


AURIANT
MINING









We
Are
Auriant











Auriant Mining
ANNUAL REPORT 2016

Content

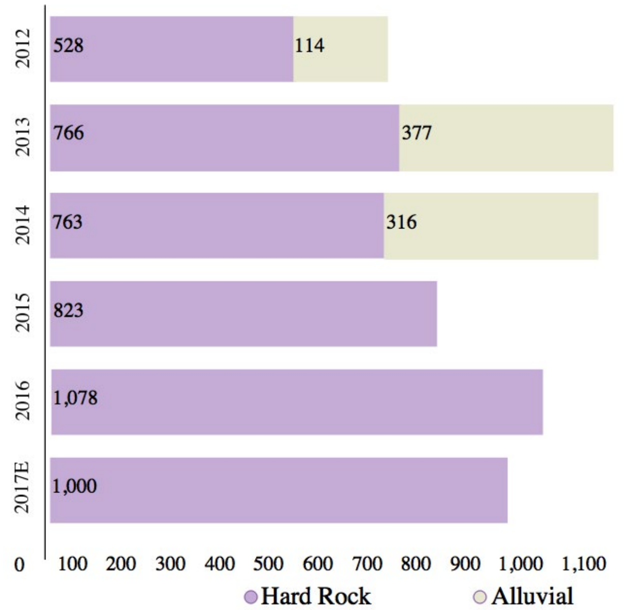
Auriant Mining in Brief

Russia's focused gold miner

Listed on NASDAQ OMX First North Premier

1 producing mine

Gold production 2012-2016



3 exploration properties

525 employees

2016 production of 1,078 kg of gold (34,669 oz)

Approximately 3,300 shareholders

17,802,429 ordinary shares issued

Official Russian State Reserves Committee (GKZ) + JORC Recourses and reserves of 1,715,000 troy ounces (53.3 tonnes) of gold

INTRODUCTION | GOLD ASSETS | CORPORATE GOVERNANCE | FANANCIAL STATEMENTS

Significant Events During 2016

JAN

Change of management:

Denis Alexandrov left the Company

Sergey Ustimenko is appointed as CEO of Auriant Mining AB

Chukotka Management Contract is terminated by mutual agreement

FEB

MAR

APR

Oleg Lebedev was appointed as General Manager of Tardan

MAY

JUN

JUL

AUG

SEP

OCT

Preliminary drilling results at the Pravoberezhny deposit located within the Greater Tardan area were announced. A preliminary estimate amounts to 4.2 tonnes of gold with an average grade of 3.31 g/t. This report was updated according to JORC classification in March 2017 and the new reserves are following: total gold resources at Pravoberezhny deposit amount to 166 thousand ounces of gold (4.9 tonnes) with an average grade of 3.23 g/t.

A resource estimate of the Kara-Beldyr deposit in accordance with JORC was completed. According to that report, total KB gold resources (both indicated and inferred) amounted to 25.6 tons of gold. However, the report was updated in March 2017 and compared to the initial estimate, indicated resources increased by 30% (from 619 thousand to 807 thousand ounces), total gold resources increased by 5% to 26.8 tonnes. The grade in indicated resources increased by 8% (from 2.43 g/t to 2.63 g/t).

NOV

DEC

Tardan reached the historical production level of 1 ton of gold. Total Tardan 2016 production was 1,078 kg of gold

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 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 44.

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 people 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 the 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 56.

INTRODUCTION | GOLD ASSETS | CORPORATE GOVERNANCE | FANANCIAL STATEMENTS

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	Result
TARDAN	Upgrade technology to CIL	Recovery increased to 90% Increase of mine life
KARA-BELDYR	Development of the project	Mine construction Target production: 2 t of gold per year
SOLCOCON	Exploration to increase resources	Resources suitable for CIL technology
UZHUNZHUL	Early stage exploration	Estimate of resource potential


Tardan Mine

Chairman Statement

We remain committed to growth and to becoming a leading intermediate gold producer.

577 $/oz
2016 Total Cash Cost

USD 22.0 m
2016 EBITDA

1,078 kg
2016 Gold Production

In 2016, Auriant achieved its priority aim of producing 1 tonne of gold.

Total gold production in 2016 amounted to 1, 078 kg, which is a historical record for hard rock gold production at our flagship mine at Tardan. In 2015, the Company brought a new deposit, Barsuchiy into operation, and this became a main source of ore for our operations in 2016. High grade ore coming from this deposit allowed us to operate our gravitational plant on a year round basis in 2016, which was a substantial addition to our heap leach production. In addition, Auriant continued stripping at Tardan in order to secure access to the ore in 2017 and later years.

High grades, increase in production and continued efforts by management to reduce costs, resulted in a significant reduction in production costs (cash costs were 577/oz.) to below $600 /oz. Higher sales volumes and decreased costs resulted in increased profitability – EBITDA in 2016 amounted to $22.0 m, an increase of $11.8 m, compared to 2015. EBITDA margin in 2016 was slightly above 50% of sales. Cash flows from operating activities increased by $12.3 m year on year.

We expect that during 2017, grades will return to geological averages. However, we expect Tardan to again produce 1 tonne of gold in 2017.

Auriant continued with its exploration program in 2016. During the year we completed exploration drilling at the Pravoberezhny deposit at Tardan. The resource estimate of the deposit under JORC was completed in early 2017. Resources amounted to 4.9 tonnes of gold (4.8 tonnes Indicated and 0.1 tonnes Inferred). This is a substantial addition to the Tardan resource base and life of mine.

In October 2014, Auriant purchased a 70% interest in Kara-Beldyr from Centerra Gold for 3,5% NSR on future production. This took Auriant's ownership to 100%. Kara-Beldyr is a very promising gold deposit located in the same region as Tardan. During 2016, we worked on the resource assessment of the resource at the deposit under JORC code. Total resources amounted to 26.8 tonnes of gold (25.1 tonnes Indicated and 1.7 tonnes Inferred). In 2017, we expect the Reserve report to be approved by GKZ.

The Company used its cash flow that it generated during the year for debt repayment. In 2016, it repaid $5.2 m of bank debt. On a net basis bank debt decreased from $44.6 m at the end of 2015, down to $35.2 m at the end of 2016.

Our key objectives for 2017 are to maintain targeted production levels, profitability and sustainable cash flows.

In April 2017 The Board has decided to propose for the Annual General Meeting to resolve on rights issue of approximately 329 MSEK that will eliminate convertible loan and also provide the Company with new capital for required investments. The reduction of the indebtedness will reduce Company's dependency on the main owner, lower the financial risk, as well as create a more solid balance sheet. Furthermore, upgrading the Tardan production facility will significantly increase the production and recovery in the mine. Investments will lead to extended mine life, higher gold production over its lifetime and decreased cost of production as a result of a higher recovery rate. We will also start design work for the Kara-Beldyr mine in order to start production in 2020. We remain committed to growth and to becoming a leading intermediate gold producer.

Peter Daresbury

Lord Daresbury (Peter)
Chairman of the Board

CEO Statement

In 2016 with increased grades, growth of gold production and focus on cost control we achieved profitability – our main target for 2016. The Company for the first time earned net profit of 6.5 US$ mln, while in 2015 there was a net loss of -21.5 US$ mln.

Dear Stakeholders

In 2016, Auriant turned from being loss-making to becoming profitable, by increasing gold production, improving grades and reducing costs. The Company achieved net profit of 6.5 US$m, compared to a net loss of (21.5 US$m) in 2015

TARDAN

During the year, the Barsuchy deposit was the main source of ore for gold production.The grade was 4.04 g/t compared to 3.03 g/t in 2015 (+33%). The volume of ore mined did not change significantly from 2015. However, ore mined in 2016 included 77 thousand tons of high grade ore (+67% compared to 2015) processed through the gravitational plant with an average grade of 7.48 g/t. The average grade of ore stacked for the heap leach increased from 2.60 g/t in 2015 to 3.22 g/t in 2016 (+24%). Total gold production in 2016 exceeded our initial expectations and amounted to 1,078 kg, an increase of 31% compared to 2015.

Cash costs per ounce were 577 US$, compared to 798 US$ in 2015. This represented a reduction of 28% and was due to increased grades and reduced costs.

In 2016, Auriant invested 1.4 US$m of CAPEX at Tardan, which included upgrading the energy facilities and crushing complexes; this reduced the risk of breakdowns and increased the uptime of equipment.

During the 2nd half of 2016, Auriant recommenced stripping at the Tardan deposits targeted for 2017 production. Estimated gold production in 2017 is 1 ton.

RESOURCES UPDATE

In 2016, Auriant completed the JORC resource estimate for Pravoberezhny – a satellite deposit, located 15 km from Tardan and its other deposit at Kara-Beldyr. Both estimates were made by Wardell Armstrong International, a UK based Engineering, Environmental and Mining consultancy group.

The latest resource estimate at Kara-Beldyr indicated resources amounting to 807 thousand ounces of gold (25.1 tons) with an average grade of 2.63 g/t and 1,069 thousand ounces of silver (33.2 tons) with an average grade of 3.49 g/t. Inferred resources amounted to 55 thousand ounces of gold (1.7 tons) with an average grade of 3.55 g/t and 53 thousand ounces of silver (1.6 tons) with an average grade of 3.44 g/t. Total gold resources (both Indicated and Inferred) amounted to 26.8 tons of gold. Auriant is confident of establishing a mining operation at Kara-Beldyr that would produce up to 2 tons of gold/year with a mine life of over 10 years.

According to the latest resource estimate, total gold resources at Pravoberezhny amount to 166 thousand ounces of gold (4.9 tonnes) with an average grade of 3.23 g/t.

The ore bodies outcrop at surface and the resource is very shallow. The entire Pravoberezhny ore body is expected to lie within the planned open pit contour. A relatively simple morphology of the ore body and surrounding geology provides for a low stripping ratio, expected to be less than 1:4. Mining of the deposit could start at the beginning of 2019.

4.04 g/t
2016 Gold Grade

+31%
2016 gold production grow

26.8 t
of resourses at Kara-Beldyr was added to Company's profile in 2016 (JORC)

CEO Statement

SOLCOCON

In 2016, production at Solcocon was put on hold. In 2017, Auriant plans to restart exploration on the licensed area, and in particular, on the flanks of the Bogomolovskoye deposit, which was the main source of ore when the mine was in operation. The exploration program is aimed at unlocking the resource potential of the Bogomolovskoe deposit and converting it into minable resource ounzes. We expect exploration to take two years.

CHUKOTKA MANAGEMENT CONTRACT

During 2015, Auriant delivered management services to five assets located in Chukotka, including the producing mine, Valunisty. In 2015, Auriant earned a management fee of 3.6 US$m. In January 2016, the contract was terminated by mutual agreement and was taken on by a company with close ownership links to those of the Chukotka assets.

CORPORATE DEVELOPMENTS

During 2016, the CEO, Denis Alexandrov left the company and I was promoted from CFO to CEO, in his place. Since my appointment, I have made significant changes to a downsized management team. These individuals have collectively achieved the improved results for the year.

Our corporate overheads in 2016 decreased year on year by 1 US$m (28%).

CASH FLOWS

Operating cash inflows in 2016 more than trebled compared to the previous year: 17.4 US$m as compared to 5.1 US$m in 2015. This was a result of increased production volume, reduction in cash costs at Tardan and cash receipts from management contracts. Cash flows generated were used for investment (-2.4 US$m) and financing activities (-10.9 US$m), including repayment of bank debt of 5.2 US$m and interest payments of 4.5 US$m.

OUTLOOK

Our key goal is to create shareholder value and produce 1 ton of gold in 2017. We will also continue to drive down costs and further develop Tardan.

The other area of major focus is to move closer to being in a position to develop Kara-Beldyr, with a view to putting it into operation in 2020 – 2021.

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

Sergey Ustimenko

Chief Executive Officer

Auriant Mining AB

4.9 t
of resourses at Pravoberezhny deposit (Greater Tardan) was added

1.4 US$ m
2016 investments in CAPEX of Tardan

17.4 US$ mln
2016 operation cash inflows

1 t
2017 target gold production


Sunrise at Tardan Mine

Auriant Gold Assets

TARDAN

- Flagship mine located in Republic of Tyva;
- 2016 gold production of 1,078 kg of gold;
- Open pit;
- 2 stage processing: gravitational plant and heap leach;
- Resources&reserves ~ 10 t of gold.

KARA-BELDYR

- Ready to construct property;
- Located in Republic of Tyva;
- Expected technology: CIP;
- JORC recources&reserves: 26.8 t of gold;
- Expected to start production in 2020.

SOLCOCON

- Currently out of operation;
- 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
TARDAN				
TARDAN DEPOSIT /GKZ/				
$C_1 + C_2$ Reserves	893,000	4.92	141	4,390
GREATER TARDAN				
BARSUCHY DEPOSIT /GKZ/				
$C_1 + C_2$ Reserves	129,000	5.16	21	666
PRAVOBEREZHNY DEPOSIT /JORC/				
Measured	-	-	-	-
Indicated	1,480,000	3.23	153	4,780
Measured + Indicated	1,480,000	3.23	153	4,780
Inferred	30,000	3.48	3	104
Measured + Indicated + Inferred	1,510,000	3.23	156	4,884
KARA-BELDYR /JORC/				
Measured	-	-	-	-
Indicated	9,540,000	2.63	807	25,101
Measured + Indicated	9,540,000	2.63	807	25,101
Inferred	480,000	3.55	55	1,711
Measured + Indicated + Inferred	10,020,000	2.68	862	26,811
SOLCOCON /GKZ/				
BOGOMOLOVSKOE DEPOSIT				
$C_1 + C_2$ Reserves	1,933,000	3.65	227	7,060
KOZLOVSKOE DEPOSIT				
$C_1 + C_2$ Reserves	1,059,000	8.14	277	8,615
ALLUVIAL				
$C_1 + C_2$ Reserves	811,000	1.17	30	946
TOTAL AURIANT RESERVES&RESOURCES				
Measured + Indicated + Inferred	11,530,000	2.75	1,018	31,696
$C_1 + C_2$ Reserves (geological)	4,014,000	5.16	666	20,731
TOTAL RESERVES&RESOURCES	15,544,000	3.37	1,684	52,427
TOTAL ROCK&ALLUVIAL			**1,715**	**53,373**

Tardan and Greater Tardan

Tardan
and Greater Tardan

LICENSE: TARDAN DEPOSIT
3.3 KM²
VALID UNTIL: 2028

LICENSE: GREATER DEPOSIT
540 KM²
VALID UNTIL: 2032

REPUBLIC OF TYVA

EXPLORATION/
PRODUCTION

2016 PRODUCTION:
1,078 KG

HEAP LEACH AND
GRAVITATIONAL PLANT

485 EMPLOYEES

Reserves and Resources

Classification	Tonnage	g/t	000 oz	kg
TARDAN				
TARDAN DEPOSIT /GKZ/				
$C_1 + C_2$ Reserves	893,000	4.92	141	4,390
GREATER TARDAN				
BARSUCHY DEPOSIT /GKZ/				
$C_1 + C_2$ Reserves	129,000	5.16	21	666
PRAVOBEREZHNY DEPOSIT /JORC/				
Measured	-	-	-	-
Indicated	1,480,000	3.23	153	4,780
Measured + Indicated	1,480,000	3.23	153	4,780
Inferred	30,000	3.48	3	104
Measured + Indicated + Inferred	1,510,000	3.23	156	4,884
TOTAL TARDAN RESERVES&RESOURCES				
TOTAL RESERVES&RESOURCES	**2,532,000**	**3.93**	**318**	**9,940**

Geology and Exploration

GEOLOGY

The Tardan ore cluster is an integral part of the Tapsa-Kaahemsky gold-placer region, which extends in the sublatitudinal direction for a distance of more than 90 km.

In the structure of the Tardan ore cluster, three rock complexes play the main role in the formation of ore-bearing structures:

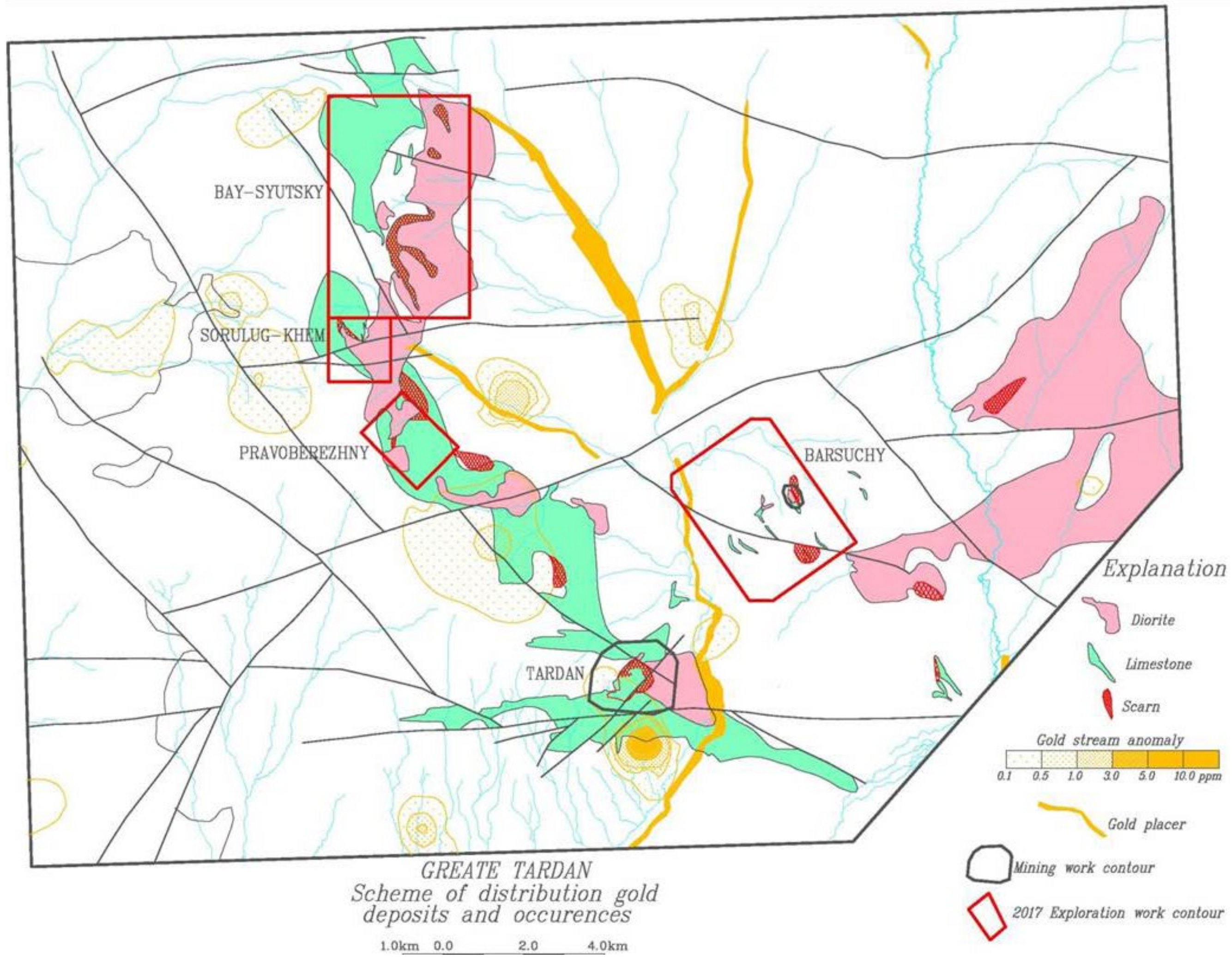
Late Riphean volcanic-terrigenous sequence;

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.

Within the Tardan ore cluster, the gold mineral mineralization of the skarn type is mainly developed. At present, the following deposits and manifestations of gold ore skarns are known: Tardan and Barsuchy deposits; Pravoberezhnoe, Bai-Syutskoye, Sorulug-Khem occurrences.

GREATER TARDAN



INTRODUCTION | GOLD ASSETS | CORPORATE GOVERNANCE | FANANCIAL STATEMENTS

BARSUCHY DEPOSIT

Barsuchy is located on the left bank of Bai–Syut River, 4 km northeast of Tardan deposit. The metallurgical properties of the Barsuchy ore are similar to Tardan ore.

The Territorial Reserves Commission in 2014 has approved the classification of 466,000 tonnes of ore and 2,517 kg of gold as C_1 reserves, and has officially acknowledged the opening of Barsuchy as a gold deposit.

From the second half of 2015, we were mining ore at the Barsuchy deposit and as a result of this combination of higher grades at Barsuchy and in the Tardan deposit we could re-launch the gravitational plant and significantly increase our gold production in 2016.

BARSUCHY

TARDAN DEPOSIT

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

In the ore field were identified 16 ore zones containing 41 ore bodies.

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 km2.

The most common rock type is marblized limestone of the Cambrian.

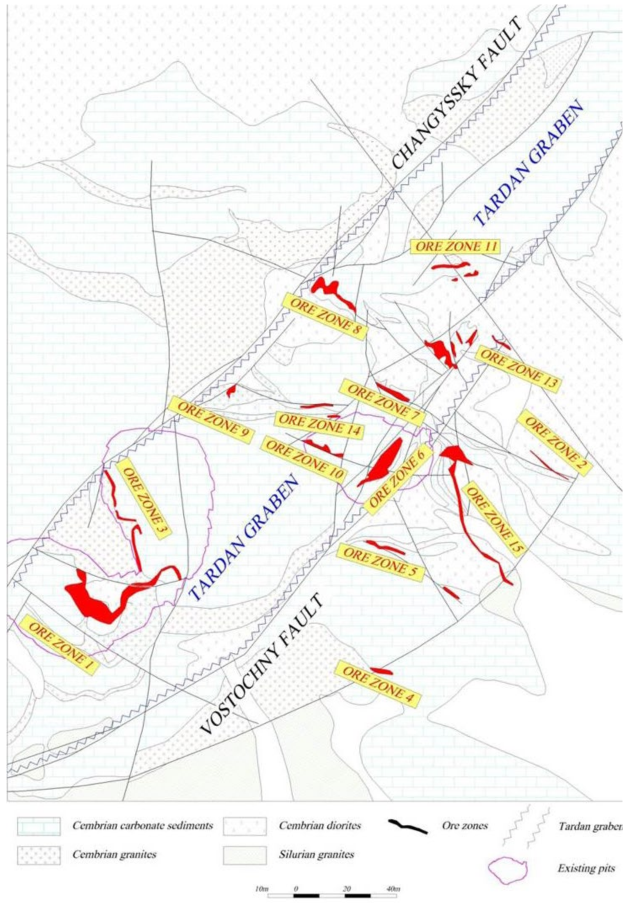
Approximately 20-25% of the Tardan deposit area is underlaid by granitoids of the Cambrian complex of which diorites are the most common.

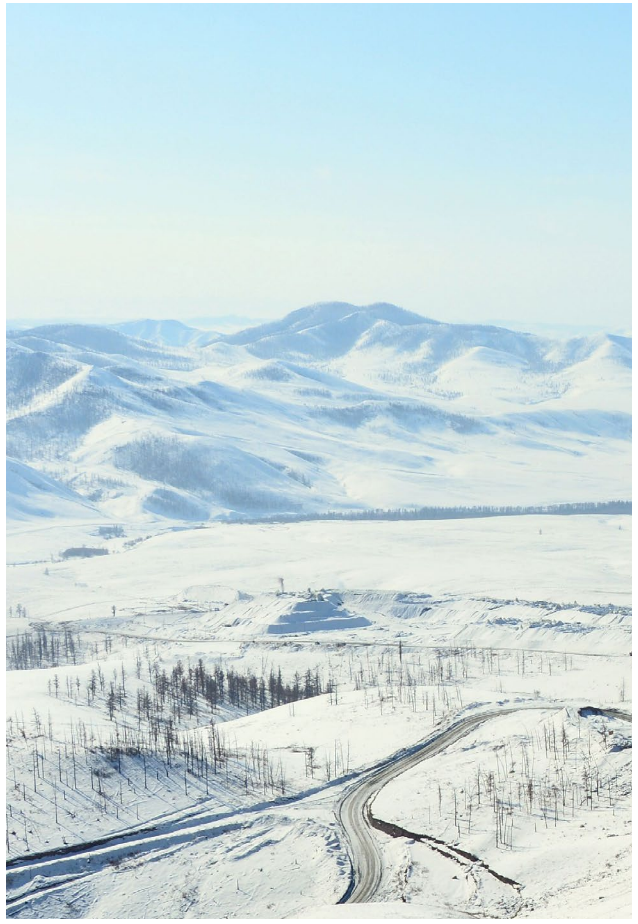
The major structural elements of the deposit are faults on the contacts of granites (diorites) with the host and carbonate rocks.

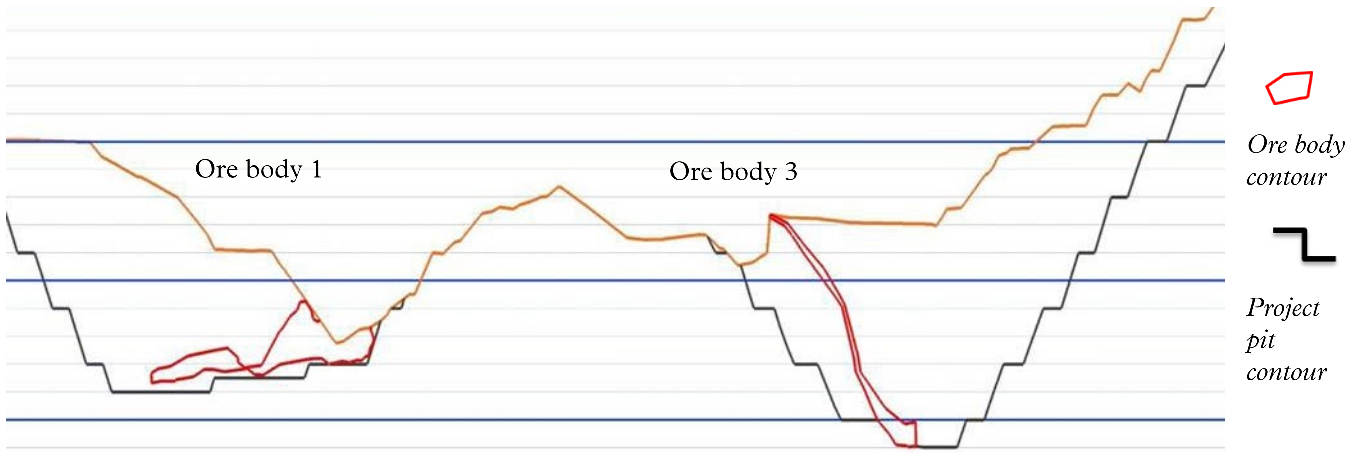
Virtually almost all of the ore zones are located in contact limestones of Vadibalinskaya formations and diorite sills of the Tannuolsky complex.

The ore bodies are linearly elongated bodies of hydrothermally altered sulphide skarns with complex inner morphology. The length of the ore bodies is between 20 and 150 m, with the width between 1 and 13 m.

