contractual, undiscounted cash flows is presented below (TSEK):

	2020 TSEK	2021 TSEK	2022 TSEK	2023 TSEK	after 2023 TSEK
Loans payable*	178,424	103,805	84,154	-	-
Liability to Golden Impala	21,083	14,078	315,173	-	-
Notes payable	-	-	-	-	3,037
Leases liability	13,214	12,066	447	-	-
Other long-term liabilities	-	-	-	-	65,518
Trade accounts payable	24,114	-	-	-	-
Other current liabilities	19,520	20,020	-	-	-
<b>TOTAL</b>	<b>256,355</b>	<b>149,966</b>	<b>399,781</b>	<b>-</b>	<b>68,556</b>

A Group maturity analysis in relation to the total contractual, undiscounted cash flows is presented below (US\$000):

	2020 US\$000	2021 US\$000	2022 US\$000	2023 US\$000	after 2023 US\$000
Loans payable*	19,150	11,141	9,032	-	-
Liability to Golden Impala	2,263	1,511	33,827	-	-
Notes payable	-	-	-	-	326
Leases liability	1,418	1,295	47	-	-
Other long-term liabilities	-	-	-	-	7,032
Trade accounts payable	2,588	-	-	-	-
Other current liabilities	2,095	2,149	-	-	-
<b>TOTAL</b>	<b>27,514</b>	<b>16,096</b>	<b>42,907</b>	<b>-</b>	<b>7,358</b>

\* In April 2020, the Group restructured repayment terms of existing loans payable (for details please refer to Note 28 of the financial statements).

	31-12-2019 TSEK	31-12-2019 TSEK	31-12-2018 TSEK	31-12-2018 TSEK
	Fair value	Carrying amount	Fair value	Carrying amount
<b>Fair and carrying values of financial liabilities, TSEK</b>				
Trade accounts payable	24,114	24,114	5,285	5,285
Other current and long-term liabilities	105,058	105,058	108,544	108,544
Liability to Golden Impala	350,334	350,334	325,992	325,992
Loans payable	366,389	366,389	319,659	319,659
Notes payable	3,037	3,037	2,606	2,606
Leases payable	25,726	25,726	21,588	21,588
<b>Total financial liabilities</b>	<b>874,658</b>	<b>874,658</b>	<b>783,674</b>	<b>783,674</b>

	31-12-2019 US\$000	31-12-2019 US\$000	31-12-2018 US\$000	31-12-2018 US\$000
	Fair value	Carrying amount	Fair value	Carrying amount
<b>Fair and carrying values of financial liabilities, US\$000</b>				
Trade accounts payable	2,588	2,588	589	589
Other current and long-term liabilities	11,276	11,276	12,102	12,102
Liability to Golden Impala	37,601	37,601	36,338	36,338
Loans payable	39,324	39,324	35,632	35,632
Notes payable	326	326	290	290
Leases payable	2,760	2,760	2,406	2,406
<b>Total financial liabilities</b>	<b>93,875</b>	<b>93,875</b>	<b>87,357</b>	<b>87,357</b>

Maturity structure of financial liabilities as at December 31, 2019	< 1 year from reporting date, TSEK	> 1 year but < 5 years from reporting date, TSEK	> More than 5 years, TSEK	< 1 year from reporting date, US\$000	> 1 year but < 5 years from reporting date, US\$000	> More than 5 years, US\$000
Trade accounts payable	24,114	-	-	2,588	-	-
Liability to KFM	19,520	20,020	-	2,095	2,149	-
Other liabilities	-	-	65,518	-	-	7,032
Liability to Golden Impala	21,083	329,251	-	2,263	35,338	-
Loans payable	178,424	187,963	-	19,150	20,174	-
Notes payable	-	-	3,037	-	-	326
Leases payable	13,214	12,513	-	1,418	1,342	-
<b>Total financial liabilities</b>	<b>256,355</b>	<b>549,748</b>	<b>68,555</b>	<b>27,514</b>	<b>59,004</b>	<b>7,357</b>

Interest rates are included in the Maturity structure of financial liabilities. Interest rates for lease liabilities are fixed. Interests rates on loans received from banks and shareholders are fixed during the terms of the loan and the Group is, therefore, not currently directly exposed to an interest rate risk.

