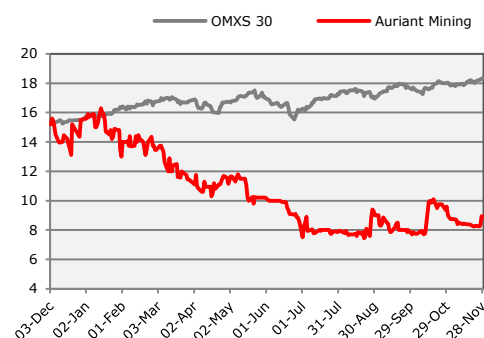


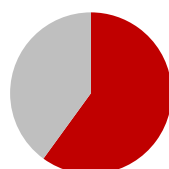
Summary
Auriant Mining (AUR.ST)
Strong Q3 numbers

- Auriant Mining reported better than expected production and financial results in Q3'13. Total production was 594 kg vs estimated 429 kg. EBITDA came in at SEKm 41 vs expected SEKm 7.
- The strong production and financial results confirm that Auriant is becoming a profitable gold miner. We expect further improvements in 2014 and 2015 with production growth of 36 and 25 percent respectively.
- While we only have made minor changes to our production estimates, further weakness in the gold price has led to downward adjustments in our 2014 and 2015 estimates. Still, our fair value of SEK 18.4 per share indicates a healthy upside.

List: First North
 Market Cap: 162 MSEK
 Industry: Exploration & Mining
 CEO: Denis Alexandrov
 Chairman: Preston Haskell

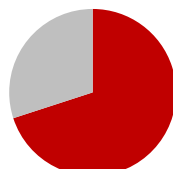

Redeye Rating (0 – 10 points)

Management



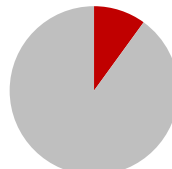
6.0 points

Growth potential



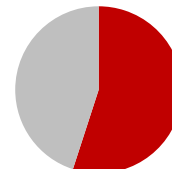
7.0 points

Profitability



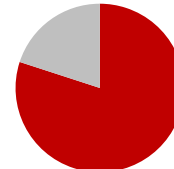
1.0 points

Secure investment



5.5 points

Potential reward



8.0 points

Key Financials

	2011	2012	2013E	2014E	2015E
Revenue, MSEK	150	252	292	367	460
Growth	-30%	68%	16%	26%	25%
EBITDA	-37	30	4	73	132
EBITDA margin	-25%	12%	1%	20%	29%
EBIT	-101	-40	-49	-8	45
EBIT margin	-67%	-16%	-17%	-2%	10%
Pre-tax earnings	-128	-72	-109	-50	3
Net earnings	-120	-74	-65	-37	2
Net margin	-80%	-29%	-22%	-10%	0%
EPS adj.	-4.69	-2.52	-3.43	-1.97	0.10
P/E adj.	-2.9	-3.7	-2.7	-4.6	87.8
EV/S	3.9	2.4	1.8	1.4	1.0
EV/EBITDA	-15.8	19.9	129.7	7.1	3.6

Share information

Share price (SEK)	9.1
Number of shares (m)	17.8
Market Cap (MSEK)	162
Net debt (MSEK)	372
Free float (%)	20%
Daily turnover ('000)	10

Analysts:

Hjalmar Ahlberg
 hjalmar.ahlberg@redeye.se

Billy Degerfeldt
 billy.degerfeldt@redeye.se

Important information: All information regarding limitation of liability and potential conflicts of interest can be found at the end of the report.

Redeye Rating: Background and definitions

A Redeye Rating aims to provide a clear view of a share's potential with regard to risk. The rating consists of five valuation keys, each constituting an overall assessment of several factors that are rated on a scale of zero to 2 points (2 points: Good/Excellent; 1 point: Satisfactory; zero: Poor/Inadequate).

Redeye's internal research handbook sets out in a standardized way what is required for each rating factor. In certain cases, a factor could carry more or less weight than the other factors, depending on whether it is considered important or insignificant. The maximum score for a valuation key is 10 points (full circle=red circle). The lowest score is zero (empty circle=grey circle). In short, it is the overall rating that forms the basis for Redeye's evaluation of the share, and not the individual rating factors.

