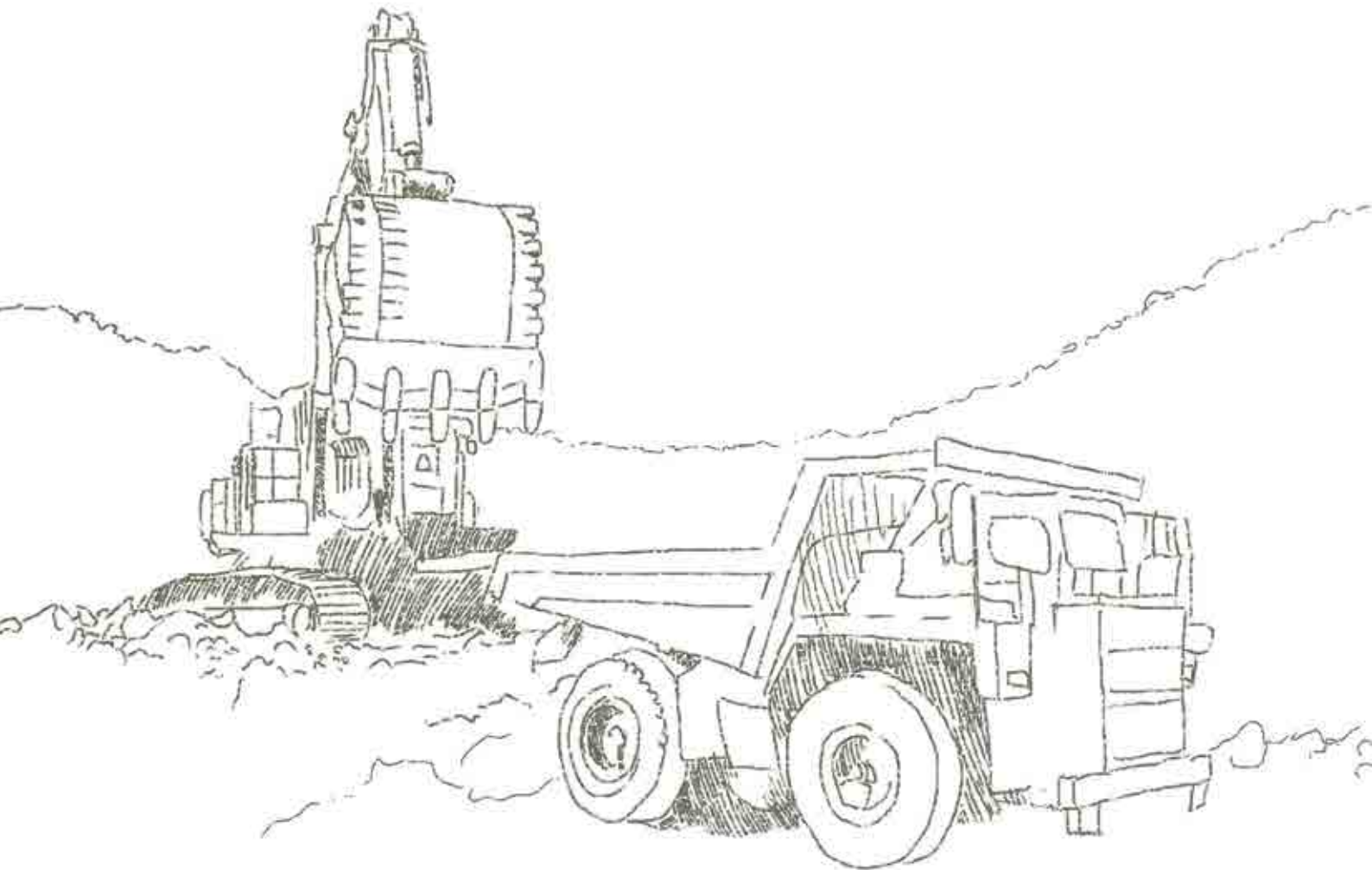




AURIANT  
MINING

# AURIANT MINING

Annual Report 2013



# Auriant Mining in brief

Auriant Mining AB ("AUR AB") is a Swedish junior mining company, focused on gold exploration and production in Russia. The company has two producing mines, Tardan in the Republic of Tyva, and Solcocon in the Zabaikalsky region. In addition it has one early stage exploration property – Uzhunzhul in the Republic of Khakassia, and an advanced exploration property - Kara-Beldyr, in the Republic of Tyva which is operated as a joint venture with Centerra Gold Inc., a major Canadian gold producer.



Russia focused gold miner

Listed on NASDAQ  
OMX First North  
Premier

2 producing mines

3 exploration  
properties

869 employees

2013 production  
of 1,142 kg of gold  
(36,716 oz)

Auriant's main assets comprise a number of mineral licenses held by the various subsidiaries. The licenses as at the end of December 2013 contain official Russian State Reserves Committee (GKZ) reserves of 720,000 troy ounces (1 oz = 31.1 g) in the C<sub>1</sub> and C<sub>2</sub> categories (or approximately 22.4 tonnes of gold). In addition, there are 150,000 oz (or approximately 4.7 tonnes) of gold resources according to the Canadian NI 43 – 101 standard, which represent Auriant's 30% share of Kara-Beldyr resources.

In 2013 Auriant employed an average of 869 employees, excluding contractors. In 2013, 1,142 kg (36,716 oz) of gold were produced, an increase of 78% compared with 2012 gold production.

Auriant is headquartered in Stockholm, Sweden, and is listed on the Swedish NASDAQ OMX First North Premier stock exchange. The number of shareholders was approximately 3,000 and the company had 17,802,429 ordinary shares in issue as of 31 December, 2013 and a market capitalization of approximately MSEK 150 (equivalent to US\$ 22.5 m).

## Our Goal

Our long term goal is to become a leading, sustainable and efficient medium sized gold producer. In a low gold price environment, we will achieve this through creating value for our shareholders by minimizing risks related to exploration, mining, and processing of our mineral resources and increasing efficiency. Our primary focus is on gold production in Russia but we may diversify into other minerals and countries over time.

## Our Strategy

The growth and sustainability of the company will rely on:

- 1) in the short term, a focus on reducing costs and increasing production to full capacity of our existing assets;
- 2) over the medium term continuing exploration at our existing properties to expand resources, extend mine lives, and construct and place new mines into production;
- 3) in the medium to long term position Auriant as a consolidation vehicle for Russian gold assets.



# Our values

## PEOPLE

### 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. We can proudly say that the level of accidents and injuries is very low in the company compared to the rest of the sector.

### 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 employees who are treated with respect have a higher level of professional performance. All our employees are given equal opportunities for career development. We reward and encourage teamwork, creativity and innovation.

## ENVIRONMENT AND THE COMMUNITY

### Social responsibility

We are actively engaged in the local communities in the areas where we operate by, among other things, supporting and contributing to education and infrastructure and by prioritizing the local population when employing staff in the company.

### Responsible mining

Environmental responsibility is a central issue in a company with operations involving environmental risks. The majority of the Company's activities are carried out in areas which are sensitive to the impact of mining

operations. Auriant understands that there are people living around us and therefore seeks to minimize the negative impacts of our operations on the environment, by focusing on adopting innovative technologies, continuously optimizing resource utilization and decreasing waste.

## INTEGRITY AND CORPORATE GOVERNANCE

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 maximally transparent relations with Government authorities, defending our interests in court where necessary. 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 of mining and running public companies. Going forward we intend to further strengthen our corporate governance in order to deliver maximum shareholder value.



# Content

Auriant Mining in brief	2
Our values	3
Significant events during 2013	5
Comments by the Chairman	6
Comments by the CEO	8
Gold Assets	10
Gold in the Eurasia region	34
Board of Directors	38
Group Management	40
Directors Report	42
The Auriant Share	46
Corporate Governance report 2013	50
Operational Key Ratios	58
Comments by the CFO	60
Consolidated income statement	62
Consolidated statement of comprehensive income	62
Consolidated statement of financial position	63
Consolidated statement of changes in equity	65
Consolidated cash flow statement	67
Parent company income statement	68
Parent company statement of comprehensive income	68
Parent company statement of financial position	69
Parent company statement of changes in equity	70
Parent company cash flow statement	72
Notes to the consolidated financial statements and parent company accounts	73
Board Assurance	114
Auditor's report	114
Additional information	116

## SIGNIFICANT EVENTS

## DURING 2013

*May 2013*

The AGM appoints two new Board members, Bertil Villard and Sergei Kashuba. Denis Alexandrov steps down from the Board of Directors.

*August 2013*

Sergei Kashuba steps down from the Board of Directors.

*November 2013*

Dmitry Novikov is appointed Acting CFO of Auriant Mining.

*December 2013*

The Company resolves its liquidity issues with new bank loan facilities and restructuring of the shareholder loan.

*December 2013*

The Company completes its management restructuring with most key managers appointed.



# Dear Fellow Shareholders



I am glad to report significant progress at Auriant Mining in 2013. Our flagship Tardan mine met all of its targets and is well on its way to achieving its production capacity in 2015. With the addition of Sergei Baikalov, a seasoned mine director with international experience, as Managing Director of the Tardan mine we have a good team in place that I am confident will continue delivering results. We also strengthened the Board with the addition of Bertil Villard, a well respected Swedish corporate lawyer and a partner in Sweden's top law firm of Vinge. In addition, we added Lord Peter Daresbury to the Board. Lord Daresbury has immense experience of Russia, mining, and gold, having served, and chaired, numerous boards in the metals and mining space in Russia. I honestly believe we now have one of the most experienced, and independent, Boards compared to our peers.

Despite the global gold mining industry experiencing a drop of 27% in gold prices, Auriant has weathered the crisis well and even managed to invest in growth. Given the fall in the gold price, the Board and I have asked the Management to focus on efficiency and lowering costs. As a result, the Company, over the second half of the year, implemented an ambitious cost cutting programme, both at the mine level and at the head office, which is already yielding results and which will become more apparent in 2014.

I am glad to report that out of all of the public junior gold miners in Russia Auriant has shown the highest

relationships with key players in the Stockholm investment community, for example with Carnegie Investment Bank.

I am confident that the Company is on the right track going forward. As our aim is to grow the company and deliver value to shareholders, we will continue to look for opportunities in Russia and neighbouring countries. The industry is truly international and we aim to establish Auriant as an international player in the mid to long term.

Notwithstanding the deterioration in the global outlook for gold miners in 2013 we have not downsized or changed our strategy going forward.

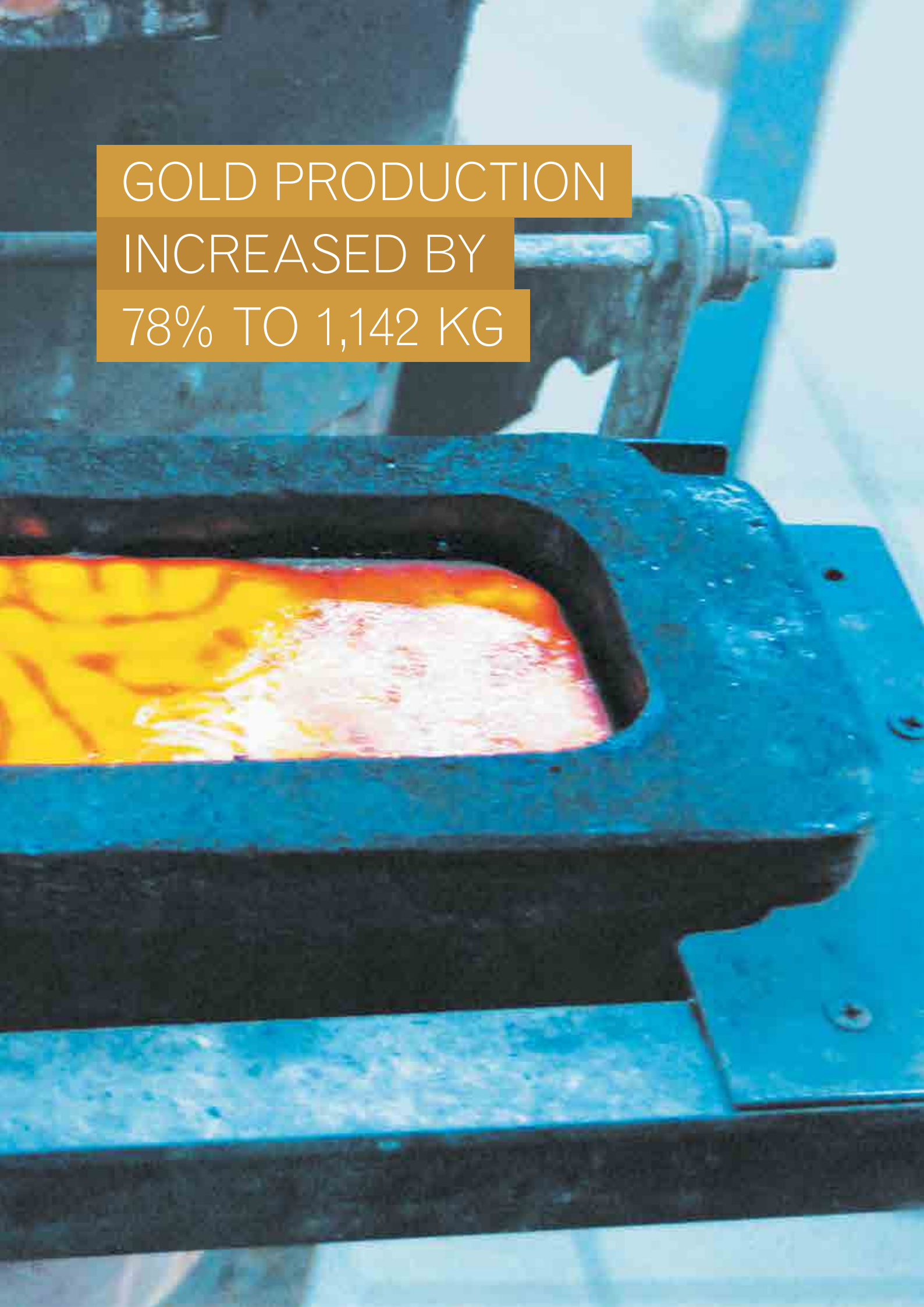
*I am glad to report that out of all of the public junior gold miners in Russia Auriant has shown the highest growth over the year, and is now the largest producer. Auriant, and especially the management team, is now recognised as a proven player in the Russian gold mining industry.*

growth over the year, and is now the largest producer. Auriant, and especially the management team, is now recognised as a proven player in the Russian gold mining industry. As a result, the Company can increasingly attract top Russian and international mining talent, has been able to increase the Company's debt capacity and refinance bank loans, and was able strengthen and improve

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

Preston Haskell  
Chairman  
Auriant Mining AB

GOLD PRODUCTION  
INCREASED BY  
78% TO 1,142 KG



# Dear Stakeholders



The development of Auriant mining is based on, and governed by, the strategy approved by the Board of Directors back in 2012. At that time we defined our goals and business model to become an intermediate gold producer through concentrating our efforts on 3 areas:

1. Improved operational performance at our current producing sites
2. Organic growth through exploration and development of reserves on existing license areas, as well as improvement of internal controls and management systems, together with establishing Auriant Mining as a “serious” player in the industry
3. Further growth through non-organic alliances with other industry players

I believe our biggest achievement in 2013 was that we stayed committed to that strategy and despite major changes

in the gold market we continue to focus on these three key objectives.

## OPERATIONAL PERFORMANCE

In 2013 Auriant Mining delivered on its promises and met its targets for the year. Overall production increased by 78% to 1,142 kg (36,716 oz). We expect a further increase in 2014 to 1,300 – 1,400 kg leading to achieving full capacity production of around 2 tonnes (64,300 oz) a year by the end of 2015.

We have had to work hard to increase production this year. Only at Tardan, which accounted for 57% of 2013 production, we have had to increase waste stripping volumes by 4.5 times to almost 2 m cubic metres. In order to reach full production at Tardan we will need to at least double that amount and mine around 4 m cubic metres a year.

To support such growth we have to invest not only in machinery and equipment but also in people, reliable suppliers and contractors, and management systems. In the first half of 2013 we invested just under US\$ 10 m in machinery and equipment both at Tardan and Solcocon to support our growth plans. We also successfully completed our human resource development program at Tardan where we now have 100% of the personnel required to operate at full capacity and where we implemented an incentive system based on achieving key performance indicators (KPIs) at

all levels at the mine site. We plan to extend this system to our other mines in 2014.

As we have now had a full year of production at Tardan, we can finally calculate our cash costs per ounce, which will allow us to benchmark production in the future. For Tardan the cash cost per ounce for the year was US\$ 1,239. As production ramps up to capacity, and as we approach higher grade ore bodies, we expect cash costs to fall to around US\$ 800.

At an operational level, before corporate overheads, the Company achieved a positive EBITDA, despite Tardan operating at only half of the planned production capacity.

## ORGANIC GROWTH

In 2013 we completed more than 25,000 of exploration drilling focused on Tardan and Greater Tardan. As a result, our understanding of the Tardan deposit improved significantly and, despite the drop in average gold grade at Tardan from 4.9 g/t to 3.7 g/t, we were able to increase reserves by 937 kg. We were also able to drill a satellite deposit – Barsuchiy (11 km from Tardan) and as a result have filed a new reserve statement with the Government Committee of Reserves (GKZ) to approve an additional 2.47 tonnes of gold, with an average grade of 4.5 g/t for the new Barsuchiy deposit. Overall, when approved, that will translate into an additional 3.5 tonnes of gold reserves for our Tardan heap leach operation.

At the same time, as part of this exploration programme, we were able





to identify several other prospects in close proximity to Tardan that will become the target for our future exploration efforts, and will likely result in further extension of the Tardan mine life. In addition, we have identified a copper porphyry anomaly within our Greater Tardan license area – Kara-Sug, and even managed to undertake some limited drilling there, but this still requires further investigation and analysis before any conclusions can be reached.

relationships with stakeholders and will continue to improve them through open, direct and frank dialogue. Despite limited budgets, we also provide direct help and support to local communities.

In March 2014 we successfully refinanced our bank debt and in the process increased our bank debt capacity to \$45 m, whilst at the same time reducing bank interest to less than 9%, as well as extending the maturity of the debt to four years. As a result, we will have no principal repayments on bank

Going beyond regulatory requirements, we publish interim and operational reports every quarter, and have instituted quarterly web conference calls with analysts and shareholders, following the release of every interim report. We are also present in Twitter, Facebook and LinkedIn, providing views on key industry events and sharing our own experience.

### NON-ORGANIC GROWTH

Although in 2013 non-organic growth was not top of our list of priorities we nevertheless devoted management resources towards:

- Developing relationships with key local and international peers
- Taking a broader view on the gold sector, extending our boundaries beyond Russia's borders to encompass the wider Eurasia region
- Continuing to investigate potential opportunities for joint ventures to develop gold mines

In 2014 we will continue to increase production, improve efficiency, strengthen our corporate governance practices and communications with stakeholders. We also remain committed to changing our listing to a larger, regulated market when conditions permit.



Denis Alexandrov  
Chief Executive Officer  
Auriant Mining AB

*In 2013 Auriant Mining delivered on its promises and met its targets for the year. Overall production increased by 78% to 1,142 kg (36,716 oz). We expect a further increase in 2014 to 1,300 - 1,400 kg leading to achieving full capacity production of around 2 tonnes (64,300 oz) a year by the end of 2015.*

I have already mentioned our successful implementation of a new incentive system at Tardan, which was the first step in developing our internal management systems and controls aimed at increasing the efficiency of our operations and reducing costs. In 2013 we also introduced a share option programme for key employees, which will help to align the interests of the management team and shareholders, providing long term incentives and commitment to the Company's growth.

I strongly believe that our growth depends on the support of all of our stakeholders including local communities, regional governments, our employees and their families, as well as contractors, banks and the business community. While this support is hard to measure or quantify, we value our

debt in 2014, which will significantly improve our cash position.

In addition to bank debt, the Company also carries a large debt from the majority shareholder. Although this debt is long term, unsecured, and subordinated to all other debt, it nevertheless to a large extent adds to our debt burden. We are currently in discussions with the shareholder on reducing the interest on the debt to 10% which, as at present, will continue to accrue. This will provide more comfort to shareholder, lower uncertainty and financing risks for the Company.

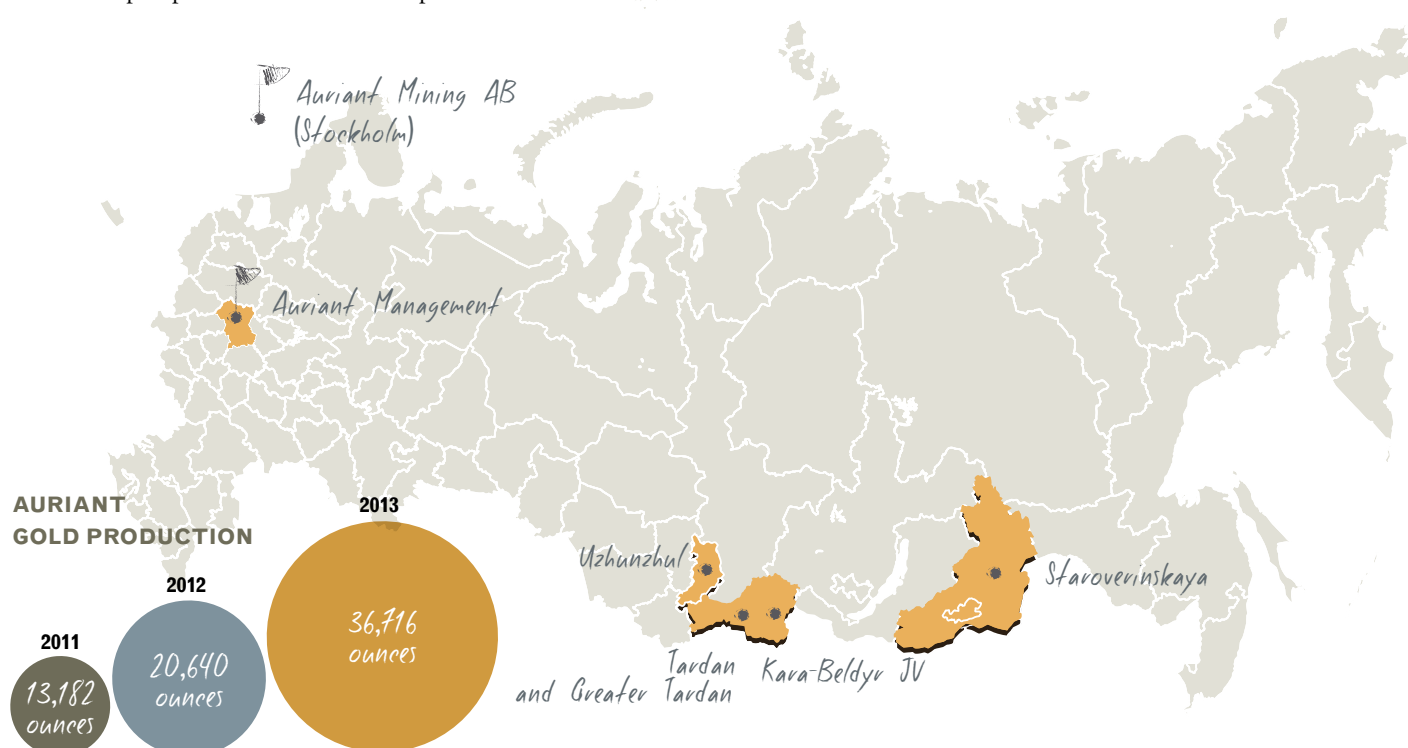
Over the year, we have also improved our transparency and communications with shareholders, investors, and the wider market. We now have three Swedish analysts covering Auriant.



# Gold Assets

Auriant Mining is one of the few publicly listed junior gold producers in Russia. The group owns three gold mining licenses, with two of them, Tardan (Republic of Tyva) and Staroverenskaya (Zabaikalsky Krai), already developed and producing gold. Auriant also 100% owns the perspective Uzhunzhul exploration license in the

Republic of Khakassia. In addition, Auriant Mining has a 30% interest in a joint venture with Centerra Gold, a major Canadian gold miner, in the Kara Beldyr exploration property in the Republic of Tyva, about 150 km away from the Tardan mine.