Finance lease liabilities are payable as follows:

	31-12-2019 TSEK	31-12-2019 TSEK	31-12-2019 TSEK	31-12-2019 US\$000	31-12-2019 US\$000	31-12-2019 US\$000
	Minimum lease payments	Interest	Present value of payments	Minimum lease payments	Interest	Present value of payments
Less than one year	16,706	3,492	13,214	1,793	375	1,418
Between one and five years	13,687	1,175	12,512	1,469	127	1,342
<b>TOTAL</b>	<b>30,393</b>	<b>4,667</b>	<b>25,726</b>	<b>3,262</b>	<b>502</b>	<b>2,760</b>

Financial assets disclosures:

	31-12-2019 TSEK	31-12-2019 TSEK	31-12-2018 TSEK	31-12-2018 TSEK
	Fair value	Reported value	Fair value	Reported value
<b>Cash and cash equivalents</b>				
Cash and cash equivalents in SEK	1,081	1,081	60	60
Cash and cash equivalents in USD	19	19	9,164	9,164
Cash and cash equivalents in RUR	243	243	1,442	1,442
<b>Total cash and cash equivalents</b>	<b>1,343</b>	<b>1,343</b>	<b>10,666</b>	<b>10,666</b>

	31-12-2019 US\$000	31-12-2019 US\$000	31-12-2018 US\$000	31-12-2018 US\$000
	Fair value	Reported value	Fair value	Reported value
<b>Cash and cash equivalents</b>				
Cash and cash equivalents in SEK	116	116	7	7
Cash and cash equivalents in USD	2	2	1,022	1,022
Cash and cash equivalents in RUR	27	27	160	160
<b>Total cash and cash equivalents</b>	<b>145</b>	<b>145</b>	<b>1,189</b>	<b>1,189</b>

Fair and carrying values of financial assets:

	31-12-2019 TSEK	31-12-2019 TSEK	31-12-2019 TSEK	31-12-2018 TSEK	31-12-2018 TSEK	31-12-2018 TSEK
	Fair value	Reported value	Maximum credit risk	Fair value	Reported value	Maximum credit risk
Accounts receivable trade	24,114	24,114	24,114	5,285	5,285	5,285
Less, provision for impairment of trade receivables	-	-	-	-	-	-
Accounts receivable, net	24,114	24,114	24,114	5,285	5,285	5,285
Other current receivables	2,418	2,418	2,418	4,826	4,826	4,826
Cash and cash equivalents	1,343	1,343	-	10,666	10,666	-
<b>Total financial assets</b>	<b>27,875</b>	<b>27,875</b>	<b>26,532</b>	<b>20,777</b>	<b>20,777</b>	<b>10,111</b>

	31-12-2019 US\$000	31-12-2019 US\$000	31-12-2019 US\$000	31-12-2018 US\$000	31-12-2018 US\$000	31-12-2018 US\$000
	Fair value	Reported value	Maximum credit risk	Fair value	Reported value	Maximum credit risk
Accounts receivable trade	2,588	2,588	2,588	589	589	589
Less, provision for impairment of trade receivables	-	-	-	-	-	-
Accounts receivable, net	2,588	2,588	2,588	589	589	589
Other current receivables	260	260	260	538	538	538
Cash and cash equivalents	145	145	-	1,189	1,189	-
<b>Total financial assets</b>	<b>2,993</b>	<b>2,993</b>	<b>2,848</b>	<b>2,316</b>	<b>2,316</b>	<b>1,127</b>

The fair value of the financial instruments is included at the price that would be received in selling an asset or paying to transfer a liability in an orderly transaction between market participants as at measurement date. The Group applies the following hierarchy for determining and disclosing the fair value of financial instruments measured at fair value through the valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques used inputs having a significant effect on the recorded fair value that are not based on observable market data.

All financial instruments measured at fair value apply Level 2 valuation techniques in both years. There have been no transfers between fair value levels during the reporting period.

#### Policy for the management of financial risks

The Group's activities expose it to a variety of financial risks: a) market risk (including currency and gold price risk and interest rate risk), b) credit risk and c) liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group attempts to mitigate the effects of these risks by ensuring that the Board and the management have the relevant competence. Consequently, the Group works proactively by carrying out suitable measures to counteract and manage the risks and, in addition, the Group obtains advice from consultants, when necessary. The Group does not use derivative instruments to hedge financial risks.

#### a1) Currency and gold price risk

The Group is exposed, through its activities, to both currency risk and gold price risk, as changes in exchange rates and gold prices affect the Group's results and cash flow. The Group's policy is, in general, not to hedge this currency and gold price risk. However, under certain circumstances, e.g. if lending banks require it or if the Board of Directors considers it to be warranted, the risks can be limited, e.g. through forward sales of gold or through currency hedging measures.

### Currency exposure and analysis

The Group is exposed to foreign exchange risk in relation to net financial items denominated in foreign currencies. The functional currency of individual companies is determined by the primary economic environment in which the entity operates or the one in which it primarily generates and expends cash. The functional currency of the subsidiaries operating in Russia is the US dollar, while the functional currency of Parent Company is SEK. The consolidated accounts are presented in Swedish Krona (SEK) – the reporting currency and the US dollar – the convenience currency. In addition, the Groups exposed to currency risk in its operations, as changes in exchange rates affect the Group's results and cash flow. The Group's policy is, in general, not to hedge this currency risk. In the event of fluctuations in the exchange markets, material adverse effects may arise as regards the Group's business, financial condition and results.