Management

The following factors are used to assess a company's management: 1) historical performance; 2) industry experience; 3) market communication; and 4) incentive. Historical performance carries twice as much weight as the other factors as it is considered a critical factor.

Growth potential

The following factors are used to evaluate growth potential: 1) market size; 2) market growth; 3) partnerships; 4) product differentiation; and 5) competitive situation. These criteria carry equal weight in the overall assessment of growth potential as a valuation key.

Profitability

The following factors are used to evaluate profitability: 1) stable profit growth; 2) gross margin; 3) EBIT margin; and 4) return on equity (ROE). Stable profit growth carries twice as much weight as it is considered a critical factor.

Secure investment

The following factors are used to assess how secure the investment is: 1) event-independence (independent of specific events); 2) financial situation; 3) ownership structure; 4) sensitivity to business cycles; and 5) share liquidity. The event-independence factor is multiplied by 2x as it is deemed very important. Sensitivity to business cycles and share liquidity are multiplied by 0.5x.

Potential reward

The factors that comprise the assessment of potential reward are: 1) fundamental valuation; 2) relative valuation; 3) market expectations; 4) news flow/triggers; 5) undiscovered share; and 6) insider trading. The fundamental valuation factor carries twice as much weight as it is considered extremely important. The market expectations, news flow, undiscovered share and insider trading factors are multiplied by 0.5x.

Strong Q3'13 numbers

Auriant reported a strong third quarter with production of 594 kg vs our expectation of 429 kg

Auriant Mining reported a strong third quarter with production of 594 kg vs our expectation of 429 kg. The higher than expected production also led to a better than estimated financial result. EBITDA came in at SEKm 41 vs Redeye estimate of SEKm 7. EBIT was also positive at SEKm 24 vs an expected loss of SEKm 21.

Outcome vs expectations				
(SEKm)	Q2'13	Q3'13E	Q3'13A	Diff
Sales	42.0	114.0	161.0	41%
EBITDA	-29.8	7.0	41.0	486%
EBIT	-39.3	-21.0	24.0	e.m.
Production, kg	171.5	429.0	594.0	38%
Of which Tardan	96.7	241.0	295.0	22%
Of which Solcocon	3.4	68.0	65.0	-4%
Of which Gold Borzia	71.4	120.0	234.0	95%

Source: Redeye Research

Tardan keeps delivering a strong performance

The main drivers for the high production in Q3'13 were Tardan and the alluvial production at Solcocon while hard rock production at Solcocon was weak as expected. Strong performance from Tardan is important since this is the biggest contributor to production and is expected to yield the largest profits going forward. Auriant doesn't report financial performance for the individual production units but confirms that EBITDA for Tardan was positive for the quarter.

Cash cost for Q3'13 was USD 964 per tr oz

Total costs excluding depreciation were SEKm 120 for the quarter. With gold production of 549 kg (~19 100 tr oz) the cash cost for the quarter was USD 964. Our cash cost estimate for the quarter was 1 143 USD per tr oz. However, Q3 will be the strongest quarter for 2013 and we expect cash costs to increase in Q4'13 and for the full year we estimate cash cost to 1 281 USD per tr oz.

Auriant Mining had a net debt of SEKm 429.5 at the end of third quarter which was somewhat lower than SEKm 444.5 at the end of the second quarter. The debt level is high but production is also increasing which should yield at better cash flow going forward. Auriant has been able to secure debt financing for the ramp up of Tardan and Solcocon and we expect that next year's development during low productions season will be financed with debt as well.

Production and financial estimates

We have made minor changes to production estimates

Auriant Mining confirms the production outlook of 1 000 – 1 200 kg for the full year in the Q3'13 report. Hence, we have only made minor adjustments to the 2013 production estimates. The strong alluvial production still leads to an increased estimate for 2013 were we now expect a total production of 1 095 kg. We also lowered the production for Tardan somewhat in 2014. Auriant indicated that Tardan production probably will be below 1 000 kg in 2014 (due to high waste stripping) but reiterate the target of 1 000 – 1 200 kg in 2015. The table below summarizes our updated estimates for 2013 – 2015.