TARDAN DEPOSIT







PRAVOBEREZHNY

Within the Tardan ore cluster, geological exploration work continues on the most promising areas (Bai-Syutsky, Sorulug-Khem, the flanks of the Right-Bank and Barsuchy).

The Pravoberezhny Au project is a greenfield project located 15km NW of Tardan site.

The project comprises gold bearing skarn zones within shallowly dipping beds of Tummattayginskaya volcanics and Vadibalinskaya limestones, tuffs and dolomites that have been intruded by Kopto-Baysyutskiy diortic rocks.

Three zones of contact metasomatism have been identified. These extend over 1000m along strike and 300m in width. Two of these areas have been evaluated as barren but the western most of these zones forms the Pravoberezhny deposit.

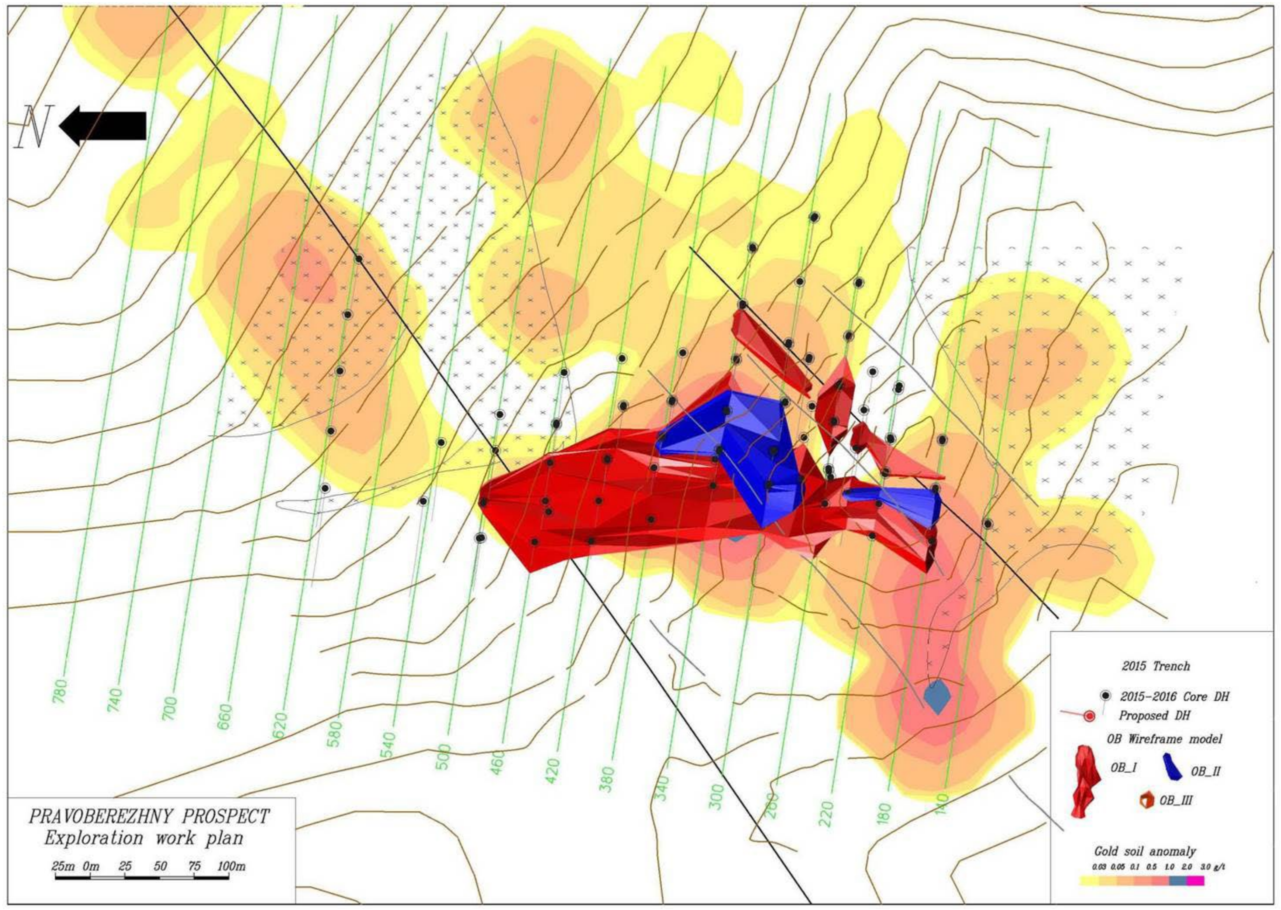
Here skarns have formed within a 60 m thick layer of limestone on the contacts with two bodies of diorite, one located to the north and one to the south of the area. The skarns host the majority of the gold mineralisation at Pravoberezhny with 13 distinct zones identified. However, lower grade mineralisation are also seen in metasomatised volcanic rocks above and below the skarn zones. 75% of gold is concentrated in two ore bodies.

The drill holes grid was 40x20 m. All drilling was carried out with a diameter of HQ.

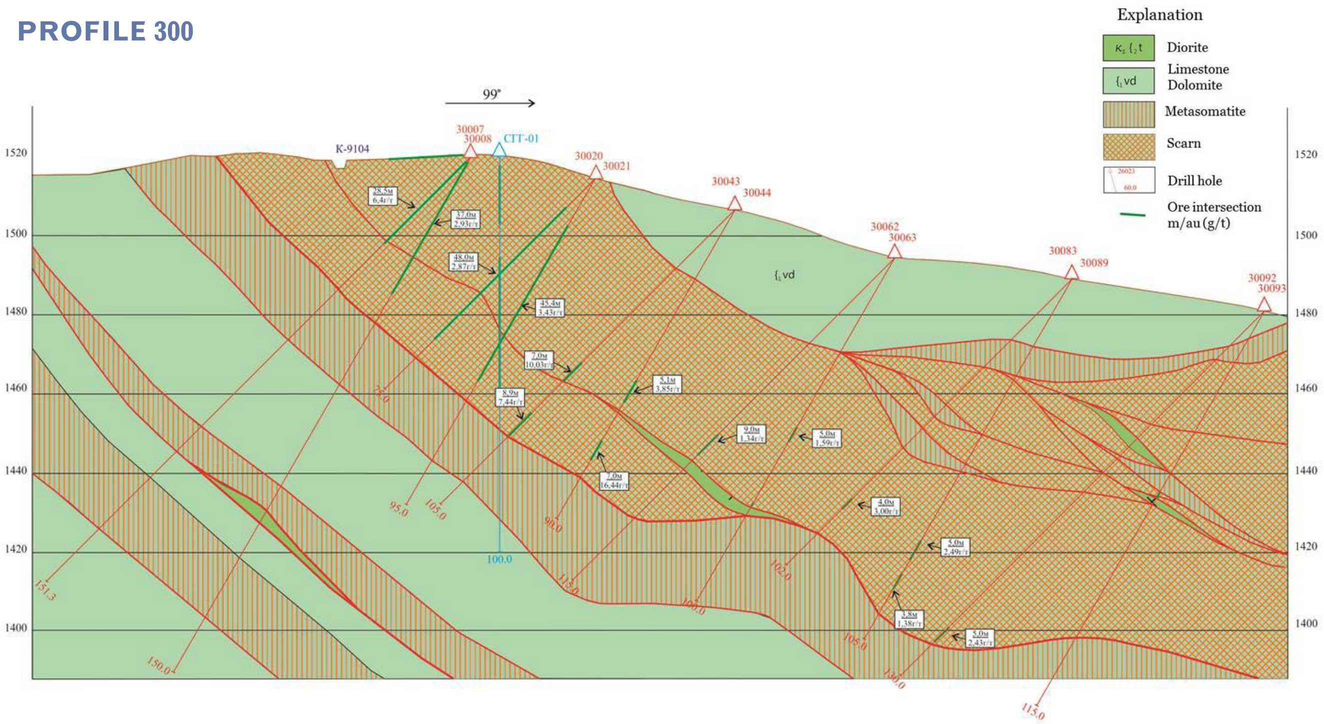
A total of 94 holes with a total length of 7600 m were drilled on the site. In 2017, it is planned to complete the feasibility study according to Russian standards and staging the reserves for the balance (Q2-Q3 of 2017).

In February 2017, Wardell Armstrong carried out a calculation of the resources of the Pravoberezhny according to the JORC Code (2012). The results of calculation can be found at page 17.

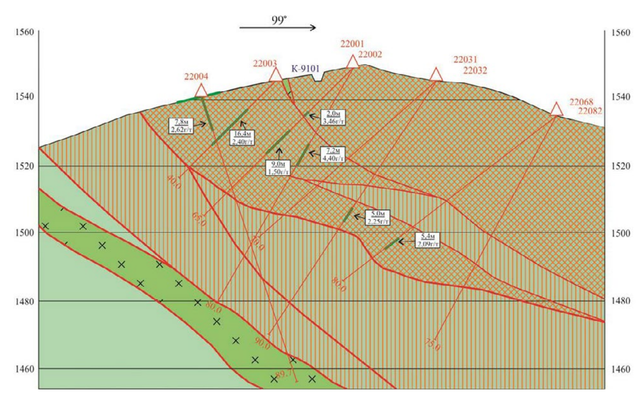
PRAVOBEREZHNY



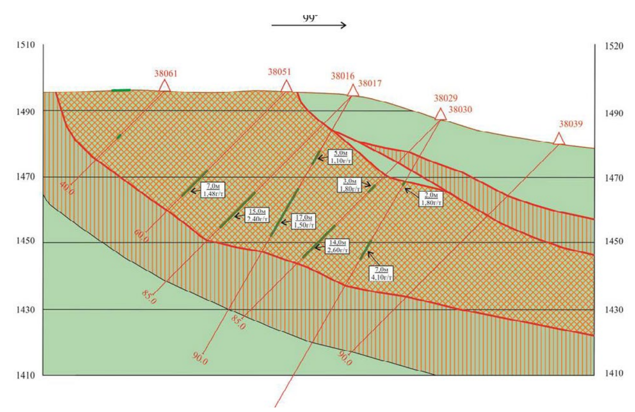
PROFILE 300



PROFILE 220



PROFILE 380



Tardan 2016 Production

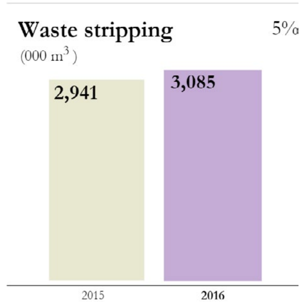
In 2016, the Tardan performance improved considerably compared with the previous year with an increase in the production and the grade. Gold grade at Tardan significantly increased in 2016 to 4.04 g/t (2015 – 3.03 g/t).

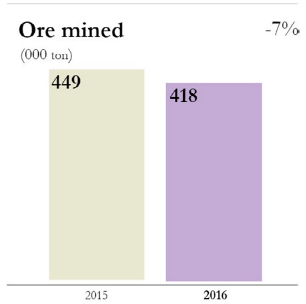
Total 2016 gold production, including gravitational plant production, was on target and increased by 31% to 1,078 kg (34,669 oz), compared to 823 kg (26,468 oz) in 2015. Tardan gravitational plant produced 145 kg (4,657 oz) of gold, an increase of 60% compared to 2015 – 90 kg (2,904 oz). Heap leach production at Tardan increased by 28% to 933 kg (30,011 oz), compared to 727 kg (23,372 oz) in 2015.

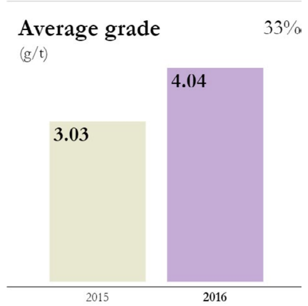
Operations at Tardan have reached full capacity. All of this gives us confidence to confirm our expectations of producing 1 tonne of gold at Tardan in 2017.

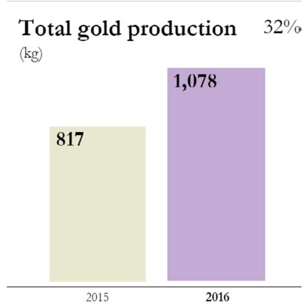
		12m 2016	12m 2015	Change	
Mining					
Waste stripping	000 m3	3,085	2,941	144	5%
Ore mined	000 tonnes	418	449	-31	-7%
Average grade	g/t	4.04	3.03	1.01	33%
Gravitation					
Throughput	000 tonnes	77	46	31	67%
Average grade	g/t	7.48	6.55	0.93	14%
Recovery	%	25.0%	29.7%	-4.7%	-16%
Gold produced	**kg**	**145**	**90**	**55**	**60%**
Heap leach					
Crushing					
Ore	000 tonnes	322	428	-106	-25%
Grade	g/t	3.22	2.60	0.62	24%
Stacking					
Ore	000 tonnes	322	428	-106	-25%
Grade	g/t	3.22	2.60	0.62	24%
Tailings	000 tonnes	63	66	-3	-4%
Grade	g/t	4.83	3.06	1.77	58%
Gold produced	**kg**	**933**	**727**	**207**	**28%**
Total gold produced	**kg**	**1,078**	**817**	**261**	**31%**

OPERATIONAL HIGHLIGHTS

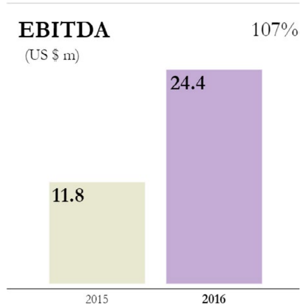


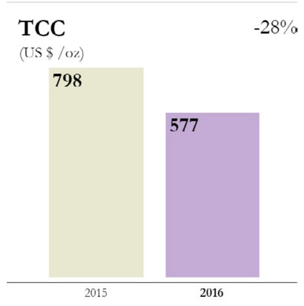






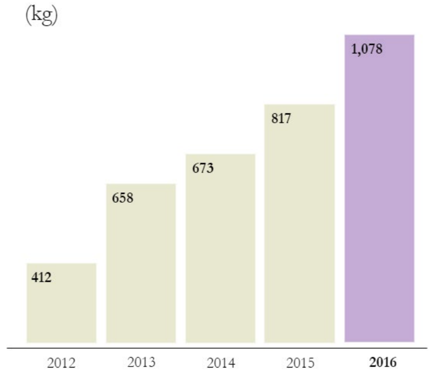
FINANCIAL HIGHLIGHTS



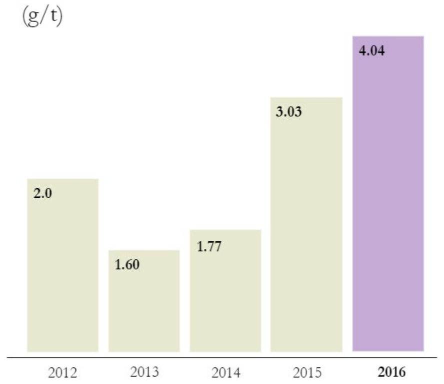


General Manager View

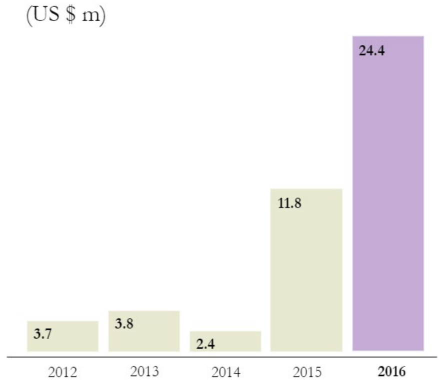
Gold production
(kg)



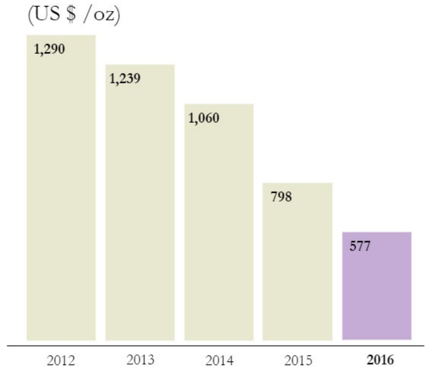
Au grade in ore mined
(g/t)



EBITDA
(US $ m)



TCC
(US $ /oz)



Oleg Lebedev has become a General manager of Tardan a year ago. We asked him about his view to Tardan Mine.

General Manager View

Tell us a little bit about your background before you joined Auriant?

I started my career 22 years ago at one of the largest steel plants in those days, Krivorozhtal (Ukraine). After four years, in 1999, I started my gold mining career by joining the Zoloto Ynykchana, (Yakutia, Sakha Republic) gold mining cooperative. Over seven years, having moved up to mine foreman and then site supervisor, and thanks to knowledgeable and experienced mentors, I acquired rich mining experience which I was then able to put to good use in both alluvial and hard rock gold mining operations in South Yakutia.

Having worked for over 10 years in alluvial gold mining, I decided to try my hand at mining gold ore and in 2010 I joined Nerungri-Metallik, a large gold mine belonging to the NordGold Group, which processed more than 4 million tons of ore by heap leaching in Yakutia annually and extracted more than 2 tons of gold annually, and eventually becoming Chief Engineer. From there I joined Auriant Mining in 2014 and for two years I worked at the Solcocon mine (Zabaikalsky Krai) and the Valunisty mine (Chukotka) before I became General Manager of Tardan Gold (Tyva).

In your opinion, what makes Tardan different from other mines?

Compared to other deposits I think the biggest difference is how close Tardan is to the regional capital Kyzyl. Only 78km to the city and 18km to the nearest village as well as to a well developed transport and logistical infrastructure between the city and the mine: 60km along a paved road and 18km along a dirt road that is well maintained by the mine company.

After many years of working at difficult to reach mines far from towns and my family the easy accessibility of the Tardan mine boosts the mobility of the mine workers and improves mine operations.

Tell us about the challenges the company faced in 2016?

I don't think it would be fair to assign the issues and problems we face to any particular year. In general they are typical issues that occur on a continuous basis and require constant attention. Other minor issues that crop during the year are of a day to day nature and are faced by all industrial enterprises.

Over the last year we paid a lot of attention to health & safety and environmental protection: perfecting the daily monitoring of these issues as well as introducing a motivational bonus structure for our workers. Further, in order to continuously improve the skills of our engineering and technical employees we created an on-the-job training programme – only the third such programme in Tyva.

Despite the rich natural resource base, a serious issue is the economic underdevelopment of Tyva, leading to its isolation from the main transportation infrastructure of Russia, the subsidised nature of local government finances, high unemployment and in the face of these problems a lack of industrial enterprises. All of this has meant an uncompetitive regional economy and as a consequence the lack of a dynamic key small and medium enterprise sector that could offer goods and services to mining industry.

These issues, together with the shortage of skilled workers, has led to the need for employing subcontractors for more than half of all maintenance and repair work in 2016. This has made preventative maintenance work more difficult and increased costs. At the same time there are no plants producing neither parts nor companies servicing and repairing mining equipment and as a result we needed to invite specialists and technicians from other regions. Given that we have quite old equipment which requires constant maintenance and repair it is a top priority for us to modernise our own maintenance workshops so that we can service our own equipment, and decrease downtimes, which will in turn boost gold production. We started this modernisation programme last year and it will continue.

What are Tardan's plans going forward?

Over the coming year Tardan will stop working on the Barsuchiy deposit (part of the Greater Tardan ore field) and will start reclamation and recultivation work at that site. Mining efforts will focus on ore zones 1, 3 and 26 of the Tardan deposit.

At the same time we will start preparing all of the necessary documentation for the design and construction of a new gold recovery plant that will use tank leaching to achieve 95% gold recovery.

Also, at the end of 2016 we completed exploration of the Pravoberezhny deposit and in 2017 added 4.9 tonnes of gold to Tardan's resources (according to JORC classification). By the end of 2017 we will have completed a feasibility study for the mining of Pravoberezhny and will have these new reserves approved by the government (GKZ). We will also start construction of a road to this deposit and initial works at the new site will commence in 2018. We aim to be able to start mining and production of gold from Pravoberezhny by mid-2018.

All of these activities (new plant, new Pravoberezhny mine, roads, etc.) will allow Tardan to continue producing one tonne or more of gold per year until at least 2024. With this in mind we would like to implement our plans to develop our drilling and blasting service.

However, together with all of our technical and production targets, our priority for this year and the next will be to ensure a high standard of living conditions for our workers. We are therefore planning to build new accommodation for 100 people, as well as a heated gym and additional summer volleyball facilities.

And of course it goes without saying that our main goals are to maintain our high standards of health & safety for our workers, industrial safety and environmental protection.

How do you find working in Tyva?

If I were to say ‘good’ that would be an understatement. The unique nature in Tyva, unspoilt by industry, and hospitality of the Tyvans along with concerted efforts of the highly qualified personnel of Tardan Gold, create the most favourable of working conditions and allow us to solve tasks of different complexity.

And of course this is reflected in our production indicators and on relationships with our stakeholders.

For example, notwithstanding the complex issues faced by the regional government and the subsidised nature of local budgets, we have achieved a good balance of interests and opportunities with the government. Tardan Gold is one six large companies in Tyva, provid-

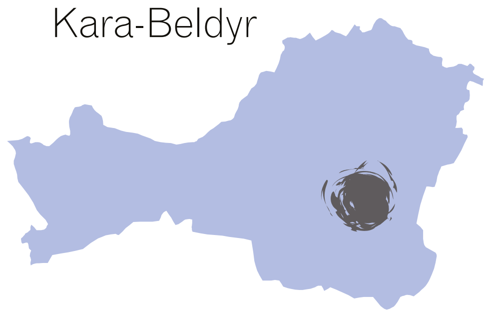
General Manager View

ing locals with jobs and stable wages (and our average wages are 25% higher than for Tyva as a whole), and of course contributing to economic development by being one of the largest tax payers. Tardan contributes 40% of the local government budget in the municipality in which we are located. We have signed and are abiding by agreements with the Tyvan government and the municipality administration on being a good corporate citizen by providing assistance in overcoming socio-economic barriers to local development, and in particular supporting socially vulnerable groups.

Looking back on your first year as Tardan’s CEO, could you sum up the results of your work?

Probably, the most important and indicative outcome of my first year here, achieved as a result of both the measures taken in 2016 and also the efforts made by my predecessors and the entire production team, is the production of 1 tonne of gold, for the first time in 12 years of Tardan’s existence.

Kara-Beldyr



REPUBLIC OF TYVA

READY TO CONSTRUCT

LICENSE: KARA-BELDYR
34KM^2
VALID UNTIL: 2027

PROJECT:
CIL TECHNOLOGY

JORC RESERVES:
26.8 TONNES OF GOLD

Reserves and Resources

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

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.

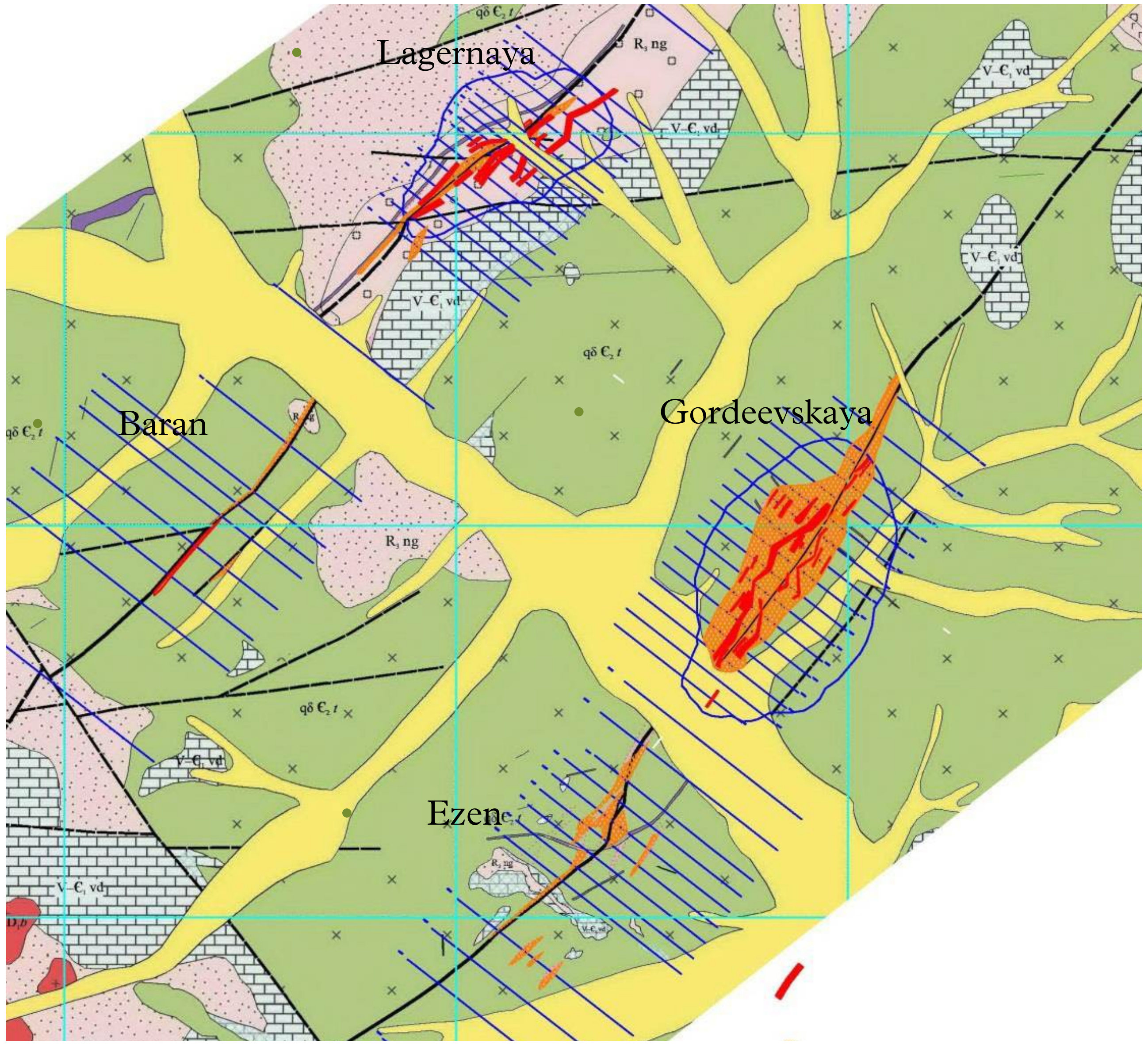
The Kara-Beldyr orogenic Au project consists of fault controlled Devonian age gold-silver mineralisation associated with metasomatised quartz diorites at Gordeyevskoye and conglomerates and dolomites at Lagerny.

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 that become less obviously represented with distance from the main rift system.