## GOLD PRODUCTION

Production unit	License area	2011		2012		2013	
		kg	oz	kg	oz	kg	oz
Hard rock							
Tardan (gravitational)	Tardan	96	3,086	55	1,768	-	-
Tardan (heap leach)	Tardan	-		357	11,478	658	21,155
Solcocon	Staroverenskaya	238	7,652	116	3,729	108	3,472
Total Hard rock		334	10,738	528	16,975	766	24,627
Alluvial							
Borzya	Staroverenskaya	76	2,443	114	3,665	377	12,121
Total		410	13,182	642	20,640	1,142	36,716

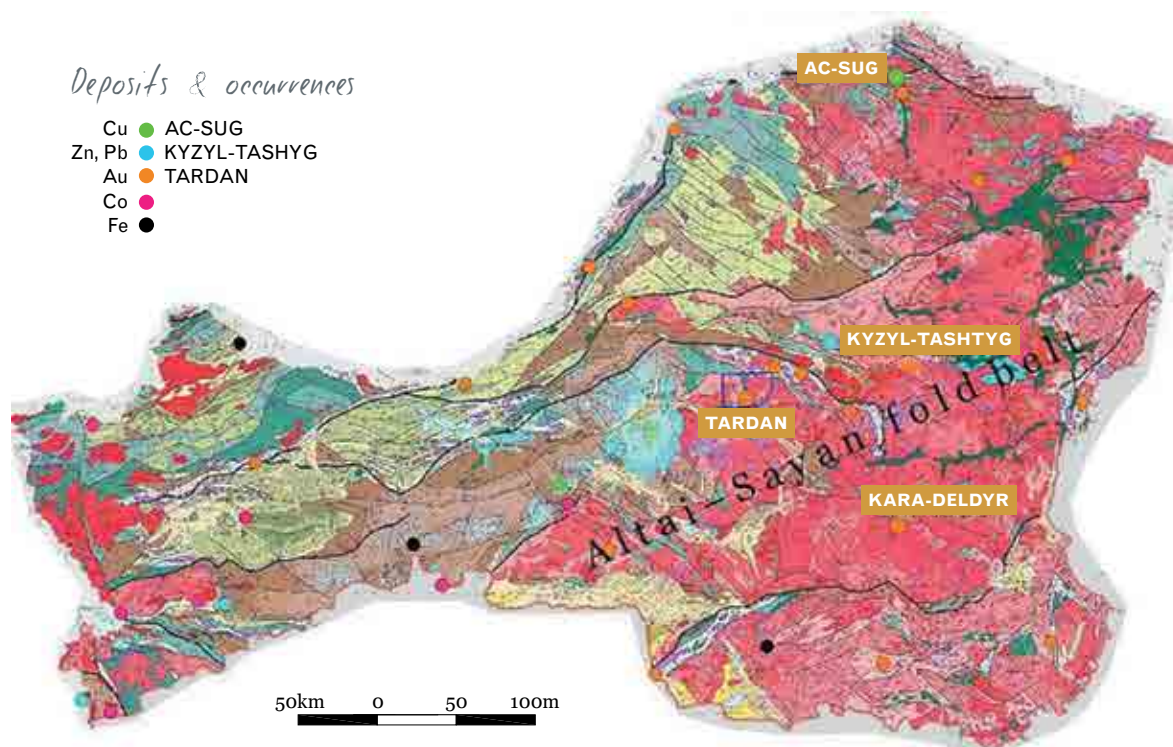
## TARDAN License

The Greater Tardan area covers 540 km<sup>2</sup>, and contains two licenses. The first is an exploration and mining license for the Greater Tardan license area (see geological map of Tardan license area), issued on 22 August 2007 and valid till 01 August 2032 and in good standing. The second is an exploration and mining license, located within the Greater Tardan license area, for the Tardan deposit and current mine, and covers 3.3 km<sup>2</sup>. The Tardan exploration and mining license, which is in good standing, was issued on 27 July, 2004 and is valid till 1 October, 2028. The Tardan area has good infrastructure and is located only 80 km to the east of Kyzyl, the capital of the Republic of Tyva.

## Geology of the Greater Tardan License Area

Regionally, the two license areas (Greater Tardan and the Tardan deposit) are located within the southern Altai-Sayan fold belt, a complex deformed series of Cambrian and Silurian intrusive, sedimentary and metamorphic rocks. Skarn development occurs throughout the region, typically along or proximal to the contact with the Tannuolsky intrusive complex. The Altai-Sayan fold belt was subjected to multi-stage deformation, with peak deformation related to the collision of the Kazakhstan and Siberian continents during the Carboniferous-Permian period. The region is transected by a series of NW, NNW and ESE trending faults of likely strike slip origin.

## GEOLOGICAL AND MINERAL MAP OF TYVA



The Greater Tardan license features Lower Cambrian (metasandstones, chlorite schists, quartz porphyries, limestones), and Silurian rocks (conglomerates and gravelites with limestones).

Intrusive rocks are represented by meta-gabbro, granites, and gabbro. The majority of the gold occurrences and the Tardan deposit are located on the contact of the Kopto-Baisyutskiy intrusive massif of diorites and gabbro-diorites.

The tectonic structure is grouped into three fault systems: east-west (Kaakhemsky, Bai-Syutskiy) northwest (Sorulg-Khem, Kyzltorgskiy and Tardanskiy), and northeast strikes. The northwest faults are grouped into one tectonic zone controlling the majority of the skarn gold mineralization. These prospects, all of which are of the same skarn type as found at the Tardan deposit, hold the greatest potential for increasing reserves for the current heap leach operation at the Tardan mine in the short term.



Within the Greater Tardan area there are several gold mineralization types:

#### Gold bearing skarns

At the moment this is the best understood type of gold mineralization within the license area. Deposits and occurrences of this type, Tardan, Barsuchy, Kopto, and others, are confined to the skarn zones at the contact of intrusive rocks of the Tannuolsky complex and limestones of the Vadibalinsky formation of the Lower Cambrian. The Central zone includes the Tardan deposit, Sorulug-Khem, Pravoberezhny, V.Bai-Syutskiy occurrences. Parallel to the Central zone geologists have identified the Eastern zone including Kopto, Barsuchy, Kopto-2 occurrences. In the short term, these occurrences represent major prospects for increasing the reserves of the Tardan mine.

#### Porphyry type

In the western part of the Greater Tardan license there are known occurrences of porphyry copper-gold ore bodies, mostly in the area of Kara-Sug. The area is

characterized by the presence of features of porphyry copper mineralization:

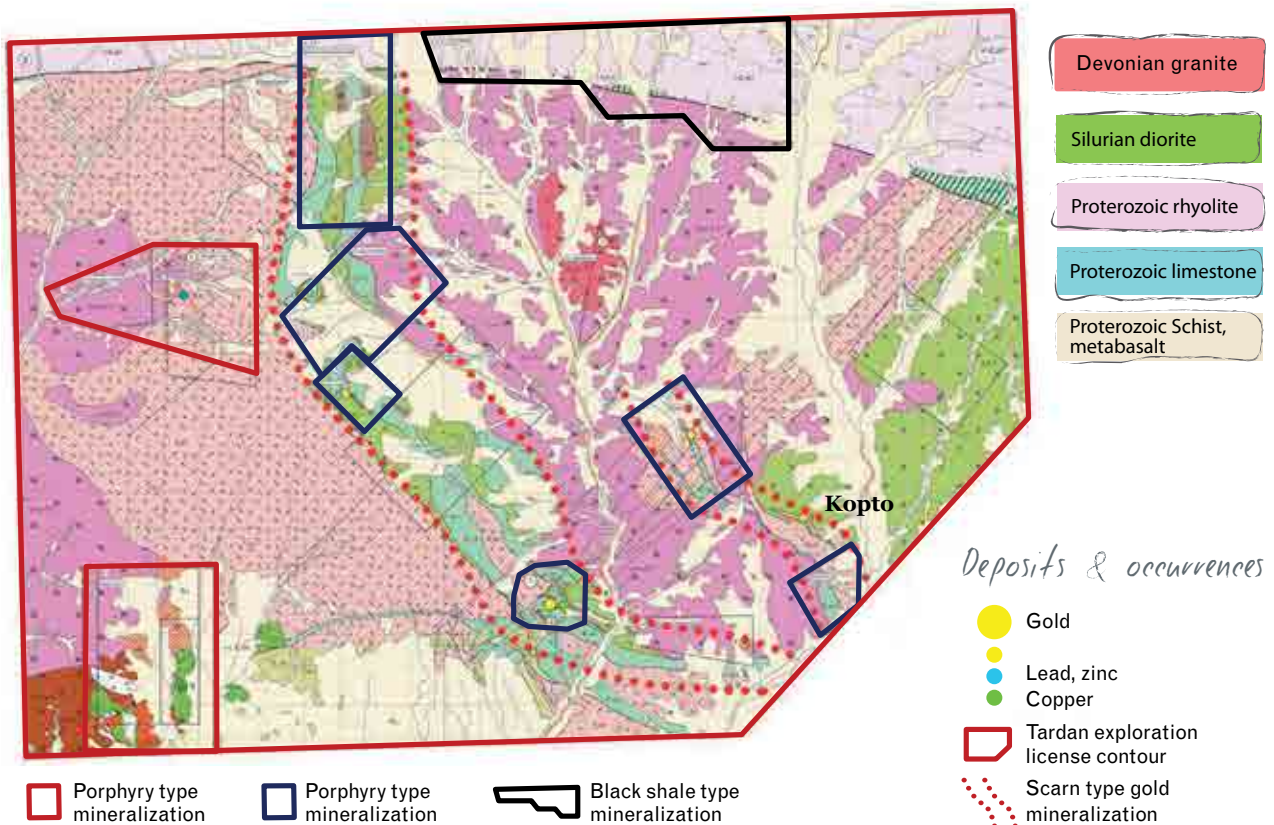
- Presence of porphyry intrusions
- Argillitic alteration
- Halos of pyrite mineralization
- Copper mineralization (chalcopryite, malachite, azurite) often in economic concentrations

The Kara-Sug deposit is assumed to be part of a porphyry copper system, the center of which is probably located outside, and to the west of, the Greater Tardan license area.

#### Black shale type

The geological setting shows that in the northern part of the license area there might be gold black shale mineralisation. In this area is the Severny prospect, characterized by the presence of gold sulphide mineralization (Sukhoi Log type). In addition to placer

### GEOLOGICAL MAP OF TARDAN LICENSE AREA





## COMPLETED 25,000 M OF DRILLING AT TARDAN

gold, the area features gold soil anomalies, halos of altered rocks (beresite) and quartz veinlets.

The long term potential of the license area is associated with the exploration of copper-porphyry (Kara-Sug, Kyzyl-Torg, etc.), and black shale formation (Severny) occurrences. These deposit types (porphyry and black shale) are usually large-volume, with low gold grades.

In summary, the Greater Tardan License area has good short-term prospects for increasing reserves of gold skarn ore (Tardan type). Over the longer term there are good indications of discovering new deposits of the other ore types – primarily of porphyry and black shale.

### Geology of the Tardan deposit

The Tardan deposit itself is a block bounded by tectonic fractures which are part of the Baisyutskiy shear fracture. The total area of the block is approximately 4.0 km<sup>2</sup> and is underlain by volcanic and carbonate sediments of the Tumattayginskaya and Vadibalinskaya formations with intrusions of the Tannuolskiy complex.

The most common rock type is marblized limestone of the Cambrian Vadibalinskaya formation. Approximately 20-25% of the Tardan deposit area is underlain by granitoids of the Cambrian Tannuolskiy 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.

The main tectonic features can be are grouped into three main systems:

- Northeast striking Changysskiy and East faults
- Northwest striking faults with a gentle dip to the southwest
- Northwest striking faults

The relatively simple structure of the deposit is influenced by the Changyssky fault zone of a northeastern direction (40-50°). This fault zone defines the setting of the Tardansky graben, which results in a pronounced asymmetry in the structural plan of the Tardan deposit ore field.

The Tardansky graben is located in the central part of the deposit, and extends diagonally from ore zone 1 to the northeastern part of the license area and further to the northeast to the Barsuchy prospect. The width of the graben varies from 590 m in the vicinity of ore zone 1 to 460 m in the northeastern part. On the northwest the graben is bounded by the Changyssky fault, in the southeast - by the Vostochny fault. The Tardansky graben includes ore zones 1, 3, 6, 7, 8, 13, and these are the main minable gold reserves of the Tardan deposit.

The tectonic faults of the Tardan ore field are represented by thrusts and shifts. According to the geological structure, the structural features and mineral composition of the ore field correspond to gold skarn type deposits.

Previous exploration work in the ore field identified 14 ore zones containing 41 ore bodies. Another two ore zones, 6a and 15, were explored in 2013. The ore zones bring together a group of ore bodies, placed in a single metasomatic-hydrothermal field and tectonic structure, with common strike and dipping, and separated from each other by large blocks of unaltered rocks.

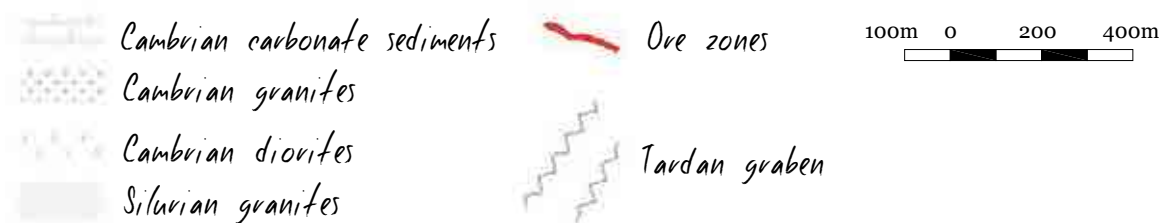
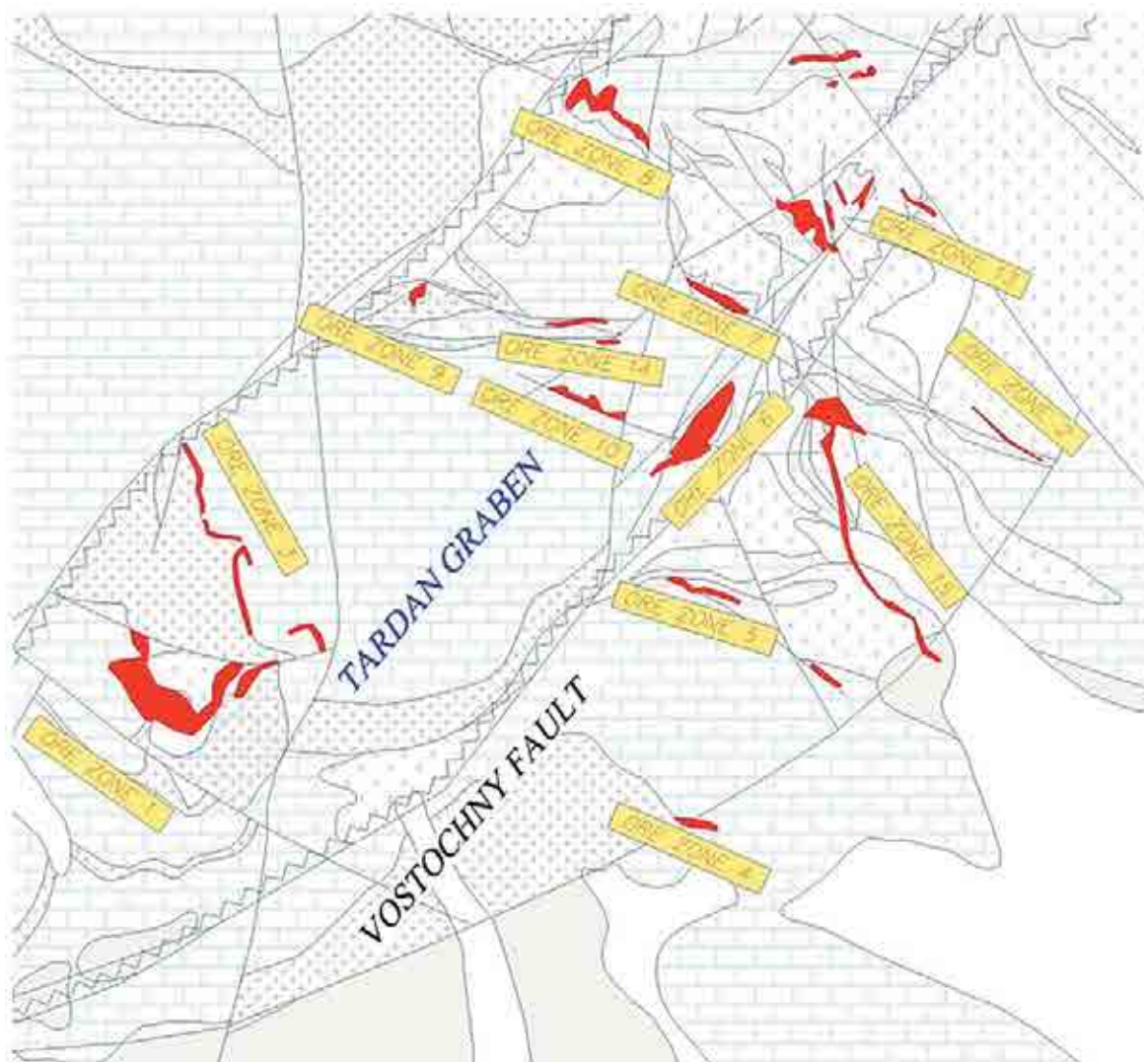
Virtually almost all of the ore zones are located in contact limestones of Vadibalinskaya formations and diorite sills of the Tannuolsky complex.

The width of the various ore zones, which include several individual ore bodies, varies from a few metres to 30 – 50 m, with strike lengths of hundreds of metres.

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.



## GEOLOGY OF THE TARDAN DEPOSIT





## EXPLORATION

### Tardan

#### Tardan ore field

In 2012–2013 exploration work was carried out to analyse the deeper levels and the flanks of the central part of the deposit, within ore zones 2, 3, 6, 9, 10 and 14. In addition, the study of ore zones 4, 5 and 6a revealed a new ore zone, number 15. Exploration work was done by drilling core holes, partly within the existing pits, using the existing mining production exploration holes.

During 2012–2013, a diamond drilling programme at the Tardan ore field, totalling 17,714 m of drilling and 180 diamond drillholes was undertaken (*see table below*).

2012-2013 DRILLING PROGRAMME		
Ore zone #	Number of holes	Metres Drilled
1	8	1,032
2	16	1,290
10	1	51
3	24	2,574
4	6	406
5	9	782
6	28	2,934
6A	9	970
9	11	1,169
14	18	1,911
15	50	4,596
	<b>180</b>	<b>17,714</b>

All diamond drillholes were drilled using HQ diameter core. Downhole surveys were taken every 10 to 20 m. Core recovery was noted to be generally in excess of 95%. All samples are assayed by Atomic Absorption. Samples reporting above 1.0 g/t Au were subsequently sent for fire assay.

A brief description of the ore zones, explored with 2012–2013 drill programme:

#### Ore zone 2

Ore zone 2, in the eastern part of the ore field, is of Tardansky graben, but in close proximity to the Vostochny fault. It extends in a southeasterly direction along the azimuth 110–135° and is inclined to the northeast at angles of 35–60°. Inside the zone there is a very uneven distribution of the ore bodies. In the northwestern flank it is composed of five ore bodies; and on the southeast - three ore bodies. The northwestern part of the zone extends over a distance of 225 m, and dips from 21 to 101.5 m with widths ranging from 1 to 49 m.

Prospects for increasing the reserves of the ore zone to the northwest are limited by the Vostochny fault, however to the southeast the exploration work will continue towards the left bank of the Bai-Syut river, over a distance of 1.2 to 1.5 km.

#### Ore zone 4

Ore zone 4 is in the southern part of the deposit close to the Tardansky graben. The zone extends over a distance of 400 m from the Vostochny fault in the eastern and southeasterly directions. To increase the resources of this ore zone exploration work will continue in the future on the southeastern flank, over 1.2 km towards the left bank of the river Bai-Syut.

#### Ore zone 6

The ore zone is located in the eastern part of the Tardansky graben, where it extends perpendicular from the Vostochny fault.

Ore has been mined at this ore zone since the middle of 2012 (pit No.3). Currently stripping and ore mining within the pit is ongoing.

The ore zone trends northeast with an azimuth 40–50° and the dip is northwest at angles 30–60°. The ore zone dips from 85 m to 140 m, with a width of 7 m to 55.5 m. Within the zone five ore bodies were delineated.

Structurally, the ore zone is controlled by the contact of limestone of the Vadibalinskaya formation and diorite of the Tannuolsky complex, which compose a large sill with a width up to 90 – 105 m. To transfer reserves from the C<sub>2</sub> to the C<sub>1</sub> category 8 holes were drilled over 2012 and 2013, totalling 2,934 m. As a result of this drilling, exploration of ore zone 6 is now complete, and new reserves have been calculated.

#### Ore zone 6a

Ore zone 6a is located in the eastern part of the Tardansky graben and geologically it appears to be a natural continuation of ore zone 6 in a southwesterly direction. Hydrothermal-metasomatic formations composing the zone extend over a distance of 650 m, strictly obeying the direction of the Vostochny fault. Structurally, the ore zone is associated with the tectonic contact of diorites of the Tannuolsky complex and limestone of the Vadibalinskaya formation.

To increase the resources of ore zone 6a further drilling will need to be carried out in the future to the northeast and southwest.

#### Ore zone 15

Increasing the reserves of this ore zone 15 to northwest are limited by the Vostochny fault, but to the southeast the exploration work should be continued until the left bank of river Bai-Syut, a distance of 1.4 km.

### Future Exploration Work at Tardan

Exploration work needs to be continued on the southeastern flanks of ore zones 2, 4 and 15. Additional drilling will need to be conducted to improve the quality of the reserves of ore body 26.

As a result of the 2013 exploration work, the following reserve estimate has been submitted to GKZ for approval.

C <sub>1</sub>				C <sub>2</sub>				C <sub>1</sub> +C <sub>2</sub>			
Ore, 000 t	Au, g/t	Au, kg	Au, 000 oz	Ore, 000 t	Au, g/t	Au, kg	Au, 000 oz	Ore, 000 t	Au, g/t	Au, kg	Au, 000 oz
1,335	3.5	4,661	150	325	4.8	1,565	50	1,660	3.7	6,226	200

As a result of the drilling programme at the Tardan deposits, ore reserves will increase by 582,000 t and gold reserves by 937 kg.

### Greater Tardan

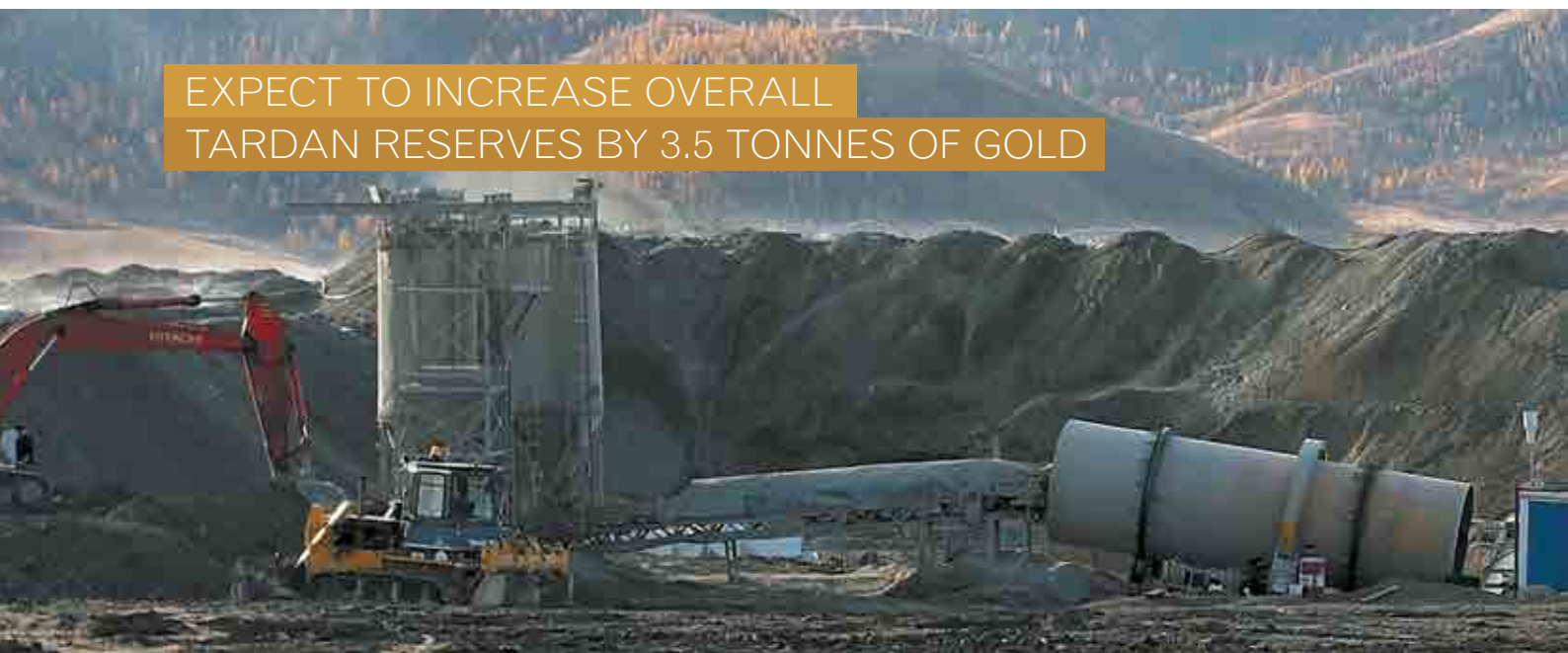
The table below details the exploration work conducted in 2013 on 13 prospects within the Greater Tardan license area.