Financial development and estimates											
(SEKm)	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13E	2013E	2014E	2015E
Gold production, kg	37	42	259	305	78	172	594	251	1,095	1,494	1,872
of which Tardan	21	23	156	212	74	97	295	204	670	874	1,048
of which Solcocon	15	19	47	35	4	3	65	48	120	340	544
of which Borzya	0	0	56	58	0	71	234	0	306	280	280
Gold price, USD / tr oz	1,690	1,600	1,750	1,750	1,600	1,300	1,300	1,250	1,363	1,250	1,250
USD/SEK	6.7	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Revenues	33	39	76	133	31	44	161	62	297	367	460
Of which sales of gold	15	16	87	116	28	42	161	62	293	367	460
Cash Cost, USD / tr oz	-4,643	-3,879	-1,328	-1,696	-2,081	-2,056	-964	-1,250	-1,281	-942	-837
Production costs	-33	-30	-68	-104	-30	-70	-116	-62	-277	-277	-311
Overhead	-4	-4	-4	-4	-4	-4	-4	-4	-16	-17	-17
Total costs	-37	-34	-72	-108	-34	-74	-120	-66	-293	-294	-328
EBITDA	-4	5	5	25	-3	-30	41	-4	4	73	132
Depreciation	-6	-4	-10	-50	-11	-9	-17	-16	-54	-81	-87
EBIT	-10	1	-5	-26	-14	-39	24	-20	-49	-8	45
PTP	-11	-20	-3	-37	-31	-67	20	-31	-109	-50	3
EPS, SEK	-0.8	-0.8	-0.4	-2.3	-1.2	-2.4	1.7	-1.7	-3.6	-2.1	0.1

Source: Redeye Research

EBITDA is expected to be firmly positive in 2014

While we still expect higher production and lower cash cost in 2014 and 2015, a further drop in the gold price has led to lowering of our estimates. Redeye believes Auriant will report a firmly positive EBITDA for 2014 but net profit will not be positive until 2015. However, the estimates are very sensitive to changes in the gold price and if it were to rebound, a level of around 1 450 would yield a break even net result for 2014. Looking into 2015 we calculate a break even net profit at current gold price and in 2016 we estimate an EPS of SEK 2.0 when full production is expected to be achieved in both Tardan and Solcocon.

Our fair value for Auriant Mining is SEK 18 per share

Sum of the parts valuation

The decrease in the gold price has had a negative impact on our fair value which is lowered to SEK 18 per share (previously SEK 22 per share).

Sum of the parts valuation				
Project	Enterprise value	% of value	Valuation approach	
Tardan	401.0	52%	DCF	
Solcocon	258.5	34%	DCF	
Borzya	67.6	9%	DCF	
Kala Beldyr, 30%	42.0	5%	Latest transaction	
Value operating assets	769.1	100%	DCF	
Overhead	-116.7		DCF	
Net debt, end 2012	328.3		Book value	
Market value	324.2			
Value per share	18.4			

Source: Redeye Research

We have used a WACC of 14 percent in the DCF-valuation for all of the assets and a long term gold price of USD 1 300 per tr oz from 2016 and thereafter. We estimate that Tardan will be in production until 2024 based on the current C1 and C2 reserves and 10 percent of P2 resources. Solcocon could potentially be in operation for a very long time (2040+) if the resources at Bogomolovskoye and Kozlovskoye can be mined.

The major part of the value is attributable to Tardan (57 percent) and as such changes in our assumptions for the asset have a big impact. The table below shows a sensitivity analysis of the total DCF-value per share with different cash costs and long term production levels in Tardan.

Sensitivity DCF valuation, share price SEK					
		Cash Cost Tardan, USD per tr oz			
		1000	900	800	700
Production per year Tardan, 2016 and beyond	900	6.0	10.6	15.1	19.7
	1000	7.2	12.4	17.5	22.7
	1100	8.5	14.2	19.9	25.6
	1200	9.8	16.1	22.3	28.6

Source: Redeye Research

An updated reserve statement could be a trigger for a higher valuation of Tardan

Important to add as well is that an increase of 1 year of reserves in Tardan adds around 5 percent to the DCF-value. Hence, the upcoming reserve update in early 2014 is an important event.

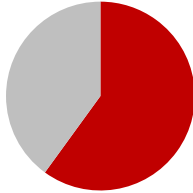
Summary Redeye Rating

The rating consists of five valuation keys, each constituting an overall assessment of several factors that are rated on a scale of 0 to 2 points. The maximum score for a valuation key is 10 points.