The Group's income is subject to exchange rate fluctuations. The Group's revenue from gold sales is linked to U.S. dollars, whereas the majority of the Group's operating expenses are denominated in roubles. Accordingly, an appreciation of the rouble against the U.S. dollar may negatively affect the Group's margins by increasing the U.S. dollar value of its rouble-denominated costs. Conversely, an appreciation of the U.S. dollar may positively affect the Group's margins by decreasing the U.S. dollar value of its rouble-denominated costs. In 2019, for instance, the rouble appreciated by 11 per cent against the U.S. dollar.

Assets and liabilities are translated from the functional currency to the reporting currency at the closing rate of 9.3171 SEK per US\$ (8.971 SEK per US\$ at December 31, 2018). In 2019, income and expenses were translated using the average rates of SEK per US\$: 9.1706 for Q1 2019, 9.4494 for Q2 2019, 9.5853 for Q3 2019 and 9.6323 for Q4 2019 (8.1068, 8.6674, 8.9488 and 9.0417 for 2018 respectively). The translation differences are recognized as a separate component in Other comprehensive income and the cumulative effect is included in other reserves in shareholders' equity.

Group financial assets and liabilities by currency:

	31-12-2019	31-12-2019	31-12-2019	31-12-2019
	TSEK	TSEK	TSEK	TSEK
All amounts in TSEK	SEK	US\$	RUR	Total
Cash and cash equivalents	1,081	19	243	1,343
Trade accounts receivable	-	-	24,114	24,114
Other current receivables	1,152	-	1,266	2,418
<b>Total financial assets</b>	<b>2,233</b>	<b>19</b>	<b>25,623</b>	<b>27,875</b>
Trade accounts payable	426	-	23,688	24,114
Other current and long term liabilities	-	105,058	-	105,058
Liability to Golden Impala	-	350,334	-	350,334
Loans payable	-	366,389	-	366,389
Notes payable	-	-	3,037	3,037
Lease payable	-	-	25,726	25,726
<b>Total financial liabilities</b>	<b>426</b>	<b>821,781</b>	<b>52,451</b>	<b>874,658</b>
<b>Net financial items</b>	<b>1,807</b>	<b>(821,762)</b>	<b>(26,828)</b>	<b>(846,783)</b>

The sensitivity analysis of profit before tax to foreign exchange risk is shown in the table below:

31-12-2019	31-12-2019	31-12-2019	31-12-2019
Changes in	Effect on profit	Changes in	Effect on profit
Exchange rate of RUR,	before income tax, TSEK	Exchange rate of USD, %	before income tax, TSEK
10%	Decrease by 2,568	10%	Increase by 82,176
-10%	Increase by 2,568	-10%	Decrease by 82,176

### Price risk analysis

The Group is exposed, through its activities, to a gold price risk, as changes in gold prices affect the Group's results and cash flow. The Group's policy is to manage these risks through sales of gold at a London market spot price agreed with the buyer, as well as on a basis of the London AM/ PM fixing or tradebook market orders (stop-loss or take-profit). In the event of a depreciation of the gold price, material adverse effects may arise in terms of the Company's business, financial condition and results. The Group derives substantially all of its revenue from the sale of gold. Accordingly, the Company's financial results largely dependent on the price of gold. The gold market is cyclical and sensitive to changes in general economic conditions, and may be subject to significant volatility. As a result, it is not possible to accurately forecast the price of gold. The price of gold is influenced by various factors, many of which are outside the control of the Group, including, but not limited to:

- speculative trading activities in gold;
- currency exchange rates, particularly movements in the value of the U.S. dollar against other currencies;
- the overall level of forward sales by gold producers;
- the overall level and cost of production;
- actual or expected inflation and interest rates;
- global and regional supply and demand, and expectations of future supply and demand.

The market gold price is significant factor that influences the Group's profitability and operating cash flow generation. The average realized gold price per ounce increased by 15% from US\$ 1,228 in 2018 up to US\$ 1,416 in 2019.

Significant sustained declines in the price of gold may render any of the gold exploration or development activities undertaken by the Group less profitable or unprofitable and may have a material adverse effect on the Group's business, results and financial position. The table below summarises the impact on profit before tax of changes in gold prices. The analysis is based on the assumption that the gold prices move 10% with all other variables held constant.

Change in price of gold in USD by:	Effect on operating profit, TSEK	Effect on operating profit, US\$000
+10%, other things being equal	Increase by 28,157	Increase by 2,976
-10%, other things being equal	Decrease by 28,157	Decrease by 2,976

### a) Interest rate risk

The Group's interest-bearing loans are comprised of loans in Russian banks and loans from shareholders/related parties. Currently, all interest bearing loans have fixed interest rates during the terms of the loans and, therefore, the Group is not currently directly exposed to an interest rate risk in the short term. In the event of a higher interest rate in the future, there may be material adverse effects on the Group's business, financial condition and results.

