



## **Auriant Mining AB (publ.) publishes an update of tax legislation – estimate future tax savings of 84 mln USD**

- New tax legislation will reduce the Mineral Extraction Tax by 60% and the Income Tax by 75% during a 10 year period for companies admitted under the new program.
- Auriant Mining estimates the total savings under the program to be 84 mln USD.
- Auriant Mining will apply for reduced tax rates under the program after initialization of gold production from the CIL construction for LLC Tardan Gold, which is expected to be early 2019. Auriant Mining will also apply for reduced tax rates for LLC Kara-Beldyr after initialization of gold production in the mine, which is expected to be 2021.

As a result of recent amendments to the Russian tax legislation, subsidiaries of Auriant Mining AB, LLC Tardan Gold and LLC Kara-Beldyr will qualify for Mineral Extraction Tax and Corporate Income Tax exemptions for Regional Investment projects. Russian legislation on Regional Investment projects has been developed for promoting business activities in specific regions of the Russian Federation, including the Republic of Tyva, where the subsidiaries' subsoil license areas are located. In order to qualify for the exemptions, a company shall invest in a project more than 500 mln RUR (approximately 8.6 mln USD) in the course of 5 years, and the investment project shall provide for over 90% of the company's revenue. Exemptions will be granted upon completion of respective investment projects and commencement of gold production from those projects. In the case of LLC Tardan Gold, these conditions will be satisfied upon completion of the CIL construction, and in the case of LLC Kara-Beldyr, upon building and commissioning the mine there.

### *Mineral Extraction Tax exemption*

Russian Mineral Extraction Tax ("MET") is calculated by applying nominal tax rate (6%) to revenue from gold sales. MET exemption will be granted for 10 years (following commencement of production at newly constructed facilities) and applicable tax rates will be as follows: 0% for years 1 and 2, 1.2% for years 3 and 4, 2.4% for years 5 and 6, 3.6% for years 7 and 8, 4.8% for years 9 and 10. In subsequent years, nominal tax rate will apply.

In the aggregate, under a Regional Investment project a company saves 60% of nominal MET over 10 years.

### *Corporate Income Tax exemption*

Russian Corporate Income Tax ("Income Tax") nominal rate is 20% of taxable profit defined on the basis of Russian statutory accounting. Income Tax exemption will be granted for 10 years (following commencement of production at newly constructed facilities) and applicable tax rates will be as follows: 0% for years 1 to 5, and 10% for years 6 to 10. In subsequent years, nominal tax rate will apply.

In the aggregate, under a Regional Investment project a company saves 75% of nominal Income Tax over 10 years.

### *Effect on Auriant Mining*

Qualifying the subsidiaries for tax exemptions will provide substantial additional cash flow to the Company. Auriant Mining estimates that total saving for LLC Tardan Gold will amount to 20 mln USD (over the life of mine) and for LLC Kara-Beldyr, 64 mln USD (over the life of mine as well). The estimate is based on gold price of 1,250 USD/oz, mineplans that exist at the time of estimation and on the assumption that respective provisions of the tax legislation will stay in force at the time when the Company's subsidiaries will apply for tax exemptions (2019 for Tardan CIL construction project and 2021 for start of Kara-Beldyr mine).

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*Auriant Mining AB (AUR) is a Swedish junior mining company focused on gold exploration and production in Russia, primarily in Zabaikalye and the Republics of Khakassia and Tyva. The company has currently four assets, including one operating mine (Tardan), one early stage exploration asset and two development assets.*

*Since July 19, 2010, Auriant Mining's shares are traded on First North Premier at the NASDAQ OMX Nordic Exchange under the short name AUR. For more information please visit [www.auriant.com](http://www.auriant.com). Mangold Fondkommission is Certified Adviser to Auriant, for more information please call +46 8 503 015 50 or visit [www.mangold.se](http://www.mangold.se).*

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