Prospect	Volume, m		Number of Samples		
	Drilling	Trenching	Core	Channel	Soil
Sorulug-Khem	4,219	44	3,008	54	470
Maly Sorulug-Khem					6,061
Barsuchy	2,797	144	1756	266	2,814
Yuzhno-Tardansky	301	163.8	275	166	1,646
Kara-Sug	1,452		470		2,334
Kyzyl-Torg					2,199
Kopto-2					1,213
Ust-Khorlelig					877
Verkhny Bai-Syutsky					2,717
Verkhny Kurlug					1,803
Pravoberezhny					1,179
Severny					4,712
Khorum-Koshke					2,447
<b>Total</b>	<b>8,768</b>	<b>351</b>	<b>5,509</b>	<b>486</b>	<b>30,472</b>

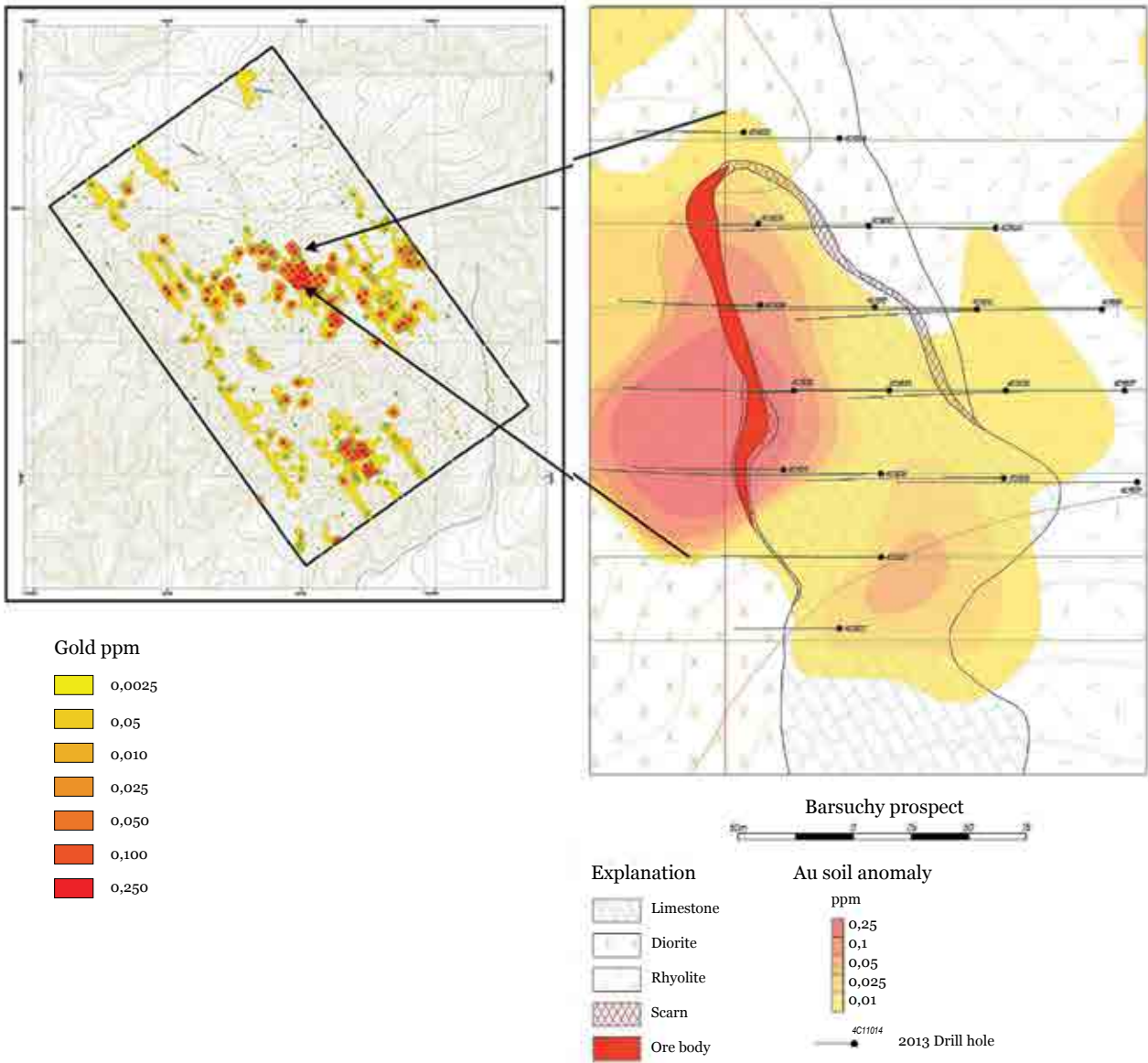
### Barsuchiy prospect

The prospect area is located on the left bank Bai-Syut river, 4 km northeast of Tardan deposit. The size of area is 6.8 km<sup>2</sup>.

EXPECT TO INCREASE OVERALL  
TARDAN RESERVES BY 3.5 TONNES OF GOLD



BARSUCHY GEOLOGICAL MAP WITH GOLD SOIL ANOMALIES





The Barsuchy prospect is composed of Rhipaeus quartz porphyry and their tuff, covered by limestone. Intrusive rocks are mainly diorite and plagiogranites. Limestones were deposited in the volcanic rocks of the Tumattayginskay formation in a northwesterly direction and is a strongly elongated thin belt body. Significant skarn bodies are associated with contacts of the intrusive massif with other rocks. The southern part of area is crossed by the Soruglug - Khem fault.

Results of the 2013 exploration work show that the contact of the diorite is propylitized and localization of the

ore body is not limited to the spread of skarns. The ore body goes beyond them and continues in propylites and propylitized diorites.

The ore body occurs as lenses of a submeridional direction of length 160 m with width of 5 – 20 m. The average width of ore body is 14 m.

According to a magnetic survey and geochemical work, the skarn zone extends for 700 m to the northwest, indicating that the ore body continues along strike.

As a result of the exploration work, the following reserve estimate has been submitted to GKZ for approval.

C <sub>1</sub>				C <sub>2</sub>				C <sub>1</sub> +C <sub>2</sub>			
Ore, 000 t	Au, g/t	Au, kg	Au, 000 oz	Ore, 000 t	Au, g/t	Au, kg	Au, 000 oz	Ore, 000 t	Au, g/t	Au, kg	Au, 000 oz
528	4.46	2,356	76	15	6.67	101	3.2	543	4.52	2,456.7	79

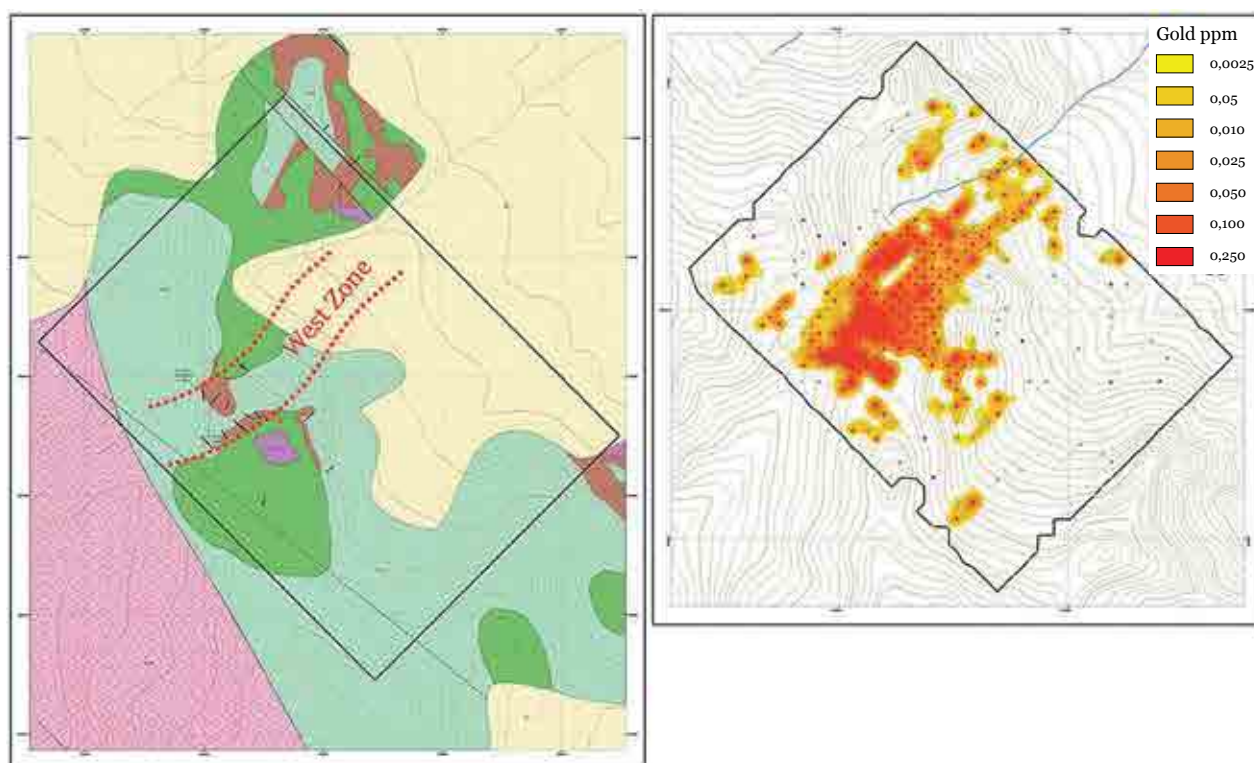
Previously the Barsuchy prospect had 1,213 kg of P<sub>2</sub> resources. As a result of the 2013 exploration programme, these have now been increased and will be reclassified as 2,457 kg of C<sub>1</sub>+C<sub>2</sub> reserves.

#### Pravoberezhny Prospect

Pravoberezhny is located 8.5 km northwest of the

Tardan deposit, on the right bank of the river Sorulug-Khem. The area is 2.8 km<sup>2</sup>. The prospect area is composed of volcanic rocks of the Tumattayginskay formation and limestones of the Vadibalinskay Formation, which are intruded by the Kopto-Baisyutsky intrusive massive.

#### PRAVOBEREZHZNY GEOLOGICAL MAP WITH GOLD SOIL ANOMALY



Several skarn zones have been identified within this prospect area, the most promising of which is the West Zone, which is located between two diorite horsts. Between the horsts there is a strip of limestone 60 m wide on both diorite contacts with limestone formed skarn deposits. Gold was found in 79 soil samples, of which 15 have a gold content of more than 1.0 ppm.

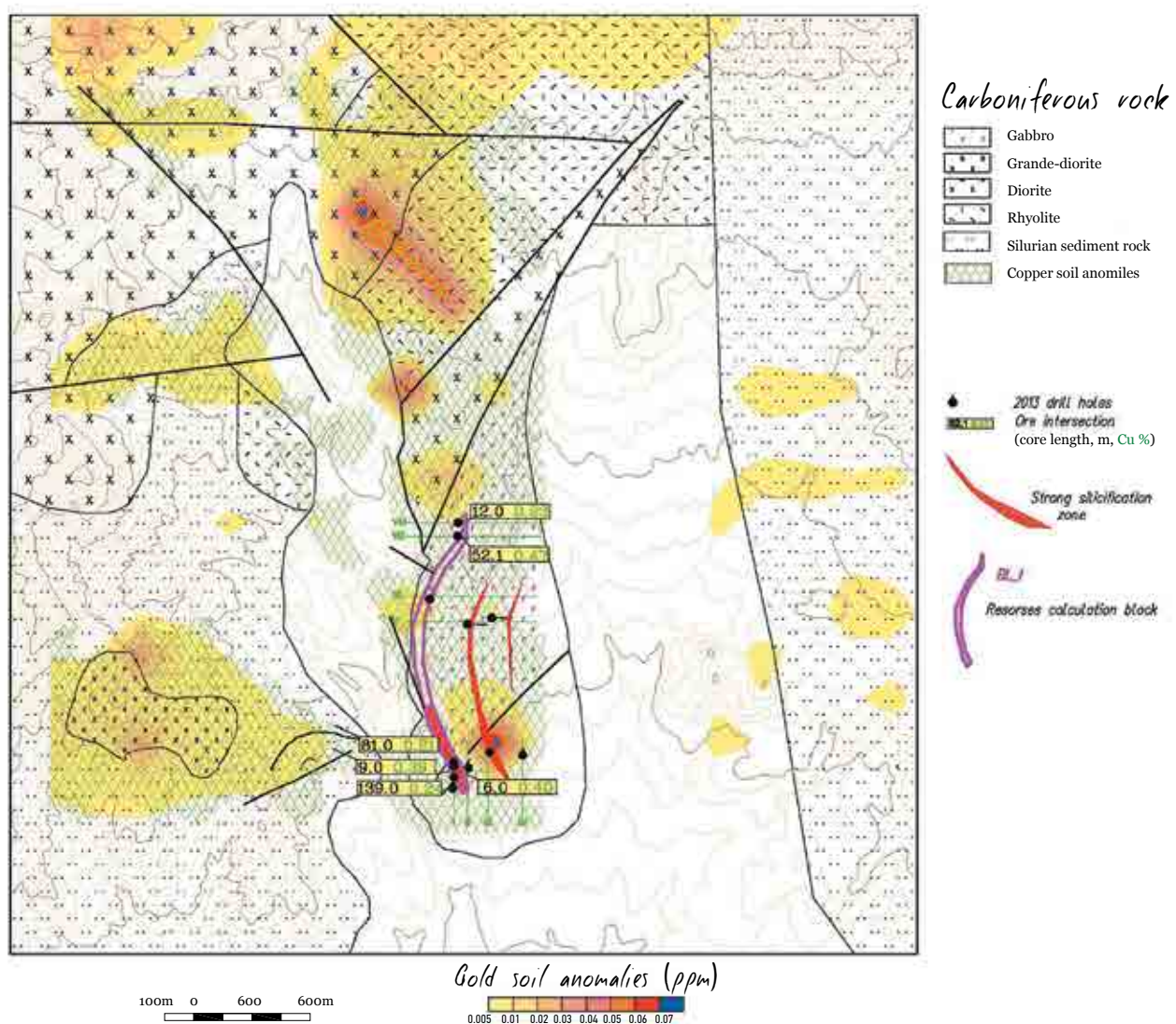
In 2014 Auriant plans to conduct ground geophysical work (magnetometry) and trenching.

### Kara-Sug

This prospect area is located in the southwestern part of Greater Tardan, in the contact zone of intrusive rocks (granodiorite, diorite, gabbro) of the Burensky massif and volcanic rocks of the Tumattayginskaya formation and sandstones of the Derzigskaya formation. The size of area is 3.3 km<sup>2</sup>.

The geology of the area is complex due to the intersection of the Bai Syutskiy fault with northwest and northeast faults. The northeastern fault is accompanied by hydrothermal alterations of the intrusive and host rocks.

### KARA-SUG GEOLOGICAL MAP WITH GOLD & COPPER SOIL ANOMALIES



Geophysical (IP) work shows an anomaly of strong electrical resistance, indicating a possible mineralised zone of up to 1.0 km in length. Magnetometric surveys of this zone show local areas of high-gradient anomalies, with intensity ranging from 500 to 5000 nT and more. The high polarisability of the anomalies indicates the presence of intense sulfide mineralization.

This mineralised zone looks to be a promising target to identify copper and other minerals, including gold.

Drilling work in the area of Kara-Sug only partially explored a soil anomaly in the south. As a result, in the southern and central parts 12 holes were drilled to explore the anomaly. A big quartz breccia body was explored in the southern part of the prospect area. The copper grade in the core samples ranged from 0.01% to 3.2%, lead – from 0.002% to 0.028%, 0.005%, zinc up to 0.173%. Several holes showed gold grades of 1 – 1.5 ppm.

As a result of drilling operations there is a strong chance of finding gold and porphyry copper mineralisation at Kara-Sug.

In 2014 further ground geophysical work (magnetometry and IP) and trenching will be undertaken.

#### Future Greater Tardan Exploration Work

For 2014 Auriant intends to continue exploration on 6 prospects. These are the skarn type deposits of Pravoberezhny, Barsuchy flanks, Verkhny Bai-Syutskiy. In addition, on the copper-gold porphyry prospects of Kara-Sug and Kyzyl-Torg, and the Severny black shale prospect. This exploration work will include ground geophysical work (magnetometry), IP, and trenching.

#### Tardan Reserves

The registered reserves of the Tardan license according to the Russian system of classification as of 31 December 2013 is as follows.

	C <sub>1</sub>				C <sub>2</sub>				C <sub>1</sub> +C <sub>2</sub>			
	Ore, 000 t	Au, g/t	Au, kg	Au, 000 oz	Ore, 000 t	Au, g/t	Au, kg	Au, 000 oz	Ore, 000 t	Au, g/t	Au, kg	Au, 000 oz
Tardan deposit	750	4.4	3,320	107	328	6.0	1,969	63	1,078	4.9	5,289	170
<b>Total Tardan</b>	<b>750</b>	<b>4.4</b>	<b>3,320</b>	<b>107</b>	<b>328</b>	<b>6.0</b>	<b>1,969</b>	<b>63</b>	<b>1,078</b>	<b>4.9</b>	<b>5,289</b>	<b>170</b>

Following the completion of the 2013 exploration programme at Tardan and Greater Tardan the results were submitted to GKZ. Approval for the new Tardan reserves is expected to be received in April 2014. Auriant expects

to receive GKZ approval of the updated Greater Tardan reserves by the middle of 2014.

Following GKZ approval, the Company anticipates having the following total reserves at Tardan.

	C <sub>1</sub>				C <sub>2</sub>				C <sub>1</sub> +C <sub>2</sub>			
	Ore, 000 t	Au, g/t	Au, kg	Au, 000 oz	Ore, 000 t	Au, g/t	Au, kg	Au, 000 oz	Ore, 000 t	Au, g/t	Au, kg	Au, 000 oz
Tardan deposit	1,335	3.5	4,661	150	325	4.8	1,565	50	1,660	3.7	6,226	200
Greater Tardan	528	4.5	2,356	76	15	6.7	101	3	543	4.5	2,457	79
<b>Total Tardan</b>	<b>1,863</b>	<b>3.8</b>	<b>7,017</b>	<b>226</b>	<b>340</b>	<b>4.9</b>	<b>1,666</b>	<b>53</b>	<b>2,203</b>	<b>3.9</b>	<b>8,683</b>	<b>279</b>

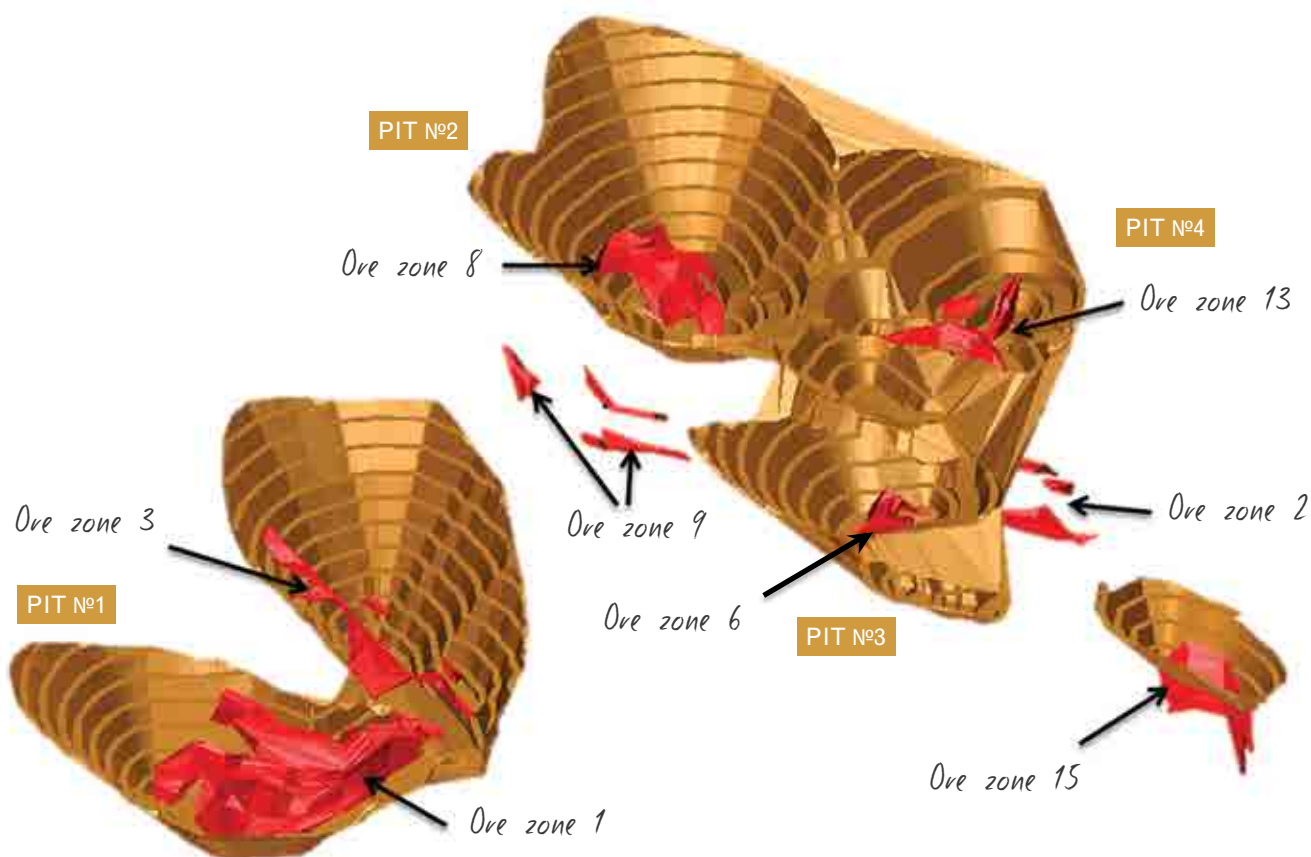
## Mining

All ore extraction at the Tardan deposit is done via open pit mining. In 2013 there were 4 open pits in operation where gold bearing ore was mined. The ore bodies are relatively deep averaging about 150 m in depth, requiring a lot of stripping of overburden, leading to a stripping ratio of 7.2 m<sup>3</sup>/t. Ore and waste is primarily mined using explosives and then trucked although,

depending on the rock type, some minimal mining is done with bulldozers without needing to be blasted first. Once the ore is loose, it is then scooped up with large excavators and transported to the heap leaching site 2.8 km away using large dump trucks. Waste material from stripping operations is piled near the open pits with bulldozers. Mining is a non-stop operation, using two 11 hour shifts per day.



## SCHEMATIC OF TARDAN OPEN PITS



In 2013 mining operations mostly focused on Pits Nos. 1, 2, 3, 4 with 269,300 tonnes of ore mined, which required almost 2 million m<sup>3</sup> of stripping (partly reflecting limited stripping and mining activities in 2012). This ore, averaging 1 – 1.5 g/t is then mixed with higher grade gravitational tailings of 3 – 4 g/t stockpiled from previous gravitational processing of ore.

### Ore processing

At Tardan there are two plants for processing ore and extracting gold.

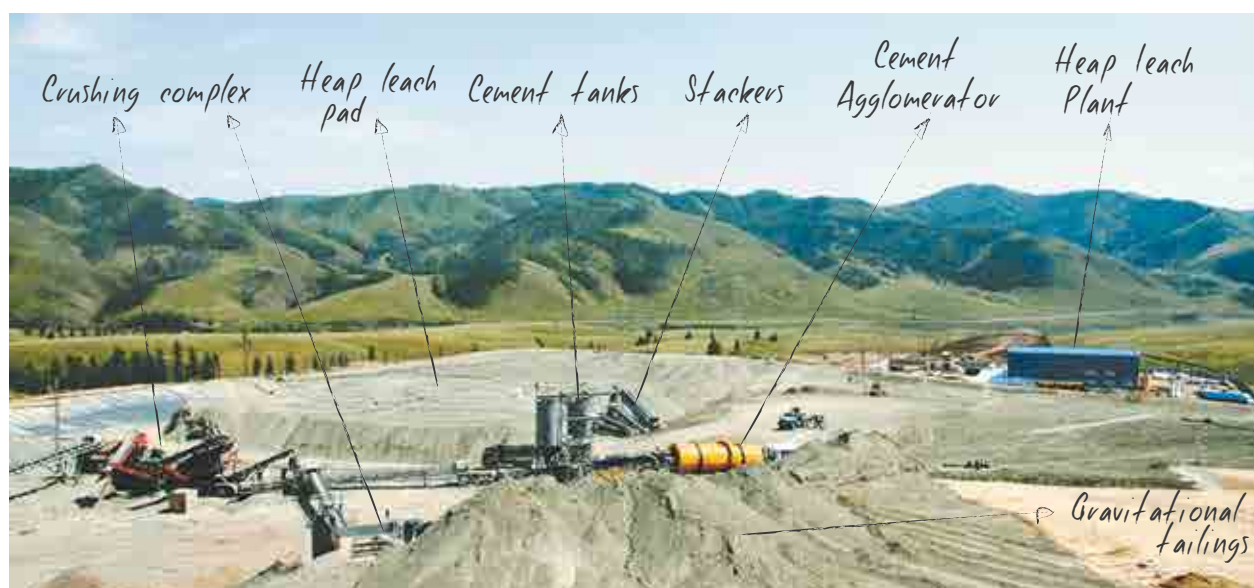
#### Gravitational Plant

The gravitational plant was commissioned in April 2007 and was designed to process high grade ore and

involves the mechanical extraction of gold from the ore. The ore is initially crushed and then milled to 74 microns and then passed through a magnetic separator which separates ore containing iron, thereby increasing the concentration of gold. The ore is then fed into a Knelson centrifugal separator that further concentrates the gold. Following this separation the solution containing the gold is passed over vibrating gravity tables that collect the gold particles. These particles are then smelted on site into dorè bars.

The gravitational plant was temporarily closed in 2012 when the heap leach operation and plant was commissioned. Over the five year period of its operation the gravitational plant produced 780 kg of gold.

## OVERVIEW OF HEAP LEACHING AT THE TARDAN MINE

**Heap Leaching**

Heap leaching is a relatively simple and cheap method of producing gold from suitable ore. The mined ore is crushed to 10 mm or less, mixed with stockpiled gravitational tailings in a ratio of 60:40 ore to tailings. Following this the mixture is then coated (agglomerated) with cement, turning the crushed material into a granular form which ensures that fine particles of ore do not clog the irrigation systems and that the heap does not collapse.

Following cement agglomeration, the ore is transported via a conveyor to a radial stacker which stacks the ore on to the heap leach pad, up to a height of 7 m. The heap leach pad is a specially prepared area, with a gentle slope, that is covered by a thick non-permeable layer of polymer film that ensures no solution passes into the soil.

The heap is then irrigated with pipes and sprinklers that contain a weak sodium cyanide solution. This solution percolates through the ore in a 120 day cycle and dissolves gold into solution. The solution drains away at the bottom of the heap and is then piped to the heap leaching plant where gold is extracted from the solution using activated carbon in large sorbtion columns. The solution, which now does not contain gold, is then recycled back to the heaps.

From the sorbtion columns gold is then desorbed from the activated carbon using a hot caustic solution, and then goes through an electrolysis operation where gold is deposited on cathodes, which are then smelted into doré bars containing not less than 70% gold (along with copper, iron and silver). The gold doré is then shipped to specialized precious metals refineries in Russia where it is smelted into pure gold.

		12m 2013	12m 2012
<b>Mining</b>			
Waste stripping	000 m³	1,940	424
Ore mined	000 tonnes	269	168.5
Average grade	g/t	1.60	2.0
<b>Gravitation</b>			
Throughput	000 tonnes	0	34.3
Average grade	g/ton	0	4.5
Extraction	%	0	35%
Gold produced	kg	0	55
<b>Heap leach</b>			
<b>Crushing</b>			
Ore	000 tonnes	282	240.7
Grade	g/t	1.56	2.01
<b>Stacking</b>			
Ore	000 tonnes	282	234
Grade	g/ton	1.56	1.8
Tailings	000 tonnes	141.5	54.4
Grade	g/t	3.15	3.6
Gold produced	kg	658	412
<b>Warehouse</b>			
Ore	000 tonnes	13.4	27
Grade	g/t	1.73	1.23
Tailings	000 tonnes	72.2	213.6
Grade	g/t	2.8	3.03

### Seasonality

Given the climatic conditions, gold production is seasonal. This is primarily due to the need to use cement agglomeration of the crushed ore prior to stacking. As the cement uses water, in very cold weather even warmed water freezes meaning that agglomeration cannot take place, and hence no stacking occurs, however irrigation of the heaps continues throughout the winter as the cyanide solution can be warmed. As no fresh ore is stacked, gold production drops significantly during the December – May period.

