

AURIANT
MINING

9 months 2014 Interim Results
Analyst Web Conference
28 November 2014



Disclaimer

Statements and assumptions made in this Presentation with respect to Auriant Mining AB's ("Auriant") current plans, estimates, strategies and beliefs, and other statements that are not historical facts, are forward-looking statements about the future performance of Auriant. Forward-looking statements include, but are not limited to, those using words such as "may", "might", "seeks", "expects", "anticipates", "estimates", "believes", "projects", "plans", "strategy", "forecast" and similar expressions. These statements reflect Auriant's management's expectations and assumptions in light of currently available information. In the light of the many risks and uncertainties surrounding any gold production and exploration company at an early stage of its development, the actual results could differ materially from those presented and forecasted in this Presentation. Auriant do not assume any unconditional obligation to update any such statements and/or forecasts immediately.



Auriant Mining overview

General information

Auriant Mining AB is a Swedish junior mining company focused on gold production in Russia

Auriant Mining AB is one of **only a few publicly listed junior** mining companies in Russia

Gold Reserves – ~**1.3 Moz** according to Russian C1+C2 categories

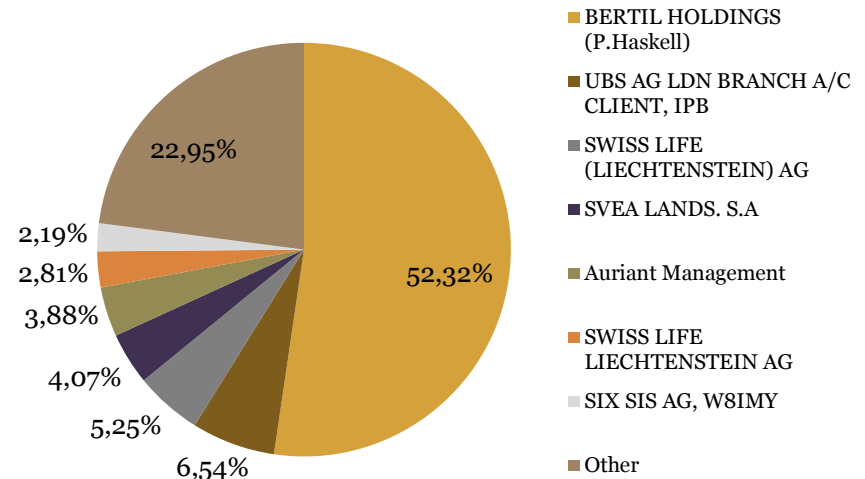
2012 production – **642 kg (20,640 oz)**