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

The stratified deposits consist of Late Riphean the volcanic-terrigenous Noganoyskaya formation and the carbonate Cambrian-Vendian Sarygchazinskaya formation divided by a pre-Vanadian uncomformity. 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 sepentinised dunnites have been identified



INTRODUCTION GOLD ASSETS CORPORATE GOVERNANCE FANANCIAL STATEMENTS

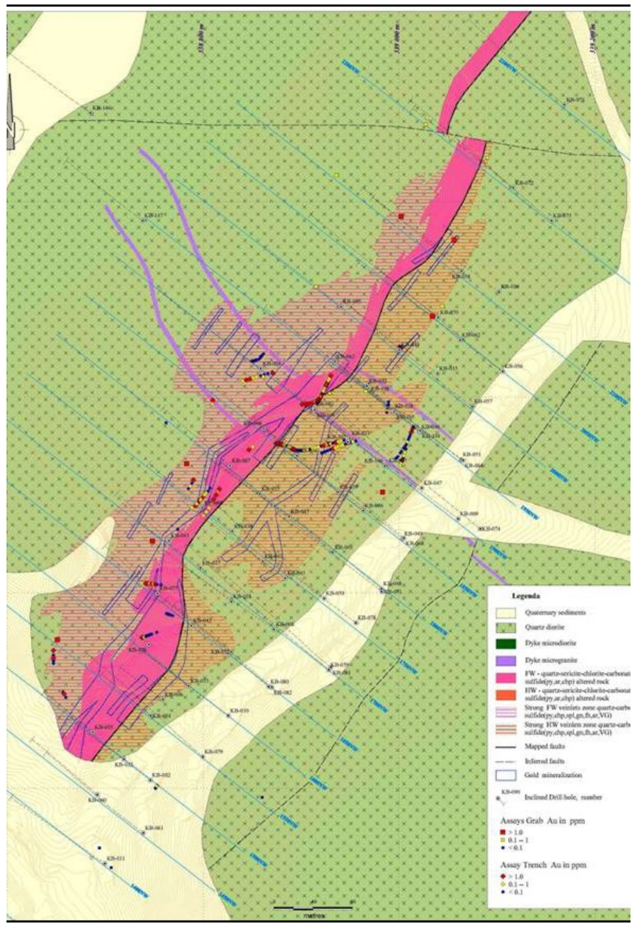
GORDEEVSKAYA

The Gordeyevskaya 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 Gordeyevskaya deposit extends roughly 1km along strike and has a thickness of 20m at its furthest extents 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.

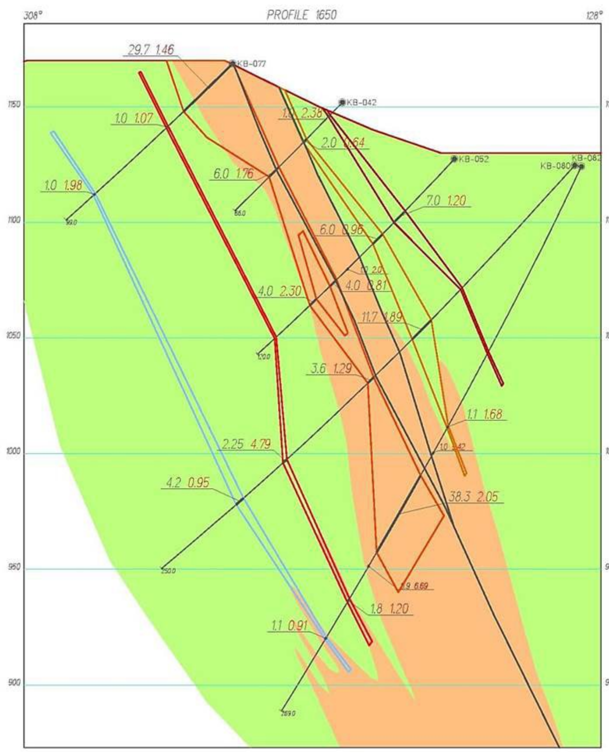
Mineralised zones are lens shaped and occur roughly parallel to the Glavny fault and are hosted in metasomatised zones within quartz-diorites. Metasomatic alteration forms a zone 40-110m thick and has been traced by drilling from the northern extents of Gordeyevskaya to the Ezen area to the south, a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

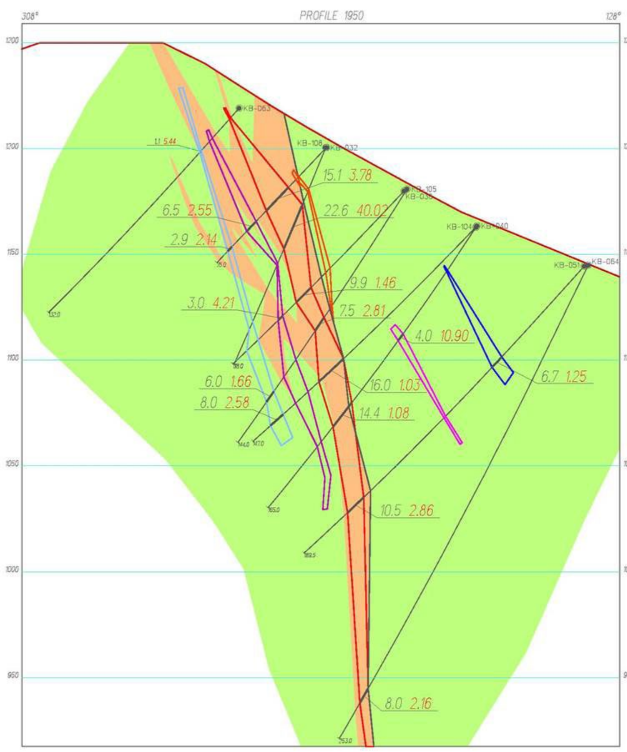
The majority of the gold mineralisation (65%) at Gordeyevskoye is hosted by quartz-sericite alteration with minor amounts hosted by propylitic alteration (20%) and within the veinlets. No mineralisation is seen within unaltered rocks.

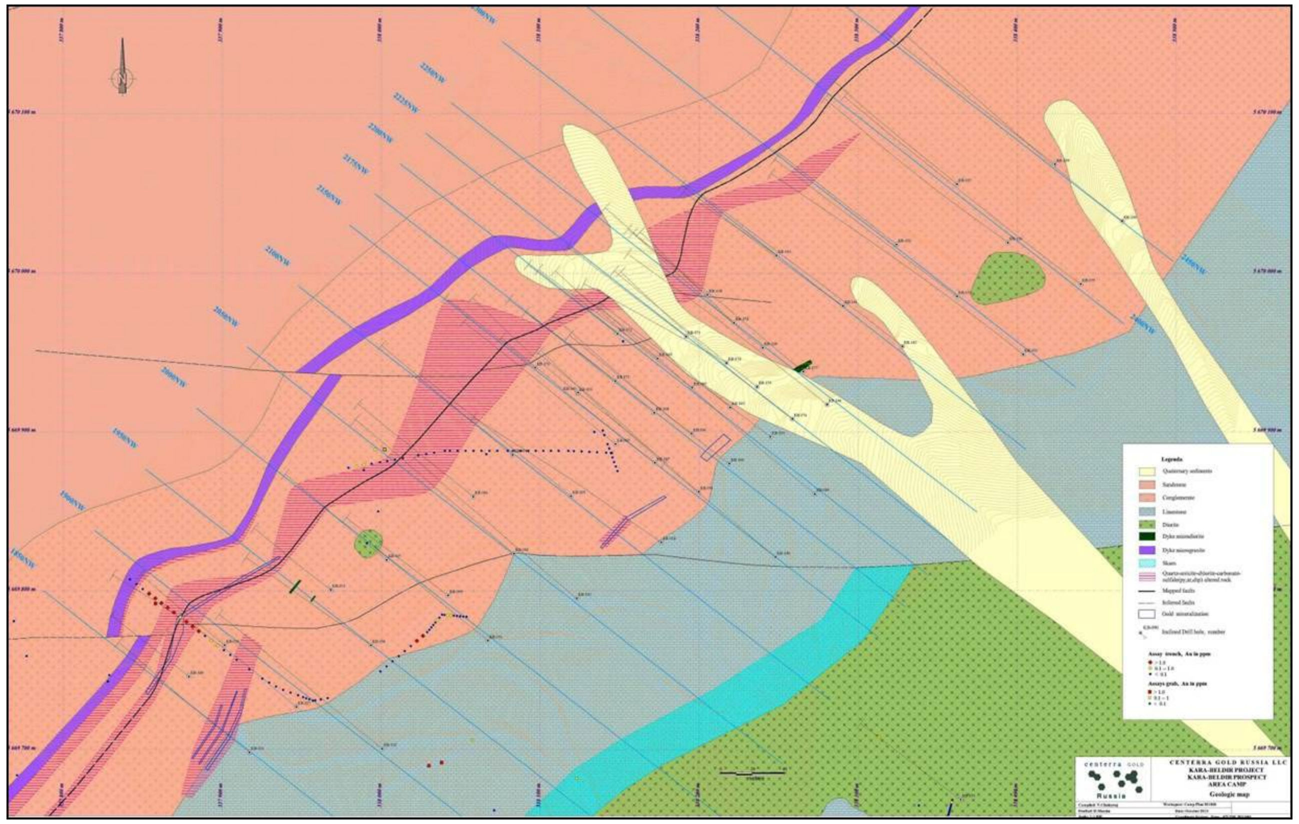


PROFILE 1650



PROFILE 1950





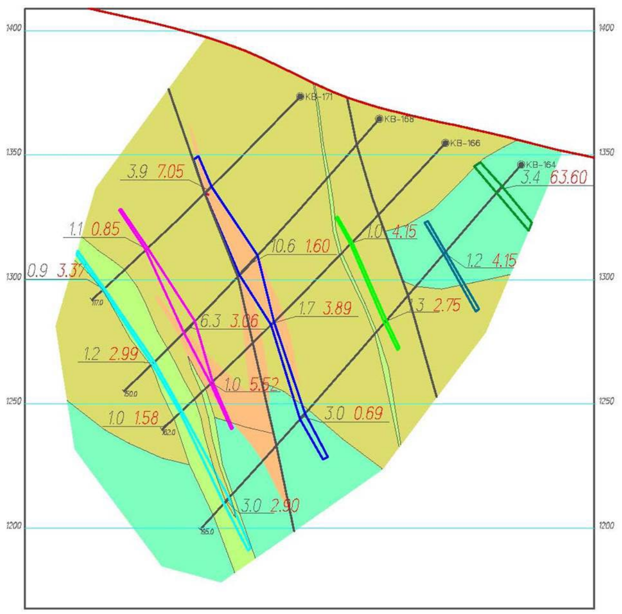
LAGERNAYA (CAMP) ZONE

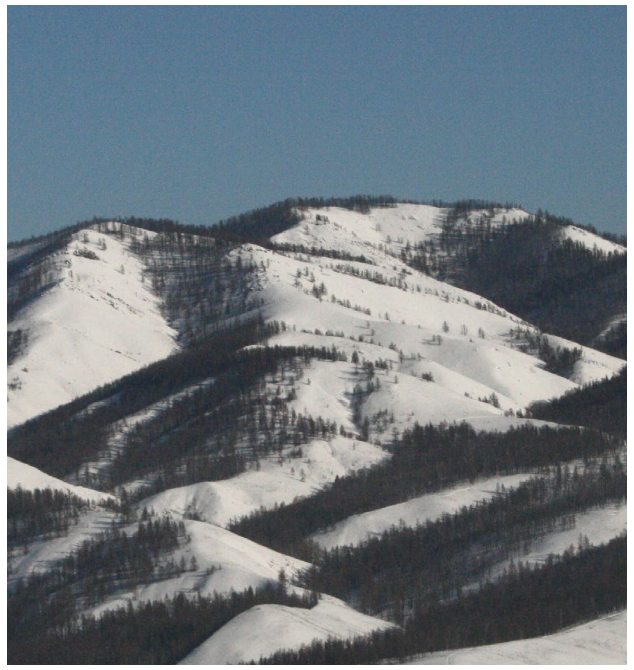
The Lagernaya (or Camp) zone is located approximately 1.5km to the north west of Gordeyevskaya. It has a similar structural trend and has a controlling fault structure almost identical to the Glavny fault of Gordeyevskaya.

The individual mineralised zones form a deposit striking towards the NE with a steep dip of around 65° to 70° towards the southeast. The Lagerny deposit extends roughly 700m along strike and has a thickness of 50m at its furthest extents to the north and south up to 150m at its thickest.

Mineralisation has been traced to a depth of 200m. The host rocks at Lagerny 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 Lagerny are thinner than at Gordeyevskaya, averaging 1.8m thickness, but are generally higher grade.

PROFILE 2175





Arzhaan 2: Golden secrets of the Central Asian nomads

The ancient land of Tyva hosts a lot of secrets including the gold found in the Arzhaan kurgan (ancient burial mound) located in the Valley of the Kings not far from the village of Arzhan-Piy in the Khemsky district of Tyva. This site has seen ongoing archaeological study since 1916.

The Arzhaan-1 kurgan (7th and 8th centuries BCE) featured a central log house and another 70 log structures with log ceilings which required 5000 larch logs. A tribal chief, his wives and relatives were buried there. All in all about 17 people along with 160 horse skeletons.

However it was the excavation of the Arzhaan-2 kurgan by a joint team of Russian and German archaelogists in 2001-2004 that drew international attention. The significance of this find is comparable to the excavation of Tutenkhamun's tomb in Egypt. The excavation uncovered the burial of a chieftain and contained more than 6000 items made of gold, in total weighing more than 20 kilogrammes!

In a deep, square pit the archaeological team found a double walled log house made of Siberian larch. On an intricate floor they found two interred people – a man and a woman, dressed in costumes with gold discs sewn on. Their headdresses were decorated with gold medallions in the form of horses, deer, and snow leopards. The female headdress featured gold hair pins decorated in the so-called Scythian animal style, one of which had a tip in the form of a standing deer. Around the neck and breast were numerous ear rings, pendants and beads made out of gold, turquoise, carnelian and even amber.

A massive gold torque was found around the neck of the man – a symbol of authority. The surface of the torque, similar to many other items, was covered in animal images. A kind of encyclopedia of Central Asian nomadic life. Small gold beads were stitched into the trousers of this 'king'. The tops of his boots were covered in gold leaf. In front of their faces were found bronze mirrors. A gold pectoral was found hanging next to the woman along with leather vessels containing grain, a wooden pitcher, a bronze and stone incense burner. A decorative belt was found next to the man which had war bow and quiver attached and a war hammer. Pride of place in the main burial chamber was taken up by iron weapons, encrusted with gold. Felt, fabrics, leather, and clothing sadly did not survive, however their decorations of golden discs, pouches, beads allow experts to reconstruct the finery of the burial chamber and the people interred there.

Arzhaan-2 has generated a wealth of scientific data which will take years to analyse and thrown up a host of questions: Where and from whom did the Scythian craftsmen learn their skills of gold smelting? When did they learn to portray animals in their decoration? What instruments did they use to work gold and bronze – given that experts believe they didn't know how to make steel instruments?

In the Tyvan Aldan-Maadyr (60 heroes) national museum are artifacts from the Arzhaan 2 kurgan from the second half of the 7th century BCE. They were discovered by the joint 1998-2004 Russian-German archaeological expedition headed by K.Chugunov, G.Parzinger and A.Nagler in the Tyvan Valley of the Kings, north of Kyzyl.

Tyva is the cradle of nomadic civilization and those artifacts found in the kurgan are a global historical legacy. This amazing burial site of the nomad elite of the first millennium BCE has nothing comparable to it in the history of archaeology of the entire territory of the Great Steppe, stretching from the Lower Danube to the bends of the Yellow River.

'ROYAL' TORQUE – CHIEF'S SYMBOL OF AUTHORITY

«The 'Royal' torque – the symbol of authority of the chief is really a big mystery that has come down to us over the centuries. The intricate detail of this item forces us to change our opinions of the world of the nomads. Like the restless ocean the nomads were constantly moving. So how was this item made in the second half of the 7th century BCE? It's obvious that a very sophisticated appreciation of the environment around the nomads was required in order to be able to reflect this in the torque. As K.V.Churgunov wrote, "In total there are 10 identifiable iconographic images of animals on the torque: two predators (a large cat and what appears to be a wolf), camel, wild boar, horse, antelope (saiga or dzeren), noble deer, hornless hoofed animal (probably a female deer), sheep and goat". [K.V.Churgunov, 'Treasures of the Tyvan Valley of the Kings', Kyzyl – St.Petersburg – Moscow, 2015, pp.76]

The torque shows the world of the nomad through the images of predators and prey, living side by side. The front of the torque displays a graceful cat, his round eyes drawing the gaze of the viewer and showing his power. He is liked a coiled spring, ready to strike and run off into the distance into the wind. This dynamic animal, a predator from the cat family, was long known in many ancient cultures and was even featured in ancient Egypt as Bast/Basted, the goddess of gaiety and happiness. For the nomads in ancient times the cat predator most probably personified a swift hunter, powerful and agile, having excellent eyesight and strong legs.

BUCKLE WITH ANIMAL FIGURES

Golden buckle with animal figures, joining the scabbard of a short sword with a sword belt. [K.V.Churgunov, 'Treasures of the Tyvan Valley of the Kings', Kyzyl – St. Petersburg – Moscow, 2015, pp.112]

DEER IN THE ROYAL HEADDRESS

The golden royal decorations (jewelry) served to underscore his sacred authority. The deer with branching horns, which crowns the headdress, is proudly holding his head high, bellowing, and calling to all. The deer figure is so light and graceful that it appears to hover in the air. The curved horns, like branches bending in the wind, appear to be pushing the deer aloft. This is such sophisticated work that even on very close inspection the welds between the horns and the deer's head are barely visible. Of particular note are the contours of the eyes, nostrils, mouth and cheekbones of the deer, which are made of gold wire and then filled in with coloured enamel.

'QUEEN'S' JEWELLERY OF BEADED PENDANTS MADE OF GOLD, TURQUOISE AND AMBER

[K.V.Churgunov, 'Treasures of the Tyvan Valley of the Kings', Kyzyl – St.Petersburg – Moscow, 2015, pp.188]

Auriant Mining expresses its gratitude to the National Museum named after Aldan-Maadyr, Republic of Tuva, and, personally, to O.O. Mongush for the materials provided for this article.

Originals of used documents are the holdings of the National Museum named after Aldan-Maadyr, Republic of Tuva

Solcocon

ZABAIKALSKY KRAI

EXPLORATION/
OUT OF OPERATION

LICENSE: SOLCOCON
220, 4 KM^2
VALID UNTIL: 2029

HEAP LEACH

GKZ RESERVES:
15.6 TONNES OF GOLD

Reserves and Resources

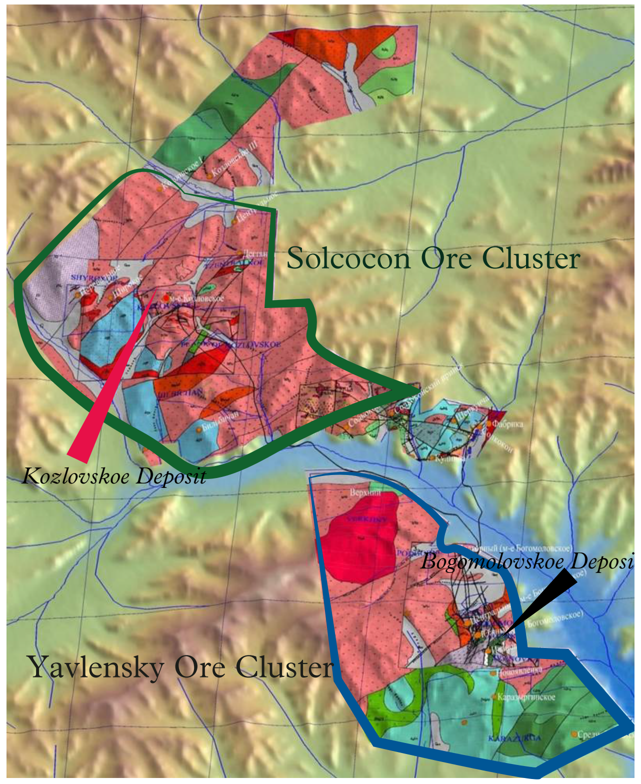
Classification	Tonnage	g/t	000 oz	kg
SOLCOCON /GKZ/				
BOGOMOLOVSKOE DEPOSIT				
$C_1 + C_2$ Reserves	1,933,000	3.65	227	7,060
KOZLOVSKOE DEPOSIT				
$C_1 + C_2$ Reserves	1,059,000	8.14	277	8,615
ALLUVIAL				
$C_1 + C_2$ Reserves	811,000	1.17	30	946
TOTAL SOLCOCON			**543**	**15,675**

Geology and Exploration

GEOLOGY

The Staroverenskaya gold bearing area is part of the Nerchinsko-Zavodskovo ore region, and included the Bogomolovskoe and Kozlovskoe gold deposits, as well as more than 20 other gold occurrences around the upper reaches of the Middle and Lower Borzya rivers. The Staroverenskaya gold deposits comprise two ore clusters – Solcoconsky and Yavlensky.

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



EXPLORATION

The Company plans to open Solcocon exploration program in 2017 and continue in 2018-2020.

The main tasks of exploration program:

- evaluation of the flanks of Bogomolovskoe deposit and increase GKZ reserves;
- assesment of Solococon and Yavlenky ore clusters;
- upgrade at flanks and deep horisonts of Kozlovskoe deposit

The order of exploration work are planned as follows:

1. Bogomolovskoe deposit
2. Yavlensky ore cluster
3. Solcocon ore cluster
4. Kozlovskoe deposit

As a result of the exploration program Auriant expects to increase C_2 reserves at Solcocon

Uzhunzhul

REPUBLIC OF KHAKASSIA

EXPLORATION

LICENSE: UZHUNZHUL
134 KM^2
VALID UNTIL: 2031

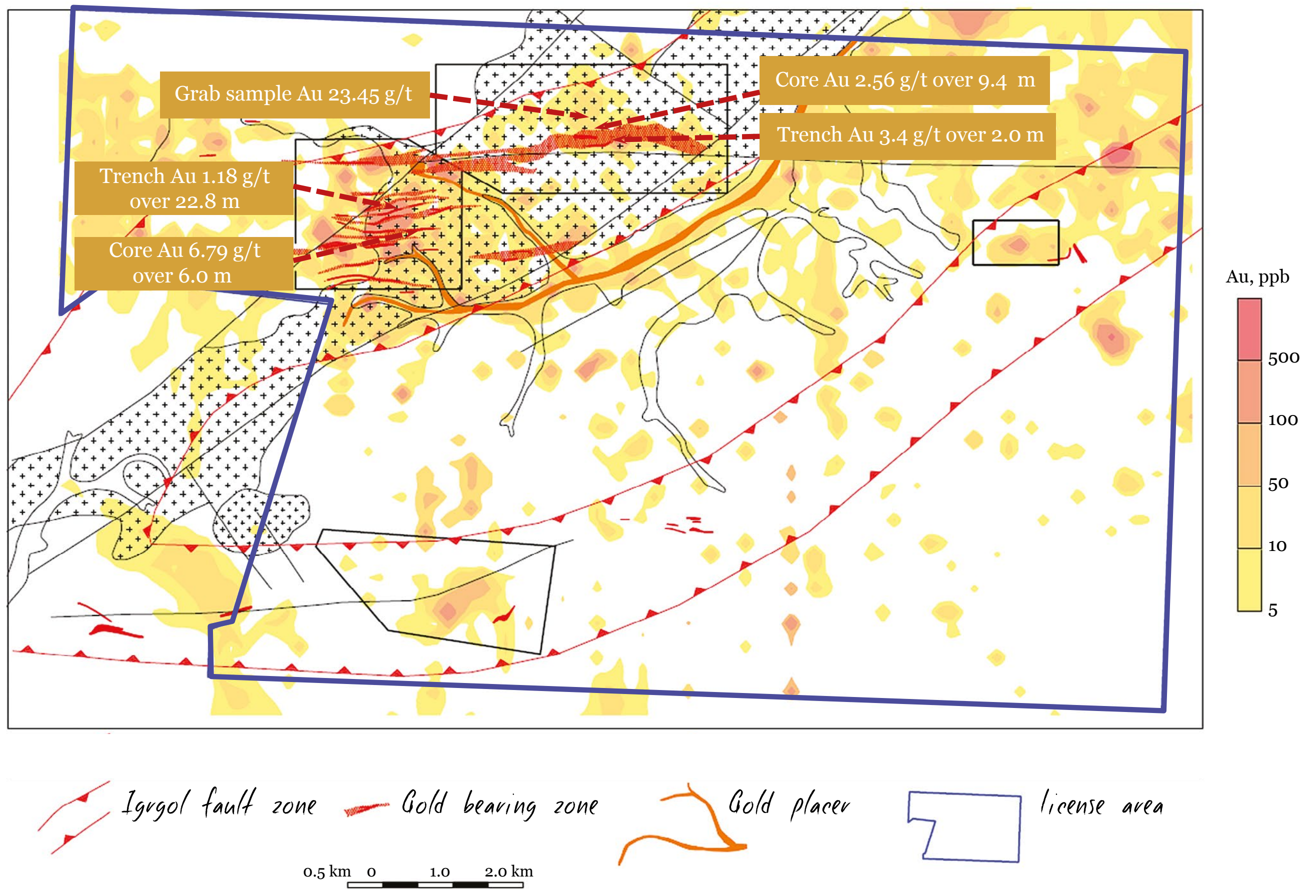
GREAT EXPLORATION POTENTIAL

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:

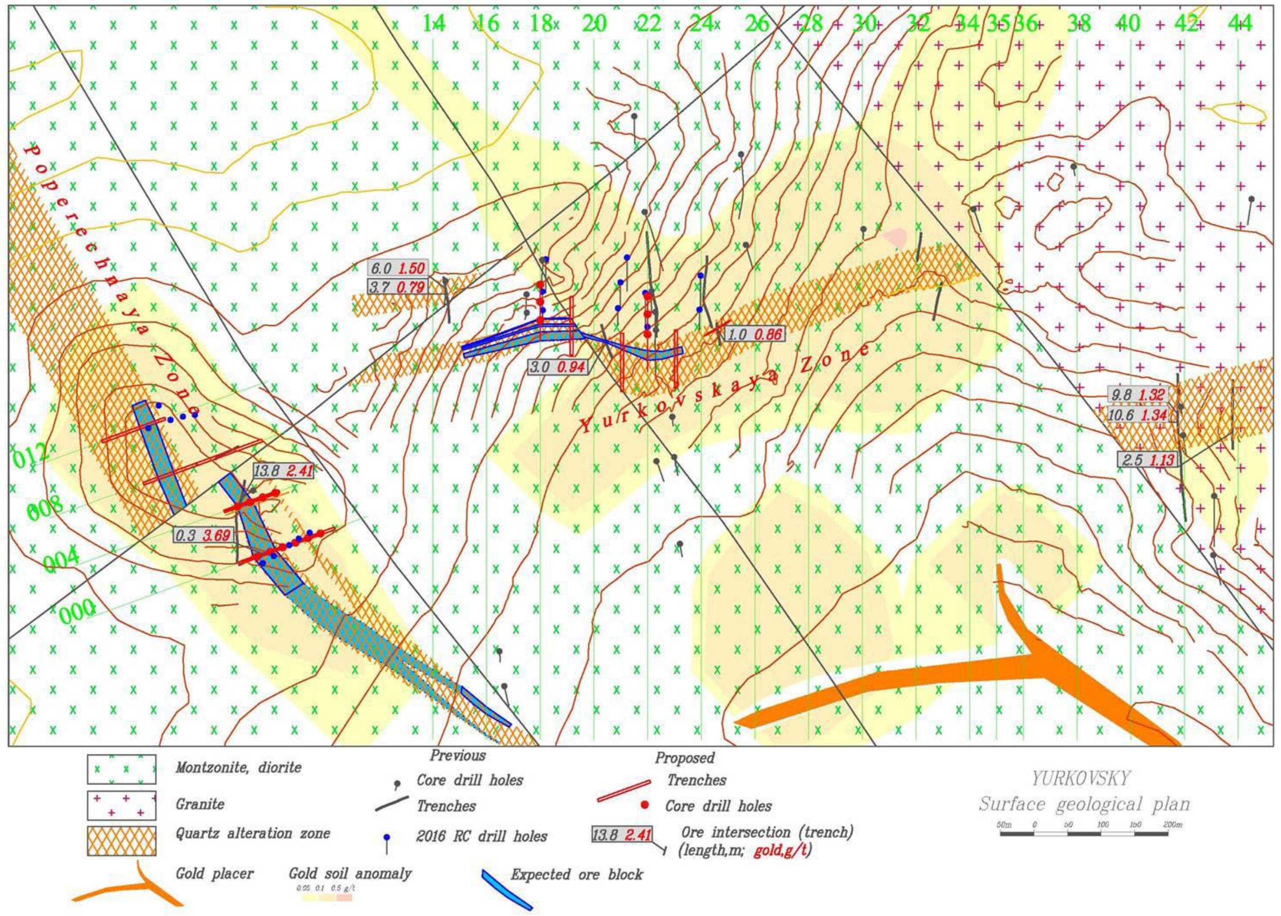
1. The Yurkovsky prospect contains 12 gold-bearing zones. The length of the zones varies from 400 m to 2,500 m, and the zones are up to 350 m deep. The widths of the ore zones vary from 0.3 m up to 150 m. The zones are composed of beresite and propylite with gold-quartz veinlets.