### Tardan Gold production in 2013

In 2013 gold production at Tardan met expectations and totaled 658 kg (21,155 oz) and the mine remains on target to reach its design capacity of 1,000 – 1,200 kg per year by the end of 2015.

Construction of the third and final phase of Tardan was completed, including upgrades and improvements to the decyanidation circuit; construction of a new smelter to produce doré (currently this is done at the old smelter at the gravitational plant); and installation of new laboratory equipment to more efficiently process ore samples on site. All of this is designed to reduce bottlenecks, and improve throughput and efficiency of operations. In addition the fleet of mining vehicles was upgraded with the purchase of 5 new BelAz 55 tonne dump trucks.

Mining volumes at Tardan increased substantially, mostly as a result of waste stripping volumes increasing almost 5 times. Gold ore mined increased by 60% but, due to unconfirmed grades on several ore bodies, the average grade decreased by 20%. However, this was more than

compensated for by increased volumes and the use of high grade gravitational tailings.

### Staroverinskaya

#### Licenses

The Staroverinskaya license for exploration and mining of hard rock and placer gold in the Zabaikalsky Region was awarded on 19 September 2004 and is valid till 5 May 2029. The license area is 220.4 km<sup>2</sup> in size. As of 31 December 2013 the registered hard rock reserves at the Staroverinskaya license area contain an estimated 8.6 tonnes of gold at the Kozlovskoye deposit and another 7.2 tonnes at the Bogomolovskoye deposit.

#### Reserves

The registered reserves of the Staroverenskaya license according the Russian system of classification as of 31 December 2013 is as follows.

#### Location

The license block is situated at the confluence of the small Srednyaya and Nizhnyaya Borzya rivers in the Zabaikalsky region, 35 km from the regional center Kalga and 640 km from Chita, the capital of Zabaikalsky region. The nearest railway station is Dosatuy, 100 km from the property, and the distance to nearest paved highway is 200 km. The climate is severe continental and the area is partly forested.

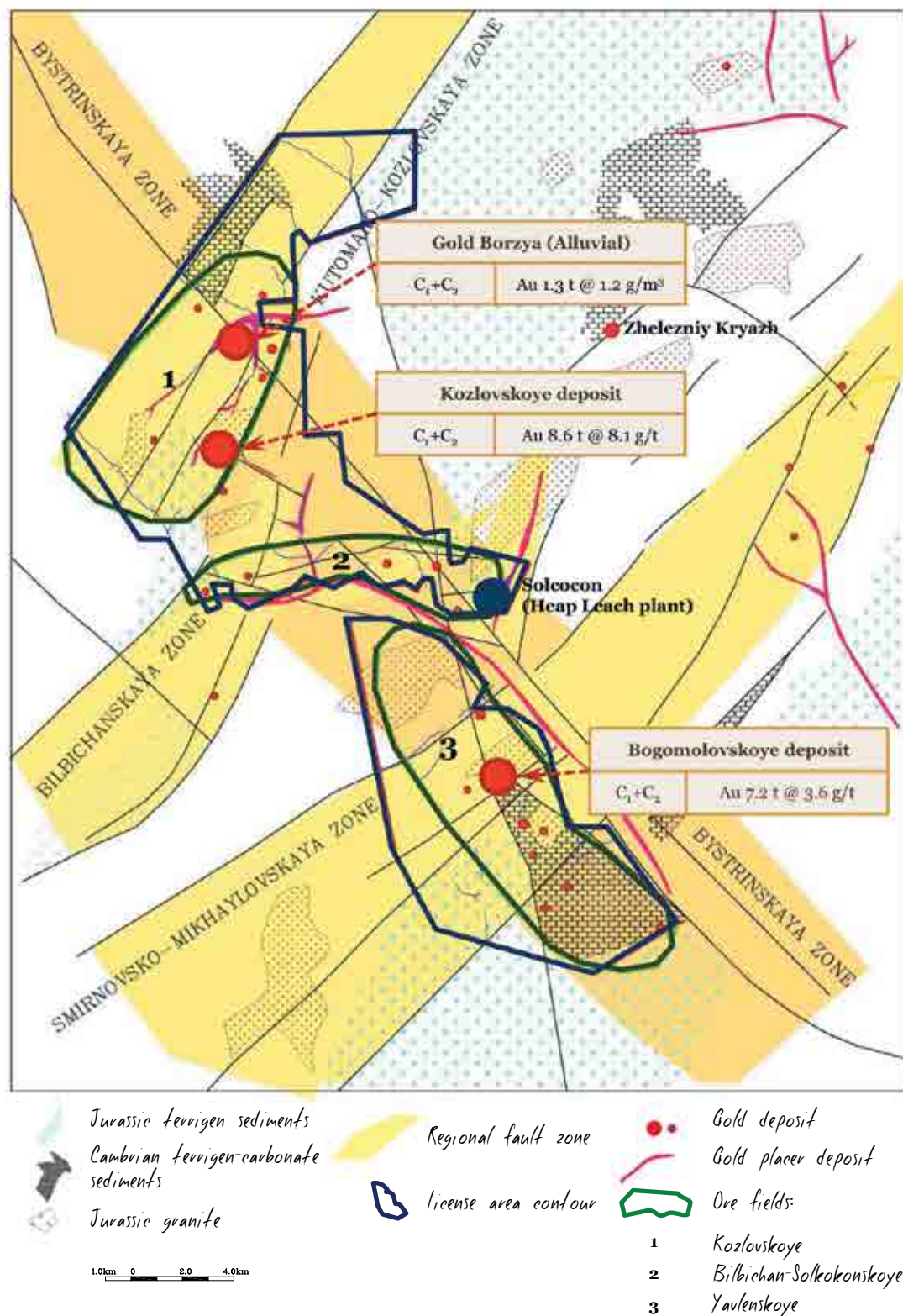
The area is well known for gold and polymetallic deposits with the Bystrinskoye (Norilsk Nickel), Novoshirokinskoye, Taseevskoye (Highland Gold), and Savkino (White Tiger) mines.

	C <sub>1</sub>				C <sub>2</sub>				C <sub>1</sub> +C <sub>2</sub>			
	Ore 000 t	Au g/t	Au kg	Au 000 oz	Ore 000 t	Au g/t	Au kg	Au 000 oz	Ore 000 t	Au g/t	Au kg	Au 000 oz
<b>Staroverenskaya Hard rock</b>												
Kozlovskoye	218	10.4	2,030	65	841	7.8	6,585	212	1,059	8.1	8,615	277
Bogomolovskoye	-	-	-	-	2,000	3.6	7,184	231	2,000	3.6	7,184	231
<b>Total Hard rock</b>	<b>218</b>	<b>9.3</b>	<b>2,030</b>	<b>65</b>	<b>2,841</b>	<b>4.8</b>	<b>13,769</b>	<b>443</b>	<b>3,059</b>	<b>5.2</b>	<b>15,799</b>	<b>508</b>

	Gold sands 000m <sup>3</sup>	Au g/m <sup>3</sup>	Au kg	Au 000 oz	Gold sands 000m <sup>3</sup>	Au g/m <sup>3</sup>	Au kg	Au 000 oz	Gold sands 000m <sup>3</sup>	Au g/m <sup>3</sup>	Au kg	Au 000 oz
<b>Staroverenskaya Alluvial</b>												
Borzya	271	0.90	233	7.5	817	1.3	1,060	34	1,088	1.2	1,293	42
			Au kg	Au 000 oz			Au kg	Au 000 oz			Au kg	Au 000 oz
<b>Staroverenskaya Total</b>			<b>2,263</b>	<b>73</b>			<b>14,829</b>	<b>477</b>			<b>17,092</b>	<b>550</b>



## THE STAROVERINSKAYA LICENSE AREA





### Geology

The Staroverinskaya license area is situated in the central part of the Argun micro-continent, part of the Mongol-Okhotsk belt. The Zabaikalsky Region where Staroverinskaya is located includes such world class gold deposits as Baley, Taseevskoye, Bystrinskoye, Klyuchevskoye, all of which contain resources in excess of 3 Moz.

The Staroverinskaya license area features sediments of different ages, from Precambrian to lower Cretaceous. These sediments are characterised by different lithology. These are carbonate rocks and terrigen sediments (sandstones, siltstones and conglomerates), as well as volcanic deposits (rhyolites, tuffs, trachyandesites, and trachybasalts).

The most promising formations for localisations of gold deposits are the Cambrian and Jurassic carbonate sediments.

Intrusive rocks underlay a large part of the license area and are represented by a Late Permian monzodiorite-granite complex and mid-late Jurassic Shahtaminskiy monzodiorite-granodiorite-granite complex. They are represented by quartz-diorites, diorites, monzodiorites and appear to be prospective for the mineralization of gold bearing ore.

The major tectonic features of the area are the northwest-southeast fault zones (Bystrinskoye) and the northeast-southwest fault zones (Kutomaro-Kozlovskaya and Smirnovsko-Mikhaylovskaya). These are large (hundreds of kilometres long) structures. These first-order fault zones are accompanied by second and third order faults which play an important role in the

localization of gold and polymetallic mineralization. Exploration undertaken by Auriant has identified three highly prospective ore fields, namely Yavlinskoye, Bilbichan-Solkokonskoye, and Kozlovskoye.

All of the gold deposits and occurrences in the general vicinity can be divided into four types, depending on the composition of the ores and their localization.

The first type are gold scarn deposits. The Zhelezny Kryazh deposit belongs to this type. It is located in the northeastern part of the area outside the property. Mineralization is associated with magnetite scarns.

The second type is gold-arsenic. This type includes the Kozlovskoye deposit and a number of other nearby ore occurrences. Ore bodies are composed of beresites, mineralized with disseminated sulphides. The main ore minerals are arsenopyrite, pyrite, galena and gold.

The third type are gold-polymetallic deposits as represented by the Smirnovskoe deposit, which is located in the far eastern part of the licence outside the license area. These ore types are located on the contacts of the dolomitic limestone and intruding Jurassic granites. The southern portion of the license area primarily features deposits of this type.

The fourth mineralized type is gold-quartz-tourmaline. Gold occurrences of this type are widely distributed and common in the license area. They include the Podgornoye deposit, part of the Bogomolovskoye deposit, and a number of other occurrences.

In a number of large gold deposits (for example the Bogomolovskoye deposit) several mineralization types are identified.



### Exploration

In November 2013 Auriant initiated an exploration programme on the flanks of the Bogomolovskoye deposit (currently all hard rock gold at Solcocon is mined from this deposit), aimed at increasing reserves of oxidised ore for the heap leaching operation.

As of the end of 2013, 3,336 m of trenches were dug and 2,663 m of core drilling undertaken. Preliminary results of two sections of the southern flank have shown intersections of up to 5 m in width, with average gold grades of 4.5 g/t. Exploration work is continuing on the southern and northern flanks of the Bogomolovskoye deposit.

### Staroverenskaya Mining

The Staroverenskaya license area belonging to Auriant Mining contains two mining operations – the Solcocon hard rock mine and an alluvial operation, collectively referred to as Solcocon. Overall in 2013 Solcocon performed to expectations, with gold production up 111% to 485 kg (15,593 oz).

With the exception of not using gravitational tailings the heap leaching process at Solcocon is similar to the production process at Tardan.

In 2013 Solcocon mined ore from two pits at the Bogomolovskoye and Kozlovkovskoye deposits. In addition waste stripping work started on the Podgornoye deposit. In total 212,000 tonnes of ore was mined, a 72% increase compared to 2012, with an average grade of mined ore of 1.42 g/t which was a decrease in grade compared to 2012.

Solcocon hard rock mining in 2013 did not meet all of the targets that were set at the beginning of the year. This was caused by a combination of factors, including a drop in ore grades; delays in commissioning of the new crushing complex; and serious flooding which affected large regions of the Russian Far East.

### Solcocon Hard Rock Gold production in 2013

Despite some operational challenges in 2013, significant improvements to Solcocon were undertaken, to improve efficiency and throughput going forward. Key highlights included:

- Rebuilding of the heap leach pads
- Installation of two new sorbtion columns which will increase throughput and recoveries from the heap leaching solution
- Addition of a cold copper desorption circuit which will increase recoverable gold content
- Installation of a new boiler system for heating the cyanide solution, designed to improve heap leaching, particularly in colder weather
- Completion of the tailings storage facility
- Partial refurbishment of the crushing complex, with the addition of new conveyors; a new jaw crusher; and new feeders, all of which will improve ore throughput





Although ore mined was up by 72% compared to 2012, there was less of an increase in ore stacked on the heap (a consequence of the delay in commissioning the crushing complex) which, together with lower grades, led to an overall reduction of 7% in hard rock gold produced.

		12m 2013	12m 2012
<b>Mining</b>			
Waste stripping	000 m <sup>3</sup>	344	581
Ore mined	000 tonnes	212	123
Average grade	g/t	1.42	2.01
<b>Heap leach</b>			
<b>Crushing / Stacking</b>			
Ore	000 tonnes	168	131
Grade	g/t	1.37	1.64
Gold produced	kg	108	116
<b>Warehouse</b>			
Ore	000 tonnes	57	17.4
Grade	g/t	1.08	1.54
<b>Alluvial</b>			
Waste stripping	000 m <sup>3</sup>	1,397	1,268
Sand washed	000 m <sup>3</sup>	338	119
<b>Gold produced</b>	<b>kg</b>	<b>377</b>	<b>114</b>
<b>Total gold produced</b>	<b>kg</b>	<b>485</b>	<b>230</b>

### Geology of alluvial deposits

Placers are confined to valleys. Valley morphology is determined by tectonic factors and are situated along branches of the Kutomar fault zone. Valley shapes are linear, with a trough-like, bowl shaped cross section. Lobe lengths vary between 0.8 – 14 km. Total thickness of alluvial sediments in the valleys varies from 2 m to 18.5 m.

The size distribution of gold within the placers is very irregular. Fine gold makes up 74%, medium gold 12% and coarse gold 7% with fine dispersed gold a further 7%. Gold grains are poorly rounded and are usually flat.

### Solcocon Alluvial Gold Production in 2013

In 2012 Auriant Mining outsourced all of its alluvial mining operation to an experienced alluvial operator Urumkan. Under this arrangement Auriant receives a net sales royalty of 18.6% with Urumkan responsible for all operations.

2013 saw a significant increase in alluvial gold produced. Gold production tripled compared to 2012 and reached 377 kg (12,121 oz), primarily reflecting the fact that, unlike in 2012, Urumkan was able to work a full mining season. In 2013 the mining season was June to October.



## Kara-Beldyr

### License

The Kara-Beldyr exploration and mining license area is a 34 km<sup>2</sup> site situated in the Republic of Tyva, 166 km east-southeast of Kyzyl, the capital city of the Tyva Republic and approximately 110 km from our producing mine at Tardan.

Kara-Beldyr is a late stage gold exploration project undertaken in a joint venture with the Canadian mining company, Centerra Gold Inc. ("Centerra"). Auriant's ownership in the joint venture as of 31 December 2013 is 30%. Exploration has now been completed and an updated reserve report has been submitted for GKZ approval.

### 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 prospect is located in the upper reaches of the Yenisei river at elevations varying from 1,050 to 1,750 m.

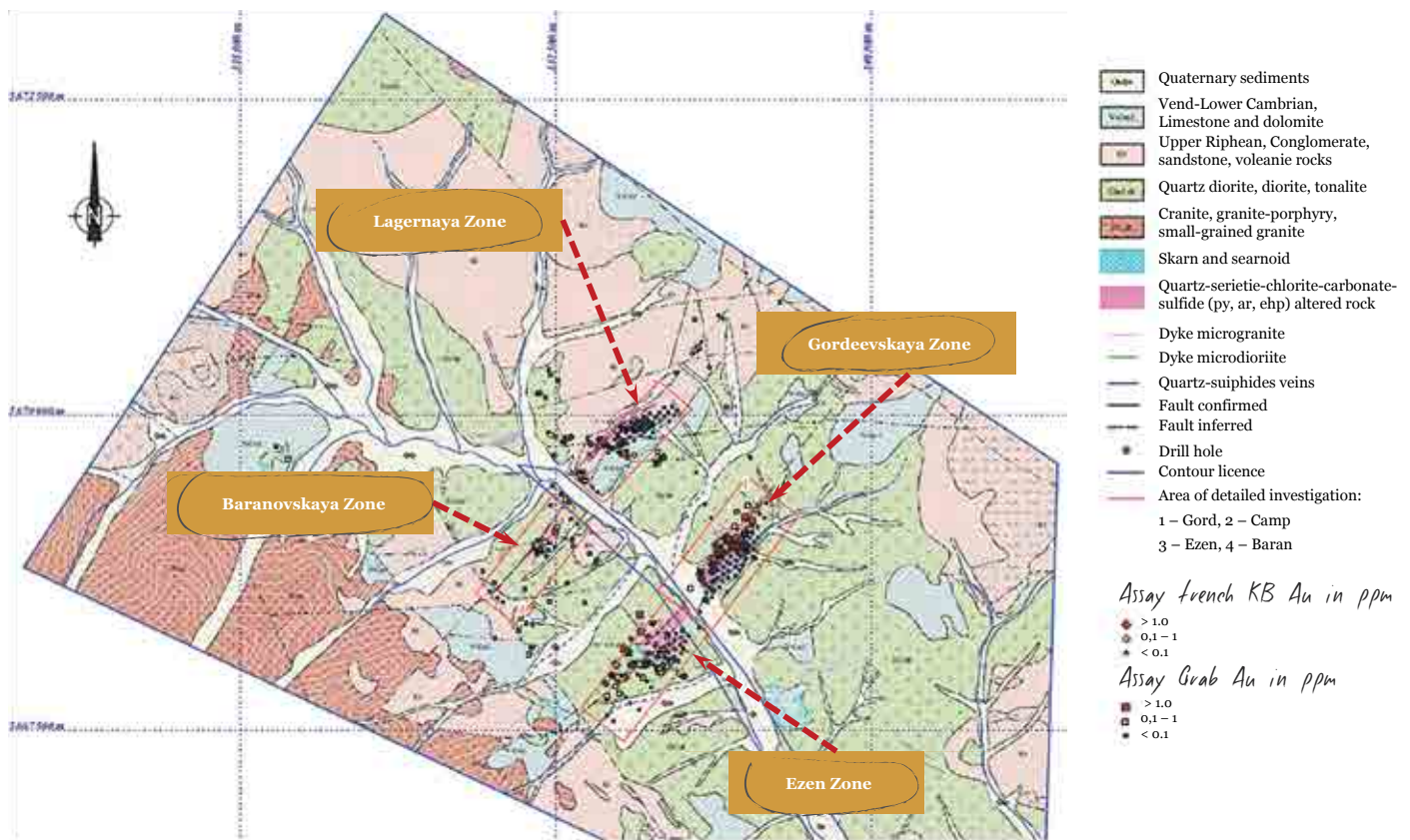
The Kara-Beldyr gold ore field was identified in 1988 by geological mapping at a 1:50,000 scale. Geological structures play the main part in control, distribution and localization of mineralization. Gold mineralization is

associated with quartz diorites. Intense post-magmatic activity led to the formation of mineralized scarns in tectonically weakened zones, and diorite-beresites with impregnated and vein-impregnation mineralization within the diorite mass.

Mineralization is hydrothermal and medium-deep in its genesis. Two mineralogical types were identified: gold-scarn and gold-beresite. The ore-hosting rocks are hydrothermally altered scarns in the former case and metasomatites (beresites, beresitized rocks) in quartz diorites in the latter. Mineralization favours zones with major northeast-striking faults and is best in areas where these faults cross tectonic fractures trending in a northwestern direction. Linear stockwork-like metasomatic ore zones are formed within these joints. The largest ore bearing zone discovered is 2.3 km along strike and 100 - 400 m wide. The Gordeevskoye and Ezen prospects were identified within this zone.

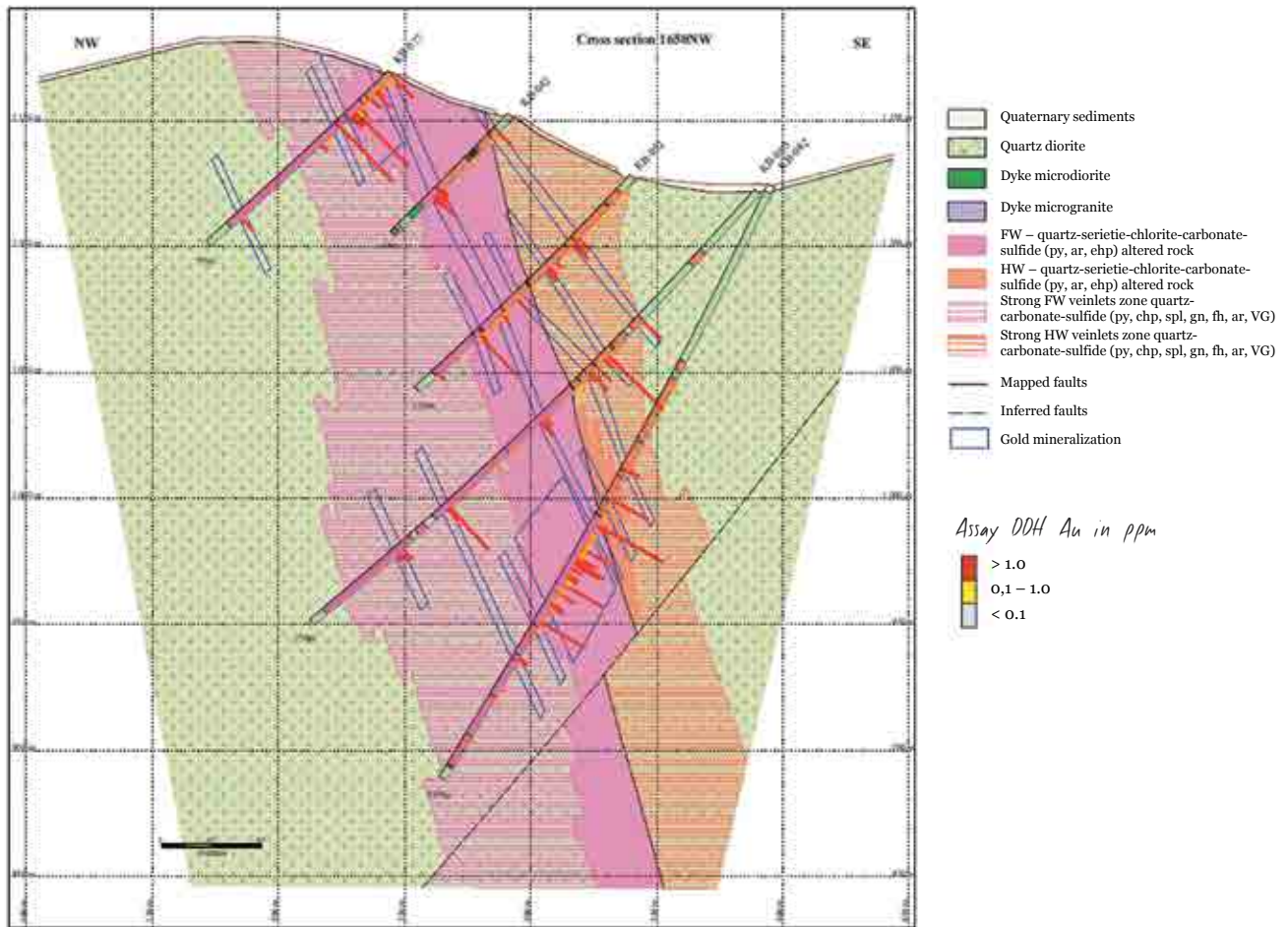
The Gordeevskoye prospect is gold-beresite. Seven gold ore bodies averaging 80–180 m long, 1–16 m wide, and with gold grades up to 18 g/t have been identified in the Gordeevskoye prospect. The ore is oxidized on the surface and the oxidation zone is well defined to a depth of 40 m and partially delineated to a depth of 85 m.

## KARA-BELDYR LICENSE AREA





## GORDEEVSKOYE ZONE INTERSECTIONS



Primary ores are formed by pyrite, chalcopyrite, sphalerite, galena, arsenopyrite, enargite, arsenoferrite and sometimes by fahl ore and bismuth minerals. Free gold is observed only in quartz veins in the form of individual grains not more than 0.5 mm in size, as well as in the form of microscopic gold precipitated inside and around the pyrite grains.

In the Ezen prospect, gold-beresite and gold-scarn mineralization are spatially combined. Gold mineralization occurs in an area of mineralized garnet scarn. Ore mineralization is controlled by a local zone of intense tectonic activity and cataclastic alteration. The total amount of metallic minerals is 10 - 15%. In polished sections and

heavy mineral fractions solid gold particles vary in size from a few hundredths of a millimetre to 0.5 mm, in different forms in the micro-fractures in non-metal minerals such as limonite and malachite. The most promising occurrences in the Ezen area are in beresite-gold mineralized bodies. Gold grades in these beresites in the central part of the area may be up to 34.3 g/t. The spatial and genetic combination of the two mineralization types, as well as their localization in one mineralization-controlling structure, allows for their evaluation as a single gold project. Two gold and two gold-copper ore bodies up to 100 m long, and up to 7 m wide, with gold grades up to 9.5 g/t, have been identified within the Ezen prospect.



## Resources

Kara-Beldyr's resources, estimated in accordance with NI 43-101 as of 31 December 2011, are given in the table below.