2013 production – **1,142 kg (36,716 oz)**

Headquartered in **Stockholm, Sweden**

Auriant Mining is listed on **NASDAQ OMX First North Premier**

Shareholder structure



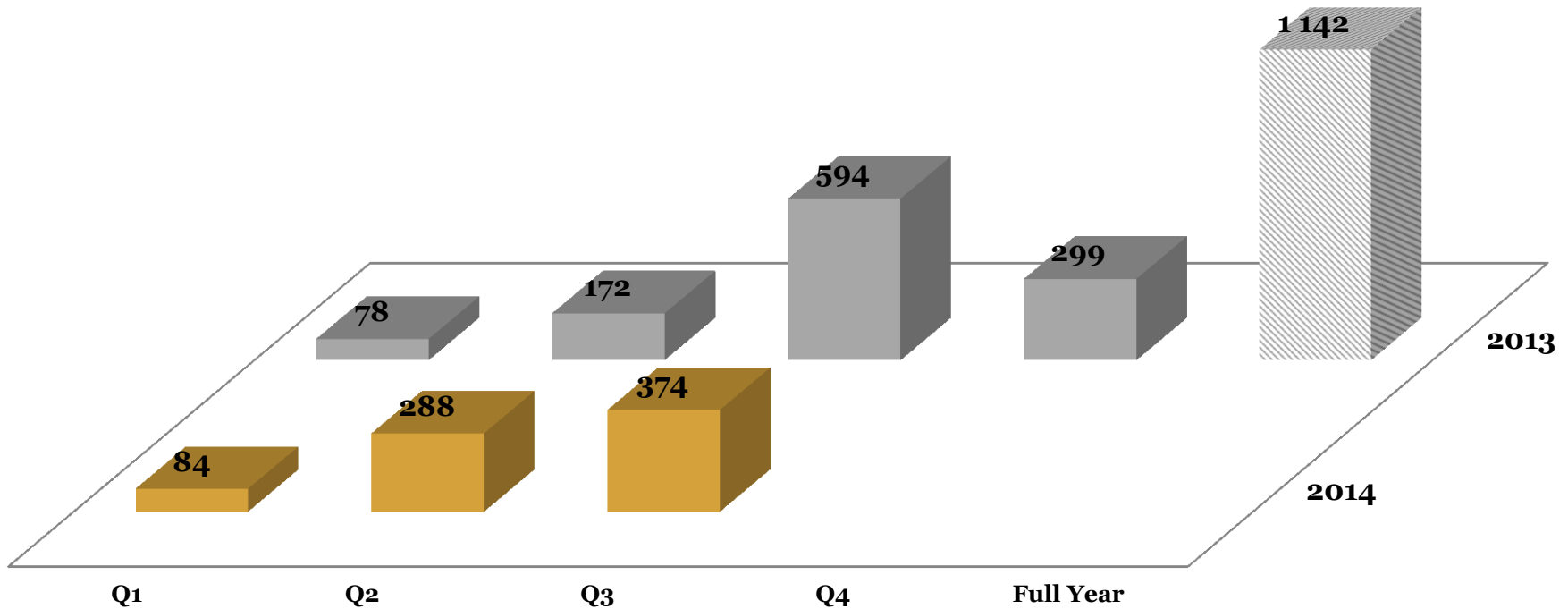
Management shareholding

- As of April 2014 Auriant Mining management holds **690 229 shares – 3.9% of total**
- Total amount of options holds by company's management is **1,306,768**
- Total management shareholding on a fully diluted basis - **10.4%**



Quarterly production

kg



- **The gold grades at Solcocon are lower than expected. As a result of Solcocon hard rock underperformance, we have lowered our production guidance for the group for the year by 200 kg down to 1 100 kg.**
- **Strong seasonality – most production in Q3 and Q4**



9M 2014 Production Key Performance Indicators

	Solcocon				Tardan				Group			
	9m 2014	9m 2013	Change	Change, %	9m 2014	9m 2013	Change	Change, %	9m 2014	9m 2013	Change	Change, %
Hard rock gold												
Stripping, 000m3	520	328	192	59%	2,395	1,418	977	69%	2,915	1,746	1,169	67%
Ore minned, 000m3	63	74	-11	-15%	83	68	16	23%	147	142	5	3%
Rock mass total, 000m3 (a+b)	583	402	181	45%	2,478	1,486	993	67%	3,062	1,888	1,174	62%
Ore minned, ooot	158	185	-27	-15%	225	183	42	23%	383	368	15	4%
Ore stacked, ooot	198	128	70	55%	226	204	22	11%	174	332	-158	-48%
Grade in ore, g/t	1.1	1.5	-0.4	-29%	1.5	1.6	-0.1	-6%	1.3	1.6	-0.3	-17%
Tailings stacked, ooot	-	-	-		80	127	-47	-37%	80	127	-47	-37%
Grade in tailings, g/t	-	-	-		2.6	3.1	-0.5	-15%	2.6	3.1	-0.5	-15%
Total ore and tailings processed, ooot	198	128	70	55%	306	331	-25	-8%	504	459	45	10%
Gold produced, kg	64	72	-8	-11%	429	466	-37	-8%	493	538	-45	-8%
Gold produced, oz	2,058	2,315	-257	-11%	13,780	14,982	-1,202	-8%	15,837	17,297	-1,460	-8%
Alluvial gold production												
Gold produced, kg	254	306	-52	-17%					254	306	-52	-17%
Gold produced, oz	8,153	9,828	-1,675	-17%					8,153	9,828	-1,675	-17%
Total												
Gold produced, kg	318	378	-60	-16%	429	466	-37	-8%	746	844	-98	-12%
Gold produced, oz	10,211	12,143	-1,932	-16%	13,780	14,982	-1,202	-8%	23,991	27,126	-3,135	-12%

- Total production of gold for the reporting period decreased by 12% to 746 kg (23,991 oz) from 844 kg (27,126 oz) in 9m 2013