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.

During 2016 Auriant had made 4,000 meters of RC drilling at Yurkovsky prospect and Paraspan occurrence. Auriant plans to continue exploration at Uzhunzhul at 2017-2018



Corporate Social 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 favourable working culture and to maintain mutually beneficial cooperation between the local residents and our management team.

Since the company currently has only one producing mine (Tardan) located in the Republic of Tyva, the Corporate and Social Responsibility section describes corporate and social programs applied at the Tardan mine. However, we have previously applied the same measures of corporate support and assistance at the Solcocon project located in the Zabaikalsky region before taking the decision to suspend production.

ECONOMY

Business activity and subsurface resources management foster economic growth and have an influence on the social indicators within the region. The production volume at Tardan increases each year. The company's share in the total volume of gold mined in the region increased for 57% during last 12 years of production, which has made Tardan the largest gold-mining company in Tyva.

ECOLOGY

Tardan is committed to preserving and protecting the environment, promoting, at the same time, the health and safety of its employees, respecting nature, culture and local values.

In order to reduce any damage to the environment, we invest actively in environmental protection measures. Tardan's environmental protection programmes include water recovery measures, reforestation programmes and the implementation of waste management systems and new technologies in the mines leading to a reduction in chemical emissions.

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 organizations).

COOPERATION WITH THE REGION

Development of the region

We take part in the social and economic development of the Kaa-Khemsky district. Our main activities conduct electrification works, fire-safety measures, diesel fuel system supply, region gentrification by tree transplanting and terrain protecting from water erosion, removal of domestic waste and refuse, etc.

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-Khemsky and Kundustug districts.

We collaborate with the Hokey Club «Subedey» and support young and talented children.

We supply state public institutions and school's forestry units with provision needed for the education developing.

Cultural events

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

The most significant events in which we took part in 2016 were the following: Maslenitsa in the city of Kyzyl; Ice Sculpture Festivals «Ice Fairy Tail in the Center of Asia» and «The World of Cinema» as a part of New Year's celebration, and annual republican horse racing competition

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

a) Local employment priority

b) Protection of workers

c) Industrial safety maintenance

d) Contributions to social needs

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

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 Tuva, 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.

Out of 483 employees currently 274 of those working at Tardan are residents of Tyva.

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. Due to their educational level and lack of working experience, most of the Tuvan residents are production workers.

Remuneration policy and financial motivation

The average monthly salary in 2016 was twice as high as the average salary in the Kaa-Khemsky district of Tuva, and is up 17% higher than the average salary in the region

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 promote national sports events, such as: volleyball, tug-of-war, mini-football, annual Spartakiad among our employees. We also carry out competitions among excavator-drivers and bulldozer operators to choose the most skilled employees.

We promote ethnic cuisine at Tardan by organizing a Day of Ethnic Cuisine.

We promote national culture. In 2016, we've celebrated the Tuvan national New Year (the Shagaa).

OVERVIEW

Tardan 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 Tuva 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

Corporate Social Responsibility

Board of Directors

LORD DARESBURY (PETER), CHAIRMAN OF THE BOARD

Board Member since November 27, 2012 and Chairman of the Board since May 13, 2014. Peter is a citizen of the United Kingdom, born in 1953. He has held many senior positions in the mining industry, including Directorships in Sumatra Copper & Gold Ltd (2007 – 2012); 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 (2002 – 2004). Peter is currently Chairman of Stellar Diamonds plc, Nasstar plc and Timico Technology Group. Current directorships include Bespoke Hotels Ltd and Rusant Ltd, a Russian antimony miner. He is Chairman of The Jockey Club's Haydock Park Racecourse, having held the same position at Aintree Racecourse for 25 years.

As of 31 December 2016, shares in Auriant Mining AB: 0 and share options in Auriant Mining AB: 140,000.

PRESTON HASKELL, MEMBER OF THE BOARD

Chief Executive Officer until May 24, 2012 and Chairman of the Board since May 24, 2012 to May 13, 2014. Born in 1966, Preston Haskell is Saint Kitts and Nevis citizen, and he has been operating in Russia since the early 1990s.

Preston graduated from the University of Southern California with a Degree in Economics.

As of 31 December 2016, shares in Auriant Mining AB: 9,314,968 (52.32 % of outstanding shares) and options in Auriant Mining: 0.

INGMAR HAGA, MEMBER OF THE BOARD

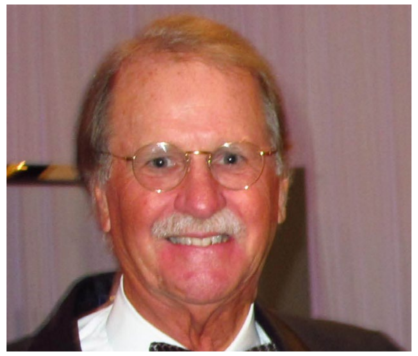
Board Member since May 24, 2012. Ingmar Haga is a citizen of Finland, born in 1951. Since 2006 Ingmar has held a position of Vice President Europe of Agnico Eagle Mines Limited. He also held various executive and corporate positions at the Outokumpu Group in Finland and Canada. Prior to joining Agnico Eagle, he was President of Polar Mining Oy, a Finnish subsidiary of Dragon Mining NL of Australia. He has also served as Board Member of the Finnish Mining Association (2007 – 2008) and as the Association's Chairman in 2009. Since 2010 he has been a member of the Euromines Steering Committee.

Ingmar has completed a MSc degree at Åbo Akademi, Finland.

As of December 31, 2016, shares in Auriant Mining AB: 0 and share options in Auriant Mining AB: 120,000.

Board of Directors

JAMES P. SMITH, DEPUTY MEMBER OF THE BOARD



James P. Smith Jr. is an American citizen, born in 1944. He has a degree in Chemistry and in Business Administration. His working experience includes such companies as McKinsey & Co, the Haskell Company in Jacksonville Florida, the Charter Company, a Fortune 500 Company. In 1982 he became CEO and principal owner of the Hamilton Collection. Mr. Smith sold Hamilton in 1993 to Stanhome Inc and served as Executive VP of Stanhome Inc for 2 years. He is still serving as President of HGL Properties, an office park developer in Jacksonville Florida, and he is a principal owner of the company. JP Smith has worked as an Advisor to Preston Haskell IV, Chairman of Auriant Mining AB and was Chairman of Nomination Committee of Auriant Mining AB in 2011 – 2013.

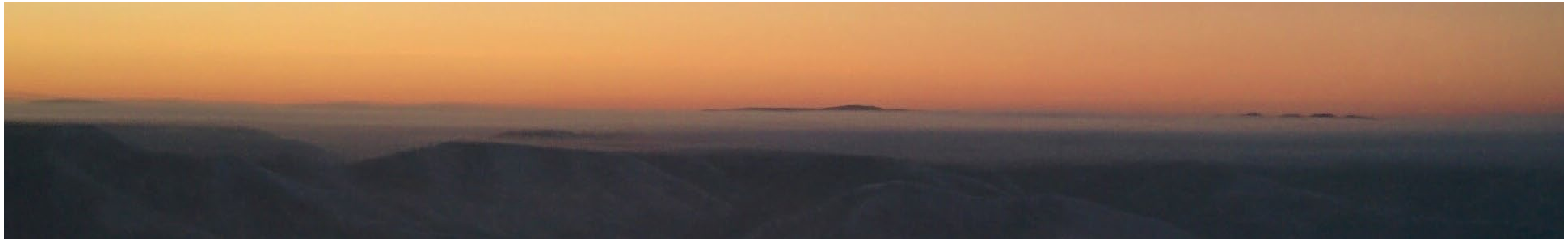
As of 31 December 2016, shares in Auriant Mining AB: 0 and stock options in Auriant Mining AB: 0.

ANDRE BEKKER, MEMBER OF THE BOARD FROM 2012-2016 (PASSED AWAY IN NOVEMBER 2016)

Andre Bekker was born on 18 June 1959 and was one of identical twins. He attended school and university in the Free State province of South Africa where he qualified as a geologist, a profession he excelled at.

He leaves behind his wife Chantal, two sons Ernst and Calvyn, his daughter Mia and his twin brother Francois. Andre loved his children dearly and was a generous career and protector of his family.

Andre's passions were fishing on the Zambezi River in Africa, Formula 1 motor racing, Audi cars and history. Andre loved to read, mainly historical non - fiction books and was happy to share what he learnt from his reading with those around him. Andre was a social person always happy to try out local pubs at home and in places wherever he travelled. He was well liked by those he met and well respected in his profession.



Group Management

SERGEY USTIMENKO, CEO

Sergey is a Russian citizen. He joined Auriant Mining in May 2014. Over the last 10 years he has held CFO positions in big Russian and international companies engaged in the sales and services of machinery and equipment, and he has worked in airline industry and financial services. Formerly, Sergey was head of internal control at LUKOIL, the largest private Russian oil company. He also has 7 years' experience in audit work in BDO, KPMG and Arthur Andersen. Sergey graduated from Bauman Moscow State Technical University as engineer. He is also qualified as the CPA since 2001.

As of December 31 2016, shares in Auriant Mining AB: 0 and stock options: 90,000.

VLADIMIR CHURIN, CHIEF GEOLOGIST

Vladimir is a Russian citizen, has more than 30 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. Besides, 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 a MSc degree in Geology with a concentration in Exploration Geology.

As of December 31, 2016, shares in Auriant Mining AB: 0 and options: 70,000.

EKATERINA BABAEVA, GROUP GENERAL COUNSEL

Ekaterina is a Russian citizen, joined Auriant Mining in April 2012 as acting Group General Counsel and then was 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 audit 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.

As of December 31, 2016, shares in Auriant Mining AB: 235,492 and warrants in Auriant Mining AB: 190,000.

KONSTANTIN CHERNOV, HR DIRECTOR

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 Kvartsevaya (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.

As of December 31, 2016, shares in Auriant Mining AB: 0 and options in Auriant Mining AB: 0

Group Management

ALEXANDR BUCHNEV, CFO

Alexander joined Auriant in February 2013. He graduated from Financial Academy under the Government of the Russian Federation in 2004 with a Degree in Crisis Management. Alexander is qualified as ACCA and has 10 years' extensive financial and accounting experience in international audit and advisory companies, including 8 years' experience at Ernst & Young.

As of December 31, 2016, shares in Auriant Mining AB: 0 and options: 0.

MARIA CARRASCO, DEPUTY CEO

Maria Carrasco is a Halmstad resident and a Swedish citizen. She has joined Auriant 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 United Europe Holding group, a Key Account Manager for the LVMH Group, Head of sales in several large Russian and international companies in the health and lifestyle sector. She also has more than 5 years' experience as a tax specialist in the Swedish Tax Agency. Maria studied economics and business administration in Russia and graduated from Orenburg State University.

As of December 31, 2016, shares in Auriant Mining AB: 0 and options in Auriant Mining AB: 0

AURDITORS

Öhrlings PricewaterhouseCoopers, Martin Johansson

Auriant Mining's auditors are Öhrlings PricewaterhouseCoopers, represented by Authorised Public Accountant, Martin Johansson, born 1967. Martin Johansson has been the Company´s auditor since 2010.

Co-signing auditor from 2015 is Anna Rozhdestvenskaya.

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 2016

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 2016.

GROUP STRUCTURE AND OPERATIONS

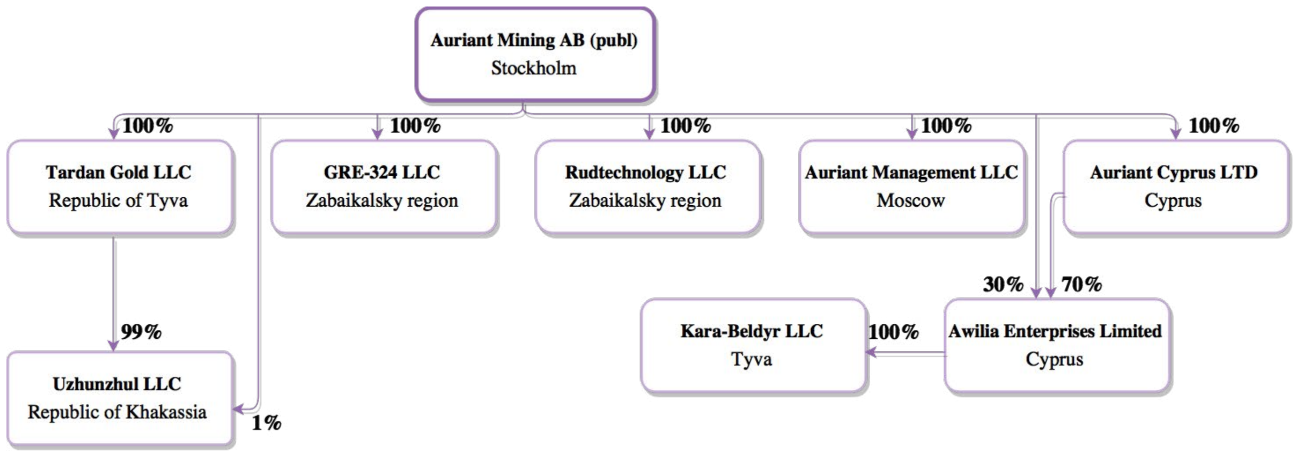
AUR AB is incorporated in Sweden, with mining operations in Eastern Siberia, Russia.

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 OMX First North Premier stock exchange in Sweden. The number of shareholders as of December 31, 2016 was approximately 3,300.

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 various subsidiaries. The license areas operated are Tardan, Greater Tardan, Staroverinskaya (Solcocon), Uzhunzhul and Kara-Beldyr. All license areas are wholly owned by AUR.

Company	Location	Operations	Ownership
Auriant Mining AB	Stockholm, Sweden	Parent Company, supports the subsidiaries with financing, investor relations and strategic decisions, etc.	
SUBSIDIARIES			
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.	100% owned by AUR AB
LLC Rudtechnologiya	Krasnokamensk, Zabaikalsky region, Russia	Owner and operator of the equipment and production at the Solcocon heap leaching plant.	100% owned by AUR AB
LLC Uzhunzhul	Abakan, Republic of Khakassia, Russia	License holder and operator of the exploration at the Uzhunzhul license area.	100%, 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.	100% owned by AUR AB (directly and through Auriant Cyprus Ltd)
Auriant Cyprus Ltd.	Limassol, Cyprus	Co-owner of Awilia Enterprises Ltd. (holds 70% in Awilia)	100% owned by AUR AB
LLC Kara-Beldyr	Kyzyl, Republic of Tyva, Russia	License holder and operator of the exploration at the Kara-Beldyr license area.	100% owned by Awilia Enterprises Ltd.



AURIANT MINING GOLD RESOURSES AND RESERVES

Classification	Tonnage	g/t	000 oz	kg
TARDAN				
TARDAN DEPOSIT /GKZ/				
C_1 + C_2 Reserves	893,000	4.92	141	4,390
GREATER TARDAN				
BARSUCHY DEPOSIT /GKZ/				
C_1 + C_2 Reserves	129,000	5.16	21	666
PRAVOBEREZHNY DEPOSIT /JORC/				
Measured	-	-	-	-
Indicated	1,480,000	3.23	153	4,780
Measured + Indicated	1,480,000	3.23	153	4,780
Inferred	30,000	3.48	3	104
Measured + Indicated + Inferred	1,510,000	3.23	156	4,884
KARA-BELDYR /JORC/				
Measured	-	-	-	-
Indicated	9,540,000	2.63	807	25,101
Measured + Indicated	9,540,000	2.63	807	25,101
Inferred	480,000	3.55	55	1,711
Measured + Indicated + Inferred	10,020,000	2.68	862	26,811
SOLCOCON /GKZ/				
BOGOMOLOVSKOE DEPOSIT				
C_1 + C_2 Reserves	1,933,000	3.65	227	7,060
KOZLOVSKOE DEPOSIT				
C_1 + C_2 Reserves	1,059,000	8.14	277	8,615
ALLUVIAL				
C_1 + C_2 Reserves	811,000	1.17	30	946
TOTAL AURIANT RESERVES&RESOURCES				
Measured + Indicated + Inferred	11,530,000	2.75	1,018	31,696
C_1 + C_2 Reserves (geological)	4,014,000	5.16	666	20,731
TOTAL RESERVES&RESOURCES	15,544,000	3.37	1,684	52,427
TOTAL ROCK&ALLUVIAL			**1,715**	**53,373**

Directors Report 2016

ENVIROMENTAL POLICY

Environmental responsibility is a central issue in a company with operations involving environmental risks. In the case of Auriant Mining AB, risks can arise, for example when ore is extracted using heavy equipment or when explosives are used. In addition, the ore enrichment process employs various chemical compounds 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's operations. Any violations are dealt with by the issue of warnings, instructions or, ultimately, the stoppage of operations. In addition, the mining licenses contain detailed environmental regulations, including land remediation and recultivation measures following the termination of mining operations, which must be planned for years in advance. Auriant Mining AB is fully compliant with Russian environmental regulations.

INTRODUCTION | GOLD ASSETS | CORPORATE GOVERNANCE | FANANCIAL STATEMENTS

The Auriant Share

The number of outstanding shares as of December 31, 2016 was 17,802,429.

The share capital was SEK 2,002,773 with a quotient value per share of SEK 0.1125 (US$ 0.0130). The limits of the share capital were a minimum of TSEK 2,000 and a maximum of TSEK 8,000.

STOCK OPTIONS AND WARRANTS

The Board of Directors of Auriant Mining have found it to be in the interest of all shareholders to increase the level of responsibility, and to create a greater participatory interest for the members of the management team and certain key employees of the Group, as the regards the Company's and its subsidiaries development, and to ensure that these important employees share the goal of generating profitable and value creating growth, and to motivate continuing employment in the Group.

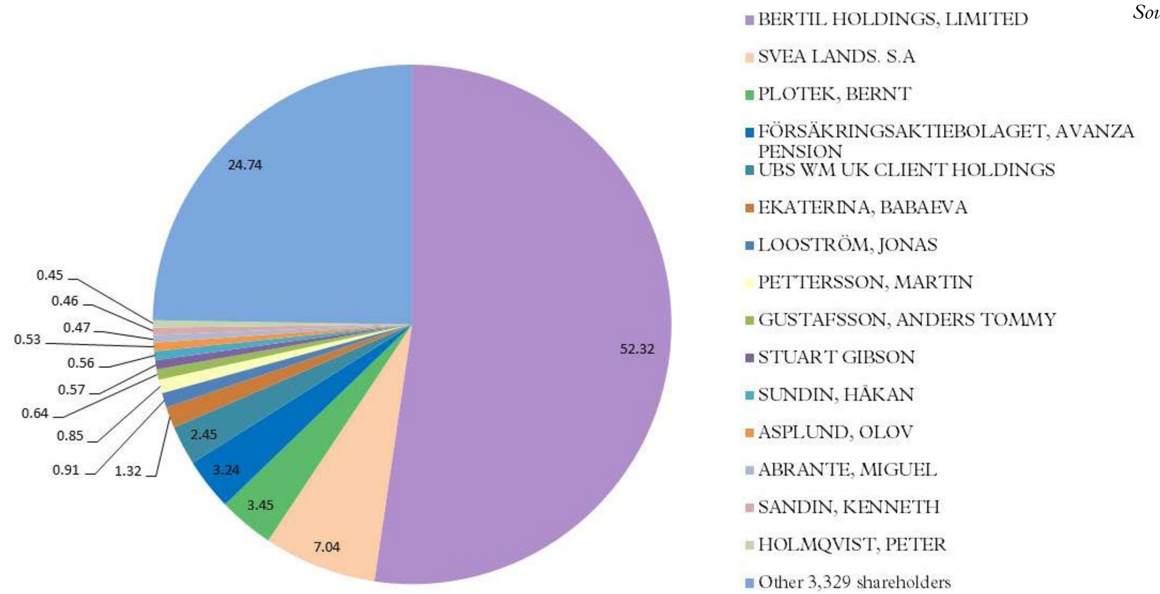
As of December 31, 2016, there were 692,500 outstanding warrants & employee stock options in the Company with the right to subscribe for the same amount of shares.

LARGEST OWNERS

The 15 largest shareholders in Auriant Mining AB as of December 31, 2016

Shareholder	Number of shares	% share of ownership
BERTIL HOLDINGS, LIMITED	9,314,968	52.32
SVEA LANDS. S.A	1,253,250	7.04
PLOTEK, BERNT	613,500	3.45
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	576,581	3.24
UBS WM UK CLIENT HOLDINGS	435,442	2.45
BABAEVA, EKATERINA	235,492	1.32
LOOSTRÖM, JONAS	162,134	0.91
PETTERSSON, MARTIN	151,240	0.85
GUSTAFSSON, ANDERS TOMMY	114,000	0.64
STUARD, GIBSON	101,206	0.57
SUNDIN, HÅKAN	100,050	0.56
ASPLUND, OLOV	94,363	0.53
ABRANTE, MIGUEL	82,938	0.47
SANDIN, KENNETH	81,489	0.46
HOLMQVIST, PETER	80,000	0.45
Subtotal number of the 15 largest owners	**13,396,653**	**75.26**
Other 3,329 shareholders	4,405,776	24.74
Total number of shares outstanding before dilution	**17,802,429**	**100**

Source: Euroclear



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

INTRODUCTION | GOLD ASSETS | CORPORATE GOVERNANCE | FANANCIAL STATEMENTS

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
Nee 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

* 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 14 September 2015, the share capital of the Company amounted to SEK 2,002,773.25

Corporate Governance Report 2016

Corporate governance concerns 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 returns on their investment, and at providing all interested parties with comprehensive and correct information about 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 formed in 2004 and 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 OMX First North Premier. The shares are traded under the abbreviation "AUR". Auriant applies the majority of the rules of 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. Any significant deviations are detailed in the Company's corporate governance reports. Governance, management and control responsibilities in Auriant are divided between the shareholders at the Annual General Meeting of shareholders (or any Extraordinary General Meeting), the Board of Directors and the Chief Executive Officer.

THE SHAREHOLDERS' MEETING

The shareholders' right to decide on Auriant's business 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 income statement and balance sheet, resolutions on appropriation of profits and discharge from liability for the members of the Board and the Chief Executive Officer of the company, the determination of fees payable to the members of the Board and to the auditors and the principles governing remuneration for the Chief Executive Officer and senior executives, the election of auditor and, where relevant, the amendment of Articles of Association.

SHAREHOLDERS

As of the end of 2016, there were, in total, 17,802,429 shares in the Company and the same number of votes. There were 3,344 shareholders in the Company as of December 30, 2016 and the largest shareholder was Bertil Holdings Ltd with 52.32% of shares. The second largest shareholding was that of Mr. Bernt Plotek and the company Svea Lands S.A. affiliated with him, which together held 10.49% of shares. 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 at December 30, 2016 totaled SEK 2,002,773.25.

ANNUAL GENERAL MEETING 2016

Auriant's 2016 AGM was held on Thursday, May 12, 2016 in Stockholm. The minutes from the meeting are available at www.auriant.com.

The following principal resolutions were adopted:

- The Board of Directors and the Chief Executive Officer were discharged from liability for the past financial year.
- It was resolved that until the end of the next annual general meeting, the number of Board Members shall be 3 and the number of deputies shall be 1.
- Board Members Peter Daresbury, Ingmar Haga, and Preston Haskell were re-elected to the Board for 2016 and James Provoost Smith Jr. was re-elected Deputy Board Member.
- Lord Peter Daresbury was re-elected as Chairman of the Board.
- Board fees were established for the Chairman of the Board Lord Peter Daresbury in the amount of SEK 400,000, for the ordinary Board Member Ingmar Haga in the amount of SEK 250,000, and for the ordinary Board member Preston Haskell in the amount of SEK 200,000. The meeting further resolved that remuneration to the deputy board member shall be SEK 100,000. 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 resolved to re-elect PwC to serve as auditor with Martin Johansson as responsible 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 the remuneration to members of the executive management.

Corporate Governance Report 2016

At the 2016 Annual General Meeting, a total of 11,120,479 shares were represented by 6 shareholders either in person or via proxies. The shares represented comprised 62.47% of the total number of shares in the Company.

ANNUAL GENERAL MEETING IN 2017

The Annual General Meeting of the shareholders will be held on Friday, May 12, 2017, at Näringslivets Hus, Storgatan 19, Stockholm. The annual report for 2016 will be available on the Company's website as of April 21, 2017.

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 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 12, 2016, as follows. The Nomination Committee shall consist of the Chairman of the Board and three other Members, each representing one of the three owners with the largest voting power. 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 2016. At the earliest convenient date after the end of September 2016 the Chairman of the Board shall contact the three shareholders with the largest number of voting rights, as determined above, and will request that they each appoint a member to the Nomination Committee. If any of the three shareholders with the largest voting power decline their right to appoint a member to the Nomination Committee, the shareholder with the next largest voting power 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 representing the shareholder with the largest voting power 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.