Ore Type	Measured & Indicated				Inferred				License expiration
	Ore, 000 t	Au, g/t	Au, kg	Au, 000 oz	Ore, 000 t	Au, g/t	Au, kg	Au, 000 oz	
Kara-Beldyr									2027
Hard Rock	3790	2.4	8989	289	3,354	2.0	6,563	211	
<b>TOTAL</b>	<b>3790</b>	<b>2.4</b>	<b>8989</b>	<b>289</b>	<b>3,354</b>	<b>2.0</b>	<b>6,563</b>	<b>211</b>	

## Uzhunzhul

### License

The 134 km<sup>2</sup> license area is located in the Republic of Khakassia (which adjoins the Republic of Tyva), 80 km from the capital Abakan, an economically well-developed region, with large mining and metallurgical companies. The license for the exploration and mining of hard rock gold in the Uzhunzhul ore cluster was awarded 20 November 2008 and is valid till 20 November 2031.

The Nemir-Chazygolskoye ore field, which covers the eastern part of the license area, is itself located on the southeast flank of the Uybaty gold bearing area. The Yurkovsky, Vostochny, and Paraspan occurrences have been discovered within the Uzhunzhul license area. In addition, the license area features placer deposits of gold.

The ore field is in the contact zone of the Basino-Uzhunzhul granite massif and extends in a northeast direction for 20 km with a width ranging from 4 to 10 km.

Intrusive rock cover a significant part of the license area and is divided into five types, all of which form intrusive massifs extending in a northeast direction and small stocks of syenite, granite, granodiorite, gabbro, gabbro-diorite and diorite porphyry.

The northeast strike faults trend in the same direction as the Uybaty zone structures. Numerous faults are associated with milonites and cataclasites, and are associated with dykes, alteration zones, gold, lead-zinc, copper and molybdenic mineralizations.

Northwest and north-south faults are less well developed. They, as a rule, cross and displace fault zones of other directions.

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.

Beresitic and propylitic zones are widely represented in the intrusive rocks, developing along northeast and east-

west faults. The width of such zones varies from tens of centimetres to tens of metres, and up to 3 – 4 km in length.

The producing Kuznetsovskoye mine is located several kilometres southeast of the border of the Uzhunzhul license.

The Irgol fault zone controls the gold ore bearing structure on the license area. It represents a set of faults running in a northeast and east west direction. All of the gold ore bearing bodies occur within this zone.

The license area features predominantly two ore types: gold-quartz and gold-quartz-sulphide. Gold-quartz ore types are localized within the intrusive massif. Gold-quartz-sulphide ore types are found in the contact parts of the intrusive massifs.

Gold-quartz ore types occur primarily in the Vostochny Flank and Yurkovsky occurrences.

The Yurkovsky prospect contains 12 gold-bearing zones found in steeply dipping tectonic cracks that run in a northeast and east-west direction. The length of the zones varies from 400 m to 2,500 m, and 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.

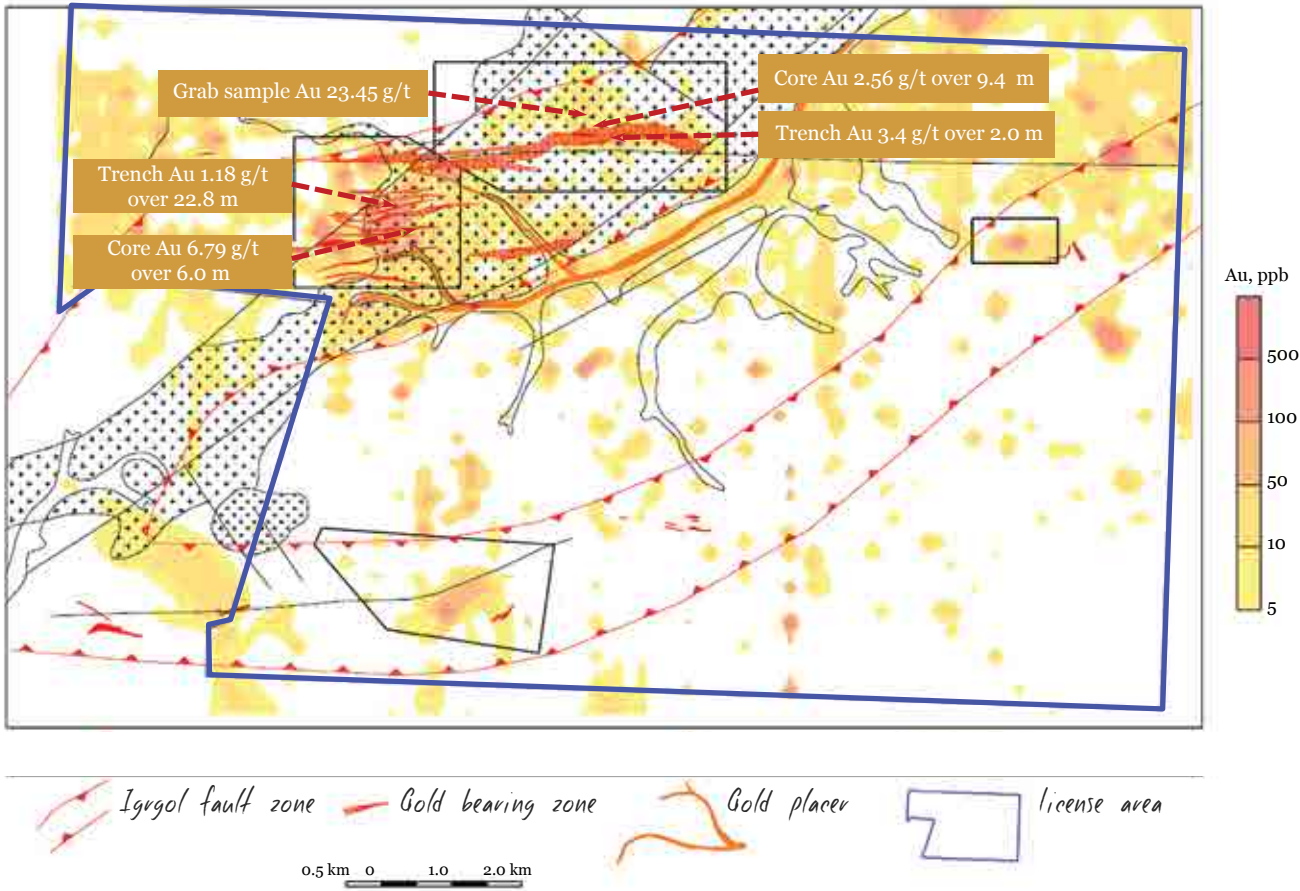
The main mineral found in the ore is pyrite, with occurrences of arsenopyrite, chalcopyrite, galena, and native gold. The maximum gold grade in the ore bodies is 150 g/t, with averages from 3.0 up to 35.3 g/t depending on the zone.

The Vostochny Flank occurrence incorporates or bodies with widths varying between 4.2 m and 47 m, and lengths up to 520 m. Gold grade vary up to 4.8 g/t. The Paraspan occurrence has grades up to 30 g/t.

Historically, placer mining on the current Uzhunzhul license area started in 1835, with approximately 1.9 tonnes of gold mined to date.

The best prospects for discovering gold deposits within the Uzhunzhul area are the Yurkovsky, Vostochny Flank, Vostochny and Paraspan occurrences.

UZHUNZHUL LICENSE AREA

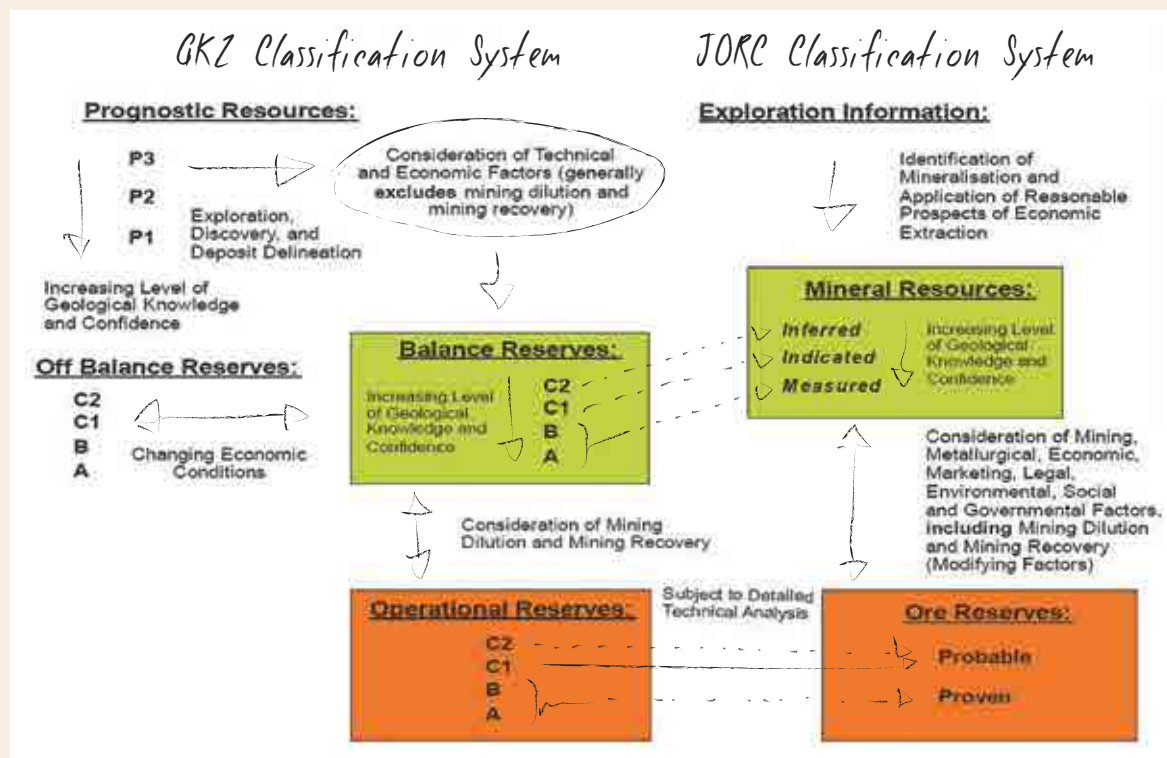


## GKZ System of Reserve Classification

The JORC Code, which is the most commonly used system of ore classification internationally, and the GKZ reserve reporting systems share a very important fundamental concept, which is that the economic viability of the reserve must be demonstrated. Both systems consider a similar set of geological, economical and technical factors and the

two systems utilise a sequential classification scheme that reflects the increasing degree of knowledge and confidence in the technical and economic character of the reserves. Whilst there is no direct translation of the GKZ classification into the JORC system, the following is a rough, approximate guide.

### COMPARISON OF THE GKZ AND JORC CLASSIFICATION SYSTEMS



### Brief Explanation of GKZ Resource Classification

In the Former Soviet Union, ore reserves are classified into five main categories and designated by the symbols A, B, C<sub>1</sub>, C<sub>2</sub> and P<sub>1</sub>. Capital letters are used to designate ores that are economic. Resources and Reserves include the first four categories, A, B, C<sub>1</sub> and C<sub>2</sub> as defined as follows:

#### A

Reserve category. The reserves in place are known in detail. The boundaries of the deposit have been outlined by trenching, drilling, or underground workings. The quality and properties of the ore are known in sufficient detail to ensure the reliability of the projected exploitation.



**B**

Reserve category. The reserves in place have been explored but are only known in fair detail. The boundaries of the deposit have been outlined by trenching, drilling, or underground workings. The quality and properties of the ore are known in sufficient detail to ensure the basic reliability of the projected exploitation.

It is rare for any gold deposits to have A or B reserves, and typically this classification is only used for hydrocarbon deposits (oil and gas). For ore mining, C<sub>1</sub> and C<sub>2</sub> reserves are the highest classifications used, and indicate that the ore is economically minable.

**C<sub>1</sub>**

Reserve category. To classify reserves as this category it is required that general properties such as shape, depositing conditions and ore body structure be determined. In addition rough estimate of mineral types of mineralisation should be given and basic technological characteristics of potentially mineable ore should be determined.

**C<sub>2</sub>**

Reserve category. Reserves of this category are estimated only preliminarily and are adjoining A, B, or C<sub>1</sub> reserves in the same deposit.

In Russia and the Former Soviet Union the State is the beneficial owner of the country's mineral reserves. Mineral reserves for all deposits must be approved by the State Commission for Reserves (Gosudarstvennaya Komissia po Zapasam), referred to as the GKZ, and recorded on the national inventory or balance of mineral reserves.

The GKZ provides strict control on the estimation and reporting of mineral reserves, and a prescribed

protocol for calculation of reserves is applied, which utilises a sectional method of reserve estimation. More modern methods, such as computer modelling and block modelling are being examined by the GKZ; however all of the currently defined balance mineral reserves have been calculated and approved based upon the standard sectional method.

Mineral reserves are calculated by the enterprise or company that owns the licence, adhering to the standard protocol, and are typically submitted for approval by the GKZ in the form of a TEO report (Technico-Ekonomicheskoe Obosnovanie), which characterises the mineral deposit, followed by a TER report (Technico-Ekonomicheskoe Raschoti), which details the calculation of the mineral reserves. Note, that only reserves calculated based upon the GKS classification system can be approved by the authorities.

The Western equivalent system for classification of mineral resources and ore reserves is the JORC Code. The JORC Code is the Australasian Code for Reporting of Mineral Resources and Ore Reserves prepared by the Joint Ore Reserve Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. The JORC Code was established in 1971 and the first edition was released in 1989. The current edition was effective from December 2004.

In general, the level of detail of information required to support a submission of mineral reserves to the GKZ, is more systematic and comprehensive than is required under the JORC Code, and mineral reserves submitted for approval to the GKZ are subject to rigorous review.

*Source: Wardell Armstrong*

# Gold in the Eurasia region

*Data on gold in Eurasia was kindly provided by  
SRK Consulting (Russia) Ltd.*

Historically investors have paid more attention to those gold mining jurisdictions that have had a long history of gold mining and a favourable mining investment climate. This has primarily meant North America, Australia, and of course South Africa. Given the long lead times in developing a gold mine, the need to access well developed capital markets and a sophisticated investor base has also favoured North America.

However, all of the large, high grade gold deposits in these markets have already been discovered. The number of discoveries of such high grade deposits has fallen from 10 in 1997 (together representing almost 80 Moz of gold reserves), to zero discoveries in 2012. At the same time average gold grades have fallen in the industry as well. For example, the median grade of the world's 10 largest gold operations has fallen from just over 4 g/t in 2002, to just over 1 g/t in 2012.

Increasingly, investors and gold miners will have to start looking further afield for new deposits. Over this last

decade there has been a boom in gold mining in Africa, South America and Asia – indeed, the world's largest gold mine, Grassberg, is in Indonesia. However, these markets face higher political and regulatory risk and less favourable infrastructure, compared to more traditional gold mining jurisdictions.

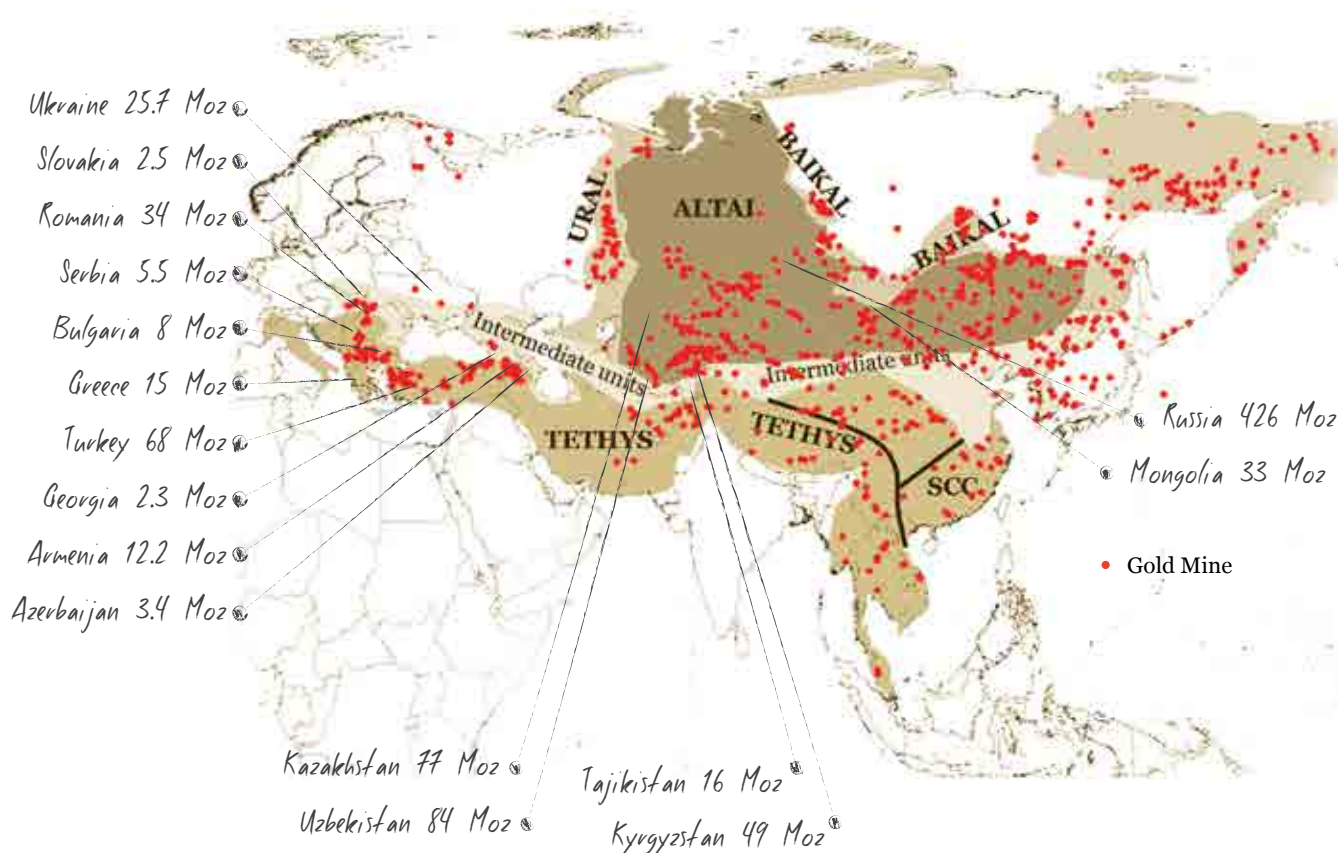
## TIME TO LOOK AT EURASIA?

The Former Soviet Union and Eurasia represents a region of relatively underexplored gold potential, and rapidly growing production. Most interest to date has focused on Russia and the Central Asian states, especially Kazakhstan and Kyrgyzstan – all countries that have very large existing gold resources, but with limited exploration since Soviet times. However, given that some of the world's largest gold belts are to be found in Eurasia (*see gold map of Eurasia*) it makes sense to consider gold resources within these belts that have a common geology.



## EURASIA

## MAIN GOLD BELTS AND RESERVES &amp; RESOURCES



## GEOLOGY

A large part of the Eurasian continent between Europe, Arabian, Siberia, Kazakhstan, North China, Tarim-Karakoum, South China and Indochina Precambrian blocks was formed during the past 800 m.y. during late Neoproterozoic through Jurassic closure of the Tethyan ocean basins followed by late Mesozoic circum-Pacific and Cenozoic Alpine-Himalayan orogenies. The long and complex history of development reflects that it is a composite of older blocks and Paleozoic – early Mesozoic terranes that were amalgamated to form this relatively young landmass. The Eurasian orogens represent unique tectonic settings with essentially multiple episodes of discrete accretionary and collisional events. An abundance of active “continental” margins along the numerous Precambrian blocks provided many favorable settings for arc development and orogenesis as

## GOLD RESERVES AND RESOURCES

	Moz
<b>Africa</b>	<b>1,376</b>
North America	1,077
Latin America and the Caribbean	1,006
Eurasia	864
Australia and Pacific	695
Asia	320

Data compiled in March 2014

the various subbasins between each block were closed via terrane accretion and eventual collision, which is extremely favourable for gold mineralization.



As can be seen from the map the Eurasia region contains some of the largest gold belts with similar geologies in the world. For companies active in the region it makes sense to focus on the region as a whole, given that large areas within the region (e.g. FSU) have similar mining environments and regulations. For example, a Russia focused gold miner will find it easier to operate in Central Asia than it would

for a North American miner. In turn, this will increase management and operating synergies.

Eurasia represents one of the world's premier regions for giant gold deposits with some of the world's largest orogenic gold deposits and gold-bearing epithermal and porphyry systems being developed and mined.

#### LARGEST GOLD DEPOSITS IN EURASIA

Deposit	Country	Location	Deposit Type	Au, t	Au, Moz
Muruntau	Uzbekistan	Southern Tien Shan	Orogenic	>3000	>96.5
Almalyk	Uzbekistan	Northern Tien Shan	Porphyry	>2000	>64
Natalka	Russia	Yana-Kolyma belt	Orogenic	1860	60
Olympiada	Russia	Yenisei Ridge	Orogenic	1300	42
Sukhoi Log	Russia	Baikal Mountains	Orogenic	>1100	35
Oyu-Tolgoi	Mongolia	Kazakh-Mongol arc	Porphyry	>1000	32
Balei/Taseevskoye	Russia	Central Transbaikali	Epithermal	800	26
Nezhdaninskoye	Russia	South Verkhoyansk	Orogenic	640	21
Ovacik	Turkey	Anatolia	Epithermal	580	19
Rosia Montana	Romania	Romania	Epithermal	575	18
Kumtor	Kyrgyzstan	Middle Tien Shan	Orogenic	570	18
Kisladag	Turkey	Anatolia	Porphyry	495	16
Vasilkovskoye	Russia	Charsk belt	Orogenic	450	14
Bakyrchik	Kazakhstan	Irtys-Zaisan basin	Orogenic	410	13
Bestobe	Kazakhstan	Charsk belt	Orogenic	400	13
Kuranakh	Russia	Central Transbaikali	Epithermal	400	13
Zarmitan	Uzbekistan	Southern Tien Shan	Orogenic	340	11
Blagodatnoye	Russia	Yenisei Ridge	Orogenic	325	10



RUSSIA IS THE WORLD'S  
3<sup>rd</sup> LARGEST GOLD PRODUCER



Country	Gold Reserves & Resources oz	No. of Deposits	No. of Companies	Public Companies
Armenia	12,264,437	13	12	5
Azerbaijan	3,339,553	6	4	1
Bulgaria	7,995,499	9	8	4
Georgia	2,288,000	3	5	1
Greece	15,165,844	6	6	3
Hungary	720,000	3	3	1
Kazakhstan	77,316,187	53	44	15
Kyrgyzstan	49,032,549	34	30	16
Mongolia	33,079,156	32	33	19
Romania	34,232,917	10	10	4
Russia	426,068,375	239	106	20
Serbia	5,457,344	8	7	5
Slovakia	2,492,829	12	11	4
Tajikistan	15,746,129	11	11	3
Turkey	68,441,594	43	31	17
Ukraine	25,676,172	6	8	3
Uzbekistan	84,536,998	18	11	3
<b>TOTAL</b>	<b>863,853,583</b>	<b>506</b>	<b>340</b>	<b>124</b>

As Eurasia has matured as a gold mining destination, so the number of gold mines in development and production has increased dramatically over the last 15 years, as well as the number of public and private companies mining gold. This has led to increased investor interest in the region. However, currently most investors prefer to look at each country separately without considering the wider regional potential.

Auriant Mining is taking the view that over the next several years there will be more consolidation at the junior level across Eurasian borders. Given similar geologies within the region, companies will be able to look for synergies at the level of operating assets and leverage their scale through proximity to suppliers, contractors, and regional capital markets.



# Board of Directors



## **PRESTON HASKELL**

Chief Executive Officer until May 24, 2012 and Chairman of the Board since May 24, 2012. Born in 1966, Preston Haskell is Saint Kitts and Nevis citizen, and has been active as a businessman in Russia since the early 1990s.

Preston has a Degree in Economics from the University of Southern California in the U.S.

As of 31 December 2013, shares in Auriant Mining AB: 9,314,968 (52.3% of outstanding shares) and options in Auriant Mining: 0



## **LORD DARESBUURY (PETER)**

Board member since November 27, 2012. 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, a major Russian gold miner (2002 – 2004). Peter is currently Chairman of Stellar Diamonds plc, Nasstar plc, and Mallett plc. Current directorships include Bespoke Hotels Ltd, and Rusan 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.

Peter has an MA in history from Cambridge University.

As of 31 December 2013, shares in Auriant Mining AB: 0 and share options in Auriant Mining AB: 30,000





### INGMAR HAGA

Board member since May 24, 2012. Ingmar Haga is a citizen of Finland, born 1951. Ingmar is currently Vice President Europe of Agnico Eagle Mines Limited, a position he has held since 2006. He has held various executive and corporate positions with 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 a board member of the Finnish Mining Association from 2007-2008 and as their Chairman in 2009. Since 2010 he has been a member of the Euromines Steering Committee.

Ingmar has an MSc from Åbo Akademi, Finland.

As of 31 December 2013, shares in Auriant Mining AB: 0 and share options in Auriant Mining AB: 30,000



### ANDRÉ BEKKER

Board member since November 27, 2012. André is a citizen of South Africa, born 1959.

He is one of the most respected geologists and mining executives in Southern Africa. He is currently the managing director of the Auriant Africa Group, a private equity resource investment company. Previously he was an Executive Officer of Sylvania Platinum, a position he has held from 2011 to 2013. His previous experience includes Technical Director of Amaria Holdings (2006 – 2010) another resource investment company with projects in platinum, manganese, nickel and coal; Senior Operations Manager of Royal Bafokeng Resources (2005-2006), a major mining investor; Head of Mining for the Industrial Development Corporation of South Africa (1991 – 2005); as well as serving as the Assistant Resident Geologist for a major Anglo American South African gold mine, and geologist of Rand Mines (1983 – 1986).

André has a BSc (Hons) from the University of Free State and a management diploma from Unisa. He is a member of the Geological Society of South Africa.

