

Corporate Governance Report 2020

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 are 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 and an instruction to 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 2020, in total, 98,768,270 shares in the Company and the same number of votes. There were 3,777 shareholders in the Company as of December 30, 2020. The largest shareholder was Bertil Holdings Ltd with 52.21% of shares. The second largest shareholding was that of GoMobile Nu AB, which held 22.22% of shares as of December 30, 2020. 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, 2020 totaled SEK 11,111,430.32.

ANNUAL GENERAL MEETING 2020

Auriant's 2020 AGM was held on May 19, 2020 in Stockholm. The minutes from the meeting are available at www.auriant.com.

In order to reduce the risk of spread of the new coronavirus, the Company took a number of precautionary measures in relation to its 2020 AGM:

- The meeting was recommended to pass a resolution that no guests or others who were not legally entitled to attend the meeting, were allowed to be present at the meeting venue;
- The Board members, the CEO and the representative of the Nomination Committee did not attend the meeting in person, however the Chairman of the Board of directors and the CEO joined the meeting by teleconference so as to give the shareholders an opportunity to ask questions. Shareholders were also invited to send their questions in advance of the meeting by e-mail;
- No food or beverages were served, and the meeting was kept as short as possible without infringing the rights of the shareholders.

The following principal resolutions were adopted at the Annual General Meeting 2020:

- 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 1.
- Lord Daresbury (Peter) and Preston Haskell were re-elected to the Board, and Jukka Pitkälampi and Danilo Lange were elected as new Board members. James Provoost Smith Jr. was re-elected as Deputy Board Member.
- 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. 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 and the instruction for 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.
- The AGM authorised the Board to resolve to increase the Company's share capital by new share issues, to the extent that it corresponds to a dilution of not more than 20 percent, after full exercise of the authorisation. The purpose of the authorization is to increase financial flexibility of the Company and the acting scope of the Board. Should the Board resolve on an issue with deviation from the shareholders' preferential rights, the new issue shall be made at market terms and conditions. The authorization is effective until the next Annual General Meeting.

At the Annual General Meeting 2020, a total of 74,441,788 shares were represented by 2 shareholders via proxies. The shares represented comprised approximately 75.46 per cent of the total number of shares in the Company.

ANNUAL GENERAL MEETING IN 2021

The Annual General Meeting of shareholders will be held on Tuesday, May 11, 2021, at Näringslivets Hus, Storgatan 19, Stockholm. The annual report for 2020

is available on the Company's website as of April 20, 2021.

NOMINATION COMMITTEE

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.

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 and, if deemed necessary, a proposal regarding changes to the instruction to the Nomination Committee.

The principles for the appointment of the Nomination Committee were approved by the AGM on May 19, 2020, 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. 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, 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 Committee shall appoint a new member.

The Annual General Meeting 2020 also approved an Instruction to the Nomination Committee, in accordance with the Nomination Committee's proposal. The Instruction is available on the Company's website.

The Nomination Committee for the 2021 AGM is comprised of Lord Peter Daresbury, Chairman of the Board; Risto Silander, appointed by the largest shareholder Bertil Holdings Ltd; and Per Åhlgren, appointed by the second largest shareholder GoMobile Nu AB. The shareholders that appointed members of the Nomination Committee jointly represented more than 74 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 is chaired by Per Åhlgren.

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 2020 Annual General Meeting re-elected Lord Peter Daresbury as Chairman of the Board. During 2020, 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 2020, Auriant's Board was comprised of four ordinary Board Members, Peter Daresbury (Chair), Jukka Pitkääjärvi, Preston Haskell, and Danilo Lange, and one Deputy Board Member, James Provoost Smith Jr., all elected by the Annual General Meeting on May 19, 2020. 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)	125,258	0	Yes	Yes
Preston Haskell	51,563,892	0	No	No
Danilo Lange	250,000	0	No	Yes
Jukka Pitkääjärvi	0	0	Yes	Yes
James Provoost Smith Jr. (deputy Board member)	0	0	Yes	No

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

BOARD MEMBERS' ATTENDANCE AT BOARD MEETINGS IN 2020

Name	Position	Present
Peter Daresbury	Chair	9/9
Preston Haskell	Member	9/9
Danilo Lange	Member	5 ¹ /9
Jukka Pitkäjärvi	Member	5 ¹ /9
James Provoost Smith Jr.	Deputy Board Member	8 ² /9

¹ Mr. Lange and Mr. Pitkäjärvi each attended every Board meeting held after they were elected as Board members at the AGM on 19 May 2020.