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

The Nomination Committee for the 2016 AGM has been comprised of Lord Peter Daresbury, Chairman of the Board, Ekaterina Drozdova representing Bertil Holdings Ltd, and Bernt Plotek representing Svea Lands S.A. and himself. As Svea Lands S.A. and Bernt Plotek are considered as one shareholder for the purposes of the participation in the Nomination Committee, an opportunity to appoint a member was also offered to the shareholder with the next largest voting power. The shareholder decided not to appoint a member. The Nomination Committee was duly constituted by the three members appointed as above.

The Nomination Committee works in the best interests of all shareholders of the Company and focuses on ensuring that the Company's Board of Directors is comprised of members who possess 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 each year, the manner in which meetings are to be notified and the documents required to be distributed before 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.

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CHAIRMAN OF THE BOARD OF DIRECTORS

The 2016 Annual General Meeting re-elected Lord Peter Daresbury as Chairman of the Board. During 2016, Auriant's Chairman of the Board led the Board's work and ensured that the Board fulfilled its duties. The Chairman of the Board has continually followed the Group's business and development through contact with the Chief Executive Officer.

MEMBERS OF THE BOARD OF DIRECTORS

At year-end 2016, Auriant's Board was comprised of three ordinary Board Members, Peter Daresbury (Chair), Ingmar Haga and Preston Haskell, and one Deputy Board Member, James Provoost Smith Jr., all elected by the Annual General Meeting on May 12, 2016. The members of the Board are presented in more 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	Warrants in Auriant	Independent of the company and management*	Independent of the major shareholders*
Peter Daresbury (Chair)	0	140,000	Yes	Yes
Ingmar Haga	0	120,000	Yes	Yes
Preston Haskell	9,314,968	0	No	No
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 2016

Name	Position	Present
Peter Daresbury	Chairman	18/18
Ingmar Haga	Member	17/18
Preston Haskell	Member	18/18
Andre Bekker[1]	Member	7/18
James Provoost Smith Jr.[2]	Deputy Board Member	6/18

[1] Mr. Bekker was a Board member until the 2016 AGM, where he did not stand for re-election in accordance with the Nomination Committee's proposal.

[2] Mr. Smith participated in one Board meeting as deputy for Mr. Haga and attended 5 Board meetings held in person or by telephone, without participating in the decisions taken at those meetings.

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THE BOARD'S WORK IN 2016

The Board held 18 meetings in 2016. Ten of them were held by correspondence, one by telephone and seven meetings were held in person. The important issues dealt with by the Board in 2016, in addition to the approval of the annual report and the interim reports, and approval of the budgets, were as follows:

- The Company's financial position and liquidity
- Strategic decision-making
- Appointment of Mr. Sergey Ustimenko as CEO of the Company following resignation of Mr. Denis Alexandrov
- Resource estimate of the Kara-Beldir deposit in accordance with JORC
- Approval of USD 3.5 million credit line, provided by Promsvyazbank to LLC "Tardan Gold"
- Approval of other 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 which need improvement. This is normally done at the last Board meeting with personal attendance before the AGM. Completed questionnaires are also to be provided to the Nomination Committee. The evaluation ensures that the basic intentions of the Code of Corporate Governance are followed.

BOARD COMMITTEES

Remuneration Committee

In 2016, the Remuneration Committee was comprised of Peter Daresbury (chairman of the committee) and 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.

Finance and Audit Committee

In 2016, the Finance and Audit Committee was comprised of JP Smith, Peter Daresbury and Ingmar Haga. Mr. JP Smith served as Chairman of the committee. The members of the committee have the necessary competence and experience in the accounting matters.

Technical Committee

The Technical Committee was comprised of Ingmar Haga, Peter Daresbury and until May 2016, Andre Bekker. Mr. Haga continued to serve as Chairman of the committee. The committee's task is to advise the rest of the Board on mining and technical issues.

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 shareholders' meeting in 2016: for the Chairman of the Board Lord Peter Daresbury in the amount of SEK 400,000, for the ordinary Board Member Ingmar Haga in the amount of SEK 250,000, and for the ordinary Board member Preston Haskell in the amount of SEK 200,000. The meeting further resolved that remuneration to the deputy board member shall be SEK 100,000. 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.

GROUP MANAGEMENT

As of the end of 2016, the Group's management comprised the CEO, deputy CEO, CFO, Head of HR, Chief Geologist, and Group General Counsel. The management of the Company as at the date of this report is presented on pages 46-49 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. Following the departure of Denis Alexandrov in January 2016, the Company's then CFO Sergey Ustimenko was appointed Chief Executive Officer of Auriant Mining AB with effect from 16 January 2016.

In the event that the CEO becomes unable to fulfill CEO's duties, the deputy CEO shall substitute for the CEO until the new CEO is appointed. Such events are defined in the written instructions to the CEO, adopted by the Board. Upon resignation of Irina Olsson the Board of Auriant Mining AB appointed Maria Carrasco as Deputy CEO of the Company in October 2016.

REMUNERATION OF EXECUTIVE MANAGEMENT

The AGM on May 12, 2016 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 a total remuneration,

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which is reasonable and competitive based on the circumstances in the individual country and in that respect shall also be able 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 be based on responsibility, competence and performance. The fixed salary shall be revised every year.

Variable salary

The variable salary shall relate to the Company's return on production result, reserves and production goals, and specific goals within each executive's area of responsibility. The variable salary shall be paid annually and shall amount to a maximum of one annual Base Salary.

Long-term incentives

The board of directors intends, on a regular basis, to assess the need of long-term incentive programmes that shall be proposed to the general meeting. (For details on the loan-term incentive programs established in the Company please see the following section of this corporate governance report.)

Insurable benefits

Old-age pension, healthcare benefits and medical benefits shall, if applicable, be prepared in a manner that reflects the rules and practice in the home country. If possible, the pension plans shall be premium determined. In individual cases, depending on the tax and/or social insurance laws which apply to the individual, 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 part of the total remuneration. The benefits shall further correspond to what is normal 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 Company 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 the remuneration of the Chief Executive Officer, senior executives and other employees, please see Note 4 on page 92 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 Chief Executive Officer and the Chief Investment Officer of the Company, adopted at the Extraordinary General Meeting on November 27, 2012;
- the long-term incentive program for the members of management and a number of other employees , adopted at the Annual General Meeting on May 15, 2013;
- the long-term incentive program for the Company's Board of Directors, adopted at the Annual General Meeting on May 15, 2013 upon the proposal of the major shareholder;
- the long-term incentive program for the members of management and a number of other employees , adopted at the Annual General Meeting on May 13, 2014;
- the long-term incentive program for the Company's Board of Directors, adopted at the Annual General Meeting on May 13, 2014 upon the proposal of the major shareholder;
- 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.

No new long-term incentive programs were established in 2016.

AUDITOR

The AGM appoints an 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 12, 2016 appointed, for a period until the 2017 AGM, PwC as the Company´s auditors. The responsible auditor at PwC is Authorized Public Accountant Martin Johansson.

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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 of the following year, and also includes a review of the nine-month book closing 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 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, information and communication, as well as 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 is able to 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. Furthermore, the CEO, in his normal business activities, is also entitled to sign on behalf of the Company.

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. Auriant is a mining company in its early stages, which is why no earnings or sales forecasts are currently provided externally. 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 on a weekly, monthly and quarterly basis receives operational reports, including plan-to actual analysis, of the Group. Financial reports of the Group, including profit and loss statements, cash flows, and statement of financial position, are analyzed by the Board on a quarterly basis. The Board continuously evaluates the information provided by the Company management. Each month the CEO reports to the Board on the Company's performance with regard to the targets in the budget.

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 annually reviewed by the Board and will be discussed again in 2017.

THE MAIN INSTANCES WHERE AURIANT DID NOT COMPLY WITH THE SWEDISH CORPORATE GOVERNANCE CODE IN 2016 WERE AS FOLLOWS:

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 present.

In 2016 the CEO of the Company and other members of management were present during the Board's meeting with the auditor, as it was considered that there were no issues requiring a discussion in their absence. However the Company intends to follow Code rule 7.5 in future.

Code rule 10.3 provides that the board is to publish the results of the evaluation of programs for variable remuneration for the executive management, and of the application of the guidelines for remuneration of the executive manage-

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ment established by the annual general meeting, in the corporate governance section of the Company's website.

In Auriant, results of the specified evaluations are not published as separate documents. However the Board carries out the specified evaluations on an annual basis, and their results are reflected in Board resolutions or in the Board's proposals for the Annual General Meeting, as the case may be.

PROPOSAL FOR PROFIT DISTRIBUTION

The Group's equity at year-end 2016 amounted to MSEK -308.3 (US$ -30.4 mln), of which the share capital is MSEK 2.003 (US$ 0.3 mln).

In the Parent Company the unrestricted shareholders equity amounts to:

	SEK
Share premium reserve	624,087,508
Retained earnings	-662,772,336
Net income for the year	10,980,010
Total unrestricted equity	-27,704,818

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 is paid for the financial year.

Financial Statements

Operational Key Ratios, SEK

	2016	2015	2014	2013	2012	Definitions
Profitability						
Ore processed, 000 tonnes	399	474	564	450	365	Quantity of ore processed
Tailings processed, 000 tonnes	63	66	88	142	54	Quantity of tailings processed
Gold sands processed, 000 m3	-	-	379	338	119	Volume of gold sands processed
Gold production, oz	34,669	26,468	34,689	36,716	20,641	Gold production obtained during the period (troy oz)
Gold sales, oz	33,954	25,698	34,273	36,779	19,837	Actual sold gold production during the period (troy oz)
Revenue from sale of gold and gold equivalents, TSEK	369,053	252,235	297,481	328,970	234,133	Revenue from sale of gold and gold equivalents
Average realized gold price, US$/oz	1,269	1,161	1,244	1,373	1,700	Average price received during the period (USD/oz)
Total cash costs per ounce, US$/oz	577	798	1,187	1,302	903	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	66,924	-169,396	-194,779	-159,404	-105,672	
Return on equity, %	16.6%	-70.0%	-172.9%	-159.4%	-49.8%	Net profit/loss for the period as a percentage of average equity during the period, including minority holdings
Return on total assets, %	9.7%	-29.2%	-19.7%	-21.6%	-17.3%	Net profit/loss for the period as a percentage of average total assets during the period
Capital structure						
Equity, TSEK	-308,259	-353,810	-156,268	7,459	154,380	Total equity at the end of the period, including non-controlling interests
Interest-bearing liabilities, TSEK	834,727	808,191	745,322	489,295	350,530	Total interest-bearing liabilities at the end of the period
Equity ratio, %	-50.9%	-66.9%	-22.5%	1.2%	26.5%	Equity, including non-controlling interests, as a percentage of the balance sheet total
Cash flow and liquidity						
Cash flow before investments, TSEK	149,566	44,264	-32,967	-7,894	-20,142	Cash flow from operating activities
Cash flow after investments and financing, TSEK	35,446	-1,938	-13,626	-10,557	11,346	Operating cash flow plus cash flow after investments and financing
Liquid assets, TSEK	37,959	361	4,711	10,776	22,266	Bank deposits and cash at the end of the period
Total assets, TSEK	605,181	528,893	695,257	609,814	582,042	
Investments						
Capital investments, TSEK	12,142	3,942	19,510	60,114	55,683	Net investments in material fixed assets, minus any disinvestments
Employees						
Average number of employees during the period	508	612	802	869	720	
Share data						
Number of outstanding shares before dilution	17,802,429	17,802,429	17,802,429	17,802,429	17,616,987	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 during the period before dilution	17,802,429	17,802,429	17,802,429	17,802,429	17,616,987	Number of shares at the end of the period, including outstanding warrants with a redemption price lower than current stock exchange price.
Number of warrants outstanding	692,500	2,520,934	1,730,101	1,306,768	1,057,210	Number of non-exercised warrants at the end of the respective period.
Quotient value, SEK	0.11	0.11	11.25	11.25	11.25	Each share's proportion of the total share capital
Earnings per share, SEK	3.09	-10.03	-7.23	-7.24	-6.01	Net profit/loss after tax divided by the average number of outstanding shares during the period
Equity per share, SEK	-17.32	-19.87	-8.78	0.42	8.76	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	7.25	1.85	2.74	8.45	15.5	Latest market price paid for the shares on the last trading day of the respective period.

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Operational Key Ratios, US$

	2016	2015	2014	2013	2012	Definitions
Profitability						
Ore processed, 000 tonnes	399	474	564	450	365	Quantity of ore processed
Tailings processed, 000 tonnes	63	66	88	142	54	Quantity of tailings processed
Gold sands processed, 000 m3	-	-	379	338	119	Volume of gold sands processed
Gold production, oz	34,669	26,468	34,689	36,716	20,641	Gold production obtained during the period (troy oz)
Gold sales, oz	33,954	25,698	34,273	36,779	19,837	Actual sold gold production during the period (troy oz)
Revenue from sale of gold and gold equivalents, US$ 000	43,080	29,829	42,627	50,502	35,934	Revenue from sale of gold and gold equivalents
Average realized gold price, US$/oz	1,269	1,161	1,244	1,373	1,700	Average price received during the period (USD/oz)
Total cash costs per ounce, US$/oz	577	798	1,187	1,302	903	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	7,839	-20,378	-26,262	-24,471	-16,219	
Return on equity, %	18.5%	-74.5%	-196.0%	-159.4%	-49.8%	Net profit/loss for the period as a percentage of average equity during the period, including minority holdings
Return on total assets, %	9.4%	-27.1%	-17.9%	-21.6%	-17.3%	Net profit/loss for the period as a percentage of average total assets during the period
Capital structure						
Equity, US$ 000	-30,398	-39,656	-18,078	1,146	23,694	Total equity at the end of the period, including non-controlling interests
Interest-bearing liabilities, US$ 000	91,758	96,818	95,057	75,179	53,799	Total interest-bearing liabilities at the end of the period
Equity ratio, %	-43.0%	-59.5%	-19.7%	1.2%	26.5%	Equity, including non-controlling interests, as a percentage of the balance sheet total
Cash flow and liquidity						
Cash flow before investments, US$ 000	17,429	5,113	-5,301	-1,212	-2,973	Cash flow from operating activities
Cash flow after investments and financing, US$ 000	4,140	-609	-1,823	-1,621	1,675	Operating cash flow plus cash flow after investments and financing
Liquid assets, US$ 000	4,173	43	603	1,656	3,417	Bank deposits and cash at the end of the period
Total assets, US$ 000	70,746	66,652	91,709	93,696	89,330	
Investments						
Capital investments, US$ 000	1,418	467	2,782	9,236	8,546	Net investments in material fixed assets, minus any disinvestments
Employees						
Average number of employees during the period	508	612	802	869	720	
Share data						
Number of outstanding shares before dilution	17,802,429	17,802,429	17,802,429	17,802,429	17,616,987	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 during the period before dilution	17,802,429	17,802,429	17,802,429	17,802,429	17,616,987	Number of shares at the end of the period, including outstanding warrants with a redemption price lower than current stock exchange price.
Number of warrants outstanding	692,500	2,520,934	1,730,101	1,306,768	1,057,210	Number of non-exercised warrants at the end of the respective period.
Quotient value, US$	0.02	0.02	1.73	1.73	1.73	Each share's proportion of the total share capital
Earnings per share, US$	0.36	-1.21	-0.93	-1.11	-0.92	Net profit/loss after tax divided by the average number of outstanding shares during the period
Equity per share, US$	-1.71	-2.23	-1.02	0.06	1.34	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$	0.80	0.22	0.35	1.30	2.38	Latest market price paid for the shares on the last trading day of the respective period.

Comments by the CFO

In 2016, consolidated EBITDA more than doubled to US$ 22.0 mln, which is a significant improvement compared to US$ 10.3 mln in 2015.

577 US$/oz
2016 cash cost per ounce

1.4 US$ mln
2016 investments in CAPEX of Tardan

22.0m US$
2016 Group consolidated EBITDA

Dear Stakeholders,

I am pleased to present our annual financial statements 2016.

With growth of gold production as well as focus on cost control we achieved our main target for 2016 – the Company became profitable. The Company earned net profit of US$ 6.5 mln, while prior year there was a net loss of US$ -21.5 mln.

In 2016 gold was produced from the ore mined at Barsuchy deposit at Tardan area. Ore grade increased by 33% in 2016 up to 4.04 g/t compared to 2015 - 3.03 g/t. The volume of ore mined was similar to 2015. Total gold production increased by 31% to 1,078 kg, compared to 823 kg in 2015. Cash costs per ounce in 2016 were US$ 577, which reduced by 28% compared to 2015 - US$ 798.

In 2016, Auriant invested US$ 1.4 mln in upgrade of the energy facilities and crushing complexes at Tardan. This allowed the company to increase the uptime of equipment and to mitigate the risks of breakdowns.

During the period, Auriant spent US$ 1 mln for exploration. We completed the drilling programme at the Pravoberezhny deposit at Tardan. Resources of 4.9 tonnes of gold with an average grade of 3.23 g/t in accordance with JORC were established. We also completed the resource estimate for Kara-Beldyr, where we intend to construct a stand alone mine. Total gold reserves (both Indicated and Inferred) amounted to 26.8 tonnes of gold in accordance with JORC. Based on this resource assessment, we are confident of operating a mine that can produce up to 2 tonnes of gold per year for 10 years.

In the second half of 2016, stripping work commenced at Tardan in order to begin production in 2017. Planned production for 2017 is 1 ton of gold.

Production activities at Solcocon were on hold in 2016. In 2017 we will start an exploration on the licensed area at the Bogomolovskoe deposit to establish the quantum of minable resources. Exploration will take two years.

In 2015, the Group managed five gold properties located in Russia's Chukotka region, including Valunisty - a producing gold mine (these properties belong to Aristus Holdings Ltd.). The Auriant earned a total management fee of US$ 3.6 mln as a result of the successful fulfillment of all KPIs set in the management contract. Starting from January 16, 2016, the management contract was terminated by mutual agreement.

In 2016, Auriant's management team was changed with new members following departure of previous CEO, Denis Alexandrov. General and administrative expenses decreased by US$ 1.0 mln, or 28%, compared to 2015.

In 2016, consolidated EBITDA more than doubled to US$ 22.0 mln, which is a significant improvement compared to US$ 10.3 mln in 2015.

The Group gold production is esposed to seasonality and any working capital deficiency is covered by short term borrowings. In 2016 the Company raised a short term bank loan of US$ 2.5 mln and repaid it by the end of the year. During the period, the Company also repaid a long-term loan of US$ 5.2 mln and as of 31 December 2016, total bank debt was US$ 39.0 mln (31 December 2015 – US$ 44.3 mln). The bank debt/EBITDA ratio significantly improved year on year and was 1.8x at the end of 2016 (4.3x at the end of 2015).

The net profit after tax in 2016 was US$ 6.5 mln (2015: net loss of US$ -21.5 mln). Earnings per share before dilution for the period were equal to US$ 0.36 (2015: US$ -1.21).

Chief Financial Officer

Alexander Buchnev

Consolidated income statement

	Note	2016 TSEK	2015 TSEK	2016 US$ 000*	2015 US$ 000*
Revenue	1	371,610	282,841	43,380	33,429
Cost of sales	2	-222,260	-241,615	-25,962	-28,683
Gross profit		**149,350**	**41,226**	**17,418**	**4,746**
General and administrative expenses	5	-23,505	-32,120	-2,725	-3,768
Other operating income	3	8,134	8,060	961	953
Other operating expenses	3	-2,038	-8,565	-238	-1,012
Items affecting comparability (Impairment of assets)	6	-	-118,276	-	-14,216
Operating profit/loss		**131,941**	**-109,675**	**15,416**	**-13,297**
Financial income	7	148	5,092	18	602
Financial expenses	8	-65,165	-64,813	-7,595	-7,683
Profit/Loss before income tax		**66,924**	**-169,396**	**7,839**	**-20,378**
Income tax**	9	-11,860	-9,201	-1,355	-1,116
Net profit/loss for the period		**55,064**	**-178,597**	**6,484**	**-21,494**
Whereof attributable to:					
The owners of the parent company		55,064	-178,597	6,484	-21,494
Earnings per share before dilution (SEK, US$)	18	3.09	-10.03	0.36	-1.21
Earnings per share after dilution (SEK, US$)		2.98	-10.03	0.35	-1.21
Number of shares issued at period end		17,802,429	17,802,429	17,802,429	17,802,429
Average number of shares for the period		17,802,429	17,802,429	17,802,429	17,802,429
Average number of shares for the period after dilution		18,494,929	20,323,363	18,494,929	20,323,363

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

Consolidated statement of comprehensive income

	2016 TSEK	2015 TSEK	2016 US$ 000*	2015 US$ 000*
Net profit/loss for the period	55,064	-178,597	6,484	-21,494
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Translation difference	-9,261	-55,324	2,804	-4,494
Total comprehensive income for the period	**45,803**	**-233,921**	**9,288**	**-25,988**

*USD amounts are included for convenience purposes (convenience currency).
**Income tax expense in 2015 includes impairment of deferred tax asset of MSEK -14.718 (US$ -1.762 m), refer to Note 6 for details.

Consolidated statement of financial position

	Note	31-12-2016 TSEK	31-12-2015 TSEK	31-12-2016 US$ 000*	31-12-2015 US$ 000*
NON-CURRENT ASSETS					
Intangible fixed assets					
Mining permits and capitalised exploration costs	10	168,583	163,601	22,575	23,081
Tangible fixed assets					
Buildings and land	11	76,303	77,643	8,387	9,296
Machinery, equipment and other technical plant	12	115,610	124,188	12,659	14,699
Construction in progress	13	7,735	4,256	851	511
		199,648	**206,087**	**21,897**	**24,506**
Stripping assets		36,400	19,505	4,001	2,335
Deferred taxes recoverable	9	45,332	52,375	5,211	6,270
Total non-current assets		**449,963**	**441,568**	**53,684**	**56,192**
CURRENT ASSETS					
Inventories	15	71,716	40,382	7,883	4,833
Accounts receivable trade	21	1,690	18,982	186	2,272
Other current receivables	16	34,529	24,774	3,795	2,974
Prepaid expenses	16	9,324	2,826	1,025	338
Cash and cash equivalents	17	37,959	361	4,173	43
Total current assets		**155,218**	**87,325**	**17,062**	**10,460**
TOTAL ASSETS		**605,181**	**528,893**	**70,746**	**66,652**
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	2,003	2,003	307	307
Additional paid in capital		397,382	397,634	59,808	59,838
Translation difference reserve		-155,530	-146,269	-12,910	-15,714
Retained earnings		-552,114	-607,178	-77,603	-84,087
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		**-308,259**	**-353,810**	**-30,398**	**-39,656**
TOTAL EQUITY		**-308,259**	**-353,810**	**-30,398**	**-39,656**
NON-CURRENT LIABILITIES					
Deferred tax	9	9,500	13,339	1,777	2,224
Provisions	19	6,493	5,500	714	659
Bank loans and other notes	20	134,934	167,652	14,832	20,073
Debt to shareholder	20	393,764	344,894	43,285	41,293
Other long-term liabilities	26	58,101	50,601	6,387	6,058
Total non-current liabilities		**602,792**	**581,986**	**66,995**	**70,307**
CURRENT LIABILITIES					
Trade and other accounts payable	22	14,685	29,465	1,616	3,525
Bank loans payable	20	223,320	204,940	24,549	24,537
Shareholder loans payable	20	55,158	46,466	6,063	5,563
Other current liabilities	23	17,485	19,846	1,921	2,376
Total current liabilities		**310,648**	**300,717**	**34,149**	**36,001**
TOTAL EQUITY AND LIABILITIES		**605,181**	**528,893**	**70,746**	**66,652**

*USD amounts are included for convenience purposes (convenience currency).
Pledged assets information can be found at Note 25

Consolidated statement of changes in equity

Attributable to the shareholders of the parent company

All amounts in TSEK	Share capital	Additional paid in capital	Translation difference reserve	Retained earnings	Non-controlling interest	Total equity
Equity as at December 31, 2014	**200,277**	**162,982**	**-90,946**	**-428,581**	**-**	**-156,268**
Comprehensive income						
Net profit/loss for the period				-178,597		-178,597
Other comprehensive income			-55,323			-55,323
Total comprehensive income for the period	**-**	**-**	**-55,323**	**-178,597**	**-**	**-233,920**
Transactions with owners in their capacity as owners						
Reduction in share capital	-198,274	198,274				-
Convertible part of bond		35,156				35,156
Warrants and options issue		1,222				1,222
Total transactions with owners in their capacity as owners	**-198,274**	**234,652**	**-**	**-**	**-**	**36,378**
Equity as at December 31, 2015	**2,003**	**397,634**	**-146,269**	**-607,178**	**-**	**-353,810**
Comprehensive income						
Net profit/loss for the period				55,064		55,064
Other comprehensive income			-9,261			-9,261
Total comprehensive income for the period	**-**	**-**	**-9,261**	**55,064**	**-**	**45,803**
Transactions with owners in their capacity as owners						
Warrants and options issue		-252				-252
Total transactions with owners in their capacity as owners	**-**	**-252**	**-**	**-**	**-**	**-252**
Equity as at December 31, 2016	**2,003**	**397,382**	**-155,530**	**-552,114**	**-**	**-308,259**

Consolidated statement of changes in equity

Attributable to the shareholders of the parent company

All amounts in US$'000*	Share capital	Additional paid in capital	Translation difference reserve	Retained earnings	Non-controlling interest	Total equity
Equity as at December 31,2014	**30,738**	**24,997**	**-11,220**	**-62,593**	**-**	**-18,078**
Comprehensive income						
Net profit/loss for the period				-21,494		-21,494
Other comprehensive income			-4,494			-4,494
Total comprehensive income for the period	**-**	**-**	**-4,494**	**-21,494**	**-**	**-25,988**
Transactions with owners in their capacity as owners						
Reduction in share capital	-30,431	30,431				-
Convertible part of bond		4,265				4,265
Warrants and options issue		145				145
Total transactions with owners in their capacity as owners	**-30,431**	**34,841**	**-**	**-**	**-**	**4,410**
Equity as at December 31, 2015	**307**	**59,838**	**-15,714**	**-84,087**	**-**	**-39,656**
Comprehensive income						
Net profit/loss for the period				6,484		6,484
Other comprehensive income			2,804			2,804
Total comprehensive income for the period	**-**	**-**	**2,804**	**6,484**	**-**	**9,288**
Transactions with owners in their capacity as owners						
Warrants and options issue		-30				-30
Total transactions with owners in their capacity as owners	**-**	**-30**	**-**	**-**	**-**	**-30**
Equity as at December 31, 2016	**307**	**59,808**	**-12,910**	**-77,603**	**-**	**-30,398**

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

Consolidated cash flow statement

	2016 TSEK	2015 TSEK	2016 US$ 000*	2015 US$ 000*
OPERATING ACTIVITIES				
Receipts from customers	389,568	271,694	45,544	32,042
VAT and other reimbursement	28,236	33,012	3,295	3,915
Payments to suppliers	-169,780	-156,416	-19,893	-18,524
Payments to employees and social taxes	-64,820	-74,796	-7,595	-8,860
Income tax paid	-219	-107	-27	-13
Other taxes paid	-33,420	-29,124	-3,897	-3,446
Net cash flows from/(used in) operating activities	**149,566**	**44,264**	**17,429**	**5,113**
INVESTING ACTIVITIES				
Purchase and construction of property plant and equipment	-12,222	-746	-1,448	-89
Exploration and research works	-8,034	-242	-943	-29
Net cash flows used in investing activities	**-20,256**	**-989**	**-2,391**	**-117**
FINANCING ACTIVITIES				
Proceeds from borrowings, net	20,531	29,474	2,500	3,500
Repayment of borrowings, net	-65,442	-27,382	-7,723	-3,245
Interest paid	-39,354	-36,130	-4,554	-4,535
Lease payments	-9,711	-10,867	-1,134	-1,288
Other finance income/expenses	113	-309	14	-37
Net cash from/(used in) financing activities	**-93,864**	**-45,213**	**-10,899**	**-5,604**
Net increase/(decrease) in cash and cash equivalents	35,446	-1,938	4,140	-609
Net foreign exchange difference	2,152	-2,412	-10	49
Opening balance cash and cash equivalents	361	4,711	43	603
Closing balance cash and cash equivalents	**37,959**	**361**	**4,173**	**43**

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

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Parent company income statement

	Note	2016 TSEK	2015** TSEK	2016 US$ 000*	2015** US$ 000*
Income					
Other operating income	3	1,291	90	151	11
Operating costs					
External expenses	5	-4,719	-5,408	-551	-641
Employee benefit expenses	4	-2,306	-2,619	-269	-311
Operating result		**-5,734**	**-7,938**	**-669**	**-941**
Financial income	7	38,038	124,914	4,445	14,809
Financial expenses	8	-21,324	-71,029	-2,492	-8,421
Result after financial items		**10,980**	**45,947**	**1,284**	**5,447**
Tax on this year's result	9	-	-	-	-
Result for the year		**10,980**	**45,947**	**1,284**	**5,447**

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

Parent company statement of comprehensive income

	Note	2016 TSEK	2015** TSEK	2016 US$ 000*	2015** US$ 000*
Net result for the year		**10,980**	**45,947**	**1,284**	**5,447**
Other comprehensive income					
Translation differences		-	-	-2,328	-1,388
Total comprehensive income for the year		**10,980**	**45,947**	**-1,044**	**4,059**

*USD amounts are included for convenience purposes (convenience currency).
**Certain amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made as detailed in the restatement paragraph included in this report.