Rating changes in the report

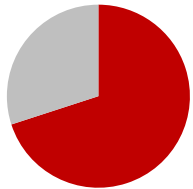
We have not made any changes in this report.

Managment 6.0p



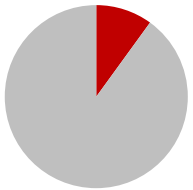
The company has historically not reached its targets. New management and board with mining experience has this far been an improvement and positive EBITDA was achieved in 2012.

Growth potential 7.0p



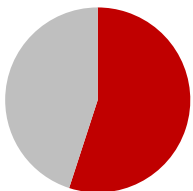
Investments has been made to increase capacity which indicates growing production going forward. Huge potential for increase of resources.

Profitability 1.0p



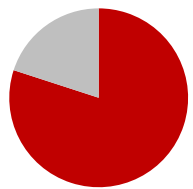
The company is still loss making. An increased production in the coming years should make Auriant highly profitable with current gold prices.

Secure investment 5.5p



Auriant Mining is dependent of a strong gold price. The high debt of more than 400 MSEK is a concern, but the risk of an equity issue is small after the restructuring of the debt maturity and interest levels in 2012.

Potential reward 8.0p



DCF-value far above current stock price. Low valuation compared to peers. Management (Denis Alexandrov, Ekaterina Babaeva and Max Yacoub) has bought shares in 2012 and 2013.

Income statement	2011	2012	2013E	2014E	2015E
Net sales	150	252	292	367	460
Total operating costs	-187	-222	-288	-294	-328
EBITDA	-37	30	4	73	132
Depreciation	-26	-41	-54	-81	-88
Amortization	0	0	0	0	0
Impairment charges	-38	-30	0	0	0
EBIT	-101	-40	-49	-8	45
Share in profits	0	0	0	0	0
Net financial items	-27	-32	-59	-42	-42
Exchange rate dif.	0	0	0	0	0
Pre-tax profit	-128	-72	-109	-50	3
Tax	8	-2	44	13	-1
Net earnings	-120	-74	-65	-37	2

Balance	2011	2012	2013E	2014E	2015E
Assets					
<i>Current assets</i>					
Cash in banks	11	22	15	18	34
Receivables	0	0	0	0	0
Inventories	154	143	88	73	92
Other current assets	43	37	37	37	37
Current assets	207	202	139	129	163
<i>Fixed assets</i>					
Tangible assets	229	245	292	251	193
Associated comp.	0	0	0	0	0
Investments	80	46	46	46	46
Goodwill	0	0	0	0	0
Cap. exp. for dev.	0	0	0	0	0
O intangible rights	160	152	162	172	182
O non-current assets	0	0	0	0	0
Total fixed assets	469	444	500	469	422
Deferred tax assets	0	0	0	0	0
Total (assets)	676	646	639	598	584

Liabilities					
<i>Current liabilities</i>					
Short-term debt	231	130	114	109	100
Accounts payable	20	9	29	37	46
O current liabilities	32	24	24	24	24
Current liabilities	283	163	167	170	170
Long-term debt	18	219	273	265	250
O long-term liabilities	6	2	2	2	2
Convertibles	0	0	0	0	0
Total Liabilities	307	384	442	437	422
Deferred tax liab	50	25	25	25	25
Provisions	10	12	12	12	12
Shareholders' equity	308	225	160	123	125
Minority interest (BS)	0	0	0	0	0
Minority & equity	308	225	160	123	125
Total liab & SE	676	646	639	598	584

Free cash flow	2011	2012	2013E	2014E	2015E
Net sales	150	252	292	367	460
Total operating costs	-187	-222	-288	-294	-328
Depreciations total	-64	-70	-54	-81	-88
EBIT	-101	-40	-49	-8	45
Taxes on EBIT	9	-2	13	2	-12
NOPLAT	-96	-41	-37	-6	33
Depreciation	64	70	54	81	88
Gross cash flow	-32	30	17	75	121
Change in WC	-80	-2	76	22	-9
Gross CAPEX	-196	-45	-110	-50	-40
Free cash flow	-308	-18	-17	47	71