As of 31 December 2013, shares in Auriant Mining AB: 0 and share options in Auriant Mining AB: 30,000



### BERTIL VILLARD

Board member since May 15, 2013. Bertil is a citizen of Sweden, born in 1952. He is a senior partner of Vinge law firm, one of Sweden's largest law firms with a solid reputation as a valuable adviser on corporate matters including corporate governance and mergers and acquisitions. He has extensive practical corporate governance experience from previously serving as secretary and board member of several publicly listed companies. Prior to Vinge KB, his experience included Head of Corporate and Finance at Alfred Berg Fondkommission AB, General Counsel of Esselte AB, Swedish Match AB and Stora Kopparberg AB. He has also served as the Chairman of several companies: AMF Pension AB, Lernia AB, Salus Ansvar AB, Pergo AB and SEB Trygg Liv (Gamla). He is currently serving as Chairman or board member in Novestra AB, Landsort Care AB 1 – 3 (chairman), Mercuri International AB, Cleanergy AB, Voddler AB and Prior&Nilsson Kapitalförvaltning AB.

Bertil graduated from the University of Stockholm.

As of 31 December 2013, shares in Auriant Mining AB: 0 and share options in Auriant Mining AB: 30,000

# Group Management



## DENIS ALEXANDROV

Denis Alexandrov, a Russian national, joined Auriant Mining AB as CEO in May 2012 having previously held senior positions in two Russia-focused investment companies, A1 one of Russia's largest investment funds where he was CFO and acting CEO, and Arlan, one of Russia's largest gold focused investment funds. From 2001 to 2003 he was CFO of Highland Gold Mining Plc., following two years at Alfa Group in London. Previously he spent 5 years with PricewaterhouseCoopers. His Board appointments have included Highland Gold, Timan Oil and Gas, Stellar Diamonds, Systematika Group, Remet and Silver Bear PLC.

Denis holds an MBA from the Moscow School of Management (Skolkovo).

As of 31 December 2013, shares in Auriant Mining AB: 435,442 and warrants/ stock options in Auriant Mining AB: 811,768



## DMITRY NOVIKOV

Dmitry Novikov, a Russian citizen, joined Auriant Mining AB as Acting CFO in November 2013.

Dmitry has more than 10 years in finance and private equity in Russia and the CIS. His previous experience includes a number of positions at Slavneft (a leading Russian oil company), and Highland Gold Mining (one of Russia's largest gold miners) leading mostly forecasting, budgeting, treasury functions. As Investment manager with PTF Capital he was responsible for private equity investments, and corporate restructuring.

Dmitry graduated from Plekhanov Russian University of Economics. He is also CFA Candidate.

As of 31 December 2013, shares in Auriant Mining AB: 0 and share options in Auriant Mining AB: 0.



## MAX YACOUB

Max Yacoub, a dual British/Russian national, joined Auriant Mining AB as Chief Investment Officer in November 2012. His previous experience includes 8 years with the International Finance Corporation (IFC) where he was an Investment Officer focusing on investments in the gold mining sector in Russia and the CIS as well as Head of Office for IFC in Belarus. He also has experience of private equity in Russia.

Max graduated from the University of Birmingham in the UK with a B.Eng in Manufacturing Engineering and a B.Com in Economics. He also has an MBA from Harvard Business School.

As of 31 December 2013, shares in Auriant Mining AB: 19,295 and stock options in Auriant Mining AB: 180,000

For more details on all Auriant Mining AB warrants/employee stock options please refer to the Share Capital and Ownership section of this report.



### VLADIMIR CHURIN

Vladimir, a Russian national, 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 being Chief Geologist with Altynalmas in Kazakhstan (2011–2012), Exploration Manager Oxus Resources in Uzbekistan (2010–2011), and Deputy Chief of the Russian Federal Geological Agency in the Buryatiya Republic (2009–2010). Additionally, he worked as Exploration Manager for Severstal Resurs (now called Nordgold, a major Russian gold producer), Ilmenit (a Siberian junior miner), and Kinross Gold.

Vladimir graduated from the Leningrad Mining Institute with an MSc in Geology with a concentration in Exploration Geology.

As of 31 December 2013, shares in Auriant Mining AB: 0 and options in Auriant Mining AB: 20,000



### SERGEI SHUMILOV

Sergei is an experienced Human Resources and Development professional. He joined Auriant in 2012 as HR Director for the Group. Previously he was HR Director for Lafarge Russia (a leader in construction materials) from 2009 – 2011, as Plant Training and Development Manager for Lafarge's Voskresensk cement plant (2007–2009). Prior to Lafarge he worked in sales, marketing and merchandising at Philip Morris Russia from 1998 – 2006). In addition, since 2009 he is an Executive Coach with the Center for Creative Leadership.

Sergei graduated from the Saratov State University with an MSc in Radio Engineering.

As of 31 December 2013, shares in Auriant Mining AB: 0 and options in Auriant Mining AB: 100,000



### EKATERINA BABAEVA

Ekaterina Babaeva, a Russian national, joined Auriant Mining in April 2012 as acting Group General Counsel and was then appointed Group General Counsel in August 2012. Previously Ekaterina was Legal Advisor to Colliers International from 2004 to 2009 (a company associated with Preston Haskell), having previously worked as a lawyer in a company providing audit and legal advisory services. Ekaterina has 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 role at Auriant, Ekaterina continues to work as Head of Legal Department at Haskell Group.

Ekaterina graduated with honours from the Law Department of Moscow State Lomonosov University.

As of 31 December 2013, shares in Auriant Mining AB: 235,492 and warrants in Auriant Mining AB: 40,000

### AUDITORS

*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.



# Directors report

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 2013.

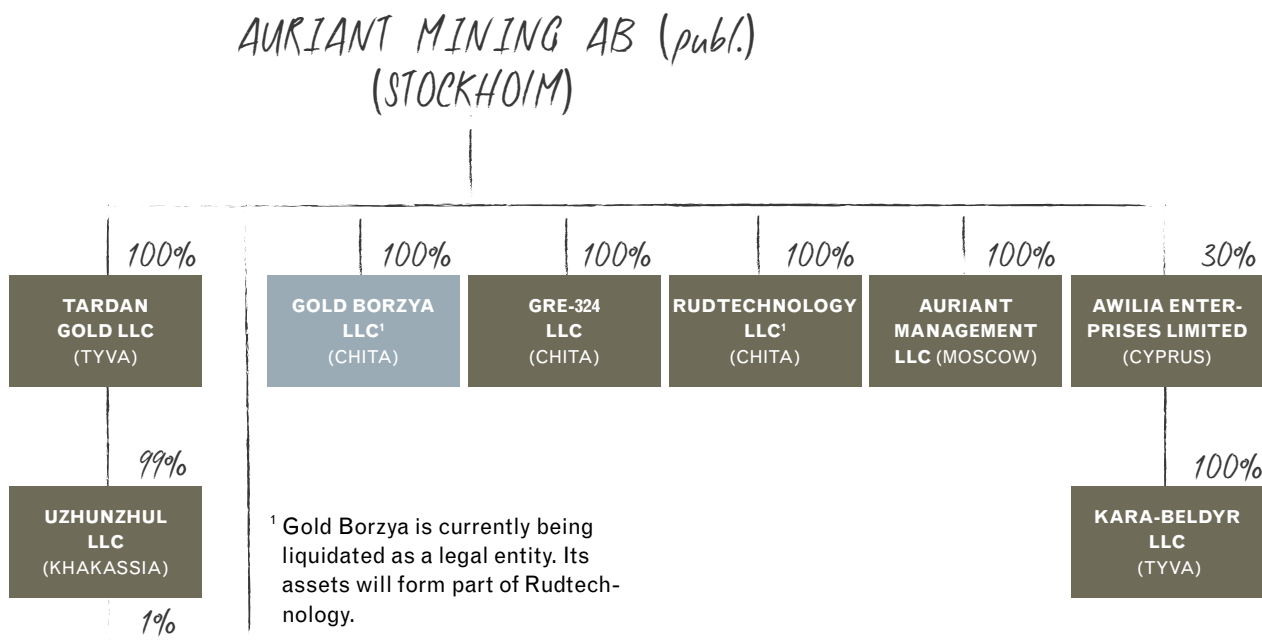
## GROUP STRUCTURE AND OPERATIONS

AUR AB is incorporated in Sweden, with mining operations in Eastern Siberia, Russia. As of today, the Group is comprised of the Swedish Parent Company, AUR AB, which controls seven subsidiaries in Russia and participates in a joint venture 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 Tyva, and Zabaikalsky regions in eastern Siberia in Russia.

From March 29, 2005 until July 2010, AUR AB was publicly 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, 2013 was approximately 3,000.

The operations of the Group are performed via the subsidiaries and a joint venture. The Group's main assets comprise a number of mineral mining permits (licenses) held by the various subsidiaries. The license areas operated are Tardan, Staroverinskaya, Uzhunzhul and Kara-Beldyr. Kara-Beldyr is operated through a joint venture with the Canadian company, Centerra Gold Inc., AUR's ownership in the joint venture as at December 31, 2013 is 30%. The other license areas are wholly owned by AUR.

## AURIANT MINING GROUP ORGANIZATIONAL STRUCTURE AS AT 31 DECEMBER 2013



**THE TABLE BELOW SHOWS THE GROUP STRUCTURE OF AUR AB AS OF DECEMBER 31, 2013**

Company	Location	Operations	Ownership
Auriant Mining AB	Stockholm, Sweden	Parent company, supports the subsidiaries with financing, investor relations and strategic decisions etc.	
<b>SUBSIDIARIES</b>			
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 Rudtehnologiya	Krasnokamensk, Zabaikalsky region, Russia	Owner and operator of the equipment and production at the Solcocon heap leaching plant.	100% owned by AUR AB
LLC Gold Borzha	Krasnokamensk, Zabaikalsky region, Russia	Dormant company, was used as operator of the production at the Gold Borzha alluvial production unit on the Staroverinskaya license area (to be liquidated in 2014).	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
<b>JOINT VENTURE</b>			
Awilia Enterprises Ltd.	Nicosia, Cyprus	Joint venture company with Centerra Gold Inc., owner of the operating JV company, LLC Kara-Beldyr.	30% 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 RESERVES  
NI 43-101 Compliant Gold Resources**

The resource numbers below represent the overall resources of Kara-Beldyr according to an internal

Centerra Gold NI 43-101 assessment. Auriant is a 30% owner of Kara-Beldyr. Official GKZ approval of updated reserves and resources is expected in 2014.

**NI 43-101 COMPLIANT GOLD RESOURCES**

License	Ore Type	Measured & Indicated				Inferred				License expiration
		Ore, 000 t	Au, g/t	Au, kg	Au, 000 oz	Ore, 000 t	Au, g/t	Au, kg	Au, 000 oz	
Kara-Beldyr	Hard Rock	3,790	2.4	8,989	289	3,354	2.0	6,563	211	2027
<b>Total</b>		<b>3,790</b>		<b>8,989</b>	<b>289</b>	<b>3,354</b>		<b>6,563</b>	<b>211</b>	

### GKZ - Compliant Gold Reserves

The GKZ registered reserves (not including the results of 2013 exploration that have not been registered yet)

of Auriant Mining AB as of 31 December 2013 are as follows:

GKZ - COMPLIANT GOLD RESERVES																	
		C <sub>1</sub>					C <sub>2</sub>					C <sub>1</sub> + C <sub>2</sub>					
	Alluvi- al/Hard Rock	Ore, 000 m <sup>3</sup>	Ore, 000 t	Au g/t, (g/m <sup>3</sup> )*	Au, kg	Au, 000 oz	Ore, 000 m <sup>3</sup>	Ore , 000 t	Au g/t, (g/m <sup>3</sup> )*	Au, kg	Au, 000 oz	Ore, 000 m <sup>3</sup>	Ore , 000 t	Au g/t, (g/m <sup>3</sup> )*	Au, kg	Au, 000 oz	License expira- tion
Tardan																	2032
Tardan deposit	Hard Rock		750	4.4	3,320	107		328	6.0	1,969	63		1,078	4.9	5,289	170	
Staroverinskaya																	2029
Kozlov- skoye	Hard Rock		218	10.4	2,030	65		841	7.8	6,585	212		1,059	8.1	8,615	277	
Bogomo- lovskoye	Hard Rock							2,000	3.6	7,184	231		2,000	3.6	7,184	231	
Borzya	Alluvial	271		0.9	233	7.5	817		1.3	1,060	34	1,088			1,293	41.6	
Uzhun- zul																	2031
TOTAL		271	968		5,583	180	817	3,169		16,798	540	271	4,137		22,381	720	

\*(g/m<sup>3</sup>) applies only to alluvial gold at Borzya.

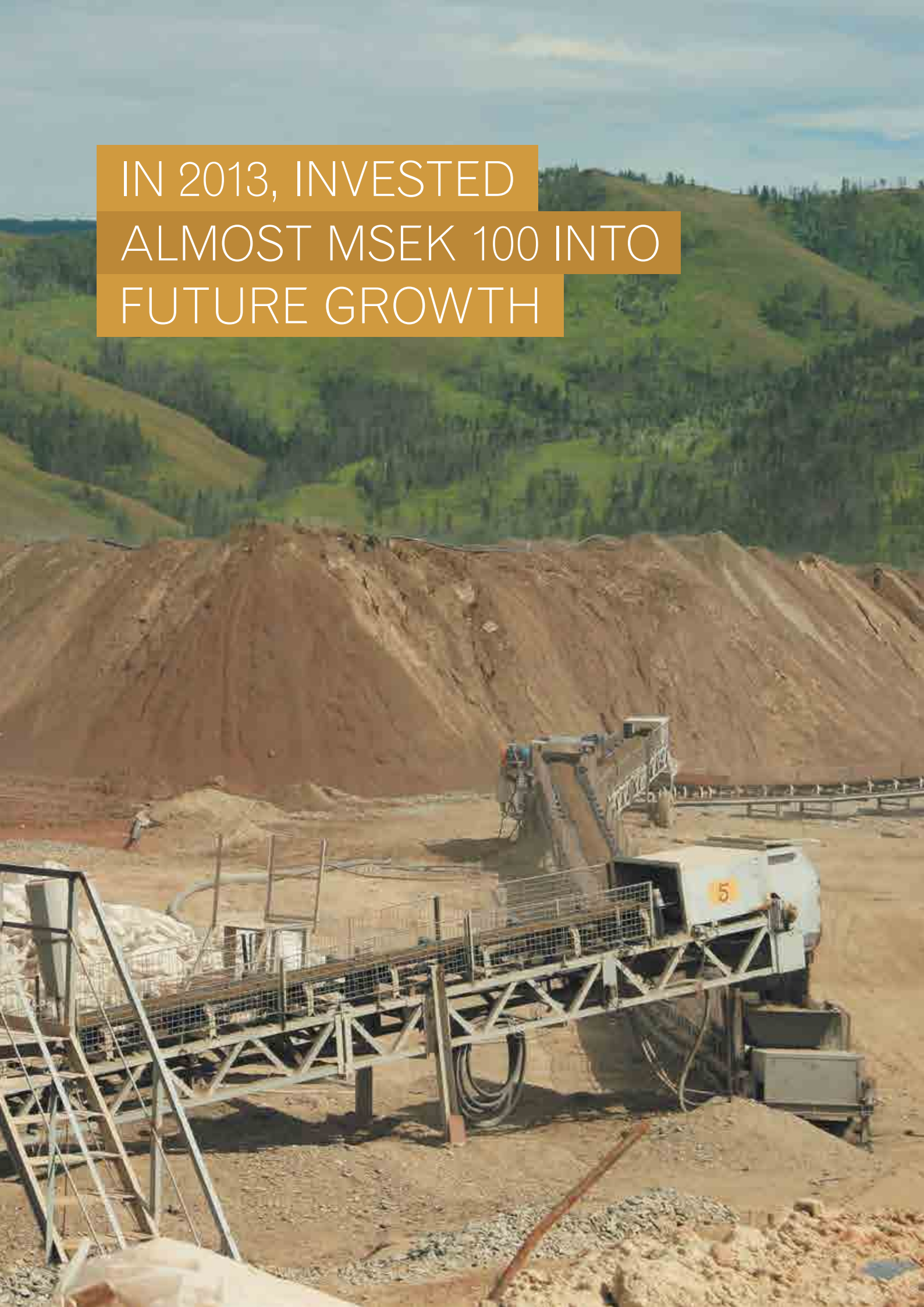
### Environmental policy

Environmental responsibility is a central issue in a company with operations that involve 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 risks. In general Russian environmental laws that apply 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 end of mining operations, which must be planned for years in advance. Auriant Mining AB is fully compliant with Russian environment regulations.



IN 2013, INVESTED  
ALMOST MSEK 100 INTO  
FUTURE GROWTH



# The Auriant Share

The number of outstanding shares as of December 31, 2013 was 17,802,429; the share capital was SEK 200,277,327 with a quota value per share of SEK 11.25. The limits of the share capital were minimum TSEK 150,000 and maximum TSEK 600,000.

## STOCK OPTIONS AND WARRANTS

The Board of Directors of Auriant Mining have found it to be in the interests of all shareholders to increase the responsibility, and to create a greater participatory interest for the members of the management team and some 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.

The Company has been successful in recruiting Non-Executive Directors who are highly qualified and experienced. For a company the size of Auriant to be

able to attract such quality individuals, a key factor has been the potential of offering warrants. Furthermore, such non-monetary compensation conserves cash for the Company that, as a growing junior mining company, has limited free cashflow, and is therefore not in a position to offer higher Board fees or synthetic stock to Board members. Holding warrants, helping to align the interest of the Non-Executive Directors with those of shareholders, is a widely spread practice in the global mining industry.

As of December 31, 2013 there were 1,306,768 outstanding warrants/ employee stock options in the Company with the right to subscribe for the same amount of shares. Out of the total amount of warrants/employee stock options, 811,768 were issued for a further transfer to the CEO of the Company, Denis Alexandrov, and 180,000 for a further transfer to the Chief Investment Officer Max Yacoub.

Deposit	2012		2013	
	Warrants	Stock Options	Warrants	Stock Options
<b>Senior Management</b>				
Chief Executive Officer	185,442	556,326		70,000
Chief Investment Officer	130,000			50,000
Group Chief Counsel				40,000
HR Director				100,000
Chief Geologist				20,000
<b>Total Senior Management</b>	<b>315,442</b>	<b>556,326</b>		<b>280,000</b>
<b>Other Employees</b>				<b>35,000</b>
<b>Board of Directors</b>				<b>120,000</b>

## 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
New 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 par value per share to SEK 0.20



**LARGEST OWNERS**

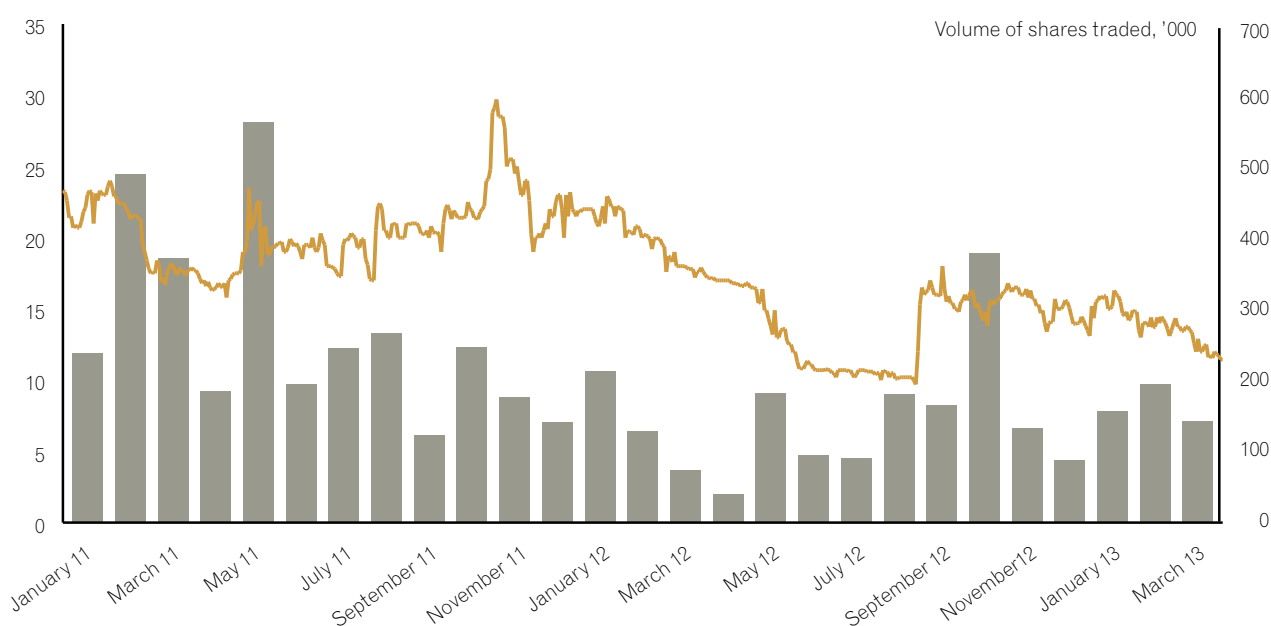
The 15 largest shareholders in Auriant Mining AB as of 31 December 2013

Shareholder	Number of shares	% share of ownership
BERTIL HOLDINGS, LIMITED	9,314,968	52.32
UBS AG LDN BRANCH A/C CLIENT, IPB	1,164,405	6.54
SWISS LIFE (LIECHTENSTEIN) AG	933,810	5.25
SVEA LANDS. S.A	695,887	3.91
SWISS LIFE LIECHTENSTEIN AG	500,000	2.81
UBS WM UK CLIENT HOLDINGS	435,442	2.45
SIX SIS AG, W8IMY	389,018	2.19
CLEARSTREAM BANKING S.A., W8IMY	362,790	2.04
PLOTEK, BERNT	332,640	1.87
GARDEN GROWTH INDUSTRIES AB	300,000	1.69
AVANZA PENSION	286,528	1.61
BABAEVA, EKATERINA	235,492	1.32
BANQUE ÖHMAN S.A.	200,000	1.12
ABRANTE, MIGUEL	190,000	1.07
KL CAPITAL AKTIEBOLAG	189,797	1.07
<b>Subtotal for 15 largest shareholders</b>	<b>15,530,777</b>	<b>87.24</b>
Other 2,947 shareholders	2,271,652	12.76
<b>Total number of shares outstanding before dilution</b>	<b>17,802,429</b>	<b>100.00</b>

Source: Euroclear AB

**SHARE PRICE**

The Auriant share is listed on Nasdaq OMX First North Premier (ticker AUR). The share price and daily numbers of shares traded are displayed in the graph below.

**AURIANT MINING AB SHARE PRICE, SEK**







# Corporate Governance report 2013

Corporate governance concerns the regulations and structure existing 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 to provide 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) ("Auriant", the "Company") is a Swedish public limited 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 are listed at the Swedish stock exchange NASDAQ OMX First North Premier. The shares are traded under the abbreviation, "AUR". Auriant has applied the Swedish Corporate Governance Code (the "Code") since July 1, 2008, except for the deviations detailed in its corporate governance reports. The Code is based on the "comply or explain" principle, which implies that companies applying the Code can deviate from the specific rules, but they must provide an explanation for such deviation. 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 conditions of employment and remuneration for the Chief Executive Officer and senior executives and, where relevant, the amendment of Articles of Association and the election of auditor.

## SHAREHOLDERS

As of the end of 2013 there were in total 17,802,429 shares in the Company and the same amount of votes. There were 2,962 shareholders in the Company as of December 31, 2013 and the largest shareholder was Bertil Holdings Ltd holding 52.32% of shares. Bertil Holdings Ltd is the only shareholder representing more than one tenth of the voting rights of all shares in the Company. The share capital of the Company as at that date amounted to SEK 200,277,327.

## ANNUAL GENERAL MEETING IN 2013

Auriant's 2013 AGM was held on Wednesday, May 15, 2013 in Stockholm. The minutes from the meeting are available at [www.auriant.com](http://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.
- Board members Preston Haskell, Andre Bekker, Peter Daresbury and Ingmar Haga were re-elected to the Board for 2013 and Sergey Kashuba and Bertil Villard were elected new Board members.
- It was decided that the Board of Directors would themselves elect one of them as the Chairman of the Board.
- Board fees were established for the Chairman of the Board in the amount of SEK 250,000 and for the other Board Members, in the amount of SEK 200,000 each. It was decided that remuneration amounting to SEK 25,000 per year and member shall be paid for the committee work.
- It was resolved to elect Öhrlings PricewaterhouseCoopers 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 of members of the executive management.
- The AGM decided to establish an incentive program for the members of management and a number of other employees through the issuance of employee stock options and warrants, in accordance with the Board's proposal.
- The AGM decided to establish an incentive program for the Company's Board of Directors through the issuance of stock options and warrants, in accordance with the proposal made by a shareholder representing 52.87% of the shares and votes in the Company.

At the 2013 Annual General Meeting 12,021,494 shares were represented by 12 shareholders either in person or via proxies. The shares represented comprised approximately 68% of the total number of shares in the Company.

#### ANNUAL GENERAL MEETING IN 2014

The Annual General Meeting of the Shareholders will be held on Tuesday May 13, 2014 at Näringslivets Hus, Storgatan 19, Stockholm. The AGM will start at 15:00, and the doors will open at 14:30. The annual report for 2013 will be available on the Company's website as of April 22, 2014.

#### 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 about principles for establishing a new Nomination Committee.

The principles for the appointment of the Nomination Committee were approved by the AGM of May 15, 2013, as follows. The Company shall have a Nomination Committee comprised of the Chairman of the Board and four other members representing each of the four owners with the largest voting power. The selection of the four 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 October 2013 and other reliable shareholder information that the Company will have obtained at that time. At the earliest convenient date after the end of October the Chairman of the Board shall contact the four shareholders with the largest number of voting rights, as determined above, and will request that they each appoint a member to the Committee. If any of the shareholders 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. The Nomination Committee's mandate continues until a new Nomination Committee is appointed. The Chairman of the Nomination Committee shall, unless the members agree otherwise, be the member representing the shareholder with the largest shareholding in the Company. If a member leaves the Nomination Committee before its work is completed, and if the Nomination Committee deems that it is necessary to replace this member, then the Nomination Committee shall appoint a new member. No fees shall be paid to the members of the Nomination Committee.

The Nomination Committee may charge fair and reasonable expenses for travel and for reporting to the Company.