Parent company statement of financial position

	Note	31-12-2016 TSEK	31-12-2015** TSEK	31-12-2016 US$000*	31-12-2015** US$000*
NON-CURRENT ASSETS					
Financial non-current assets					
Investments in subsidiaries	14	342,491	342,744	37,648	41,035
Loans to subsidiaries	24	347,997	283,662	38,254	33,962
Total non-current assets		**690,488**	**626,406**	**75,902**	**74,997**
CURRENT ASSETS					
Other current receivables	16	1,814	181	199	22
Prepaid expenses	16	135	87	15	10
Cash and cash equivalents	17	57	73	6	9
Total current assets		**2,006**	**341**	**220**	**41**
TOTAL ASSETS		**692,494**	**626,747**	**76,122**	**75,038**
EQUITY AND LIABILITIES					
EQUITY	18				
Restricted equity					
Share capital		2,003	2,003	307	307
Statutory reserve		266,306	266,306	40,872	40,872
Total restricted equity		**268,309**	**268,309**	**41,179**	**41,179**
Unrestricted equity					
Share premium reserve		624,088	624,340	94,602	94,632
Translation difference		-	-	-7,909	-5,581
Retained earnings		-662,772	-708,719	-102,707	-108,154
Net result for the year		10,980	45,947	1,284	5,447
Total unrestricted equity		**-27,705**	**-38,433**	**-14,730**	**-13,656**
TOTAL EQUITY		**240,604**	**229,876**	**26,448**	**27,522**
NON-CURRET LIABILITIES					
Long-term loans	21	394,658	345,788	43,383	41,400
Total non-current liabilities		**394,658**	**345,788**	**43,383**	**41,400**
CURRENT LIABILITIES					
Trade and other accounts payable	22	1,386	4,015	152	481
Short-term loans	21	55,158	46,466	6,063	5,563
Other short-term liabilities	23	688	602	76	72
Total current liabilities		**57,232**	**51,083**	**6,291**	**6,116**
TOTAL EQUITY AND LIABILITIES		**692,494**	**626,747**	**76,122**	**75,038**

*USD amounts are included for convenience purposes (convenience currency).
**Certain amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made as detailed in the restatement paragraph included in this report.
Pledged assets information can be found at Note 25

Parent company statement of changes in equity

(All amounts in TSEK)	Share capital	Statutory reserve	Share premium reserve	Translation difference reserve	Retained earnings	Net income for the period	Total equity
	Restricted Equity		Unrestricted Equity				
Equity as at January 1, 2015 Restated*	**200,277**	**68,032**	**587,962**	**-**	**-627,595**	**-81,124**	**147,552**
Profit/loss brought forward					-81,124	81,124	-
Comprehensive income							
Net profit/loss for the period						45,947	45,947
Other comprehensive income				-			-
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**45,947**	**45,947**
Transactions with owners in their capacity as owners							
Reduction in share capital	-198,274	198,274					-
Convertible part of bond			35,156				35,156
Warrants and options issue			1,222				1,222
Total transactions with owners in their capacity as owners	**-198,274**	**198,274**	**36,378**	**-**	**-**	**-**	**36,378**
Equity as at December 31, 2015 Restated*	**2,003**	**266,306**	**624,340**	**-**	**-708,719**	**45,947**	**229,876**
Profit/loss brought forward					45,947	-45,947	-
Comprehensive income							
Net profit/loss for the period						10,980	10,980
Other comprehensive income				-			-
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**10,980**	**10,980**
Transactions with owners in their capacity as owners							
Warrants and options issue			-252				-252
Total transactions with owners in their capacity as owners	**-**	**-**	**-252**	**-**	**-**	**-**	**-252**
Equity as at December 31, 2016	**2,003**	**266,306**	**624,088**	**-**	**-662,772**	**10,980**	**240,604**

*Certain amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made as detailed in the restatement paragraph included in this report.

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Parent company statement of changes in equity

(All amounts in US$ 000*)	Share capital	Statutory reserve	Share premium reserve	Translation difference reserve	Retained earnings	Net income for the period	Total equity
	Restricted Equity		Unrestricted Equity				
Equity as at January 1, 2015 Restated*	**30,738**	**10,441**	**90,222**	**-4,193**	**-96,324**	**-11,830**	**19,054**
Profit/loss brought forward					-11,830	11,830	-
Comprehensive income							
Net profit/loss for the period						5,447	5,447
Other comprehensive income				-1,388			-1,388
Total comprehensive income for the period	**-**	**-**	**-**	**-1,388**	**-**	**5,447**	**4,059**
Transactions with owners in their capacity as owners							
Reduction in share capital	-30,431	30,431					-
Convertible part of bond			4,265				4,265
Warrants and options issue			145				145
Total transactions with owners in their capacity as owners	**-30,431**	**30,431**	**4,410**	**-**	**-**	**-**	**4,410**
Equity as at December 31, 2015 Restated**	**307**	**40,872**	**94,632**	**-5,581**	**-108,154**	**5,447**	**27,522**
Profit/loss brought forward					5,447	-5,447	-
Comprehensive income							
Net profit/loss for the period						1,284	1,284
Other comprehensive income				-2,328			-2,328
Total comprehensive income for the period	**-**	**-**	**-**	**-2,328**	**-**	**1,284**	**-1,044**
Transactions with owners in their capacity as owners							
Warrants and options issue			-30				-30
Total transactions with owners in their capacity as owners	**-**	**-**	**-30**	**-**	**-**	**-**	**-30**
Equity as at December 31, 2016	**307**	**40,872**	**94,602**	**-7,909**	**-102,707**	**1,284**	**26,448**

*USD amounts are included for convenience purposes (convenience currency).
**Certain amounts shown here do not correspond to the 2015 financial statements and reflect adjustments made as detailed in the restatement paragraph included in this report.

Parent company cash flow statement

	2016 TSEK	2015 TSEK	2016 US$ 000*	2015 US$ 000*
OPERATING ACTIVITIES				
Receipts from customers	-	-	-	-
VAT and other reimbursement	72	565	9	67
Payments to suppliers	-8,205	-4,978	-961	-590
Payments to employees and the Board members	-1,765	-2,581	-208	-306
Income tax paid	-	-	-	-
Other taxes paid	-	-	-	-
Net cash flows used in operating activities	**-9,898**	**-6,994**	**-1,161**	**-829**
INVESTING ACTIVITIES				
Borrowings given	-	-11,640	-	-1,377
Net cash flows used in investing activities	**-**	**-11,640**	**-**	**-1,377**
FINANCING ACTIVITIES				
Proceeds from borrowings	9,922	17,999	1,180	2,129
Repayment of borrowings	-	-	-	-
Net cash from financing activities	**9,922**	**17,999**	**1,180**	**2,129**
Net increase/(decrease) in cash and cash equivalents	**24**	**-636**	**19**	**-76**
Net foreign exchange difference	-41	4	-22	-5
Opening balance cash and cash equivalents	73	705	9	90
Closing balance cash and cash equivalents	**57**	**73**	**6**	**9**

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

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Notes to the consolidated financial statements and parent company accounts

CORPORATE 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 stock exchange NASDAQ OMX First North Premier since July 19, 2010. At present, the Company has approximately 3,300 shareholders.

The Board of directors approved these consolidated accounts for publication on April 21, 2017.

BASIS OF PREPARATION

The consolidated accounts for the Auriant Mining Group are prepared in accordance with the Annual Accounts Act, International Financial Reporting Standards, as adopted by the EU, interpretations from International Financial Reporting Interpretations Committee, IFRIC, and the Swedish Financial Reporting Board´s recommendation RFR 1 "Supplementary accounting regulations for groups".

The financial reports for 2016 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 beliquated in the foreseeable future.

The Parent Company accounts are 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.

BASIS OF CONSOLIDATION

The consolidated accounts 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. The consideration transferred for the acquisition of a subsidiary is comprised of the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, the item is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, comprising the excess of the aggregate of the transferred consideration, the amount recognised for non-controlling interest and the acquisition date fair value of any previously held equity interest in the acquiree over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The Group has no goodwill as of December 31, 2016 (December 31, 2015 - nil).

(b) 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:

a. assets and liabilities for each of the statements of financial position are converted at the closing rate;

b. 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

c. 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, 2016 closing rate of 9.0971 SEK per US$ (8.3524 SEK per US$ at December 31, 2015) was applied. Income and expenses were translated using the following average rates of SEK per US$: Q1 2016 - 8.4567, Q2 2016 - 8.2115, Q3 2016 - 8.5204 and Q4 2016 - 9.042 (Q1 2015 - 8.3365, Q2 2015 - 8.4212, Q3 2015 - 8.4789 and Q4 2015 - 8.4991 SEK per US$).

(c) 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.

(d) 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, 2016, the Group recognised the stripping assets in an amount of MSEK 36.400 (US$ 4.001 m) (December 31, 2015: MSEK 19.505 (US$ 2.335 m)).

(e) 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. The capitalised value of a financial lease is also included within tangible fixed assets. 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.

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.

(f) 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".

(g) Financial instruments

Financial instruments recognised in the statement of financial position include cash and cash equivalents, trade receivables and other receivables, trade payables and other payables and loans.

A financial instrument is recognised in the statement of financial position when the company becomes party to the instrument's return conditions. Customer receivables are reported once delivery has been made. A liability is entered when the counterpart has rendered a service and there is a contractual liability to pay such liability, even if an invoice has not been received. A financial asset is removed from the statement of financial position when the rights under the contract have been realised, have expired or the company has lost control over them. A financial liability is removed from the statement of financial position when the liabilities under the agreement have been fulfilled or, in any other way, rescinded.

Classification

The Group classifies its financial instruments into the following categories: a) financial assets valued at fair value via profit and loss, b) loans receivable and trade receivables, c) financial assets available for sale and d) financial liabilities. The classification depends on the purpose for which the financial asset was acquired. The management determines the classification of the financial assets when they are first reported.

a) Financial assets valued at fair value via profit and loss

Financial assets valued at fair value via profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the near future. Derivatives are classified as held for trading unless they are designated or hedge accounting. Assets in this category are classified as current assets. The Group currently has no financial assets valued at fair value via the profit and loss.

b) Loans receivable and accounts receivables

Loans receivable and accounts receivables are non-derivative financial assets with determined or determinable payments that are not listed on an active market.

Receivables arise when the company supplies money, goods or services directly to a customer without any intention of trading the receivable. These receivables are included in current assets, with the exception of items with a maturity date more than 12 months after balance sheet date which are classified as non-current assets. The Group's loans receivables and trade receivables consist of trade accounts receivables and cash and cash equivalents.

Accounts receivables are short-term and are, therefore, accounted for at nominal values less any provision for impairment. A provision for the impairment of the accounts receivables is reported when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation or default or delinquency in payment (due for more than 30 days) are considered as indicators that an account receivable is impaired.

c) Financial assets available for sale

Financial assets available for sale are assets that are non-derivative and for which the assets identified as available for sale are not classified in any of the other categories. These assets are included in fixed assets if management does not intend to sell the asset within 12 months after the reporting period. Assets in this category are continuously measured at fair value and changes in fair value are recognised as other comprehensive income, and the cumulative effect is included in other reserves in equity. The group currently has no financial assets available for sale.

d) Financial liabilities

Financial liabilities include trade creditors and borrowings. Trade creditors are short-term and, therefore, reported at nominal value. Borrowings are initially reported at fair value, which is the issue proceeds net of transaction costs, and, thereafter, at accrued acquisition value with application of the effective interest method.

e) Fair value hierarchy

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 obtained from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions regarding such factors can affect the reported fair value of financial instruments.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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 the amount of income can be reliably measured and it is probable that future economic benefits will flow to the entity.

(a) 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 latest 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.

(b) Other income

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

(c) 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.

(m) 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

(n) 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.

(o) Employee incentive programs

From 2013 the Group implemented employee incentive programs. Refer to Note 18 for details. Incentive programs consists 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.

(p) Leasing

A financial leasing contract is one in which the economic risks and benefits associated with ownership of an object are transferred, in all significant respects, from the lessor to the lessee. Those leasing contracts that are not financial are classified as operational leasing contracts. Assets held according to financial leasing contracts are reported as fixed assets in the consolidated statement of financial position at the lowest of the market value and present value of the prospective lease payments. The liability that the Group has in relation to the lessor is recognised in the statement of financial position as a liability and is allocated between a short-term and a long-term component. Lease payments are allocated between interest and amortisation of the debt. The interest is allocated over the leasing period so that each accounting period is charged with an amount equivalent to a fixed interest rate on the debt reported during the respective period. The leased asset is written off according to the same principles applying to other, similar assets.

Leasing fees for operational leasing contracts are expensed on a straight-line basis over the leasing period.

(q) Provisions

Provisions are reported when an obligation arises resulting from events that have occurred, and where it is probable that payment will be required to fulfil the obligation. It is also a prerequisite that it is possible to make a reliable assessment of the amount to be paid. The amount in question is calculated by the executive management at the present value given the reasonable assumptions that can be made at the end of each reporting period. The Group reviews its mine restoration provisions annually. The provisions 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.

(r) Items affecting comparability

Items affecting comparability include events and transactions with significant effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods, and can include:

- Significant impairment;
- Disposal of investments;
- Discontinued operations;
- Litigation settlements;
- Other.

At the end of 2015 the Group recorded a non-cash impairment provision for the Solcocon assets in the amount of MSEK 133.0 (US$ 16.0 m), which was accounted for as item affecting comparability in the consolidated income statement (refer to the Note 6 for details).

(s) Current and deferred income tax

The tax expense for the period includes current 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.

(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 21.

(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.

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2016, they did not have a material impact on the annual consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are applied prospectively and do not have any impact on the Group, given that it has not used a revenue-based method to depreciate its non-current assets.

IFRS 9 Financial Instruments

IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value.

Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.

All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss).

For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in the their own credit risk in other comprehensive income rather than profit or loss.

The standard is effective from January 1, 2018. Early adoption is permitted; however, it was not adopted by the Group. The Group estimates that it will not have significant impact on the Group

IFRS 15 Revenue from contracts with customers

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

The standard is effective from January 1, 2018. The Group estimates that it will not have significant impact on the Group due to the revenue cycle specifics.

RESTATEMENT

Certain amounts in the financial statements hereunder do not correspond to the financial statements for the respective period of 2015 and caused by changes in accounting policy of Parent Company via application of the Swedish regulation RFR 2. Since January 1, 2016 paragraph relating to the application of IAS 21 The Effects of Changes in Foreign Exchange was removed that means that the exchange differences on monetary items that form part of a company's net investment in a foreign operation should be recognized in income statement in accordance with IAS 21, p. 32 and not in other comprehensive income.

In the Parent company account such exchange differences were reported in a fair value reserve (translation difference reserve) in equity till January 1, 2016.

With regards to the above, the financial statements have been restated for 2015. The restatement had effect on the reported net income for the Parent company, while the total equity remained unchanged. For the specification please see the table below:

EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES ON PARENT COMPANY'S FINANCIAL STATEMENTS

Effect of restatement for 12 months 2015	2015 as previously reported	Effect of changes in accounting principles	2015 as restated	2015 as previously reported	Effect of changes in accounting principles	2015 as restated
	TSEK	TSEK	TSEK	US$ 000	US$ 000	US$ 000
Income Statement						
Net financial items	79,895	-26,011	53,884	9,472	-3,084	6,388
Statement of Comprehensive Income						
Net profit/loss for the period	71,958	-26,011	45,947	8,531	-3,084	5,447
Translation differences	-26,011	26,011	-	-4,472	3,084	-1,388

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All amounts in TSEK	January 1, 2015 as previously reported	Effect of changes in accounting principles	January 1, 2015 as restated	December 31, 2015 as previously reported	Effect of changes in accounting principles	December 31, 2015 as restated
	TSEK	TSEK	TSEK	TSEK	TSEK	TSEK
Statement of changes in equity						
Translation difference reserve	-100,607	100,607	-	-126,618	126,618	-
Retained earnings	-566,522	-61,073	-627,595	-608,112	-100,607	-708,719
Net result for the period	-41,590	-39,534	-81,124	71,958	-26,011	45,947

All amounts in US$ 000	January 1, 2015 as previously reported	Effect of changes in accounting principles	January 1, 2015 as restated	December 31, 2015 as previously reported	Effect of changes in accounting principles	December 31, 2015 as restated
	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000	US$ 000
Statement of changes in equity						
Translation difference reserve	-19,332	15,139	-4,193	-23,804	18,223	-5,581
Retained earnings	-86,950	-9,374	-96,324	-93,015	-15,139	-108,154
Net result for the period	-6,065	-5,765	-11,830	8,531	-3,084	5,447

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 asset and liability amounts, 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 arebased 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 described 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 most 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 liability payable. These factors include estimates of the extent and costs of restoration activities, technological changes, regulatory changes, cost increases as compared to the inflation rates, and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts for which current provisions have been reported. The provision at reporting date represents management's best estimate of the present value of the 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 if 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 the 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 19 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. Fair value for 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, using 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 money 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 those of other assets.

An impairment test was carried out on the Group's productive gold assets as on December 31, 2016. The most significant portion of the intangible and tangible fixed assets relates to the Tardan and Staroverinskaya (Solcocon) license areas. For this purpose, a discounted cash flow model has been used extending over a 5-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 yield required. The base assumption regarding the price of gold during the period is a value of 1,200 US$/oz and the yield required is 11% per year. A number of other assumptions are also important. The result of the base assumptions is that no impairment is required at year-end 2016 for Tardan.

In 2015, production at the Solcocon was temporarily terminated. As a result of terminating production at Solcocon, Solcocon assets were impaired by MSEK 133.0 (US$ 16.0 m) as on December 31, 2015 and recorded as Items affecting comparability in the consolidated income statement. In 2016 production at Solcocon was on hold. In 2017 the Group will start an exploration at Solcocon for resource potential update of Bogomolovskoye deposit and converting it into minable resources. Exploration will take two years. The Group management is looking at various options for Solcocon and these could result in a reverse of the impairment provision in the future. See Note 6, Note 10 and Note 13 for further details.

An impairment tests of significant assets is also performed at the Parent Company level. The impairment test is based on a 5-year cash flow model forecasts 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 money and the risks specific to the asset. The net present value of the forecasted cash flow is compared to 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 perfomed as of December 31, 2016 at the Parent Company level showed no impairment indications.

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 operations and 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 9 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 15 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 establishing 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 21 for further details.

NOTE 1
REVENUE

All revenue from the sale of gold of MSEK 369.053 (US$ 43.080 m) (2015: MSEK 252.235 (US$ 29.829 m) is generated by the Russian entities of the Group. No revenue is generated in Sweden. In 2016 and 2015, the Group had a single customer for gold and gold equivalents – the Russian bank, Promsvyazbank. During 2015, the Group also had revenue of MSEK 30.606 (US$ 3.600 m) from the management of five gold properties located in Russia's Chukotka region and owned by Aristus Holdings Ltd. In the beginning of 2016 the management contract was terminated by mutual agreement and a compensation fee of MSEK 2.557 (US$ 0.300 m) was paid to the Company.

NOTE 2
COST OF SALES

	Group		Group	
	2016 TSEK	**2015 TSEK**	**2016 US$000**	**2015 US$000**
External expenses	60,525	65,185	7,070	7,731
Materials	55,565	54,517	6,508	6,454
Employee benefit expenses	48,051	50,945	5,585	6,038
Taxes	25,635	18,598	2,984	2,199
Depreciation, amortization and write downs	56,379	78,056	6,571	9,323
Change in stock of finished and semi-finished goods	-15,375	-26,918	-1,760	-3,207
Change in stripping asset	-8,520	1,232	-996	145
Total cost of sales	**222,260**	**241,615**	**25,962**	**28,683**

Capitalized stripping works in the amount of MSEK 8.520 (US$ 0.996 m) in 2016 refer stripping intended for future ore mining at pit #1 and #3 at Tardan and will be amortized further in line with ore mining.
Savings in depreciation and amortization line (non-cash expense) caused by update of gold reserves by 4.2 tonnes at Greater Tardan area in accordance with drilling results, announced on October 7, 2016.
At the end of 2016 change in stock of finished and semi-finished goods included 60.5 kg of gold ready for sale and higher volume of ore and tailings in warehouse. In 2015 it consisted of ore from Barsuchy stacked in Q4 2015 on heap leach

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NOTE 3
OTHER INCOME AND EXPENSES

	Group		Parent Company		Group		Parent Company	
	2016 TSEK	**2015 TSEK**	**2016 TSEK**	**2015 TSEK**	**2016 US$000**	**2015 US$000**	**2016 US$000**	**2015 US$000**
Other operating income								
Services to contractors (rent, accomodation services, other)	6,691	7,204	-	-	782	854	-	-
Reversal of site restoration reserve	810	-	-	-	95	-	-	-
Stock-take surplus	-	123	-	-	-	15	-	-
Consulting services to subsidiaries	-	-	1,283	-	-	-	150	-
Other	633	733	8	90	84	84	1	11
Total other operating income	**8,134**	**8,060**	**1,291**	**90**	**961**	**953**	**151**	**11**

Services to contractors

Services to contractors refers to property rental services to LLC Urumkan for the entire year 2016 and 2015 and to sales of materials, providing of accomodation services for major contractors of LLC Tardan, subsidiary of the Group.

Reversal of site restoration reserve

Reversal of site restoration reserve in year 2016 relates to the re-estimation of costs required to eliminate the impact on the environment caused by the mining activities.

Consulting services to subsidiaries

In 2016 the parent company signed a new agreement with the subsidiary company for consulting services.

	Group		Parent Company		Group		Parent Company	
	2016 TSEK	**2015 TSEK**	**2016 TSEK**	**2015 TSEK**	**2016 US$000**	**2015 US$000**	**2016 US$000**	**2015 US$000**
Other operating expenses								
Bad debt expenses, shortage of materials write-off	-718	-534	-	-	-84	-63	-	-
Bank fees	-266	-191	-	-	-31	-23	-	-
Penalties from suppliers and tax authorities	-216	-2,546	-	-	-25	-302	-	-
Provision for slow-moving materials	-18	-2,249	-	-	-2	-267	-	-
Reserve on tax court proceedings	-	-2,132	-	-	-	-253	-	-
Other	-820	-913	-	-	-96	-104	-	-
Total other operating expenses	**-2,038**	**-8,565**	**-**	**-**	**-238**	**-1,012**	**-**	**-**

Provision for slow-moving materials

Provision for slow-moving materials in 2015 mostly related to LLC Rudtechnology gold production was put on hold.

Reserve on tax court proceedings

Other operating expenses in 2015 included 50% a reserve for potential expenses for tax claims on LLC Rudtechnology and LLC GRE-324.