A substantial amount of Group's interest-bearing loans are long-term loans, i.e. due for repayment in more than one year. The remaining portion is due in less than 5 years. The Group is engaged, on a regular basis, in negotiations with existing finance providers in order to roll current obligations over to subsequent periods and in order to maintain an optimal debt repayment pattern. The terms and conditions of the loans can be changed or adjusted during these negotiations, including potential interest rate increases. In the case of the Group not being able to find alternative finance sources, there may be an increase in interest rate expenses, which, in its turn, may have a material adverse effect on the Group's business, net income and financial position.

### b) Credit risk

As a rule, surplus liquidity is to be kept in current bank accounts or invested in savings accounts or overnight deposits, as the case may be. Accounts and deposits are opened in the same banks as those providing financing to the Group. With respect to gold sales, there are generally no receivables arising from these transaction – the Group sells gold to the bank, which holds a special license for conducting operations with precious metals. In the course of transaction, the Group either receives a pre-payment from the bank once the refinery reports have been received with the Dore bar from the Group or, if gold is not sold on a pre-payment basis, once the buyer settles its obligation on the same date. Auriant has quite a small amount of accounts receivable from other parties, with overwhelming majority originating from the renting out the Group's equipment. Provisions for bad debts are reported based on the individual estimation of possible payment from each counterparty. In the event of a counterparty default, material adverse effects may impact the Group's business, financial condition and results.

### c) Liquidity risk

Auriant Mining AB is at a development stage, and, therefore, requires continued capital expenditure. Funds for these investments cannot only be obtained from internally generated income. The Company's growth, therefore, remains dependent on external financing. External financing may be secured in the form of borrowing or via a capital injection. For companies in a development stage, equity financing is the most common method. Since its formation, the company has executed preferential or directed new share issues on several occasions. The successful execution of share issues is, however, and to a large extent, dependent on the market climate. However, external financing in

the form of bank loans has become, for the Group, one of the most important sources of working capital and has, also, ensured investment activity growth. If the Group is unable to secure financing, material adverse effects may impact the Group's business, financial condition and results. The Group is leveraged although most of its debt is medium to long term (i.e. due after 1 year) and fits the Company's future cash flows pattern. Please refer also to Note 28 "Significant events after the reporting period". Newly built gold producing plant is capable to provide steady production flow without seasonality which is going to be main source for debt repayment in coming years.

**Risk related to global coronavirus (COVID-19) pandemic**

At the end of 2019, a coronavirus (COVID-19) appeared, whose first epicenter of which was China, before spreading across the globe, disrupting economic activity.

The current COVID-19 pandemic may affect the Group's operations by different means.

(a) Gold price. The pandemic may affect the gold price in an unexpected manner. Difficulties in delivery of physical gold resulting from airline services shrinking may cause gold price volatility as well as widening spreads between future and spot prices, as well as a price backed by gold delivery from those on stock exchange markets;

(b) Exchange rates. The pandemic causes drastic changes on commodity markets. Changes of commodity prices, in particular oil price may cause significant volatility on foreign exchange markets, in particular on Russian Rouble exchange markets;

(c) Operations. The Group's operations may be affected by many different mean, including, but not limited (a) Government issuing a mandatory lockdown order, (b) a quarantine might be put in place in a response to Group's employees' being infected; (c) refinery lockdown and inability to make the gold bullion for sale; (d) delivery of Dore bars to refinery could become impossible; (e) employees wouldn't be able to come on shift as a result of quarantine measures, etc.

## NOTE 21

### TRADE AND OTHER ACCOUNTS PAYABLE

	Group		Parent Company	
	31-12-2019 TSEK	31-12-2018 TSEK	31-12-2019 TSEK	31-12-2018 TSEK
Trade accounts payable*	24,114	5,285	426	403
Advances received	-	30	-	-
Other payables**	14,966	7,135	14	11
Accrued fees	890	1,028	875	800
<b>Total trade and other accounts payable</b>	<b>39,970</b>	<b>13,478</b>	<b>1,315</b>	<b>1,214</b>

	Group		Parent Company	
	31-12-2019 US\$000	31-12-2018 US\$000	31-12-2019 US\$000	31-12-2018 US\$000
Trade accounts payable*	2,588	589	46	45
Advances received	-	3	-	-
Other payables**	1,605	788	2	1
Accrued fees	96	115	94	88
<b>Total trade and other accounts payable</b>	<b>4,289</b>	<b>1,495</b>	<b>142</b>	<b>134</b>

\* As of 31 December 2019, trade accounts payable increased compared to 31 December 2018, as a result of working capital optimization process.

\*\* As of 31 December 2019 and 2018, other payables mainly consisted of finance lease liability and increased due to construction of the CIL plant.