9 months 2014 Income Statement

	9M 2014	9M 2013*	Change	Change, %
	US\$ 000	US\$ 000	US\$ 000	%
Revenue	29,341	35,820	(6,479)	-18%
Cost of sales, including:	(34,869)	(34,037)	(832)	2%
Gross expenses	(34,336)	(41,959)	7,623	-18%
Change in work in progress	(533)	7,922	(8,455)	-107%
Gross profit	(5,528)	1,783	(7,311)	-410%
General and administrative expenses	(3,866)	(4,406)	540	-12%
Other operating income	747	1,054	(307)	-29%
Other operating expenses	(1,016)	(1,168)	152	-13%
Operating profit/(loss)	(9,663)	(2,737)	(6,926)	253%
Financial income	-	2	(2)	-100%
Financial expenses, including:	(9,997)	(7,576)	(2,421)	32%
Forex result	(2,424)	(1,222)	(1,202)	98%
Interest expenses	(7,573)	(6,353)	(1,220)	19%
Profit/(Loss) before income tax	(19,660)	(10,311)	(9,349)	91%
Income tax	5,401	7,789	(2,388)	-31%
Net profit/(loss) for the period	(14,259)	(2,522)	(11,737)	465%

Revenue from gold and gold equivalents decreased by US\$ 6.479 m, or 18%, compared to 9M 2013. The volume of gold sold decreased by 11% from 805.9 kg (25,910 oz) in 9M 2013 down to 713.6 kg (22,942 oz) in 9M 2014. The average realized gold price decreased from US\$ 1,382 in 9M 2013 down to US\$ 1,279 in the current period (-7%).

As a result of cost efficiency efforts and recognition of stripping assets, our production costs, mostly consisting of cash costs, fell from US\$ 41.959 m in 9M 2013 to US\$ 34.336 m in 9M 2014, or by 18%. In 9M 2013 part of production costs, in the amount of US\$ 7.922 m, were capitalized as work in progress and expensed in the subsequent period.

Other operating income decreased by 29% mainly due to reduction of sales of materials and services provided to our contractors.

Growth of interest expenses was caused by additional bank and lease financing received both by Tardan and GRE-324, which increased interest expenses by US\$ 0.865 m and growth of the Shareholder's bond liability due to interest capitalization and additional short-term loans from the Shareholder leading to growth of interest expenses by US\$ 0.355 m.

As of 30 September 2014 total bank debt was equal to US\$ 45 m (December 31, 2013 – US\$ 34 m); Leasing – US\$ 4.2m (December 31, 2013 – US\$ 3.9 m); Bond – US\$ 42.4 m (December 31, 2013 – US\$ 38.1 m); ST loans from the Shareholder – US\$2.5 m (December 31, 2013 – US\$ 2.0 m).

Bank loan average interest rate fell by 1.9% p.a. to 9.0% p.a. as compared to 9M 2013. The Shareholder's bond and loan average interest rate was 13.6% p.a., which is lower by 1.5% p.a. compared to the previous period.

*Amounts for 9M 2013 were restated in line with restatement done in 2013 annual accounts



9 months Income Statement by nature

	9M 2014	9M 2013*	Change	Change
	US\$ 000	US\$ 000	US\$ 000	%
Income				
Revenue from sale of Hard rock gold	20,035	23,931	(3,896)	-16%
Revenue from sale of alluvial gold	9,306	11,889	(2,583)	-22%
Total revenue from sale of gold and gold equivalents	29,341	35,820	(6,479)	-18%
Alluvial gold costs	(7,011)	(8,967)	1,956	-22%
Other income	747	1,054	(307)	-29%
Total income	23,077	27,907	(4,830)	-17%
Operating costs				
Change in stock of finished and semi-finished goods	(533)	7,922	(8,455)	-107%
Capitalised stripping works, net	3,700		3,700	100%
External expenses	(7,251)	(7,068)	(183)	3%
Taxes	(2,466)	(3,048)	582	-19%
Materials	(8,062)	(7,371)	(691)	9%
Employee benefit expenses	(7,913)	(9,695)	1,782	-18%
Depreciation, amortization and write downs	(5,333)	(5,810)	477	-8%
Moscow & Sweden	(3,866)	(4,406)	540	-12%
Other expenses	(1,016)	(1,168)	152	-13%
Total operating costs	(32,740)	(30,644)	(2,096)	7%
Operating profit/loss	(9,663)	(2,737)	(6,926)	253%
Interest expenses	(7,573)	(6,353)	(1,220)	19%
Other financial income and expenses	(2,424)	(1,222)	(1,202)	98%
Profit/loss before income tax	(19,660)	(10,311)	(9,349)	91%
Income tax	5,401	7,789	(2,388)	-31%
Net profit/loss for the period	(14,259)	(2,522)	(11,737)	465%

Alluvial gold costs decreased (by 22%) in line with reduction of alluvial sales activities.