The Nomination Committee has been formed in accordance with the above described principles, as follows: Preston Haskell, the Chairman of the Board, Risto Silander representing Bertil Holdings Ltd, Peter Hamberg representing Niclas Eriksson with the family, and Bernt Plotek representing himself. As one of the four largest shareholders decided not to appoint a member, an opportunity to do so was offered to the fifth largest shareholder, which also chose not to appoint a member to the Nomination Committee. It turned out to be impracticable to obtain reliable shareholder information necessary to

establish the shareholder with the next largest voting power within a reasonable time, due to a number of shareholders holding their shares through nominees. The Nomination Committee was duly constituted by the four members appointed as above. The Nomination Committee has met in person and has also had telephone contact.

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 which corresponds 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 establishes terms of reference of the Board of Directors, written instructions regarding financial reporting and the division of work between the Board and the Chief Executive Officer. The terms of reference 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 and Group's financial position. A Chart of Authority, approved by the Board, regulates 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 members and maximum of ten members, without deputy members, elected by the Annual General Meeting.

## CHAIRMAN OF THE BOARD OF DIRECTORS

During 2013, 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 2013, Auriant's Board was comprised of five Board members, Preston Haskell, Andre Bekker, Peter Daresbury, Ingmar Haga and Bertil Villard, all elected by the Annual General Meeting on May 15, 2013. Sergey Kashuba, also elected by the 2013 AGM, resigned during the year in order to take up a COO position in another gold mining company. 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 à 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*
Preston Haskell	9,314,968	0	No	No
Andre Bekker	0	30,000	Yes	No
Ingmar Haga	0	30,000	Yes	Yes
Peter Daresbury	0	30,000	Yes	Yes
Bertil Villard	0	30,000	Yes	Yes

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

**BOARD MEMBERS' ATTENDANCE AT BOARD MEETINGS IN 2013**

Name	Position	Present
Preston Haskell	Chairman	23 <sup>1</sup> /25
Andre Bekker	Member	25/25
Peter Daresbury	Member	25/25
Ingmar Haga	Member	25/25
Bertil Villard	Member	14/14
Sergey Kashuba	Member	4/4
Denis Alexandrov*	Member, CEO	9 <sup>2</sup> /12

\* Board member elected at the AGM 2012.

<sup>1</sup> Mr. Haskell refrained from participating in 2 Board meetings held by correspondence, due to conflict of interest.

<sup>2</sup> Mr. Alexandrov refrained from participating in 3 Board meetings held by correspondence, due to conflict of interest.

**THE BOARD'S WORK IN 2013**

The Board held 25 meetings in 2013, 17 of which were held by correspondence, 3 by telephone and 5 meetings were held in person. The important issues dealt with by the Board in 2013, 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
- Approval of major contracts, in accordance with the Chart of Authority
- Issue of 185,442 shares pursuant to the exercise by Firstlife Services Ltd of warrants issued to it under the incentive program for the Company's CEO Denis Alexandrov, adopted at the Extraordinary General Meeting held on November 27, 2012
- Preparation for the Annual General Meeting
- Meeting with the auditor without presence of the Group's management

**BOARD COMMITTEES****Remuneration Committee**

The Board decided in May 2013 that the Remuneration Committee shall be constituted by Preston Haskell (chairman), Peter Daresbury, Ingmar Haga and Bertil Villard and shall be chaired by the Chairman of the Board. The Remuneration Committee submits proposals for

resolution by the Board regarding salary and other terms of employment for the CEO. The committee also approves proposals regarding salaries and other terms of employment for the Group's management, according to the CEO's proposal.

**Finance and Audit Committee**

The Finance and Audit Committee was established in January 2013, consisting of the Board members Peter Daresbury and Ingmar Haga, with Mr. Daresbury serving as the chairman of the committee. Following his election to the Board at the 2013 AGM, Mr. Villard became the third member of the committee. The members of the committee have the necessary competence and experience in the accounting matters.

**Technical Committee**

The Technical Committee, established in January 2013, is comprised of Ingmar Haga and Andre Bekker. The committee's task is to advise the rest of the Board on mining and technical issues.

The committees report to the Board on a regular basis and on any major decisions taken.

**BOARD FEES**

The Board of Directors' fees are decided by the Shareholders' meeting. The following Board fees were approved by the Shareholders' meetings in 2013: the Board fees the Chairman of the Board in the amount of SEK 250,000 and for the other Board Members, in the amount of SEK 200,000 each. It was decided that remuneration amounting to SEK 25,000 per year and member shall be paid for the committee work.



## GROUP MANAGEMENT

The Group's management comprises the CEO, CFO, CIO, COO, Head of HR, Chief Geologist, and Group General Counsel. The Group management has regular meetings in order to discuss the strategic and operational issues related to the management of the Auriant Group. The management of the Company is presented on pages 40-41 of this report.

The Chief Executive Officer is responsible for the ongoing management of the Company. The CEO's work is evaluated once a year. Denis Alexandrov is Chief Executive Officer for Auriant Mining AB since May 2012.

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 terms of reference of the CEO, adopted by the Board. The Board of Auriant Mining AB appointed Irina Olsson as deputy CEO of the Company in January 2014.

## REMUNERATION OF EXECUTIVE MANAGEMENT

For information regarding the remuneration policy and the remuneration of the Chief Executive Officer, senior executives and other employees, please see Note 3 to the financial statements.

## LONG-TERM INCENTIVE PROGRAMS

The Board regularly evaluates the need for long-term incentive programs. Currently there are the following long-term incentive programs 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.

## 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 management by the Board and the Chief Executive Officer. The AGM

of May 15, 2013 appointed, for a period until the 2014 AGM, Öhrlings PricewaterhouseCoopers AB as the Company's auditors. The responsible auditor at Öhrlings PricewaterhouseCoopers AB is Authorized Public Accountant Martin Johansson. Martin's audit engagements, in addition to Auriant, include Kraft Foods Sverige AB, Sotkamo Silver AB, PetroGrand AB, etc.

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 January to April. The process is initiated, however, when the examination of the nine-month accounts is initiated in October of the financial year in question. The 9 months interim report was subject to review during the financial year.

## 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

Internal control is underpinned by the control environment, which comprises the culture communicated by the Board and company management, and according to which they operate, and that provides the discipline and structure for the other aspects of internal control. 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 the Chart of Authority. The Board has established procedures for its work. 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

All business operations involve risk. A structured risk assessment makes it possible to identify the 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. This work consists in assessing the preventative measures which need 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 Mining AB is a mining company in its early stages, which is why no earnings or sales forecasts are currently provided externally. Instead, the financial report in February of each year stipulates targets for the expected volume of gold production for the full year. These targets are subsequently revised as often as is deemed necessary. As the gold production is currently highly seasonal, this usually occurs, at the earliest, in the summer months when production has begun in earnest.

The Board on a weekly, monthly and quarterly basis receives the operational reports, including plan-to actual analysis, of the Group. In 2013 finance reports of the Group, including profit and loss statement, cash flows, statement of financial position, were 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 Business Plan. 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 2014.

## Auriant has not complied with the Swedish Corporate Governance Code as regards the following points:

- Code rule 2.5 provides that the company is to announce names of members of the nomination committee on its website no later than 6 months before the Annual General Meeting.

The Company did not update names of members of the nomination committee on its website before 13 November 2013 being the date falling 6 months before the 2014 Annual General Meeting date. It has proven impracticable to do so within a less than two week period given that under the guidelines for the appointment of the nomination committee approved at the 2013 Annual General Meeting, the nomination committee was to be formed on the basis of the share register of the Company as of the last banking day in October 2013.

- Code rule 6.1 provides that the Chairman of the Board is to be elected by the shareholders meeting.

In Auriant, the Board is responsible to elect its Chairman. It is believed to be in the Company's best interest that the Board is responsible for the election of the Chairman since this increases the flexibility of the Board's work.

- Code rule 9.8 provides that share- and share-price-related incentive programmes are to be designed so that the vesting period or the period from the commencement of an agreement to the date for acquisition of shares is to be no less than three years.

The Extraordinary General Meeting in Auriant held on 27 November 2012 approved the incentive program for the CEO of the Company and Chief Investment Officer where the date for acquisition of shares and/or the vesting period is less than three years. Furthermore, the Annual General Meeting on 15 May 2013 approved the long-term incentive program for the Company's Board of Directors and the long-term incentive program for the members of management and a number of other employees. Each of those programs also provides for the vesting period that is less than three years.

It was considered to be in the best interests of the Company and all shareholders to create a greater participatory interest for the members of the Board of Directors, CEO, CIO and a number of other employees by offering incentive programmes with the shorter period for acquisition of shares and/or shorter vesting period, than what the Swedish Code for Corporate Governance recommends.

- Code rule 9.8 further provides that remuneration of non-executive board members is not to include share options.

The Annual General Meeting on 15 May 2013 approved the long-term incentive program for the Company's Board of Directors, which includes stock options. It was considered to be in the best interests of the Company and all shareholders to adopt such incentive program for the following reasons. The Company has been successful in recruiting non-executive board members who are highly qualified and experienced. For a company the size of Auriant to be able to attract such quality individuals, a key factor has been the potential offering of stock options. Furthermore, this method of reward will save cash for the Company that, as a growing junior mining company, has limited free cashflow and thus, is not in a position to offer higher board fees or synthetic stocks to board members. The ownership of those stock options will also align the interests of the non-executive board members to those of the shareholders.

#### PARENT COMPANY

The Parent Company is a holding company without significant operational activities. The Parent Company supports the subsidiaries with financing, investor relations and strategic decisions, etc. and has no revenue other than other operating income and interest on loans to the subsidiaries and on bank accounts.

The operating result for 2013 was MSEK -8.7 (US\$ -1.3 m) (2012: was MSEK -3.4 (US\$ -0.5 m)). The difference from last year is mainly due to the fact that in 2012 the gain from the sale of 20% of the shares in Awilia Enterprises Ltd. to Centerra Gold was recognized in accordance with the JV agreement for the Kara Beldyr license area as Centerra in January 2012 earned the right to another 20% in the JV.

Net financial items for 2013 amounts to MSEK -21.6 (US\$ -3.3 m) (2012: MSEK -242.7 (US\$ -37.3 m)) and includes interest expense related to the Golden Impala bonds in amount of MSEK -36.5 (US\$ -5.6 m) and interest expense in the amount of MSEK -0.495 (US\$ -0.076

m) from the short term loan received from Mr. Preston Haskell, compensated by intragroup loan interest income in amount of MSEK 17.8 (US\$ 2.7 m) (2012: includes write down of intercompany loan receivables of MSEK - 238.9 (US\$ -36.7) related to Tardan)

Net result for the reporting period amounted to MSEK -30.3 (US\$ - 4.6 m) (2012: MSEK - 246.2 (US\$ - 37.8 m)).

Total cash balance in the parent company was MSEK 5.8 (US\$ 0.9 m) (2012: MSEK 1.2 (US\$ 0.2 m) at the end of December 2013.

In 2013 a new loan from the shareholder of MSEK 18.2 (US\$ 2.8 m) was received, of which MSEK 6.0 (US\$ 0.9 m) was repaid. As of December 31, 2013 the loan liability was MSEK 12.8 (US\$ 2.0 m) including interest accrued during the period.

#### PROPOSAL FOR PROFIT DISTRIBUTION

The Group's equity at year-end 2013 amounted to MSEK 7.5, of which the share capital is MSEK 200.3.

In the Parent Company the unrestricted shareholders equity amounts to:

	SEK
Share premium reserve	580,798,838
Translation difference reserve	-61,073,337
Retained earnings	-536,270,824
Net income for the year	-30,251,275
<b>Total unrestricted equity</b>	<b>-46,796,598</b>

The Board of Directors and the Chief Executive Officer propose that the Parent Company's accumulated losses are carried forward and that no dividend is paid for the financial year.



# Financial Statments

Operational Key Ratios	58
Comments by the CFO	60
Consolidated income statement	62
Consolidated statement of comprehensive income	62
Consolidated statement of financial position	63
Consolidated statement of changes in equity	65
Consolidated cash flow statement	67
Parent company income statement	68
Parent company statement of financial position	69
Parent company statement of changes in equity	70
Parent company cash flow statement	72
Notes to the consolidated financial statements and parent company accounts	73
Board Assurance	114
Auditor's report	114
Additional information	116



# Operational Key Ratios, SEK

	2013	2012	2011	2010	2009	Definitions
<b>Profitability</b>						
Ore processed, 000 tonnes	450	365	260	174	20	Quantity of ore processed
Gold sands processed, 000 m <sup>3</sup>	338	119	89	713	935	Volume of gold sands processed
Gold production, oz	36,716	20,641	13,182	23,470	21,636	Gold production obtained during the period (troy oz)
Gold sales, oz	36,779	19,837	12,417	23,786	21,411	Actual sold gold production during the period (troy oz)
Revenue, TSEK	328,970	234,133	131,965	214,037	155,800	Revenue from sale of gold and gold equivalents
Average realized gold price, US\$/oz	1,373	1,700	1,610	1,257	951	Average price received during the period (US\$/oz)
Profit before income tax, TSEK	-159,404	-105,672	-128,265	17,108	144,226	
Return on equity, %	-159.4%	-49.8%	-35.6%	2.6%	86.4%	Net profit/loss for the period as a percentage of average equity during the period, including minority holdings
Return on total assets, %	-5.41%	-4.34%	-4.72%	0.35%	9.12%	Net profit/loss for the period as a percentage of average total assets during the period, including minority holdings
<b>Capital Structure</b>						
Equity, TSEK	7,459	154,380	270,806	405,511	200,745	Total equity at the end of the period, including non-controlling interests
Interest-bearing liabilities, TSEK	489,295	350,530	243,219	118,133	140,594	Total interest-bearing liabilities at the end of the period
Equity ratio, %	1.2%	26.5%	42.4%	63.6%	44.5%	Equity, including non-controlling interests, as a percentage of the balance sheet total
<b>Cash flow and liquidity</b>						
Cash flow before investments, TSEK	-7,894	-20,142	-42,694	-95,362	4,586	Cash flow from operating activities
Cash flow after investments and financing, TSEK	-10,557	11,346	-11,662	-838	22,662	Operating cash flow plus cash flow after investments and financing
Liquid assets, TSEK	10,776	22,266	10,995	22,230	22,732	Bank deposits and cash at the end of the period
Total assets, TSEK	609,814	582,042	638,870	637,488	445,807	
<b>Investments</b>						
Capital investments, TSEK	60,114	55,683	141,727	86,737	80	Net investments in material fixed assets, minus any disinvestments
<b>Employees</b>						
Average number of employees during the period	869	720	728	916	932	
<b>Share data</b>						
Number of outstanding shares before dilution	17,802,429	17,616,987	17,616,987	16,016,987	1,765,312	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	17,616,987	16,652,603	5,026,107	1,720,246	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	1,306,768	1,057,210	510,650,000	510,650,000	2,500,000	Number of non-exercised warrants at the end of the respective period.
Quotient value, SEK	11.25	11.25	11.25	11.25	10	Each share's proportion of the total share capital
Earnings per share, SEK	-7.24	-6.01	-7.17	1.58	85.37	Net profit/loss after tax divided by the average number of outstanding shares during the period
Equity per share, SEK	0.42	8.76	15.37	25.23	110.13	Total equity, including non-controlling interests, 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	8.45	15.5	22	23	12.9	Latest market price paid for the shares on the last trading day of the respective period.

# Operational Key Ratios, US\$

	2013	2012	2011	2010	2009	Definitions
<b>Profitability</b>						
Ore processed, 000 tonnes	450	365	260	174	20	Quantity of ore processed
Gold sands processed, 000 m <sup>3</sup>	338	119	89	713	935	Volume of gold sands processed
Gold production, oz	36,716	20,641	13,182	23,470	21,636	Gold production obtained during the period (troy oz)
Gold sales, oz	36,779	19,837	12,417	23,786	21,411	Actual sold gold production during the period (troy oz)
Revenue, US\$ 000	50,502	35,934	20,254	29,727	20,500	Revenue from sale of gold and gold equivalents
Average realized gold price, US\$/oz	1,373	1,700	1,610	1,257	951	Average price received during the period (US\$/oz)
Profit before income tax, US\$ 000	- 24,471	- 16,219	-19,686	2,376	18,977	
Return on equity, %	-159.4%	-49.8%	-35.6%	2.6%	86.4%	Net profit/loss for the period as a percentage of average equity during the period, including minority holdings
Return on total assets, %	-5.41%	-4.34%	-4.72%	0.35%	9.12%	Net profit/loss for the period as a percentage of average total assets during the period, including minority holdings
<b>Capital Structure</b>						
Equity, US\$ 000	1,146	23,694	41,563	62,237	30,810	Total equity at the end of the period, including non-controlling interests
Interest-bearing liabilities, US\$ 000	75,179	53,799	37,329	18,131	21,578	Total interest-bearing liabilities at the end of the period
Equity ratio, %	1.2%	26.5%	42.4%	63.6%	44.5%	Equity, including non-controlling interests, as a percentage of the balance sheet total
<b>Cash flow and liquidity</b>						
Cash flow before investments, US\$ 000	-1,212	-2,973	-6,553	-14,636	704	Cash flow from operating activities
Cash flow after investments and financing, US\$ 000	-1,621	1,675	-1,790	-129	3,478	Operating cash flow plus cash flow after investments and financing
Liquid assets, US\$ 000	1,656	3,417	1,687	3,412	3,489	Bank deposits and cash at the end of the period
Total assets, US\$ 000	93,696	89,330	98,052	93,748	61,918	
<b>Investments</b>						
Capital investments, US\$ 000	9,236	8,546	21,752	13,312	12	Net investments in material fixed assets, minus any disinvestments
<b>Employees</b>						
Average number of employees during the period	869	720	728	916	932	
<b>Share data</b>						
Number of outstanding shares before dilution	17,802,429	17,616,987	17,616,987	16,016,987	1,765,312	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	17,616,987	16,652,603	5,026,107	1,720,246	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	1,306,768	1,057,210	510,650,000	510,650,000	2,500,000	Number of non-exercised warrants at the end of the respective period.
Quotient value, US\$	1.73	1.73	1.73	1.73	1.53	Each share's proportion of the total share capital
Earnings per share, US\$	-1.11	-0.92	-1.10	0.24	13.10	Net profit/loss after tax divided by the average number of outstanding shares during the period
Equity per share, US\$	0.06	1.34	2.36	3.87	16.90	Total equity, including non-controlling interests, 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\$	1.30	2.38	3.38	4	1.98	Latest market price paid for the shares on the last trading day of the respective period.



## Comments by the CFO

I am glad to present our financial reports for the first full year of heap leaching gold production of the Company.

It was a difficult year for the whole industry, which experienced structural market changes and a sharp decline in the gold price. These changes also affected Auriant. However, the Company responded quickly by implementing significant and permanent reductions in our cost base, without affecting our production capacity, and triggered a programme of internal initiatives to improve operational efficiency and financial results.

In 2013, the Company completed several key strategic initiatives. Overall capital expenditure for the year was US\$ 15 m, both at Tardan and Solcocon. A major exploration programme at Tardan and Greater

Tardan was undertaken, which will result in an increase, and an improvement, in total reserves. In 2013 we also implemented exploration work at Solcocon.

The Company achieved its highest level of gold production to date of 36,716 ounces and this was reflected in increased revenue from gold sales. Revenue increased by 41% to MSEK 329 (US\$ 50.5 m) from MSEK 234 (US\$ 35.9 m) in 2012 reflects an increase in the volume of gold sold of 527 kg (16,943 oz) or 65%, and a drop in the average realised gold price per ounce of 24% from US\$ 1,700 in 2012 to US\$ 1,373 in 2013.

The overall cash cost of ore mined was US\$ 22 per ton and cash costs of processing the ore was US\$ 26 per ton. The total cash cost of hard rock gold produced for the Group was US\$1,410 per ounce, of which

Tardan had a total cash cost of US\$ 1,239 per ounce. Total cash costs are heavily dependent on gold production volumes and we therefore expect cash costs per ounce to fall as gold production increases going forward.

Alluvial production also demonstrated steady growth in 2013 and production was 377 kg (12,121 oz) compared to 114 kg (3,665 oz) in 2012. Our alluvial production is outsourced to an experienced operator – Urumkan. Under our agreement with Urumkan they are paid 89% of revenue from gold sales and the Group receives a net of VAT margin of 24.5% of sales, less 6% mineral extraction tax, for an overall net royalty of 18.5%

Group EBITDA for 2013 was negative (US\$ -5.39 m). However, net EBITDA at the mine level was positive (US\$ 1.65 m). Tardan generated



a positive EBITDA of US\$ 3.8 m. While alluvial operations at Solcocon generated a strongly positive EBITDA of US\$ 3.0 m, hard rock operations significantly underperformed in 2013, which led to a net negative EBITDA at Solcocon amounting to US\$ -2.17 m. General and administrative expenses slightly increased by 8% in 2013 and amounted to (US\$ -6.69 m).

Financial expenses increased by US\$ 3.7 m mostly caused by negative exchange rate differences of US\$ -2.08 m which are non-cash items and growth in interest expenses by US\$ 1.63 m. The company's growth is financed from external sources, leading to an interest expense in the amount of US\$ 8.71 m for 2013. However, a major part of this interest expense US\$ 4.9 m is capitalised and does not require regular interest payments.

We are still negative in net income. According to Russian tax legislation, accrued losses are accumulated in the statement of financial position and can be offset against future taxable earnings. As a result in 2013 our deferred tax position increased by

US\$ 4.7 m which will be used to offset future taxable income.

During the year, bank debt increased by US\$ 16.14 m to US\$ 36.06 m, and in 2014 we achieved significant progress in negotiations with our sources of debt capital. Promsvyazbank agreed to provide up to US\$ 45 m, at a lower interest rate, under a new debt facility to refinance current bank debt and finance the Company's capex programme going forward. The maturity of this debt will be extended to the end of 2018, with the first repayment of the debt principal in 2015. As a result, the new debt repayment schedule corresponds well with our long-term development plans for the Company.

The debt capital structure changed significantly in 2013. Shareholder debt, totalling US\$ 38.08 m, was reclassified from long term liabilities to short-term. The company's management is currently in the process of negotiation to extend maturity for this debt.

Overall, the Company significantly improved its financial reporting procedures. We changed the format of our consolidated income statement

and prepared it on functional basis. We also abandoned the use of the indirect method and applied the direct method for the preparation of consolidated cash flow statements. These improvements, together with implementation of new International Finance Reporting Standards (IFRS) effective from 1 January 2013, resulted in a restatement of our consolidated financial statements for 2012. We believe that all these changes will develop a proper cost accounting base in order to benchmark cash costs going forward, make our financial statements easier to understand, and will allow for more effective benchmarking against our peers.

We went through a difficult year and redesigned our operations to make them more efficient under rapidly changing market conditions. However, our strategy has not changed and we have solid basis for future growth.

Dmitry Novikov  
Acting Chief Financial Officer  
Auriant Mining AB



# Consolidated income statement

		2013	2012	2013	2012
	Note	TSEK	Restated* TSEK	US\$ 000**	Restated* US\$ 000**
Revenue	1	328,970	234,133	50,502	35,934
Cost of sales	2	- 363,269	- 247,003	- 55,767	- 37,910
<b>Gross profit</b>		<b>- 34,299</b>	<b>- 12,870</b>	<b>- 5,265</b>	<b>- 1,976</b>
General and administrative expenses	4	- 43,595	- 40,489	- 6,693	- 6,214
Other income	1a	10,759	21,515	1,652	3,302
Other expenses	1a	- 19,995	- 42,027	- 3,070	- 6,450
<b>Operating loss</b>		<b>- 87,130</b>	<b>- 73,871</b>	<b>- 13,376</b>	<b>- 11,338</b>
Financial income	5	15	16,012	2	2,457
Financial expenses	6	- 72,289	- 47,813	- 11,097	- 7,338
<b>Loss before income tax</b>		<b>- 159,404</b>	<b>- 105,672</b>	<b>- 24,471</b>	<b>- 16,219</b>
Income tax	7	30,440	- 219	4,673	- 34
<b>Net loss for the period</b>		<b>- 128,964</b>	<b>- 105,891</b>	<b>- 19,798</b>	<b>- 16,253</b>
Whereof attributable to:					
The owners of the parent company		- 128,964	- 105,891	- 19,798	- 16,253
Earnings per share before dilution (SEK, US\$)	17	- 7.24	- 6.01	- 1.11	- 0.92
Earnings per share after dilution (SEK, US\$)		- 7.24	- 6.01	- 1.11	- 0.92
Number of shares issued at period end		17,802,429	17,616,987	17,802,429	17,616,987
Average number of shares for the period		17,802,429	17,616,987	17,802,429	17,616,987
Average number of shares for the period after dilution		18,923,755	18,674,197	18,923,755	18,674,197

\*Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in the Restatement paragraph of this report.

\*\* US\$ amounts are provided for convenience only and thus are non-IFRS figures of the Group, and non-RFR-2 figures of the Parent company statements. The exchange rate used here and below in this report is US\$/SEK 6.514 for PL 2013, US\$/SEK 6.5084 for BS 2013 and US\$/SEK 6.5156 for both PL and BS in 2012.