NOTE 4

EMPLOYEE BENEFIT EXPENSES

	Group		Parent Company		Group		Parent Company	
	2016 TSEK	2015 TSEK	2016 TSEK	2015 TSEK	2016 US$000	2015 US$000	2016 US$000	2015 US$000
Salaries and remuneration in Sweden								
Board of Directors	1,215	1,434	1,126	1,217	142	170	131	144
including stock options and warrants	89	218	-	-	11	26	-	-
Other employees	236	873	676	873	27	104	79	104
including CEO	154	384	154	384	18	46	18	46
	1,451	**2,307**	**1,802**	**2,090**	**169**	**274**	**210**	**248**
Salaries and remuneration in Russia								
CEO and Senior executives	5,879	8,172	-	-	680	969	-	-
including stock options and warrants	-451	789	-	-	-54	94	-	-
Other employees	43,978	48,415	-	-	5,110	5,737	-	-
including stock options and warrants	110	216	-	-	13	26	-	-
	49,857	**56,587**	**-**	**-**	**5,790**	**6,706**	**-**	**-**
Total salaries and remunerations	**51,308**	**58,894**	**1,802**	**2,090**	**5,959**	**6,980**	**210**	**248**
Social security expenses in Sweden								
Board of Directors	335	356	335	356	39	42	39	42
Other employees	108	173	169	173	12	21	20	21
including CEO	48	121	48	121	6	14	6	14
	443	**529**	**504**	**529**	**51**	**63**	**59**	**63**
Social security expenses in Russia								
CEO	430	695	-	-	50	82	-	-
Senior executives	431	666			50	79		
Other employees	11,667	12,839	-	-	1,356	1,523	-	-
	12,528	**14,200**	**-**	**-**	**1,456**	**1,684**	**-**	**-**
Total social security expenses	**12,971**	**14,729**	**504**	**529**	**1,507**	**1,747**	**59**	**63**
Total employee benefit expenses	**64,279**	**73,623**	**2,306**	**2,619**	**7,466**	**8,727**	**269**	**311**

	Group		Parent Company	
	2016	2015	2016	2015
Group – Board of Directors and CEO at year-end				
Women	-	-	-	-
Men	5	6	5	6
Group – Management at year-end				
Women	1	2	1	1
Men	3	3	-	-

Number of employees	Total 2016	of which woman	Total 2015	of which woman
Average number of employees				
Parent company in Sweden	1	1	1	1
Subsidiaries in Russia	507	93	611	112
Total for the Group	**508**	**94**	**612**	**113**
Number of employees at year-end				
Parent company in Sweden	1	1	1	1
Subsidiaries in Russia	524	93	516	101
Total for the Group	**525**	**94**	**517**	**102**

Remuneration and other benefits of the Board* and Senior executives

	2016 TSEK	2015 TSEK	2016 US$000	2015 US$000
Board of directors				
Lord Daresbury (Peter), Chairman of the Board	444	360	52	43
Preston Haskell	225	225	26	27
Ingmar Haga	310	306	36	36
Andre Bekker	111	281	13	33
Bertill Villard**	-	137	-	16
James Provoost Smith	125	125	15	15
Total Board of directors	**1,215**	**1,434**	**142**	**170**
including stock options and warrants	89	218	11	26
Senior Executives* **				
Senior Executives excluding Chief Executive Officer	**2,395**	**3,853**	**277**	**457**
Payroll	1,475	3,545	171	421
Senior Executives employment termination	545	-	63	-
Bonus paid in 2016	171	-	20	-
Bonus accrued for 2016 results	549	-	64	-
Including stock options and warrants	-345	308	-41	36
Chief Executive Officer - total:	**3,638**	**4,703**	**421**	**557**
Payroll	1,339	4,222	155	500
One off expense upon former CEO****	1,225	-	142	-
Bonus paid in 2016	308	-	36	-
Bonus accrued for 2016 results	872	-	101	-
Stock options and warrants	-106	481	-13	57
Total Senior Executives	**6,033**	**8,556**	**698**	**1,014**

*Board fees, remuneration of Chief executive Officer and Senior Executives are approved by AGM.
**Board members who left the board of directors of Auriant Mining AB in 2015.
*** Senior Executives in 2016 includes Chief Executive Officer, Chief Financial Officer, Chief Geologist, Chief Legal Counsel, Head of HR. Senior Executives in 2015 includes Chief Executive Officer, Chief Financial Officer,Chief Operating Officer, Chief Investment Officer, Chief Geologist, Chief Legal Counsel, Head of HR.
****Denis Alexandrov, who has been CEO since May 2012, left the Company on January 15, 2016.
An incentive program for the Group's Board of directors, senior executives and employees is established through issue of stock options and warrants. For detailed description of the program, please, refer to Note 18 of the report.

NOTE 5

GENERAL AND ADMINISTRATIVE EXPENSES

	Group		Parent Company		Group		Parent Company	
	2016 TSEK	2015 TSEK	2016 TSEK	2015 TSEK	2016 US$000	2015 US$000	2016 US$000	2015 US$000
Employee benefit expenses	16,228	22,678	2,306	2,619	1,881	2,689	269	311
External expenses*	7,133	9,230	4,719	5,408	827	1,054	551	641
Depreciation, amortization and write downs	144	212	-	-	17	25	-	-
Total general and administrative expenses	**23,505**	**32,120**	**7,025**	**8,027**	**2,725**	**3,768**	**820**	**952**

General and administrative expenses relate to Management Company and Parent Company.
* External expenses include audit servises. For the remuneration to auditors refer the table below:

Audit fees

	Group		Parent Company		Group		Parent Company	
	2016 TSEK	2015 TSEK	2016 TSEK	2015 TSEK	2016 US$000	2015 US$000	2016 US$000	2015 US$000
PWC								
Audit fees	950	1,035	950	1,035	111	123	111	123
Audit related services	122	330	122	330	14	39	14	39
Tax consultancy services	97	-	97	-	11	-	11	-
Other consulting services	185	86	185	86	22	10	22	10
Total fees for the audit and related services to PWC	**1,354**	**1,451**	**1,354**	**1,451**	**158**	**172**	**158**	**172**
Other auditing firms								
Statutory audit and related servises	102	190	-	-	12	22	-	-
Total fees for the audit and related services to auditing firms	**1,456**	**1,641**	**1,354**	**1,451**	**170**	**194**	**158**	**172**

NOTE 6

ITEMS AFFECTING COMPARABILITY

	Group	
	2015 TSEK	2015 US$000
Impairment of intangible assets	69,854	8,545
Impairment of tangible assets	36,792	4,279
Impairment of work in progress	11,630	1,392
Total items affecting comparability before income tax	**118,276**	**14,216**
Effect of items affecting comparability on deferred tax	14,718	1,762
Total items affecting comparability	**132,994**	**15,978**

In 2015, production at the Solcocon was temporarily terminated. As a result of terminating production at Solcocon, its assets were impaired by MSEK 133.0 (US$ 16.0 m) as on December 31, 2015 and recorded as Items affecting comparability in the consolidated income statement. In 2016 production at Solcocon was on hold. In 2017 the Group will start an exploration at Solcocon for resource potential update of Bogomolovskoye deposit and converting it into minable resources. Exploration will take two years. The Group management is looking at various options for Solcocon and these could result in a reverse of the impairement provision in the future.

The amount of current assets left at Solcocon after impairment at the end of 2016 was MSEK 22.079 (US$ 2.427 m) (2015: MSEK 9.391 (US$ 1.129 m)) and included the following assets:

	2016 TSEK	2015 TSEK	2016 US$ 000	2015 US$ 000
Inventories	19	1	2	-
Accounts receivable trade	1,629	924	179	110
Other current receivables	10,768	8,289	1,184	998
Prepaid expenses	927	167	102	20
Cash	8,736	10	960	1
Total current assets at Solcocon	**22,079**	**9,391**	**2,427**	**1,129**

NOTE 7

FINANCIAL INCOME

	Group		Group		Parent Company		Parent Company	
	2016 TSEK	2015 TSEK	2016 US$000	2015 US$000	2016 TSEK	2015 TSEK	2016 US$000	2015 US$000
Exchange rate differences	-	5,092	-	602	30,109	-	3,519	-
Interest income from group companies	-	-	-	-	7,929	21,351	926	2,531
Other interest income	148	-	18	-	-	-	-	-
Net income from reversal of earlier impairment of investments in subsidiaries	-	-	-	-	-	103,563	-	12,278
Total financial income	**148**	**5,092**	**18**	**602**	**38,038**	**124,914**	**4,445**	**14,809**

NOTE 8

FINANCIAL EXPENSES

	Group		Group		Parent Company		Parent Company	
	2016 TSEK	2015 TSEK	2016 US$000	2015 US$000	2016 TSEK	2015 TSEK	2016 US$000	2015 US$000
Interest expenses on loans and borrowings	-59,918	-60,086	-7,000	-7,125	-21,324	-21,494	-2,492	-2,550
Interest expenses on leasing	-1,991	-3,366	-233	-399	-	-	-	-
Other interest expenses	-461	-1,361	-54	-159	-	-	-	-
Total interest expenses	**-62,370**	**-64,813**	**-7,287**	**-7,683**	**-21,324**	**-21,494**	**-2,492**	**-2,550**
Exchange rate differences	-2,795	-	-308	-	-	-49,535	-	-5,871
Total financial expenses	**-65,165**	**-64,813**	**-7,595**	**-7,683**	**-21,324**	**-71,029**	**-2,492**	**-8,421**

NOTE 9

INCOME TAX AND DEFERRED INCOME TAX

	Group		Parent Company		Group		Parent Company	
	2016 TSEK	2015 TSEK	2016 TSEK	2015 TSEK	2016 US$ 000	2015 US$ 000	2016 US$ 000	2015 US$ 000
Current tax	-	-	-	-	-	-	-	-
Deferred tax	-11,860	-9,201	-	-	-1,355	-1,116	-	-
Total	**-11,860**	**-9,201**	**-**	**-**	**-1,355**	**-1,116**	**-**	**-**
Connection between tax expense and reported profit/loss								
Pre-tax profit/loss	66,924	-169,396	10,980	71,958	7,839	-20,377	1,284	8,531
Tax according to applicable tax rate	-13,385	34,134	-2,416	-15,831	-1,680	4,105	-282	-1,877
Tax effect of expenses that are non-deductible for tax purposes	-21,202	-68,189	-4,696	-44,798	-2,476	-8,084	-549	-5,311
Tax effect of non-taxable income	10,905	44,275	7,112	64,039	1,274	5,166	777	7,592
Impairment of deferred tax assets	-248	-17,265			-29	-2,047		
Adjustments in respect to income tax of previous years		-4,155				-493		
Tax effect of loss carry-forwards for which deferred taxes recoverable are not reported	12,070	1,999	-	-3,410	1,557	236	-	-404
Income tax expense reported in the income statement	**-11,860**	**-9,201**	**-**	**-**	**-1,355**	**-1,116**	**-**	**-**

The applicable tax rate for the Parent Company is 22%. 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 60 and are not limited in time.
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 three entities with material amounts of deferred tax assets: LLC Tardan Gold, LLC GRE-324, LLC Rudtechnology 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 the main part of deferred tax asset, net of impairment, to be utilised within a period of 1-2 years. Deferred taxes of LLC GRE-324 and LLC Rudtechnology, both representing Solcocon mine, were fully impaired as of December 31, 2015 in amount of MSEK 14.718 (US$ 1.762 m) as the Solcocon mine was temporary stopped. In 2016 production at Solcocon was on hold. In 2017 the Group will start an exploration at Solcocon for resource potential update of Bogomolovskoye deposit and converting it into minable resources. Exploration will take two years. The Group management is looking at various options for Solcocon and these could result in a reverse of the impairment provision.

Deferred tax consist of losses available for offsetting against future taxable income and temporary differences between reported and taxable values of assets and liabilities.

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Deferred tax relates to the following:	Consolidated statement of financial position, TSEK		Consolidated income statement, TSEK	
	2016	2015	2016	2015
Deferred tax assets:				
Losses available for offsetting against future taxable income	32,134	88,060	-49,652	4,849
Stripping costs	6,671	5,556	141	3,150
Site restoration provision	881	1,012	-153	13
Depreciation of fixed assets	-777	-880	256	517
Bad debt provision	423	95	-111	-145
Other temporary differences	1,147	915	426	271
Functional currency on non-monetary items	29,596	-	29,596	-
Deferred tax asset impairment	-	-16,041	-	-17,096
Total Deferred tax assets	**70,075**	**78,716**		
Deferred tax liabilities:				
Exploration costs	-31,976	-34,058	2,715	2,997
Leasing of equipment	-1,877	-1,029	-449	-254
Expenses capitalised	-390	-1,580	2,038	-262
Bonus recognition	-	-3,014	3,334	-3,241
Total Deferred tax liabilities	**-34,243**	**-39,680**		
Deferred tax expense			**-11,860**	**-9,201**
Net deferred tax assets	**35,832**	**39,036**		
Reflected in the statement of financial position as follows:				
Deferred tax assets	**45,332**	**52,375**		
Deferred tax liabilities	**-9,500**	**-13,339**		

Deferred tax relates to the following:	Consolidated statement of financial position, US$ 000		Consolidated statement of profit or loss, US$ 000	
	2016	2015	2016	2015
Deferred tax assets:				
Losses available for offsetting against future taxable income	3,532	10,543	-5,800	575
Stripping costs	733	665	16	373
Site restoration provision	97	121	-18	2
Depreciation of fixed assets	-85	-105	30	61
Bad debt provision	47	11	-13	-17
Other temporary differences	126	110	50	32
Functional currency on non-monetary items	3,481	-	3,481	-
Deferred tax asset impairment	-	-1,921	-	-2,007
Total Deferred tax assets	**7,931**	**9,424**		
Deferred tax liabilities:				
Exploration costs	-4,247	-4,704	317	355
Leasing of equipment	-206	-124	-52	-30
Expenses capitalised	-43	-189	238	-31
Bonus recognition	-	-361	396	-429
Total Deferred tax liabilities	**-4,497**	**-5,378**		
Deferred tax expense			**-1,355**	**-1,116**
Net deferred tax assets	**3,434**	**4,046**		
Reflected in the statement of financial position as follows:				
Deferred tax assets	**5,211**	**6,270**		
Deferred tax liabilities	**-1,777**	**-2,224**		

NOTE 10

MINING PERMITS AND CAPITALISED EXPLORATION COSTS

	Group		Parent Company	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
All amounts in TSEK	**TSEK**	**TSEK**	**TSEK**	**TSEK**
Opening balance	233,190	290,574	392	392
Capitalized exploration costs	17,007	6,907	-	-
Impairment of assets of Solcocon	-	-74,328	-	-
Translation difference	9,316	10,037	-	-
Closing balance	**259,513**	**233,190**	**392**	**392**
Opening balance amortizations and write downs	-69,589	-48,409	-392	-392
Amortization for the period	-21,341	-25,653	-	-
Impairment of assets of Solcocon	-	4,473	-	-
Closing amortizations and write downs	-90,930	-69,589	-392	-392
Closing net book value	**168,583**	**163,601**	**-**	**-**

	Group		Parent Company	
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
All amounts in US$ 000	**US$ 000**	**US$ 000**	**US$ 000**	**US$ 000**
Opening balance	32,998	41,260	60	60
Capitalized exploration costs	1,987	819	-	-
Impairment of assets of Solcocon	-	-9,081		
Translation difference	-	-	-	-
Closing balance	**34,985**	**32,998**	**60**	**60**
Opening balance amortizations and write downs	-9,917	-7,332	-60	-60
Amortization for the period	-2,493	-3,121	-	-
Impairment of assets of Solcocon	-	536	-	-
Closing amortizations and write downs	-12,410	-9,917	-60	-60
Closing net book value	**22,575**	**23,081**	**-**	**-**

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, 2016. 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 1,200 USD/oz, and a required yield of 11% per year. The result of the impairment tests on LLC Tardan Gold was that no impairment of the intangible assets was required as at December 31, 2016.
In 2015 the Group reported an impairment provision of intangible assets at Solcocon in amount of MSEK 69.855 (US$ 8.545 m) as at December 31, 2015. In 2015, production at the Solcocon was temporarily terminated. In 2016 production at Solcocon was on hold. In 2017 the Group will start an exploration at Solcocon for resource potential update of Bogomolovskoye deposit and converting it into minable resources. Exploration will take two years. The Group management is looking at various options for Solcocon and these could result in a reverse of the impairement provision in the future.

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NOTE 11

BUILDINGS AND LAND

	Group			
	31-12-2016	31-12-2015	31-12-2016	31-12-2015
	TSEK	**TSEK**	**US$000**	**US$000**
Opening balance	113,237	112,860	13,559	14,321
Purchases	-	-	-	-
Fixed assets put into use	-	493	-	58
Disposals	-	-	-	-
Impairment of assets of Solcocon	-	-8,237	-	-820
Translation difference	10,121	8,121	-	-
Closing balance accumulated acquisition values	**123,358**	**113,237**	**13,559**	**13,559**
Opening balance	-35,594	-26,110	-4,263	-3,230
Depreciation for the financial year	-7,783	-8,955	-909	-1,062
Disposals	-	-	-	-
Impairment of assets of Solcocon	-	1,474	-	29
Translation difference	-3,678	-2,003	-	-
Closing balance accumulated depreciation	**-47,055**	**-35,594**	**-5,172**	**-4,263**
Closing net book value	**76,303**	**77,643**	**8,387**	**9,296**

NOTE 12

MACHINERY, EQUIPMENT AND OTHER TECHNICAL PLANTS

	Group			
	31-12-2016 **TSEK**	31-12-2015 **TSEK**	31-12-2016 **US$000**	31-12-2015 **US$000**
Opening balance	241,957	318,514	28,800	40,468
Purchases	8,915	713	1,041	84
Fixed assets put into use	317	23,293	37	2,762
Internal transfer	-	-1,992	-	-307
Disposals	-1,267	-421	-148	-50
Impairment of assets of Solcocon	-	-119,494	-	-13,901
Stocktake write-off /surplus	614	-2,168	72	-257
Translation difference	21,361	23,512	-	-
Closing accumulated acquisition values	**271,897**	**241,957**	**29,802**	**28,800**
Opening balance	-117,769	-154,702	-14,100	-19,578
Depreciation for the financial year	-27,398	-43,659	-3,186	-5,166
Disposals	1,560	301	198	36
Impairment of assets of Solcocon	-	89,465	-	10,413
Internal transfer	-	-	-	-
Stocktake write-off /surplus	-467	1,642	-55	195
Translation difference	-12,213	-10,816	-	-
Closing accumulated depreciation	**-156,287**	**-117,769**	**-17,143**	**-14,100**
Closing net book value	**115,610**	**124,188**	**12,659**	**14,699**

NOTE 13

CONSTRUCTION IN PROGRESS

	Group			
	31-12-2016 TSEK	31-12-2015 TSEK	31-12-2016 US$000	31-12-2015 US$000
Opening balance	4,256	18,031	511	2,181
Purchases during the year	3,227	3,229	377	383
Fixed assets put into use	-317	-23,786	-37	-2,820
Internal transfer	-	4,998	-	767
Stocktake write-off /surplus	3	-12	-	-1
Translation difference	566	1,796	-	-
Closing book value	**7,735**	**4,256**	**851**	**511**

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 at year end 2016 caused by a construction of a new heap leach section on LLC Tardan Gold. An impairment test was carried out on the Group's productive gold assets as at December 31, 2016. The most significant portion of the tangible assets refers to the Tardan license area and the Staroverenskaya license area. The key assumptions applied in the test were the price of gold during the test period of 1,200 USD/oz, and a required yield of 11% per year. The result of the impairment tests on LLC Tardan Gold was that no impairment of the tangible assets was deemed to be required as at December 31, 2016.
In 2015 the Group reported an impairment provision of tangible assets at Solcocon in amount of MSEK 36.792 (US$ 4.279 m). In 2015, production at the Solcocon was temporarily terminated. In 2016 production at Solcocon was on hold. In 2017 the Group will start an exploration at Solcocon for resource potential update of Bogomolovskoye deposit and converting it into minable resources. Exploration will take two years. The Group management is looking at various options for Solcocon and these could result in a reverse of the impairement provision in the future.

NOTE 14

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, 2016	Book value of shares in subsidiaries on Parent Company on December 31, 2015
LLC Tardan Gold	1041700563519	Kyzyl	100%	100%	310,581	310,581
LLC Uzhunzhul*	1071901004746	Abakan	0%	100%	-	-
LLC GRE 324	1037542001441	Chita	100%	100%	-	-
LLC Rudtechnologiya	1077530000570	Krasnoka-mensk	100%	100%	-	-
LLC Auriant Management	1097746422840	Moscow	100%	100%	8,546	8,798
Auriant Cyprus Ltd	334919	Limassol	100%	100%	-	-
Awilia Enterprises Ltd**	270158	Limassol	30%	100%	23,364	23,364
LLC Kara-Beldyr***	1071701001460	Kyzyl	0%	100%	-	-
Total					**342,491**	**342,744**

* The subsidiary LLC Uzhunzhul is indirectly owned through the subsidiary LLC Tardan Gold. Hence there is no book value for this company in Auriant Mining AB.
** 70% of Awilia Enterprises Ltd is indirectly owned through the subsidiary Auriant Cyprus Ltd.
*** The subsidiary LLC Kara-Beldyr 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 asses that the recoverable value of these assets is not lower 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 assesments, with some of the more important being the price of gold and the yield required. The impairment test on the parent level shows no impairment indications.

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NOTE 15

INVENTORIES

	Group			
	31-12-2016 TSEK	31-12-2015 TSEK	31-12-2016 US$000	31-12-2015 US$000
Raw materials and consumables	12,470	7,911	1,370	946
Finished goods	14,563	312	1,601	37
Work in progress*	44,683	32,159	4,912	3,850
Total	**71,716**	**40,382**	**7,883**	**4,833**

The cost of inventories recognised as expense amounted to MSEK 55.565 (US$ 6.508 m) (2015: MSEK 54.517 (US$ 6.454 m)).
The balance of finished goods on December 31, 2016 related to 60.5 kg of gold ready for sale.

Work in progress balance increased due to balance of ore and tailings in warehouse more than doubled as of December 31, 2016.
* The amount as of December 31, 2015 included WIP impairment at LLC GRE-324 in the amount of MSEK - 11.630 (US$ - 1.392 m), as gold production has been put on hold.

NOTE 16

OTHER CURRENT RECEIVABLES AND PREPAID EXPENSES

	Group		Parent Company	
All amounts in TSEK	31-12-2016 TSEK	31-12-2015 TSEK	31-12-2016 TSEK	31-12-2015 TSEK
VAT receivable*	33,911	23,956	160	32
Other current receivables	618	818	1,654	149
Total other current receivables	**34,529**	**24,774**	**1,814**	**181**
Prepaid expenses	9,324	2,826	135	87
Total prepaid expenses	**9,324**	**2,826**	**135**	**87**

	Group		Parent Company	
All amounts in US$ 000	31-12-2016 US$000	31-12-2015 US$000	31-12-2016 US$000	31-12-2015 US$000
VAT receivable*	3,727	2,868	17	3
Other current receivables	68	106	182	19
Total other current receivables	**3,795**	**2,974**	**199**	**22**
Prepaid expenses	1,025	338	15	10
Total prepaid expenses	**1,025**	**338**	**15**	**10**

* The sale of gold is subject to 0% output VAT however purchase of most materials are subject to input VAT at rate of 18%. Therefore Auriant Mining companies always have significant amount of VAT receivable from the state. Usually it takes 3-6 months to recover VAT.
Prepaid expenses are presented by advances paid out to suppliers for materials and services to be provided in 2017 during the normal course of the Group's business.

NOTE 17

CASH AND CASH EQUIVALENTS

	Group		Parent Company	
All amounts in TSEK	**31-12-2016 TSEK**	**31-12-2015 TSEK**	**31-12-2016 TSEK**	**31-12-2015 TSEK**
Cash at bank	37,959	361	57	73
Total cash and cash equivalents	**37,959**	**361**	**57**	**73**

	Group		Parent Company	
All amounts in US$ 000	**31-12-2016 US$000**	**31-12-2015 US$000**	**31-12-2016 US$000**	**31-12-2015 US$000**
Cash at bank	4,173	43	6	9
Total cash and cash equivalents	**4,173**	**43**	**6**	**9**

Cash and cash equivalents include only cash at bank.

NOTE 18

EARNINGS PER SHARE AND OTHER INFORMATION REGARDING SHARE AND EQUITY

a) Before dilution
The 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			
	2016 TSEK	**2015 TSEK**	**2016 US$ 000**	**2015 US$ 000**
Profit/Loss attributable to the Parent Company's shareholders	55,064	-178,597	6,484	-21,494
Weighted average number of ordinary shares	17,802,429	17,802,429	17,802,429	17,802,429
Earnings per share, SEK, US$	3.09	-10.03	0.36	-1.21

b) After dilution
The Annual General Meeting established an incentive program for the Board members, members of management and other key employees though the issue of stock options entailing the right to subscribe to shares. Average number of shares outstanding for the period after dilution was 18,494,929. For details on the long-term incentive programs established in the Company please see the section Long-term incentive programs of the corporate governance report.

	Group			
	2016 TSEK	**2015 TSEK**	**2016 US$ 000**	**2015 US$ 000**
Profit/Loss attributable to the Parent Company's shareholders	55,064	-178,597	6,484	-21,494
Weighted average number of ordinary shares	17,802,429	17,802,429	17,802,429	17,802,429
Weighted average number of share options	692,500	2,520,934	692,500	2,520,934
Average number of shares for the period after dilution	18,494,929	20,323,363	18,494,929	20,323,363
Earnings per share after dilution, SEK, US$	2.98	-10.03	0.35	-1.21

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

At the 2016 and 2015 year-ends, the number of shares was as follows:

	Group		Parent Company	
Number of shares	**2016**	**2015**	**2016**	**2015**
Opening balance	17,802,429	17,802,429	17,802,429	17,802,429
New share issues during the period	-	-	-	-
Number of shares outstanding at each year-end	17,802,429	17,802,429	17,802,429	17,802,429
Share capital (Quotient value SEK 0,1125 per share)	**2,002,773**	**2,002,773**	**2,002,773**	**2,002,773**
Share capital in US $	**307,384**	**307,384**	**307,384**	**307,384**

The share capital limits at the 2016 year-end according to the articles of association were not less than MSEK 2.0 and not more than MSEK 8.0. The limit for number of shares was not less than 15,000,000 and not more than 60,000,000. The number of authorised and fully paid shares at the year-end 2016 is 17,802,429.

NOTE 19

PROVISIONS

	Group			
	31-12-2016 TSEK	**31-12-2015 TSEK**	**31-12-2016 US$000**	**31-12-2015 US$000**
Opening provision for restoration costs	5,500	6,607	659	846
Additional provisions during the year	-	-	-	-
Unwinding of discount	160	208	19	25
Reversal of provision for site restoration	-810	-151	-95	-18
Translation difference	1,643	-1,164	131	-194
Total provisions	**6,493**	**5,500**	**714**	**659**

Present value of restoration costs is calculated for each license in each subsidiary on an annual basis and 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.
The provision for restoration costs of the Tardan license area is estimated to be utilised at the end of the mining license period - 2032. The provision relating to the Starovereenskaya license area is estimated to be utilized at the end of the mining license period -2029.

NOTE 20

LONG TERM AND SHORT TERM LOANS, BONDS AND NOTES

	Group					
	31-12-2016 TSEK	**31-12-2016 US$ 000**	**Effective interest rate in 2016**	**31-12-2015 TSEK**	**31-12-2015 US$ 000**	**Effective interest rate in 2015**
Liability to Golden Impala, USD	393,764	43,285	4.3%	344,894	41,293	4.7%
Long-term bank loans payable, USD	131,908	14,500	9.1-10.8%	165,346	19,796	9.1-10.8%
Long-term notes payable, RUR	3,026	332	-	2,306	277	-
Total long-term loans, notes and bond	**528,698**	**58,117**		**512,546**	**61,366**	
Shareholder loans payable, USD	55,158	6,063	10.0%	46,466	5,563	10.0%
Short-term bank loans payable, USD	223,320	24,549	9.1%-10.8%	204,940	24,537	10.0%
Total short-term loans and bond	**278,478**	**30,612**		**251,406**	**30,100**	

In May 2015, the Company came to an agreement with the majority Shareholder to reduce the interest rate on the Shareholder's bond from 10% p.a. to 2% p.a., accounted for as "Liability to Golden Impala" – a company related to the Mr. Preston Haskell, who is Auriant's ultimate controlling party. These changes are effective from 1 March 2015. In exchange, the majority Shareholder has been offered an option to redeem US$ 20 m of the outstanding bond amount in the form of cash or new shares, or a combination of both. The conversion date is at the discretion of the Shareholder until December 31, 2018. In accordance with International Financial Reporting Standards, part of the debt to the Shareholder in amount of MSEK 35.156 (US$ 4.265 m) was accounted for as additional paid in capital.
The fair value of liability to Golden Impala is as follows:

	31-12-2016 TSEK	**31-12-2016 US$ 000**	**31-12-2015 TSEK**	**31-12-2015 US$ 000**
Nominal value of liability to Golden Impala	**416,723**	**45,808**	**374,641**	**44,910**
Effect of the conversion of part of the debt into Equity	-35,156	-4,265	-35,156	-4,265
Unwinding of discount	14,766	1,741	5,409	648
Translation difference	-2,569	-	-	-
Liability to Golden Impala at amortised cost	**393,764**	**43,285**	**344,894**	**41,293**

NOTE 21

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.
Financial instruments categories, classifications and holdings:
The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets. The Group currently has no assets classified as financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets.
The Group's financial liabilities include trade, lease and other payables, bond, notes and loans.