## NOTE 22

### OTHER CURRENT LIABILITIES

	Group		Parent Company	
	31-12-2019 TSEK	31-12-2018 TSEK	31-12-2019 TSEK	31-12-2018 TSEK
Short-term debt to KFM*	19,520	37,326	19,520	37,326
Payroll and social contributions	12,112	6,173	302	62
Other employee benefit expenses	-	-	-	224
Tax liabilities	18,408	2,612	113	48
Provision for court proceedings	-	10	-	-
<b>Total other current liabilities</b>	<b>50,040</b>	<b>46,121</b>	<b>19,935</b>	<b>37,660</b>

	Group		Parent Company	
	31-12-2019 US\$000	31-12-2018 US\$000	31-12-2019 US\$000	31-12-2018 US\$000
Short-term debt to KFM*	2,095	4,161	2,095	4,161
Payroll and social contributions	1,300	688	32	7
Other employee benefit expenses	-	-	-	25
Tax liabilities	1,976	291	12	5
Provision for court proceedings	-	1	-	-
<b>Total other current liabilities</b>	<b>5,371</b>	<b>5,141</b>	<b>2,139</b>	<b>4,198</b>

\* In December 2019, the Company agreed a new repayment schedule with KFM, according to which US\$ 2.0 mln of the principal debt will be repaid on December 31, 2020 and 2021 respectively.

## NOTE 23

### LOANS TO SUBSIDIARIES

	Parent Company			
	31-12-2019 TSEK	31-12-2018 TSEK	31-12-2019 US\$000	31-12-2018 US\$000
Opening balance	193,584	161,933	21,579	19,671
Loans during the year	-	38,925	-	4,390
Accrued interest	15,292	16,976	1,616	1,953
Repaid during the year	(8,119)	(4,482)	(858)	(516)
Loans converted into equity	(48,827)	-	(5,241)	-
Translation difference	31,599	(19,767)	2,602	(3,919)
<b>Closing book value</b>	<b>183,529</b>	<b>193,584</b>	<b>19,698</b>	<b>21,579</b>

Loans to subsidiaries represent a significant portion of the assets in the Parent Company, and impairment tests are regularly carried out by the management of the Parent Company in order to determine if the recoverable value of these assets is less than their reported values. The impairment tests performed as at December 31, 2019 showed no indication of the impairment of loans granted to and of investments in subsidiary companies. In 2015, all investments and loans into Solcocon (LLC GRE 324, LLC Rudtehnologiya) were impaired.

In 2019, as result of intercompany debt optimisation some of the loans were converted into equity. It had a positive impact on net assets of Russian companies.

## NOTE 24

### PLEDGED ASSETS

	Group		Parent Company	
	31-12-2019 TSEK	31-12-2018 TSEK	31-12-2019 TSEK	31-12-2018 TSEK
Fixed assets	51,805	58,304	-	-
Net assets of pledged subsidiaries (excluding directly pledged fixed assets)	43,325	6,130	-	-
Shares in subsidiaries	-	-	557,898	509,070
<b>TOTAL</b>	<b>95,130</b>	<b>64,434</b>	<b>557,898</b>	<b>509,070</b>

	Group		Parent Company	
	31-12-2019 US\$000	31-12-2018 US\$000	31-12-2019 US\$000	31-12-2018 US\$000
Fixed assets	5,560	6,499	-	-
Net assets of pledged subsidiaries (excluding directly pledged fixed assets)	8,884	4,237	-	-
Shares in subsidiaries	-	-	59,879	56,746
<b>TOTAL</b>	<b>14,444</b>	<b>10,736</b>	<b>59,879</b>	<b>56,746</b>

Under the loan agreements with VTB the Group had a commitment to pledge of 100% of shares of LLC Tardan Gold, LLC GRE-324, LLC Kara-Beldyr and 99% of shares of LLC Uzhunzhul and sign guarantee agreements with Auriant Mining AB and Awilia Enterprises Limited in favor of VTB bank.

## NOTE 25

### OTHER LONG-TERM LIABILITIES

	Group		Parent Company	
	31-12-2019 TSEK	31-12-2018 TSEK	31-12-2019 TSEK	31-12-2018 TSEK
Other long-term liabilities *	65,518	71,218	-	-
Liability to KFM**	20,020	-	20,020	-
Lease payable	12,512	15,844	-	-
<b>Total other long-term liabilities</b>	<b>98,050</b>	<b>87,062</b>	<b>20,020</b>	<b>-</b>

	Group		Parent Company	
	31-12-2019 US\$000	31-12-2018 US\$000	31-12-2019 US\$000	31-12-2018 US\$000
Other long-term liabilities *	7,032	7,939	-	-
Liability to KFM**	2,149	-	2,149	-
Lease payable	1,342	1,766	-	-
<b>Total other long-term liabilities</b>	<b>10,523</b>	<b>9,705</b>	<b>2,149</b>	<b>-</b>