Capitalized stripping works of \$3.7 m in 9M 2014 relate to excess stripping at pit #1 at Tardan

Material expenses increased in line with increased mining activity.

Employee benefit expenses decreased by US\$ 1.782 m, or 18%, as a result of the company's staff optimization.

Growth of interest expenses was caused by additional bank and lease financing received both by Tardan and GRE-324 and growth of the Shareholder's bond liability due to interest capitalization and additional short-term loans from the Shareholder leading to growth of interest expenses by US\$ 1.220 m.

*Amounts for 9M 2013 were restated in line with restatement done in 2013 annual accounts



Group 9 months cash costs

	Solcocon Hard rock 9m 2014	Solcocon Alluvial 9m 2014	Solcocon Total 9m 2014	Tardan Total 9m 2014	Group Total Total 9m 2014	Solcocon Hard rock 9m 2013	Solcocon Alluvial 9m 2013	Solcocon Total 9m 2013	Tardan Total 9m 2013	Group Total 9m 2013
a Stripping, 000m3	520			2,395		328			1,418	
b Ore minned, 000m3	66			73		77			59	
c Rock mass total, 000m3 (a+b)	585			2,468		405			1,477	
d Ore minned, 0oot	158			225		185			183	
Stripping ratio actual (a/d)	3.3			10.6		1.8			9.8	
e <u>Mining costs, 000\$</u>	2,809			9,018		2,503			7,997	
<u>Mining costs, \$/m3 (e/c)</u>	4.8			3.7		6.2			5.4	
f Stripping asset				(3,698)		-			-	
g Total period mining costs (e+f)	2,809			5,321		2,503			7,997	
Ore stacked, 0oot	198			226		128			204	
Grade in ore, g/t	1.1			1.5		1.5			1.6	
h Gold in ore, g	209,668			340,958		191,018			327,040	
Tailings stacked, 0oot	-			80		-			127	
Grade in tailings, g/t	-			2.6		-			3.1	
i Gold in tailings, g	-			212,256		-			394,680	
j Total gold, g (h+i)	209,668			553,214		191,018			721,720	
Total ore and tailings processed, 0oot	198			306		128			331	
k Gold produced, g	63,900	253,600	317,500	428,600	746,100	72,000	305,700	377,700	466,000	843,700
Gold produced, oz	2,054	8,153	10,208	13,780	23,988	2,315	9,828	12,143	14,982	27,126
l Cost of processing, 000\$	2,438	8,172		6,601		2,947	10,011		7,472	
<u>Cost of processing, \$/t</u>	12.3			21.6		23.0			22.6	
<u>Cost of processing, \$/oz</u>	1,186	1,002		479		1,273	1,019		499	
m Refining & Transportation, 000\$	96			107		148			291	
n <u>Local General and Administrative expenses, 000\$</u>	1,212			2,621		2,089			2,667	
o MRET, 000\$	159	632		1,064		192	789		1,274	
Total cash costs, 000\$ (g+l+m+n+o)	6,712	8,804	15,516	15,714	31,230	7,878	10,800	18,679	19,700	38,379
Cash Cost per oz, \$	3,267	1,080	1,520	1,140	1,302	3,403	1,099	1,538	1,315	1,415

Cash costs per ounce of gold produced decreased from US\$ 1,415/oz in 9M 2013 down to US\$ 1,302/oz in 9M 2014, or by 8%