² Mr. Smith attended 8 out of 9 Board meetings without participating in the decisions taken at those meetings.

THE BOARD'S WORK IN 2020

The Board held 9 meetings in 2020. Due to the COVID-19 pandemic, most of the Board meetings (7) during 2020 were held via Zoom or by telephone. Two meetings were ordinary meetings with personal attendance. In addition, the Board passed 24 resolutions *per capsulam*, i.e. by correspondence. Important issues dealt with by the Board in 2020, in addition to the approval of the annual financial statements and the interim reports, and approval of the budgets, included:

- Measures to prevent the spread of the new coronavirus, and potential effects of the COVID-19 pandemic on the Group's operations
- The Company's and the Group's financial position and liquidity
- Strategic decision-making
- Appointment of the new CEO and CFO
- 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

Following the election of Danilo Lange as a Board member at the 2020 AGM, the Remuneration Committee was comprised of Peter Daresbury and Danilo Lange. The Committee was chaired by Peter Daresbury. Upon the appointment of Danilo Lange as the CEO on 5 September 2020, it was no longer appropriate for him to continue as a member of the Committee, in view of the Committee's tasks and the requirements of the Swedish Corporate Governance Code. Therefore Preston Haskell replaced Danilo Lange as a member of the Committee. 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. The Committee's other tasks include monitoring and evaluating programmes for variable remuneration to the executive management.

In 2020, the Remuneration Committee held six meetings, attended by each member of the Committee.

Finance and Audit Committee

In 2020, the composition of the Finance and Audit Committee remained unchanged. The Committee was comprised of JP Smith and Peter Daresbury. 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 2020, the Finance and Audit Committee held two meetings, attended by both members of the Committee, and by the Company's auditor.

Technical Committee

During 2020, the Technical Committee was first comprised of then Board members Ingmar Haga and Patrik Perenius until May 2020. Jukka Pitkäjärvi

and Preston Haskell became members of the Technical Committee following their respective election and re-election to the Board at the Annual General Meeting 2020. Mr. Pitkääjärvi served as Chairman of the Committee. The Committee's task is to advise the remainder of the Board on mining and technical issues.

In 2020, the Technical Committee held two meetings. Each member of the Committee attended both 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 2020: for the Chairman of the Board Lord Peter Daresbury, SEK 400,000; and SEK 250,000 to each of the other ordinary board members and to the deputy board member. 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 2020, the Group's management was comprised of the CEO, deputy CEO, CFO, COO, 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 ongoing management of the Company. The CEO's work is evaluated once a year. Mr. Danilo Lange, a Board member of the Company since May 2020, elected by the 2020 AGM, was later appointed as the Chief Executive Officer of Auriant Mining AB with effect from 5 September 2020, in addition to his role as a Board member. Mr. Lange succeeded Mr. Sergey Ustimenko who served as the CEO of the Company from January 2016 until 4 September 2020.

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 19, 2020 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 remuneration

Variable remuneration shall 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 88-89 of the annual report.

LONG-TERM INCENTIVE PROGRAMS

The Board regularly evaluates the need for long-term incentive programs. At present, no long-term incentive programs are established in the Company.

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 19, 2020 re-elected, for a period until the 2021 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 and audit of the management administration 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. Two members of the Board have the authority to sign on behalf of the Company. The CEO, in his/her normal business activities, is also entitled to sign on behalf of the Company. The CEO 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 set during the budgeting process at the end of the previous year.

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 will be discussed by the Board again in 2021.

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. However, in view of the Covid-19 pandemic, rules 1.1-1.3 of the Code did not need to be applied in 2020, as announced by the Swedish Corporate Governance Board on 31 March 2020. The Company did not comply with the following rules of the Code in 2020, for the reasons set out below:

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

The Annual General Meeting 2020 re-elected James Provoost Smith Jr. as 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 1 deputy board member was appropriate for the Company’s operations and phase of development.

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 of the Remuneration Committee in 2020. 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, 52.21% 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 2020 amounted to MSEK – 124.6 (US\$ -13.3 mln), of which share capital is MSEK 11.111 (US\$ 1.438 mln).

In the Parent Company the unrestricted shareholders equity amounts to:

	SEK
Share premium reserve	780,638,510
Retained earnings	-671,094,837
Net loss for the year	-196,032,131
Total unrestricted equity	-86,488,459

The Board of Directors and the Chief Executive Officer propose that the Parent Company’s accumulated net results are 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 116 of the annual report.