\* In October 2014, the Group acquired a 70% interest in LLC Kara-Beldyr from Canada's Centerra Gold Inc. and increased its share in LLC Kara-Beldyr to 100%. As consideration for this transaction, Auriant Mining will pay Centerra Gold a Net Smelter Royalty of 3.5% on any mineral revenue from Kara-Beldyr in the future. As result, the Group accrued contingent consideration to Centerra Gold Inc. The value of contingent consideration was measured based on the fair value from the cash flow model. The cash flow model included 3 scenarios: realistic, optimistic and pessimistic, with probabilities of 90%, 5% and 5%, respectively. The range of the major assumptions for the scenarios was: Gold price: 1300-1500 \$/oz, WACC - 17.5%. All changes in fair value considerations are accounted for through the reported cost of the asset. As of December 31, 2019, contingent consideration totals MSEK 65.5 (US\$ 7.0 mln) (December 31, 2018 – 71.2 (US\$ 8.0 mln)).

\*\* In December 2019, the Company agreed a new repayment schedule with KFM, according to which MSEK 18.6 (US\$ 2.0 mln) of the principal debt will be repaid on December 31, 2020 and 2021 respectively.

## NOTE 26

### TRANSACTIONS WITH RELATED PARTIES

The majority shareholder and the ultimate parent of Auriant Mining AB is Bertil Holdings Limited owning approximately 52% of the shares in the Company. Bertil Holdings Limited is a company controlled by the Mr. Preston Haskell who is Auriant's ultimate controlling party. The remaining 48% of the shares in Auriant are held amongst approximately 3,115 shareholders.

#### Financing

The amount of bond liability to Golden Impala as of December 31, 2019 is MSEK 329.3 (US\$ 35.3 mln). The amount of revolving bridging loan facility from Golden Impala as of December 31, 2019 is MSEK 21.1 (US\$ 2.3 mln). Accrued interest expenses for transactions with related parties during 2019 amounted to MSEK 12.2 (US\$ 1.3 mln) and interest paid amounted to MSEK 0.18 (US\$ 0.02 mln).

<b>Financing Golden Impala</b>	<b>TSEK</b>	<b>US\$000</b>
Opening balance including interest as of December 31, 2018	<b>325,992</b>	<b>36,339</b>
Interest accrued	12,171	1,282
Interest paid	(181)	(20)
Translation difference	12,352	-
<b>Liability to Golden Impala as of December 31, 2019</b>	<b>350,334</b>	<b>37,601</b>

The table below summaries transactions undertaken with related parties during the year:

	<b>Group</b>			
	<b>2019 TSEK</b>	<b>2018 TSEK</b>	<b>2019 US\$000</b>	<b>2018 US\$000</b>
Consulting services from companies related to Board Members	782	765	82	88
Legal services from a company related to the main shareholder	802	1 082	85	124
<b>Interest expenses to related parties:</b>				
Interest to companies controlled by the ultimate controlling party	12,171	18,055	1,282	2,000
Interest to shareholders	-	-	-	-
<b>Balances with related parties at the end of the year</b>				
Liabilities to companies related to Board members	134	68	14	8
Liabilities to companies related to the ultimate controlling party	351,378	308,917	37,713	34, 435
Liabilities to shareholders	-	-	-	-

For Board and Senior Executives remuneration please refer to Note 5.

## NOTE 27

### SUPPLEMENTARY INFORMATION TO THE STATEMENT OF CASH FLOW

The following table shows changes in liabilities attributable to financing activities:

	<b>Liabilities from financing activities</b>							
	<b>Debt to shareholder</b>	<b>Borrowings due within 1 year</b>	<b>Borrowings due after 1 year</b>	<b>Finance leases due within 1 year</b>	<b>Finance leases due after 1 year</b>	<b>Other liabilities within 1 year</b>	<b>Other liabilities after 1 year</b>	<b>Total</b>
	<b>TSEK</b>	<b>TSEK</b>	<b>TSEK</b>	<b>TSEK</b>	<b>TSEK</b>	<b>TSEK</b>	<b>TSEK</b>	<b>TSEK</b>
<b>Financial liabilities as at January 1, 2018</b>	<b>307,128</b>	<b>16,464</b>	<b>275,283</b>	<b>1,435</b>	<b>527</b>	<b>16,464</b>	<b>17,788</b>	<b>635,089</b>
Cash flows	18,055	-	(23,559)	(1,795)	-	-	-	(7,299)
Acquisitions - finance leases	-	-	-	5,743	15,845	-	-	21,588
Reclassifications	-	51,471	-	527	(527)	17,788	(17,788)	51,471
Off set through subscription to new shares	(30,209)	-	-	-	-	-	-	(30,209)
Foreign exchange adjustments	25,481	-	-	(338)	-	3,074	-	28,217
Other non-cash movements	5,536	-	-	172	-	-	-	5,708
<b>Financial liabilities as at December 31, 2018</b>	<b>325,991</b>	<b>67,935</b>	<b>251,724</b>	<b>5,743</b>	<b>15,845</b>	<b>37,326</b>	<b>-</b>	<b>704,565</b>
Cash flows	(181)	(31,514)	43,611	(10,873)	-	-	-	1,043
Acquisitions - finance leases	-	-	-	5,568	2,941	-	-	8,509
Reclassifications	-	107,370	(107,370)	6,274	(6,274)	(18,569)	18,569	-
Foreign exchange adjustments	12,352	11,478	-	1,163	-	-	1,451	26,444
Other non-cash movements	12,172	23,155	-	5,339	-	763	-	41,429
<b>Financial liabilities as at December 31, 2019</b>	<b>350,334</b>	<b>178,424</b>	<b>187,965</b>	<b>13,214</b>	<b>12,512</b>	<b>19,520</b>	<b>20,020</b>	<b>781,989</b>