Capital structure	2011	2012	2013E	2014E	2015E
Equity ratio	46%	35%	25%	21%	21%
Debt/equity ratio	81%	155%	241%	304%	279%
Net debt	238	326	372	356	316
Capital employed	546	551	532	479	441
Capital turnover rate	0.2	0.4	0.5	0.6	0.8

Growth	2011	2012	2013E	2014E	2015E
Sales growth	-30%	68%	16%	26%	25%
EPS growth (adj)	-2,910%	-39%	-13%	-43%	-105%

Profitability	2011	2012	2013E	2014E	2015E
ROE	-35%	-28%	-34%	-26%	2%
ROCE	-20%	-7%	-9%	-2%	9%
ROIC	-24%	-7%	-7%	-1%	7%
EBITDA margin	-25%	12%	1%	20%	29%
EBIT margin	-67%	-16%	-17%	-2%	10%
Net margin	-80%	-29%	-22%	-10%	0%

Data per share	2011	2012	2013E	2014E	2015E
EPS	-6.83	-4.20	-3.63	-2.09	0.11
EPS adj	-4.69	-2.52	-3.43	-1.97	0.10
Dividend	0.00	0.00	0.00	0.00	0.00
Net debt	13.54	18.52	20.88	20.01	17.75
Total shares	17.62	17.62	17.80	17.80	17.80

Valuation	2011	2012	2013E	2014E	2015E
EV	590.8	599.3	533.7	518.2	478.0
P/E	-2.9	-3.7	-2.5	-4.4	82.8
P/E diluted	-2.9	-3.7	-2.7	-4.6	87.8
P/Sales	2.3	1.1	0.6	0.4	0.4
EV/Sales	3.9	2.4	1.8	1.4	1.0
EV/EBITDA	-15.8	19.9	129.7	7.1	3.6
EV/EBIT	-5.8	-14.9	-10.8	-62.8	10.7
P/BV	1.1	1.2	1.0	1.3	1.3

Share performance		Growth/year	11/13e
1 month	4.0 %	Net sales	39.46 %
3 month	1.1 %	Operating profit adj	-30.1 %
12 month	-39.3 %	EPS, just	-14.5 %
Since start of the year	-41.3 %	Equity	-27.8 %

Shareholder structure %	Capital	Votes
Bertil Holdings	51.7 %	52.3 %
Swiss Life	6.1 %	6.2 %
Citigroup	5.3 %	5.4 %
Swiss Life	2.8 %	2.8 %
Svea Lands	2.6 %	2.6 %
SIX SIS AG	2.2 %	2.2 %
Clearstream Banking	2.0 %	2.0 %
Bernt Plotek	1.8 %	1.9 %
Robust AB	1.7 %	1.7 %
Royal Skandia	1.6 %	1.6 %

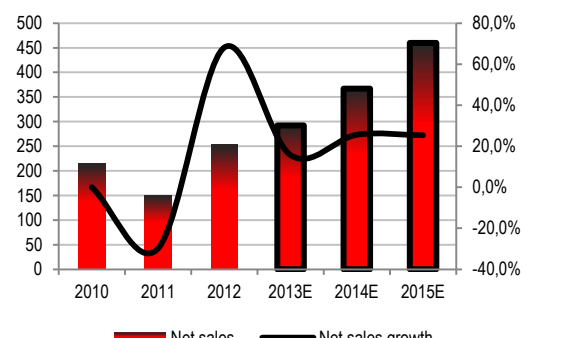
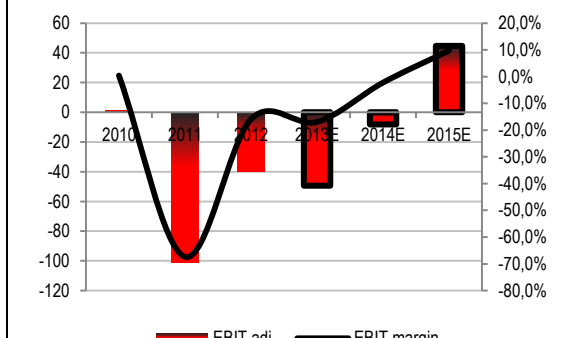
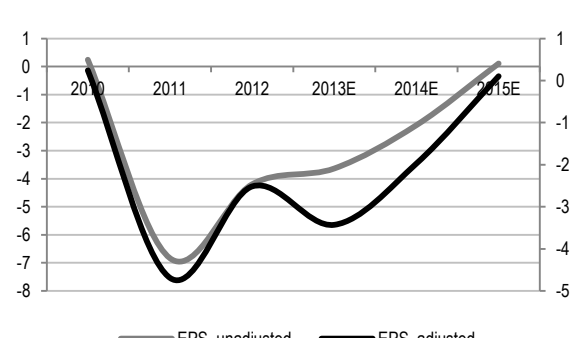
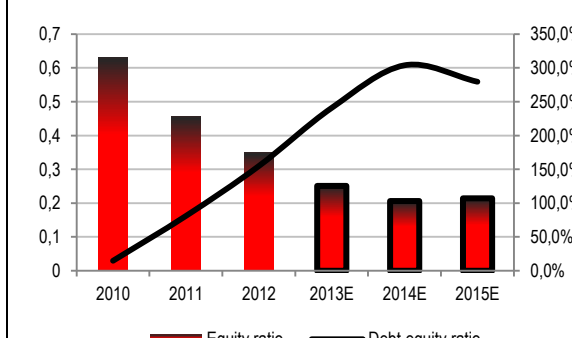
Share information	
Reuters code	AUR.ST
List	First North
Share price	9.1
Total shares, million	17.8
Market Cap, MSEK	162.0