Financial liabilities disclosures

	Group		Parent Company	
All amounts in TSEK	**31-12-2016 TSEK**	**31-12-2015 TSEK**	**31-12-2016 TSEK**	**31-12-2015 TSEK**
Liability to Golden Impala	393,764	344,894	393,764	344,894
Notes and loans payable	134,934	167,652	-	-
Lease payable	1,227	5,772	-	-
Other long-term liabilities	56,874	44,829	894	894
Total long-term financial liabilities	**586,799**	**563,147**	**394,658**	**345,788**
Loans payable*	278,478	251,406	55,158	46,466
Lease payable	6,392	5,624	-	-
Trade accounts payable	6,322	20,500	865	3,172
Other current liabilities	14,960	13,247	1,170	1,226
Total short-term financial liabilities	**306,152**	**290,777**	**57,193**	**50,864**

*Loans payable in the Parent company represents loan liability at 10% p.a. to the main Shareholder.

	Group		Parent Company	
All amounts in US$ 000	**31-12-2016 US$ 000**	**31-12-2015 US$ 000**	**31-12-2016 US$ 000**	**31-12-2015 US$ 000**
Liability to Golden Impala	43,285	41,293	43,285	41,293
Notes and loans payable	14,832	20,073	-	-
Lease payable	135	691	-	-
Other long-term liabilities	6,252	5,367	98	107
Total long-term financial liabilities	**64,504**	**67,424**	**43,383**	**41,400**
Loans payable*	30,612	30,100	6,063	5,563
Lease payable	703	673	-	-
Trade accounts payable	695	2,454	95	380
Other current liabilities	1,645	1,586	129	147
Total short-term financial liabilities	**33,655**	**34,813**	**6,287**	**6,090**

*Loans payable in the Parent company represents loan liability at 10% p.a. to the main Shareholder.

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

	2017 TSEK	**2018 TSEK**	**2019 TSEK**	**2020 TSEK**	**after 2020 TSEK**
Loans payable	278,478	45,486	86,422	-	-
Liability to Golden Impala	-	393,764	-	-	-
Notes payable	-	-	-	-	3,026
Leases liability	6,392	1,227	-	-	-
Other long term liabilities	-	-	6,023	8,689	42,162
Trade accounts payable	6,322	-	-	-	-
Other current liabilities	14,960	-	-	-	-
Total	**306,152**	**440,477**	**92,445**	**8,689**	**45,188**

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

	2017 US$ 000	**2018 US$ 000**	**2019 US$ 000**	**2020 US$ 000**	**after 2020 US$ 000**
Loans payable	30,612	5,000	9,500	-	-
Liability to Golden Impala	-	43,285	-	-	-
Notes payable	-	-	-	-	332
Leases liability	703	135	-	-	-
Other long term liabilities	-	-	662	955	4,635
Trade accounts payable	695	-	-	-	-
Other current liabilities	1,645	-	-	-	-
Total	**33,655**	**48,420**	**10,162**	**955**	**4,967**

Fair and carrying values of financial liabilities, TSEK	**31-12-2016 TSEK Fair value**	**31-12-2016 TSEK Carrying amount**	**31-12-2015 TSEK Fair value**	**31-12-2015 TSEK Carrying amount**
Trade accounts payable	6,322	6,322	20,500	20,500
Other current and long-term liabilities	71,834	71,834	58,076	58,076
Liability to Golden Impala	393,764	393,764	344,894	344,894
Loans payable	410,386	410,386	416,752	416,752
Notes payable	3,026	3,026	2,306	2,306
Leases payable	7,619	7,619	11,396	11,396
Total financial liabilities	**892,951**	**892,951**	**853,924**	**853,924**

Fair and carrying values of financial liabilities, US$ 000	**31-12-2016 US$ 000 Fair value**	**31-12-2016 US$ 000 Carrying amount**	**31-12-2015 US$ 000 Fair value**	**31-12-2015 US$ 000 Carrying amount**
Trade accounts payable	695	695	2,454	2,454
Other current and long-term liabilities	7,897	7,897	6,953	6,953
Liability to Golden Impala	43,285	43,285	41,293	41,293
Loans payable	45,112	45,112	49,896	49,896
Notes payable	332	332	277	277
Leases payable	838	838	1,364	1,364
Total financial liabilities	**98,159**	**98,159**	**102,237**	**102,237**

Maturity structure of financial liabilities as at December 31, 2016	< 1 year from reporting date, TSEK	> 1 - < 5 years from reporting date, TSEK	> More than 5 years, TSEK	<1 year from reporting date, US$000	> 1 - < 5 years from reporting date, US$000	> More than 5 years, US$000
Trade accounts payable	6,322	-	-	695	-	-
Other liabilities	14,960	14,712	42,162	1,645	1,617	4,635
Liability to Golden Impala	-	393,764	-	-	43,285	-
Loans payable	278,478	131,908	-	30,612	14,500	-
Notes payable	-	-	3,026	-	-	332
Leases payable	6,392	1,227	-	703	135	-
Total financial liabilities	**306,152**	**541,611**	**45,188**	**33,655**	**59,537**	**4,967**

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:

	Group					
	31-12-2016 TSEK	31-12-2016 TSEK	31-12-2016 TSEK	31-12-2016 US$ 000	31-12-2016 US$ 000	31-12-2016 US$ 000
	Minimum lease payments	Interest	Present value of payments	Minimum lease payments	Interest	Present value of payments
Less than one year	7,089	697	6,392	779	76	703
Between one and five years	1,302	75	1,227	143	8	135
Total	**8,391**	**772**	**7,619**	**922**	**84**	**838**

Financial assets disclosures

	31-12-2016 TSEK	31-12-2016 TSEK	31-12-2015 TSEK	31-12-2015 TSEK
Cash and cash equivalents, TSEK	**Fair value**	**Reported value**	**Fair value**	**Reported value**
Cash and cash equivalents in SEK	53	53	51	51
Cash and cash equivalents in USD	33,138	33,138	23	23
Cash and cash equivalents in RUR	4,768	4,768	287	287
Total cash and cash equivalents	**37,959**	**37,959**	**361**	**361**

	31-12-2016 US$000	31-12-2016 US$000	31-12-2015 US$000	31-12-2015 US$000
Cash and cash equivalents, US$ 000	**Fair value**	**Reported value**	**Fair value**	**Reported value**
Cash and cash equivalents in SEK	6	6	6	6
Cash and cash equivalents in USD	3,643	3,643	3	3
Cash and cash equivalents in RUR	524	524	34	34
Total cash and cash equivalents	**4,173**	**4,173**	**43**	**43**

Fair and carrying values of financial assets

	31-12-2016 TSEK	31-12-2016 TSEK	31-12-2016 TSEK	31-12-2015 TSEK	31-12-2015 TSEK	31-12-2015 TSEK
All amounts in TSEK	**Fair value**	**Reported value**	**Maximum credit risk**	**Fair value**	**Reported value**	**Maximum credit risk**
Accounts receivable trade*	2,906	2,906	2,906	18,982	18,982	18,982
Less, provision for impairment of trade receivables	-1,216	-1,216	-1,216	-	-	-
Accounts receivable, net	1,690	1,690	1,690	18,982	18,982	18,982
Other current receivables	618	618	618	818	818	818
Cash and cash equivalents	37,959	37,959	-	361	361	-
Total financial assets	**40,267**	**40,267**	**2,308**	**20,161**	**20,161**	**19,800**

	31-12-2016 US$ 000	31-12-2016 US$ 000	31-12-2016 US$ 000	31-12-2015 US$ 000	31-12-2015 US$ 000	31-12-2015 US$ 000
All amounts in US$ 000	**Fair value**	**Reported value**	**Maximum credit risk**	**Fair value**	**Reported value**	**Maximum credit risk**
Accounts receivable trade*	319	319	319	2,272	2,272	2,272
Less, provision for impairment of trade receivables	-133	-133	-133	-	-	-
Accounts receivable, net	186	186	186	2,272	2,272	2,272
Other current receivables	68	68	68	106	106	106
Total cash and cash equivalents	4,173	4,173	-	43	43	-
Total financial assets	**4,427**	**4,427**	**254**	**2,421**	**2,421**	**2,378**

*Account receivable trade in 2015 included receivables for management services to five gold properties located in Chucotka in the amount of MSEK 17.785 (US$ 2.129 m).

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by 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 which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

All financial instruments measured at fair value use 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. Thus, 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 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. The Group's is exposed to currency risk in its operations as well, 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. 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 currency hedging measures. In the event of fluctuations on the exchange market may lead to material adverse effect on the Group's business, financial condition and results of operations.

The Group's income is subject to exchange rate fluctuations. The Group's revenue from gold sales is linked to U.S. dollars, whereas most 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. In 2016, for instance, the rouble appreciated by 17 per cent against the U.S. dollar. 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.

Assets and liabilities are translated from the functional currency to the reporting currency at the closing rate of 9.0971 SEK per US$ (8.3524 SEK per US$ at December 31, 2015). In 2016 income and expenses were translated using the following average rates of SEK per US$: 8.4567, 8.2115, 8.5204 and 9.042 for Q1 2016, Q2 2016 Q3 2016 and Q4 2016 respectively (2015: 8.3365, 8.4212, 8.4789 and 8.4991 for Q1, Q2, Q3 and Q4 respectively). The translation differences are recognised as a separate component of other comprehensive income and the cumulative effect is included in other reserves in shareholders' equity.

Group financial assets and liabilities by currency:

	31-12-2016 TSEK	31-12-2016 TSEK	31-12-2016 TSEK	31-12-2016 TSEK
All amounts in TSEK	**SEK**	**US$**	**RUR**	**Total**
Cash and cash equivalents	53	33,138	4,768	37,959
Trade accounts receivable	-	-	1,690	1,690
Other current receivables	2	-	616	618
Total financial assets	**55**	**33,138**	**7,074**	**40,267**
Trade accounts payable	916	-	5,406	6,322
Other current and long term liabilities	1,603	55,981	14,250	71,834
Liability to Golden Impala	-	393,764	-	393,764
Loans payable	-	410,386	-	410,386
Notes payable	-	-	3,026	3,026
Lease payable	-	-	7,619	7,619
Total financial liabilities	**2,519**	**860,131**	**30,301**	**892,951**
Net financial items	**-2,464**	**-826,993**	**-23,227**	**-852,684**

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

31-12-2016 Changes in Exchange rate of RUR, %	31-12-2016 Effect on profit before income tax, TSEK	31-12-2016 Changes in Exchange rate of USD, %	31-12-2016 Effect on profit before income tax, TSEK
10%	Decrease by 2,323	10%	Decrease by 82,699
-10%	Increase by 2,323	-10%	Increase by 82,699

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 may lead to material adverse effect on the Company's business, financial condition and results of operations.

The Group derives substantially all of its revenue from the sale of gold. Accordingly, its financial results largely depend 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 forecast accurately 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 global gold price has declined significantly since 2012, and has been subject to volatile movements over short periods of time. In 2014, the Group's average realized price was US$1,249 per ounce; in 2015 the Group's average realized price decreased to US$ 1,157 per ounce, or 7%; in 2016 the Group's average realized price rose back to US$ 1,269 per ounce, or 9%. During 2016 the price was volatile, opening at US$ 1,082 in January, peaking at US$ 1,365 in July and closing at US$ 1,145 per ounce in December.

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 of operations and financial position.

The table below summarises the impact on profit before tax for 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 37,161	Increase by 4,338
-10%, other things being equal	Decrease by 37,161	Decrease by 4,338

a2) 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 higher interest rate in the future may lead to material adverse effect on the Group's business, financial condition and results of operations.

However substantial portion of Group's interest bearing loans are short term, i.e. due for repayment in less than one year. Remaining portion is due in less than 5 years. The Group on regular basis is engaged into negotiations with existing finance providers in order to roll current obligations over to next periods and maintain optimal debt repayment pattern. Conditions of the loans can be changed or adjusted during these negotiations, including potential interest rate raise. In the case if Group will not be able to find alternative finance sources it may lead to raise in interest rate expenses, which it its turn and 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 on 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, which provide financing to the Group. With respect to gold sales, there are generally no receivables arising out of these transaction – the Group sells gold to the bank, which hold a special license for conducting operations with precious metals. In course of transaction the Group either receives a pre-payment from the bank once refinery reports receiving Dore bar from the Group or, if gold is not sold on a pre-payment basis, the buyer settles its obligation in the same day. Auriant has quite small amounts of accounts receivable from other parties, overwhelming majority of which arises out of 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 counterpart default may lead to material adverse effect on the Group's business, financial condition and results of operations.

c) Liquidity risk

Auriant Mining is at development stage, and, therefore, requires continued capital expenditures. 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. In an event where Auriant is unable to secure financing may lead to material adverse effect on the Group's business, financial condition and results of operations.

The Group is leveraged and substantial amount of its debt is short term. The banking system in Russian Federation remains under on-going development providing limited liquidity to Russian enterprises at interest rates usually higher than those in EU or US. For enterprises similar to the Group in size of operations the banking system usually does not provide sufficient long term liquidity. Duration of banking obligation is rarely exceed 5 year, and normally varies between 1 to 3 years, with substantial funds provided to the borrowers as a working capital financing facilities with trenches less than 1 year. The Group on an on going basis negotiates with financing banks such a repayment pattern, which will allow the company finance its operating and investing activities and service it debt. Even though in the past the Group was successful in negotiating repayment schedules allowing the Group to continue on a going concern basis, no assurance can be given that the Group will be able to do so in the future. If the Group will not be able to negotiate with banks a schedule of repayment allowing it to finance its operating and financing actives and meet its other obligations when due it may have a material adverse effect on the Group's business, results of operations and financial position.

NOTE 22

TRADE AND OTHER ACCOUNTS PAYABLE

	Group		Parent Company	
All amounts in TSEK	**31-12-2016 TSEK**	**31-12-2015 TSEK**	**31-12-2016 TSEK**	**31-12-2015 TSEK**
Trade accounts payable	6,322	20,500	865	3,172
Advances received	-	1,339	-	-
Other payables	7,817	6,807	12	13
Accrued fees	546	819	509	830
Total trade and other accounts payable	**14,685**	**29,465**	**1,386**	**4,015**

	Group		Parent Company	
All amounts in US$ 000	**31-12-2016 US$000**	**31-12-2015 US$000**	**31-12-2016 US$000**	**31-12-2015 US$000**
Trade accounts payable	695	2,454	95	380
Advances received	-	160	-	-
Other payables	861	813	1	2
Accrued fees	60	98	56	99
Total trade and other accounts payable	**1,616**	**3,525**	**152**	**481**

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OTHER CURRENT LIABILITIES

	Group		Parent Company	
All amounts in TSEK	**31-12-2016 TSEK**	**31-12-2015 TSEK**	**31-12-2016 TSEK**	**31-12-2015 TSEK**
Payroll and social contributions	6,211	7,218	189	88
Other employee benefit expenses	6,718	2,688	499	514
Tax liabilities	3,015	8,027	-	-
Provision for court proceedings	1,541	1,913	-	-
Total other current liabilities	**17,485**	**19,846**	**688**	**602**

	Group		Parent Company	
All amounts in US$ 000	**31-12-2016 US$000**	**31-12-2015 US$000**	**31-12-2016 US$000**	**31-12-2015 US$000**
Payroll and social contributions	683	864	21	10
Other employee benefit expenses	738	322	55	62
Tax liabilities	331	961	-	-
Provision for court proceedings	169	229	-	-
Total other current liabilities	**1,921**	**2,376**	**76**	**72**

NOTE 24

LOANS TO SUBSIDIARIES

	Parent Company			
	31-12-2016 TSEK	**31-12-2015 TSEK**	**31-12-2016 US$000**	**31-12-2015 US$000**
Opening balance	283,662	119,517	33,962	15,300
Loans during the year	-	11,471	-	1,360
Accrued interest	7,929	21,351	926	2,531
Repaid during the year	-9,922	-9,449	-1,180	-1,120
Provision/reversal of loan receivables	-	164,096	-	19,647
Translation difference	66,328	-23,324	4,546	-3,756
Closing book value	**347,997**	**283,662**	**38,254**	**33,962**

Loans to subsidiaries represent a significant part of the assets in the Parent Company, and impairment tests are regulary carried out by the management of the Parent Company in order to determine that the recoverable value of these assets is not lower than their reported values. The impairment tests performed as at December 31, 2016 shown no indicators of impairment of loans granted and investments to subsidiary companies. In 2015 an impairment provision of investments and loans to Solcocon (LLC GRE 324, LLC Rudtechnologia) in amount of MSEK 187.523 and a reversal of earlier impairment of investments and loans in Tardan Gold LLC in total amount of MSEK 291.086 were made.

NOTE 25

PLEDGED ASSETS

	Parent Company		Parent Company	
Pledged assets*	**31-12-2016 TSEK**	**31-12-2015 TSEK**	**31-12-2016 US$000**	**31-12-2015 US$000**
Shares in subsidiaries	310,581	310,581	34,141	37,185
Receivables on subsidiaries	93,322	71,192	10,258	8,523
Pledged bank accounts	50	50	5	6
Total	**403,953**	**381,823**	**44,404**	**45,714**

*100% of shares of LLC Tardan Gold, LLC GRE-324, LLC Rudtechnology and 30% of LLC Kara-Beldyr are pledged under the loan agreements PJSC Vozrojdeniye and PJSC Avtovazbank (both further – PSB bank). The amount of pledged assets as of December 31, 2016 is zero due to the fact that net assets of production companies are negative.

NOTE 26

OTHER LONG TERM LIABILITIES

	Group		Parent Company	
All amounts in TSEK	**31-12-2016 TSEK**	**31-12-2015 TSEK**	**31-12-2016 TSEK**	**31-12-2015 TSEK**
Contingent consideration	55,981	43,935	-	-
Other long-term liabilities	2,120	6,666	894	894
Total other long-term liabilities	**58,101**	**50,601**	**894**	**894**

	Group		Parent Company	
All amounts in US$ 000	**31-12-2016 US$000**	**31-12-2015 US$000**	**31-12-2016 US$000**	**31-12-2015 US$000**
Contingent consideration	6,154	5,260	-	-
Other long-term liabilities	233	798	98	107
Total other long-term liabilities	**6,387**	**6,058**	**98**	**107**

In October 2014, the Group acquired 70% interest in LLC Kara-Beldyr from Canada's Centerra Gold Inc. and increased it's 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 measued based on the fair value from the cash flow model. Cash flow model included 3 scenarios: realistic, optimistic and pessimistic with probabilities of 90%, 5% and 5% respectivelly. Ranges of main assumptions for scenarios were the following: Gold price: 950 - 1250 $/oz, WACC - 17.5%. All changes in fair value considerations are accounted for through the asset's cost. As of December 31, 2016 contingent consideration equals to MSEK 55.9 (US$ 6.154 m) (December 31, 2015 – MSEK 43.9 (US$ 5.260 m).

NOTE 27

TRANSACTIONS WITH RELATED PARTIES

The majority shareholder and the ultimate parent of Auriant AB is Bertil Holdings Limited owning approximately 53% 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 47% of the shares in Auriant are held among approximately 3,300 shareholders.

Financing

In May 2015, the Company came to an agreement with the majority Shareholder to reduce the interest rate from 10% p.a. to 2% p.a. on the Shareholder's bond accounted for as 'Liability to Golden Impala' - a company related to the Mr. Preston Haskell. These changes are effective from 1 March 2015. In exchange, the majority Shareholder has been offered an option to redeem US$ 20 m of the outstanding bond amount in the form of cash or new shares, or a combination of both. The conversion date is at the discretion of the Shareholder until December 31, 2018.
The nominal amount of bond liability to Golden Impala as of December 31, 2016 is MSEK 416.723 (US$ 45.808 m). The fair value of bond liability to Golden Impala as of December 31, 2016 is MSEK 393.764 (US$43.285 m). The loan liability to Mr. Preston Haskell as of December 31, 2016 is MSEK 55.158 (US$ 6.063 m).
Accrued interest expenses for transactions with related parties during 2016 amounted to MSEK -21.324 (US$ -2.492 m), including interest of MSEK -9.358 (US$ -1.094) accrued at a discount rate of 9% p.a. for the convertible part of the bond liability.

Financing from Golden Impala	**TSEK**	**US$000**
Opening balance including interests	344,894	41,293
Loans received during the period	-	-
Interest accrued for the period	17,045	1,992
Loans repaid during the period including interests	-	-
Exchange rate differences	31,825	
Outstanding debt including interests	**393,764**	**43,285**

Financing from shareholder	**TSEK**	**US$000**
Opening balance including interests	46,466	5,563
Loans received during the period	-	
Interest accrued for the period	4,279	500
Loans repaid during the period including interests	-	-
Exchange rate differences	4,413	-
Outstanding debt including interests	**55,158**	**6,063**

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

	Group			
	2016 TSEK	**2015 TSEK**	**2016 US$ 000**	**2015 US$ 000**
Consulting services from company related to Board member	750	126	88	15
Golden Impala legal services	-	1,223	-	145
Legal services from a company related to the main shareholder	528	-	62	-
Interest expenses to related parties:				
Interest to companies controlled by the ultimate controlling party	17,045	17,487	1,992	2,075
Interest to Shareholders	4,279	4,007	500	475
Balances with related parties at the end of the year				
Liabilities to Company related to Board member	128	-	14	-
Liabilities for legal services from Golden Impala	-	2,796	-	335
Liabilities to Companies related to the ultimate controlling party	395,615	346,701	43,488	41,509
Liabilities to Shareholders	55,158	46,466	6,063	5,563

For Board and Senior Executive remuneration please refer to Note 4.

NOTE 28

PROPOSAL FOR PROFIT DISTRIBUTION

The Group's equity at year-end 2016 amounted to MSEK -308.3 (US$ -30.4 mln), of which the share capital is MSEK 2.003 (US$ 0.3 mln).

In the Parent Company the unrestricted shareholders equity amounts to:

	SEK
Share premium reserve	624,087,508
Retained earnings	-662,772,336
Net income for the year	10,980,010
Total unrestricted equity	-27,704,818

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 is paid for the financial year.

NOTE 29

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In 2016, the Company received a letter from Kronofogdemyndigheten, Swedish enforcement authority, (further - KFM) regarding KFM's decision to take ownership of the debt owed by Auriant Mining to Mr. Preston Haskell, a related party. As of December 31, 2016 the loan liability to Mr. Preston Haskell was MSEK 55.158 (US$ 6.063 m). In 2017 Auriant Mining AB has reached an agreement with KFM regarding a repayment schedule for the debt. Under the agreement, the debt will be paid by the Company to KFM in accordance with the following schedule: US$ 1.0 mln in Q3 2017, US$ 1.0 mln in Q4 2017, US$ 2.0 mln in the 2nd half of 2018, and the remaining amount by the end of 2019. From 2017 the interest rate on the debt is 2% p.a.

In April 2017, the Board of Directors of Auriant Mining AB (the Parent company of the Group) has decided to propose a partially underwritten rights issue totalling approximately MSEK 329 (US$ 36.2 mln) (the "Offering") to the Annual General Meeting. The Offering is expected to consist of a maximum of 89,012,145 new shares (the «Offer Shares»). The Offer Shares would represent approximately 83.33 per cent of all shares in the Company should the Offering be fully subscribed.

That will eliminate part of the convertible debt and also provide the Company with new capital for required investments. The remaining part of the convertible debt will be replaced with a simple promissory note. The reduction of the indebtedness will reduce Auriant Mining's dependency on the main owner, lower the financial risk, as well as create a more solid balance sheet. Furthermore, upgrading the Tardan production facility will significantly increase the production and recovery in the mine. Investments will lead to extended mine life, higher gold production over its lifetime and decreased cost of production as a result of a higher recovery rate.

If the Offering is fully subscribed, the Company expects to receive net cash proceeds of approximately MSEK 157 (US$ 17.3 mln) from the Offering, before deducting the estimated expenses related to the Offering payable by the Company of approximately MSEK 22 (US$2.4 mln).
The Company will use the net cash proceeds from the Offering to i) upgrade the Tardan production facilities by implementing a Carbon-In-Leach technology increasing the recovery rate (approximately MSEK 90 (US$ 10.0 mln), ii) develop and design the building of the Kara-Beldyr mine anticipating higher production efficiency (approximately MSEK 18 (US$ 2.0 mln) and iii) explore the Solcocon mine for additional resources suitable for the Carbon-In-Leach method (approximately MSEK 27 (US$ 3.0 mln). In addition, MSEK 172 (US$ 19.0 mln) of the convertible loan of Bertil Holdings Ltd will be set off through a subscription commitment in the Offering, creating a more solid balance sheet.

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 excepted accounting principles in Sweden 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.

Stockholm, April 21, 2017

Lord Daresbury
Chairman of the Board

Preston Haskell
Board Member

Ingmar Haga
Board Member

James Provoost Smith
Deputy Board Member

Sergey Ustimenko
CEO

The annual report and the consolidated financial statements have, as stated above, been approved for issue by the Board of Directors on April 21, 2017. 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 12, 2017.

Our audit report was submitted on April 21, 2017

Öhrlings PricewaterhouseCoopers AB

Martin Johansson
Authorised Public Accountant

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 of Auriant Mining AB for the year 2016, except for the corporate governance statement on pages 56-62. The annual accounts and consolidated accounts of the company are included on pages 50-65 and 68-116 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 as of 31 December 2016 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 2016 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 opinion does not include the corporate governance statement on pages 56-62. 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 statement of financial position 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

The Board of Directors and the Managing Director are responsible for the other information. The other information is presented on pages 1-49 and 67 (but does not include the annual accounts, consolidated accounts and our auditor's report thereon).

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 consolidated 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

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 for the year 2016 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss be dealt with 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

It is the board of directors who is responsible for the corporate governance statement for the year 2016 on pages 56-62 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevU 16The 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 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 21 April 2017

Öhrlings PricewaterhouseCoopers AB

Martin Johansson
Authorized Public Accountant
Auditor-in-charge

Anna Rozhdestvenskaya
Authorized Public Accountant

Additional Information

TRANSLATION

This text is the English version of the 2016 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 2017

Auriant Mining AB’s financial year runs from 1 January to 31 December. In 2017, the Company will issue interim financial information as follows:

Interim report (1) January–March 2017:
19 May 2017
Interim report (2) January – June 2017:
25 August 2017
Interim report (3) January – September 2017:
30 November 2017
Interim report (4) January – December 2017:
28 February 2018