	<b>Parent Company</b>				
	<b>Liabilities from financing activities</b>				
	<b>Debt to shareholder</b>	<b>Borrowings due within 1 year</b>	<b>Other liabilities within 1 year</b>	<b>Other liabilities after 1 year</b>	<b>Total</b>
	<b>TSEK</b>	<b>TSEK</b>	<b>TSEK</b>	<b>TSEK</b>	<b>TSEK</b>
<b>Financial liabilities as at January 1, 2018</b>	<b>307,128</b>	<b>-</b>	<b>16,464</b>	<b>17,788</b>	<b>341,380</b>
Cash flows	18,055	-	-	-	18,055
Reclassifications	-	-	17,788	(17,788)	-
Off set through subscription to new shares	(30,209)	-	-	-	(30,209)
Foreign exchange adjustments	25,481	-	3,074	-	28,556
Other non-cash movements	5,536	-	-	-	5,536
<b>Financial liabilities as at December 31, 2018</b>	<b>325,991</b>	<b>-</b>	<b>37,326</b>	<b>-</b>	<b>363,318</b>
Cash flows	(181)	-	-	-	(181)
Reclassifications	-	-	(18,569)	18,569	-
Foreign exchange adjustments	12,352	-	-	1,451	13,803
Other non-cash movements	12,172	-	763	-	12,935
Financial liabilities as at December 31, 2019	350,334	-	19,520	20,020	389,874
<b>Financial liabilities as at December 31, 2019</b>	<b>350,334</b>	<b>-</b>	<b>19,520</b>	<b>20,020</b>	<b>389,874</b>

Liabilities from financing activities

	Debt to shareholder	Borrowings due within 1 year	Borrowings due after 1 year	Finance leases due within 1 year	Finance leases due after 1 year	Other liabilities within 1 year	Other liabilities after 1 year	Total
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
<b>Financial liabilities as at January 1, 2018</b>	<b>37,308</b>	<b>2,000</b>	<b>33,440</b>	<b>174</b>	<b>64</b>	<b>2,000</b>	<b>2,161</b>	<b>77,147</b>
Cash flows	2,000	-	(5,380)	(213)	-	-	-	(3,593)
Acquisitions - finance leases	-	-	-	640	1,766	-	-	2,406
Reclassifications	-	5,573	-	64	(64)	2,160	(2,161)	5,573
Offset through subscription to new shares	(3,604)	-	-	-	-	-	-	(3,604)
Foreign exchange adjustments	-	-	-	(45)	-	-	-	(45)
Other non-cash movements	628	-	-	19	-	-	-	647
<b>Financial liabilities as at December 31, 2018</b>	<b>36,332</b>	<b>7,573</b>	<b>28,060</b>	<b>640</b>	<b>1,766</b>	<b>4,161</b>	<b>-</b>	<b>78,532</b>
Cash flows	(20)	(870)	4,576	(1,118)	-	-	-	(355)
Acquisitions - finance leases	-	-	-	589	311	-	-	889
Reclassifications	-	12,447	(12,462)	735	(735)	(2,149)	2,149	(15)
Foreign exchange adjustments	-	-	-	-	-	-	-	-
Other non-cash movements	1,289	2,923	-	573	-	83	-	4,686
<b>Financial liabilities as at December 31, 2019</b>	<b>37,601</b>	<b>19,150</b>	<b>20,174</b>	<b>1,418</b>	<b>1,342</b>	<b>2,095</b>	<b>2,149</b>	<b>83,929</b>

Parent Company

Liabilities from financing activities

	Debt to shareholder	Borrowings due within 1 year	Other liabilities within 1 year	Other liabilities after 1 year	Total
	US\$000	US\$000	US\$000	US\$000	US\$000
<b>Financial liabilities as at January 1, 2018</b>	<b>37,308</b>	<b>-</b>	<b>2,000</b>	<b>2,161</b>	<b>41,469</b>
Cash flows	2,000	-	-	-	2,000
Reclassifications	-	-	2,161	(2,161)	-
Off set through subscription to new shares	(3,604)	-	-	-	(3,604)
Other non-cash movements	628	-	-	-	628
<b>Financial liabilities as at December 31, 2018</b>	<b>36,332</b>	<b>-</b>	<b>4,161</b>	<b>-</b>	<b>40,493</b>
Cash flows	(20)	-	-	-	(20)
Reclassifications	-	-	(2,149)	2,149	-
Other non-cash movements	1,289	-	83	-	1,372
Financial liabilities as at December 31, 2019	37,601	-	2,095	2,149	41,845
<b>Financial liabilities as at December 31, 2019</b>	<b>37,601</b>	<b>-</b>	<b>2,095</b>	<b>2,149</b>	<b>41,845</b>

## NOTE 28

### SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

#### COVID-19 pandemic

The current COVID-19 pandemic is expected to affect all global markets and countries worldwide.