Management & board	
CEO	Denis Alexandrov
CFO	Mihail Fedulov
IR	Max Yacoub
Chairman	Preston Haskell

Financial information	
FY 2013 Results	February 27, 2014

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Billy Degerfeldt
billy.degerfeldt@redeye.se

Revenue & Growth (%)	EBIT (adjusted) & Margin (%)																																										
 <table border="1"> <caption>Revenue & Growth (%) Data</caption> <thead> <tr> <th>Year</th> <th>Net sales (MSEK)</th> <th>Net sales growth (%)</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>210</td> <td>15%</td> </tr> <tr> <td>2011</td> <td>150</td> <td>-15%</td> </tr> <tr> <td>2012</td> <td>250</td> <td>65%</td> </tr> <tr> <td>2013E</td> <td>300</td> <td>20%</td> </tr> <tr> <td>2014E</td> <td>370</td> <td>25%</td> </tr> <tr> <td>2015E</td> <td>460</td> <td>25%</td> </tr> </tbody> </table>	Year	Net sales (MSEK)	Net sales growth (%)	2010	210	15%	2011	150	-15%	2012	250	65%	2013E	300	20%	2014E	370	25%	2015E	460	25%	 <table border="1"> <caption>EBIT (adjusted) & Margin (%) Data</caption> <thead> <tr> <th>Year</th> <th>EBIT adj (MSEK)</th> <th>EBIT margin (%)</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>0</td> <td>25%</td> </tr> <tr> <td>2011</td> <td>-100</td> <td>-65%</td> </tr> <tr> <td>2012</td> <td>-30</td> <td>-10%</td> </tr> <tr> <td>2013E</td> <td>-50</td> <td>10%</td> </tr> <tr> <td>2014E</td> <td>-10</td> <td>25%</td> </tr> <tr> <td>2015E</td> <td>40</td> <td>10%</td> </tr> </tbody> </table>	Year	EBIT adj (MSEK)	EBIT margin (%)	2010	0	25%	2011	-100	-65%	2012	-30	-10%	2013E	-50	10%	2014E	-10	25%	2015E	40	10%
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<p>Conflict of interests</p> <p>Hjalmar Ahlberg owns shares in the company : No Redeye performs/have performed services for the Company and receives/have received compensation from the Company in connection with this.</p>	<p>Company description</p> <p>Auriant Mining AB is a Swedish junior mining company focused on gold production in Russia, primarily in Zabaikalskiy region and the Republics of Khakassia and Tyva. The company has currently 4 operations involving exploration and production of gold, one of which, Kara-Beldir LLC, is a joint venture with the major Canadian gold producer Centerra Gold Inc.</p>																																										

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Redeye Rating (2012-06-07)

Rating	Managment	Growth potential	Profitability	Secure Investment	Potential reward
7,5p - 10,0p	21	15	9	12	20
3,5p - 7,0p	45	51	32	43	42
0,0p - 3,0p	1	1	26	12	5
Company N	67	67	67	67	67

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