Consolidated statement of financial position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	September 30, 2014	September 30, 2013*	December 31, 2013
	US\$ 000	US\$ 000	US\$ 000
FIXED ASSETS			
Intangible fixed assets	25,843	26,903	25,772
Tangible fixed assets	35,518	39,466	37,898
Financial fixed assets	13,701	13,906	10,576
Total fixed assets	75,062	80,275	74,246
CURRENT ASSETS			
Raw materials	1,942	4,101	2,808
Work in progress	6,281	13,750	6,518
Finished products	524	1,925	109
Stripping asset	5,060	-	2,038
Other receivables	6,100	5,874	5,496
Advanced paid	848	506	825
Cash and cash equivalents	2,561	811	1,656
Total current assets	23,316	26,967	19,450
TOTAL ASSETS	98,378	107,242	93,696
Share capital	30,738	30,738	30,738
Additional paid in capital	24,975	24,518	24,575
Retained earnings	(60,261)	(28,726)	(46,002)
Translation difference reserve	(8,165)	(7,910)	(8,165)
Total equity	(12,713)	18,620	1,146
Long term liabilities			
Deferred tax	2,833	3,250	3,003
Loans and notes payable	17,821	10,249	5,444
Lease payable	2,797	2,696	2,866
Bond payable	42,387	-	-
Other long-term liabilities	1,200	2,126	1,414
Total Long term liabilities	67,038	18,321	12,726
Current liabilities			
Trade accounts payable	6,833	5,553	3,941
Loans payable	27,692	21,428	29,262
Lease payable	1,402	1,005	1,033
Bond and shareholder loans payable	2,503	37,145	40,052
Other current liabilities	5,623	5,170	5,537
Total current liabilities	44,053	70,301	79,824
TOTAL EQUITY AND LIABILITIES	98,378	107,242	93,696

*Amounts for 9M 2013 were restated in line with restatement done in 2013 annual accounts

The Company's consolidated equity at the end of the reporting period turned negative as a result of losses. However, the Parent Company carries positive equity and we believe that there is still no indication of impairment. The Company possesses sufficient gold reserves, and plans to decrease costs of sales as production grows and become profitable.

In 2014 we refinanced short term loan from Svyazbank with a long term loan facility with Promsvyazbank (repayable in 2015 – 2017).

The Company reached an agreement with Golden Impala, a company related to the main Shareholder, to extend debt, initially payable in June 2014, to 2018 and to decrease interest rate to 10% p.a. (effective from May 31, 2014).



Consolidated cash flow statement

	9M 2014 US\$ 000	9M 2013 US\$ 000
Operating activities		
Receipts from customers	29,328	36,664
VAT and other reimbursement	7,249	6,568
Payments to suppliers	(26,769)	(28,202)
Payments to employees and social taxes	(10,682)	(13,332)
Income tax paid	(0)	(19)
Other taxes paid	(3,043)	(1,918)
Net cash flows used in operating activities	(3,918)	(239)
Investing activities		
Proceeds from exercise of share options	-	320
Purchase and construction of property plant and equipment	(2,621)	(5,867)
Exploration and research works	(475)	(3,617)
Investments in JV	(163)	(123)
Net cash flows used in investing activities	(3,259)	(9,286)
Financing activities		
Proceeds from borrowings	42,788	33,136
Repayment of borrowings	(31,865)	(21,481)
Interest paid	(1,488)	(1,939)
Lease payments	(1,853)	(2,615)
Other finance expenses	-	(152)
Net cash from financing activities	7,582	6,950
Net increase in cash and cash equivalents	405	(2,575)
Net foreign exchange difference	499	(77)
Cash and cash equivalents at 1 July/January	1,656	3,463
Cash and cash equivalents at 30 September	2,561	811



9 months Summary

- **Volumes are up:**

- Stripping by 67%;
- Processing by 10%;

- **Costs are down (Tardan):**

- Mining costs per m³ by -31%;
- Mining costs per tonne of ore mined by -46%;
- Processing per oz of gold produced by -4%;
- Total cash costs (TCC) by -13%;

- Group admin costs by -12%

- **Reserves are up:**

- 2,517 kg of high grade gold (average of 5.4 g/t) at Barsuchiy.
- Acquisition of the outstanding 70% interest in Kara-Beldyr from Canada's Centerra Gold Inc. Preliminary NI 43-101 resource estimates 289,000 contained ounces Indicated (8,900 kg) and 211,000 contained ounces Inferred (6,563 kg) at the Kara-Beldyr.

- **Decreased interest rate:**

- On bank loans from 10.9% to 9%
- On shareholder bond from an effective 16% to 13%. Maturity of shareholder bond **rolled over to 2018.**



Thank you

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