Government-mandated temporary lockdowns may disrupt the Auriant Mining Group's activities and operations and even lead to a full or partial suspension of the Group's mining and production operations. Despite the fact that no operational disruptions have occurred to Auriant Mining Group to date, in case the situation worsens the subsidiaries may experience temporary disruptions in supply chain and logistics in the coming months should the pandemic be prolonged. Such disruptions may impact the Group's ability to source and transport goods and services required to operate mines and/or to transport gold Dore bars to the refinery.

In a case if COVID-19 would spread amongst the Group's workforce, it may lead to a full or partial suspension of mine operations and production.

Management will continue to carefully monitor the situation and take all practically possible measures mitigating these risks.

#### VTB loans restructuring

In April 2020, the Group restructured repayment terms of existing loans provided by VTB. According to the new payment schedule, US\$ 8.0 mln are due in 2020, US\$ 10.8 mln are due in 2021, US\$ 10.4 mln are due in 2022 and US\$ 10.2 mln are due in 2023.



## Board Assurance

The Board of Directors and the Chief Executive Officer confirm that the consolidated financial statements and the annual report have been prepared in accordance with International Financial Reporting Standards, IFRS, as adopted by the EU and that they provide a true and fair view of the Group's results and financial position. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden

Stockholm, April 28, 2020

Lord Daresbury  
Chairman of the Board

Ingmar Haga  
Board Member

Sergey Ustimenko  
CEO

and provide a true and fair view of the Parent Company's results and financial position. The Directors' Report for the Group and the Parent Company, respectively, provide a true and fair view of the Group's and the Parent Company's activities, results and financial position, and describe significant risks and areas of uncertainty faced by the Parent Company and the companies within the Group.

Preston Haskell  
Board Member

Patrik Perenius  
Board Member

The annual report and the consolidated financial statements have, as stated above, been approved for issue by the Board of Directors on April 28, 2020. The Group's income statement and balance sheet, and the Parent Company's income statement and balance sheet will be subject adoption by the annual general meeting on May 19, 2020.

Our audit report was submitted on April 28, 2020

Öhrlings PricewaterhouseCoopers AB

Anna Rozhdestvenskaya  
Authorised Public Accountant

## Auditor's Report

To the general meeting of the shareholders of Auriant Mining AB, corporate identity number 556659-4833

### REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

#### OPINIONS

We have audited the annual accounts and consolidated accounts of Auriant Mining AB (publ) for the year 2019, except for the Corporate Governance report presented on pages 48-54. The annual accounts and consolidated accounts of the company are included on pages 44-54 as well as 60-111 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 48-54. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

#### BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-41 as well as 55-59. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and con-

solidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

#### AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisorsansvar](http://www.revisorsinspektionen.se/revisorsansvar). This description is part of the auditor's report.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Auriant Mining AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing

Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

### AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 48-54 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16. The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 28 April 2020

Öhrlings PricewaterhouseCoopers AB

Anna Rozhdestvenskaya  
Authorized Public Accountant

## Additional Information

### TRANSLATION

This text is the English version of the 2019 Swedish Annual Report. If any discrepancies exist between the two versions, the Swedish version shall prevail.

### DEFINITIONS

"Auriant Mining", "AUR" and "the Company" refer to Auriant Mining AB (publ) with Swedish Corporate Identity number 556659-4833 and to its subsidiary companies.

### DATES FOR FINANCIAL INFORMATION IN 2020

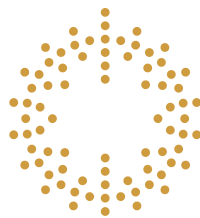
Auriant Mining AB's financial year runs from 1 January to 31 December. In 2020, the Company will issue interim financial information as follows:

Interim report (1) January–March 2020:  
[29 May 2020](#)

Interim report (2) January – June 2020:  
[31 August 2020](#)

Interim report (3) January – September 2020:  
[30 November 2020](#)

Interim report (4) January – December 2020:  
[28 February 2021](#)



# AURIANT

## MINING

Stockholm, Sweden

Phone: +46 (0) 70 7 27 70 97, Fax: +46 (0) 86 2 43 72 0, [info@auriant.com](mailto:info@auriant.com)