# Consolidated statement of comprehensive income

	2013	2012	2013	2012
	TSEK	Restated* TSEK	US\$ 000**	Restated* US\$ 000**
Net loss for the period	- 128,964	- 105,891	- 19,798	- 16,253
<b>Other comprehensive income</b>				
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Translation difference	- 22,721	- 12,242	- 3,488	- 1,879
<b>Total comprehensive income for the period</b>	<b>- 151,685</b>	<b>- 118,133</b>	<b>- 23,286</b>	<b>- 18,132</b>



# Consolidated statement of financial position

	Note	31-12-2013 TSEK	31-12-2012 TSEK Restated*	01-01-2012 TSEK Restated*	31-12-2013 US\$ 000	31-12-2012 US\$ 000 Restated*	01-01-2012 US\$ 000 Restated*
<b>NON-CURRENT ASSETS</b>							
<b>Intangible fixed assets</b>							
Mining permits and capitalised exploration costs	8	167,733	152,184	159,496	25,772	23,357	24,479
<b>Tangible fixed assets</b>							
Buildings and land	9	80,843	92,583	19,879	12,422	14,209	3,051
Machinery, equipment and other technical plant	10	146,604	130,917	97,647	22,525	20,093	14,986
Construction in progress	11	19,208	17,949	111,839	2,951	2,755	17,165
		<b>246,655</b>	<b>241,449</b>	<b>229,365</b>	<b>37,898</b>	<b>37,057</b>	<b>35,202</b>
Investments in joint ventures	13	24,705	23,969	28,919	3,796	3,679	4,438
Other financial fixed assets		-	-	307	-	-	47
Deferred taxes recoverable	7	44,130	22,409	50,879	6,780	3,439	7,809
<b>Total non-current assets</b>		<b>483,223</b>	<b>440,011</b>	<b>468,966</b>	<b>74,246</b>	<b>67,532</b>	<b>71,975</b>
<b>CURRENT ASSETS</b>							
Inventories	14	61,415	82,839	116,395	9,436	12,714	17,864
Stripping assets		13,262	-	-	2,038	-	-
Accounts receivable trade		395	509	986	60	78	153
Other current receivables	15	35,375	22,794	29,146	5,435	3,498	4,473
Prepaid expenses	15	5,368	13,623	12,382	825	2,091	1,900
Cash and bank holdings	16	10,776	22,266	10,995	1,656	3,417	1,687
<b>Total current assets</b>		<b>126,590</b>	<b>142,031</b>	<b>169,904</b>	<b>19,450</b>	<b>21,798</b>	<b>26,077</b>
<b>TOTAL ASSETS</b>		<b>609,814</b>	<b>582,042</b>	<b>638,870</b>	<b>93,696</b>	<b>89,330</b>	<b>98,052</b>

# Consolidated statement of financial position

	Note	31-12-2013 TSEK	31-12-2012 TSEK Restated*	01-01-2012 TSEK Restated*	31-12-2013 US\$ 000	31-12-2012 US\$ 000 Restated*	01-01-2012 US\$ 000 Restated*
<b>EQUITY AND LIABILITIES</b>	17						
<b>EQUITY</b>							
Share capital		200,277	198,191	198,191	30,738	30,418	30,418
Additional paid in capital		160,204	157,526	155,819	24,575	24,164	23,915
Translation difference reserve		-53,106	-30,385	-18,143	-8,165	-4,684	-2,785
Retained earnings		-299,916	-170,952	-65,061	-46,002	-26,204	-9,985
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<b>7,459</b>	<b>154,380</b>	<b>270,806</b>	<b>1,146</b>	<b>23,694</b>	<b>41,563</b>
Non-controlling interest		-	-	-	-	-	-
<b>TOTAL EQUITY NON-CURRENT LIABILITIES</b>		<b>7,459</b>	<b>154,380</b>	<b>270,806</b>	<b>1,146</b>	<b>23,694</b>	<b>41,563</b>
Deferred tax	7	19,548	25,298	50,318	3,003	3,883	7,723
Provisions	18	8,297	11,825	10,261	1,275	1,815	1,575
Long-term loans and notes	19	35,438	218,728	18,365	5,444	33,570	2,819
Other long-term liabilities		19,543	2,027	6,469	3,004	310	991
<b>Total non-current liabilities</b>		<b>82,826</b>	<b>257,878</b>	<b>85,413</b>	<b>12,726</b>	<b>39,578</b>	<b>13,108</b>
<b>CURRENT LIABILITIES</b>							
Trade and other accounts payable	21	35,304	15,947	19,519	5,424	2,448	2,996
Short-term loans and bonds	19	451,123	129,757	231,090	69,314	19,915	35,467
Other current liabilities		33,102	24,080	32,042	5,086	3,695	4,918
<b>Total current liabilities</b>		<b>519,529</b>	<b>169,784</b>	<b>282,651</b>	<b>79,824</b>	<b>26,058</b>	<b>43,381</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>609,814</b>	<b>582,042</b>	<b>638,870</b>	<b>93,696</b>	<b>89,330</b>	<b>98,052</b>
PLEDGED ASSETS	23	48,669	162,109	188,816	7,478	24,880	28,979
CONTINGENT LIABILITIES		-	-	-	-	-	-

\*Certain amounts shown here do not correspond to 2012 financial statements and reflect adjustments made as detailed in the Restatement paragraph of this report.

# Consolidated statement of changes in equity

All amounts in TSEK	Attributable to the shareholders of the parent company					Total equity
	Share capital	Additional paid	Translation difference reserve	Retained earnings	Non-controlling interest	
<b>Equity as of 1 January 2012</b>	<b>198,191</b>	<b>155,819</b>	<b>- 18,143</b>	<b>-27,836</b>	<b>-</b>	<b>308,031</b>
<b>Changes as result of restatement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-37,225</b>	<b>-</b>	<b>-37,225</b>
<b>Equity as of 1 January 2012 Restated*</b>	<b>198,191</b>	<b>155,819</b>	<b>- 18,143</b>	<b>- 65,061</b>	<b>-</b>	<b>270,806</b>
<b>Comprehensive income</b>						
Net profit/loss for the period				- 105,891		- 105,891
Warrants and options issue		1,707				1,707
Translation difference			- 12,242			- 12,242
<b>Total comprehensive income for the period</b>	<b>198,191</b>	<b>1,707</b>	<b>- 12,242</b>	<b>- 105,891</b>	<b>-</b>	<b>- 116,426</b>
<b>Equity as of 1 January 2013 Restated*</b>	<b>198,191</b>	<b>157,526</b>	<b>- 30,385</b>	<b>- 170,952</b>	<b>-</b>	<b>154,380</b>
<b>Comprehensive income</b>						
Net profit/loss for the period				- 128,964		- 128,964
New shares issue	2,086					2,086
Warrants and options issue		2,678				2,678
Translation difference			- 22,721			- 22,721
<b>Total comprehensive income for the period</b>	<b>2,086</b>	<b>2,678</b>	<b>- 22,721</b>	<b>- 128,964</b>	<b>-</b>	<b>- 146,922</b>
<b>Equity as of 31 December 2013</b>	<b>200,277</b>	<b>160,204</b>	<b>- 53,106</b>	<b>- 299,916</b>	<b>-</b>	<b>7,459</b>

\*Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in the Restatement paragraph of this report.



# Consolidated statement of changes in equity

All amounts in US\$ 000	Attributable to the shareholders of the parent company				Non-controlling interest	Total equity
	Share capital	Additional paid in capital	Translation difference	Retained earnings		
<b>Equity as of 1 January 2012</b>	<b>30,418</b>	<b>23,915</b>	<b>-2,785</b>	<b>-4,272</b>	<b>-</b>	<b>47,276</b>
<b>Changes as result of restatement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-5,713</b>	<b>-</b>	<b>-5,713</b>
<b>Equity as of 1 January 2012 Restated*</b>	<b>30,418</b>	<b>23,915</b>	<b>-2,785</b>	<b>-9,985</b>	<b>-</b>	<b>41,563</b>
<b>Comprehensive income</b>						
Net profit/loss for the period				-16,219		-16,219
Warrants and options issue		249				249
Translation difference			-1,899			-1,899
<b>Total comprehensive income for the period</b>	<b>30,418</b>	<b>249</b>	<b>-1,899</b>	<b>-16,219</b>	<b>-</b>	<b>-17,869</b>
<b>Equity as of 1 January 2013 Restated*</b>	<b>30,418</b>	<b>24,164</b>	<b>-4,684</b>	<b>-26,204</b>	<b>-</b>	<b>23,694</b>
<b>Comprehensive income</b>						
Net profit/loss for the period				-19,798		-19,798
New shares issue	321					321
Warrants and options issue		411				411
Translation difference			-3,481			-3,482
<b>Total comprehensive income for the period</b>	<b>321</b>	<b>411</b>	<b>-3,481</b>	<b>-19,798</b>	<b>-</b>	<b>-22,548</b>
<b>Equity as of 31 December 2013</b>	<b>30,738</b>	<b>24,575</b>	<b>-8,165</b>	<b>-46,002</b>	<b>-</b>	<b>1,146</b>

\*Certain amounts shown here do not correspond to the 2012 financial statements and reflect adjustments made as detailed in the Restatement paragraph of this report.

# Consolidated cash flow statement

	2013 TSEK	2012 TSEK	2013 US\$ 000	2012 US\$ 000
<b>OPERATING ACTIVITIES</b>				
Receipts from customers	327,758	229,269	50,316	33,838
VAT and other reimbursement	54,700	39,112	8,397	5,773
Payments to suppliers	-258,416	-166,064	-39,671	-24,510
Payments to employees and social taxes	-114,329	-101,896	-17,551	-15,039
Income tax paid	-	-559	-	-83
Other taxes paid	-17,607	-20,004	-2,703	-2,952
<b>Net cash flows used in operating activities</b>	<b>-7,894</b>	<b>-20,142</b>	<b>-1,212</b>	<b>-2,973</b>
<b>INVESTING ACTIVITIES</b>				
Proceeds from sale of property, plant and equipment	-	24	-	4
Proceeds from exercise of share options	2,082	-	320	-
Purchase and construction of property plant and equipment	-37,852	-28,162	-5,811	-4,157
Exploration and research works	-28,382	-3,722	-4,357	-549
Investments in JV	-2,034	-5,873	-312	-867
<b>Net cash flows used in investing activities</b>	<b>-66,186</b>	<b>-37,733</b>	<b>-10,160</b>	<b>-5,569</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from borrowings	331,240	222,684	50,850	32,867
Repayment of borrowings	-223,705	-129,403	-34,342	-19,099
Interest paid	-21,709	-13,372	-3,333	-1,974
Lease payments	-20,931	-8,712	-3,213	-1,286
Other finance expenses	-1,372	-1,976	-210	-291
<b>Net cash from financing activities</b>	<b>63,523</b>	<b>69,221</b>	<b>9,752</b>	<b>10,217</b>
<b>Net increase in cash and cash equivalents</b>	<b>-10,557</b>	<b>11,346</b>	<b>-1,620</b>	<b>1,675</b>
Net foreign exchange difference	-933	-75	-141	119
Cash and cash equivalents at 1 January	22,266	10,995	3,417	1,623
<b>Cash and cash equivalents of 31 December</b>	<b>10,776</b>	<b>22,266</b>	<b>1,656</b>	<b>3,417</b>

# Parent company income statement

	Note	2013 TSEK	2012 TSEK	2013 US\$ 000	2012 US\$ 000
<b>Income</b>					
Other operating income	1a	13	8,062	2	1,237
<b>Operating costs</b>					
External expenses	4	-5,182	-10,104	-795	-1,551
Employee benefit expense	4	-3,503	-1,395	-538	-214
<b>Operating result</b>		<b>-8,672</b>	<b>-3,437</b>	<b>-1,331</b>	<b>-528</b>
Financial income	5	17,756	28,555	2,726	4,383
Financial expenses	6	-39,335	-271,297	-6,039	-41,638
<b>Result after financial items</b>		<b>-30,251</b>	<b>-246,179</b>	<b>-4,644</b>	<b>-37,783</b>
Tax on this year's result	7	-	-	-	-
<b>Result for the year</b>		<b>-30,251</b>	<b>-246,179</b>	<b>-4,644</b>	<b>-37,783</b>
Earnings per share before dilution, (SEK, US \$)		-1.70	-13.97	-0.26	-2.14
Earnings per share after dilution, (SEK, US \$)		-1.70	-13.97	-0.26	-2.14
Number of shares at the end of the financial year		17,802,429	17,616,987	17,802,429	17,616,987
Average number of shares outstanding during the financial year		17,802,429	17,616,987	17,802,429	17,616,987
Average number of shares outstanding during the financial year after dilution		18,923,755	18,674,197	18,923,755	18,674,197

# Parent company statement of comprehensive income

	2013 TSEK	2012 TSEK	2013 US\$ 000	2012 US\$ 000
<b>Net result for the year</b>	<b>-30,251</b>	<b>-246,179</b>	<b>-4,644</b>	<b>-37,783</b>
<b>Other comprehensive income</b>				
Translation differences	-11,576	-17,580	-1,742	-2,697
<b>Total comprehensive income for the year</b>	<b>-41,827</b>	<b>-263,759</b>	<b>-6,386</b>	<b>-40,480</b>



# Parent company statement of financial position

	Note	31-12-2013 TSEK	31-12-2012 TSEK	31-12-2013 US\$ 000	31-12-2012 US\$ 000
<b>NON-CURRENT ASSETS</b>					
<b>Financial non-current assets</b>					
Investments in subsidiaries	12	372,348	372,348	57,210	57,147
Investments in joint ventures	13	22,280	20,663	3,423	3,171
Loans to subsidiaries	22	148,456	84,883	22,810	13,028
Other financial non-current assets					
<b>Total non-current assets</b>		<b>543,084</b>	<b>477,894</b>	<b>83,443</b>	<b>73,346</b>
<b>CURRENT ASSETS</b>					
Other current receivables	15	199	318	31	49
Prepaid expenses	15	248	161	38	25
Cash and cash equivalents	16	5,752	1,193	884	183
<b>Total current assets</b>		<b>6,199</b>	<b>1,672</b>	<b>953</b>	<b>257</b>
<b>TOTAL ASSETS</b>		<b>549,283</b>	<b>479,566</b>	<b>84,396</b>	<b>73,603</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
<b>Restricted equity</b>					
Share capital		200,277	198,191	30,742	30,418
Statutory reserve		68,032	68,032	10,441	10,441
<b>Total restricted equity</b>		<b>268,309</b>	<b>266,223</b>	<b>41,183</b>	<b>40,859</b>
<b>Unrestricted equity</b>					
Share premium reserve		580,799	580,799	89,140	89,140
Translation difference		-61,073	-49,497	-9,338	-7,596
Retained earnings		-536,271	-290,092	-82,306	-44,523
Net result for the year		-30,251	-246,179	-4,644	-37,783
<b>Total unrestricted equity</b>		<b>-46,796</b>	<b>-4,969</b>	<b>-7,148</b>	<b>-762</b>
<b>TOTAL EQUITY</b>		<b>221,513</b>	<b>261,254</b>	<b>34,035</b>	<b>40,097</b>
<b>NON-CURRENT LIABILITIES</b>					
Long-term loans	20	64,872	215,315	9,967	33,046
<b>Total non-current liabilities</b>		<b>64,872</b>	<b>215,315</b>	<b>9,967</b>	<b>33,046</b>
<b>CURRENT LIABILITIES</b>					
Trade and other accounts payable	21	2,090	2,820	321	433
Short-term loans	20	260,672	-	40,052	-
Other short-term liabilities		136	177	21	27
<b>Total current liabilities</b>		<b>262,898</b>	<b>2,997</b>	<b>40,394</b>	<b>460</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>549,283</b>	<b>479,566</b>	<b>84,396</b>	<b>73,603</b>
PLEDGED ASSETS	23	305,000	271,903	46,862	41,731

# 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
<b>Equity as of 31 December 2011</b>	<b>198,191</b>	<b>68,032</b>	<b>580,799</b>	<b>-31,917</b>	<b>-48,012</b>	<b>-242,080</b>	<b>525,013</b>
Profit/loss brought forward					-242,080	242,080	-
<b>Comprehensive income</b>							
Net profit/loss for the period						-246,179	-246,179
Translation difference				-17,580			-17,580
<b>Total comprehensive income for the period</b>				<b>-17,580</b>		<b>-246,179</b>	<b>-263,759</b>
<b>Equity as of 31 December 2012</b>	<b>198,191</b>	<b>68,032</b>	<b>580,799</b>	<b>-49,497</b>	<b>-290,092</b>	<b>-246,179</b>	<b>261,254</b>
Profit/loss brought forward					-246,179	246,179	-
<b>Comprehensive income</b>							
Net profit/loss for the period						-30,251	-30,251
New shares issue	2,086						2,086
Translation difference				-11,576			-11,576
<b>Total comprehensive income for the period</b>	<b>2,086</b>			<b>-11,576</b>		<b>-30,251</b>	<b>-39,741</b>
<b>Equity as of 31 December 2013</b>	<b>200,277</b>	<b>68,032</b>	<b>580,799</b>	<b>-61,073</b>	<b>-536,271</b>	<b>-30,251</b>	<b>221,513</b>

# 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
<b>Equity as of 31 December 2011</b>	<b>30,418</b>	<b>10,441</b>	<b>89,140</b>	<b>-4,899</b>	<b>-7,369</b>	<b>-37,154</b>	<b>80,578</b>
Profit/loss brought forward					-37,154	37,154	
<b>Comprehensive income</b>							
Net profit/loss for the period						-37,783	-37,783
Translation difference				-2,697			-2,697
<b>Total comprehensive income for the period</b>				<b>-2,697</b>		<b>-37,783</b>	<b>-40,480</b>
<b>Equity as of 31 December 2012</b>	<b>30,418</b>	<b>10,441</b>	<b>89,140</b>	<b>-7,596</b>	<b>-44,523</b>	<b>-37,783</b>	<b>40,097</b>
Profit/loss brought forward					-37,783	37,783	
<b>Comprehensive income</b>							
Net profit/loss for the period						-4,644	-4,644
New shares issue	324						324
Translation difference				-1,742			-1,742
<b>Total comprehensive income for the period</b>	<b>324</b>			<b>-1,742</b>		<b>-4,644</b>	<b>-6,062</b>
<b>Equity as of 31 December 2013</b>	<b>30,742</b>	<b>10,441</b>	<b>89,140</b>	<b>-9,338</b>	<b>-82,306</b>	<b>-4,644</b>	<b>34,035</b>

# Parent company cash flow statement

	2013 TSEK	2012 TSEK	2013 US\$ 000	2012 US\$ 000
<b>OPERATING ACTIVITIES</b>				
Receipts from customers	20	140	3	21
VAT and other reimbursement	681	1,167	105	179
Payments to suppliers	-6,719	-5,206	-1,031	-799
Payments to employees	-3,362	-1,920	-516	-295
Income tax paid	-	-	-	-
Other taxes paid	-33	-	-5	-
<b>Net cash flows used in operating activities</b>	<b>-9,413</b>	<b>-5,819</b>	<b>-1,444</b>	<b>-894</b>
<b>INVESTING ACTIVITIES</b>				
Proceeds from exercise of share options	2,086	-	320	-
Borrowings given	-10,436	-31,815	-1,602	-4,883
Investments in JV	-1,974	-5,845	-303	-897
<b>Net cash flows used in investing activities</b>	<b>-10,324</b>	<b>-37,660</b>	<b>-1,585</b>	<b>-5,780</b>
<b>FINANCING ACTIVITIES</b>				
Proceeds from borrowings	35,453	40,259	5,443	6,179
Repayment of borrowings	-11,036	-3,516	-1,694	-540
<b>Net cash from financing activities</b>	<b>24,417</b>	<b>36,743</b>	<b>3,749</b>	<b>5,639</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,680</b>	<b>-6,736</b>	<b>720</b>	<b>-1,035</b>
Net foreign exchange difference	-121	-190	-19	-28
Cash and cash equivalents at 1 January	1,193	8,119	182	1,246
<b>Cash and cash equivalents of 31 December</b>	<b>5,752</b>	<b>1,193</b>	<b>883</b>	<b>183</b>



# 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 Tulegatan 2 A, 113 58 Stockholm. Information on the Group's ultimate parent is presented in Note 25.

AUR AB was publicly 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 3,500 shareholders.

The Board of directors approved these consolidated accounts for publication on April 22, 2014.

## 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 2013 have been prepared using the historical cost method and on accounting principles assume that the Group will continue to exist long enough to carry out its objectives and commitments and will not liquidate 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, were 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 (including special purpose entities) 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 when 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. Inter-company 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 either 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 of the 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, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, 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. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values

of the operation disposed of and the portion of the cash-generating unit retained.

### (b) Interests in joint ventures

A joint venture, or jointly controlled entity, is a corporation, partnership or other entity in which each participant holds an interest. A jointly controlled entity operates in the same way as other entities, except that a contractual arrangement establishes joint control. A jointly controlled entity controls the assets of the joint venture, earns its own income and incurs its own liabilities and expenses. Interests in jointly controlled entities are reported using the equity method. Under the equity method, the investment in the joint venture is reported in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture.

The profit or loss reflects the Group's share of the results of the operations of the joint venture. When there has been a change reported directly in other comprehensive income or equity of the joint venture, the Group reports its share of any changes and discloses this, when applicable, in the statement of comprehensive income or the statement of changes in equity, as appropriate. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to an extent corresponding with the interest in the joint venture. The financial statements of the jointly controlled entity are prepared for the same reporting period as the participant. Where necessary, adjustments are made to bring the accounting principles in line with those of the Group.

### (c) Non-controlling interests

Non-controlling interests are recognised as a separate item in the Group's equity. For purchases of non-controlling interests, the difference between any consideration paid and the relevant acquired share of the reported value of net assets of the subsidiary is reported in equity. Gains or losses on sales to non-controlling interests are also reported in equity. When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to fair value, with the change in the reported value reported in profit or loss. In addition, any amounts previously reported in other comprehensive income in respect of that entity are reported as if the Group had directly disposed of the related assets or liabilities. This may imply that amounts previously reported in other comprehensive income are reclassified to profit or loss. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously reported in other comprehensive income is reclassified to profit or loss, where appropriate.

### (d) Translation of foreign currency

#### *Functional currency and reporting currency*

Items that are included in the financial statements for the various entities in the Group are valued in the

currency used in the economic environment in which the respective entity is primarily active (functional currency). This is currently the rouble, as almost all subsidiaries (except Awilia Enterprises Limited) are currently located in Russia and primarily use the rouble in their daily activities. The consolidated accounts are presented in Swedish Krona (SEK), which is the Swedish Parent Company's functional currency and the reporting 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.

The principal exchange rates against SEK that were applied are:

	2013	2012
Average, RUR	4.8876	4.5844
Closing, RUR	5.0378	4.6866

**(e) 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, at which the winning auction price is 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 staff that conduct the work, materials and fuel used, depreciation on machinery and equipment used and administrative expenses that are directly attributable to sites subject to exploration work. Borrowing costs directly attributable to exploration projects commencing after January 1, 2009, are included in the capitalised amount of exploration costs.

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, the capitalised exploration costs are reported in accordance with IAS 38, Intangible assets.

Purchased exploration and evaluation assets are recognized as assets at their cost of acquisition or at fair value if purchased as part of a business combination. An impairment review is performed, either individually or at the cash-generating unit level (license areas), when there are indicators 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 interest and financing costs relating to the construction of mineral property.

Mine development costs are, upon commencement of production, amortised using a unit of production

method based on the estimated proven and probable mineral reserves to which they relate, or are written off if the property is abandoned. The net carrying amounts of mine development costs at each mine 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, that excess is fully recognised as expenses in "Other expenses" line of 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 they will produce additional performance gains in the mining property resulting in the likelihood of prospective economic benefits, which include future revenue from newly discovered gold, cost savings or other benefits resulting from the use of the asset. If this is not the case, these expenses are reported as production costs in the period in which they are incurred.

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 starts when commercial production from that license object has commenced.

#### **(f) 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 subsequently amortised over its useful life using a units of production method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

Stripping costs incurred during the production phase are generally considered to create two benefits, being 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, if the following criteria are met:

- a) Future economic benefits (being 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 all of the criteria are not met, the production stripping costs are charged to the statement of profit or loss as operating costs as they are incurred.

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 the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, 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 used 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 using the units of production method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and any impairment losses.



As of 31 December 2013 the Group recognised the stripping assets in amount of MSEK 13.262 (US\$ 2.038 m), which as expected, will be fully depreciated during 2014.

#### (g) 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 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 the 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 plant construction. The Group assesses the degree of completion of the plant under construction to determine when it moves into gold production. Upon completion of construction, the assets are transferred into 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 may not be recoverable, an impairment loss is reported immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing sales revenues with the reported value. These 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 expense in "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. 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

#### (h) 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 that covers 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 works (overburden, etc.) and ores, stored at the warehouses. Together "finished goods", "raw materials and consumables" and "work in progress" constitute the statement of financial position item "inventory".

#### (i) Financial instruments

Financial instruments recognised in the statement of financial position includes 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 a contractual liability to pay exists, 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 in 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 as hedges. 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 trade receivables*

Loans receivable and trade 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 dealing in the receivable arising. They are included in current assets, with the exception of items with a maturity date more than 12 months after the balance sheet date, which are classified as fixed assets. The Group's loans receivable and trade receivables consist of trade accounts receivables and cash and cash equivalents.

Accounts receivable are short-term and are, therefore, accounted for at nominal values less any provision for impairment. A provision for impairment of accounts receivable is made 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 the 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. They 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 included in other reserves in equity.

##### *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.

#### *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 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 about these factors could affect the reported fair value of financial instruments.

#### **(j) Cash and cash equivalents**

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.

#### **(k) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Subsequently, borrowings are carried at amortised cost using the effective interest method. Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised, during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

#### **(l) Trade and other payables**

Trade payables are accrued when the counterparty has performed its obligations under the contract; they are carried at amortised cost using the effective interest method.

#### **(m) 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 created on the statement of financial position corresponding with the statement of comprehensive income in a relevant period.

#### **(n) 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 shown net of value added tax and after elimination of inter-company 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 binding 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 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. Therefore, the MRET is reported separately as a production cost among operating expenses. Sale of gold is currently not subject to value added tax in Russia.

##### **(b) Other income**

Any other income not received as 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, being 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 are recognised using the original effective interest rate.

#### **(o) 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 the 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 starts 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

#### **(p) 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.

#### **(q) Employee incentive programs**

As of Q1 2013 the group reports employee incentive programs. The accounting for these is done in accordance with the standard IFRS 2 "Share-based Payment". A description of the incentive programs can be found in Note 17 of the Report.

*Programs where warrants are granted to the employees and vested immediately (Warrants 2012/2013 series I, Warrants 2012/2017 series I and Warrants 2012/2017 series II)*

Measurement: A fair value for each share warrant was calculated at the grant date. This was done in accordance with the Black-Scholes model (warrants 2012/2013 series 1) and a Monte-Carlo simulation model for the 2012/2017 programs.

Recognition: Personnel costs and related equity (additional paid in capital) are recorded at the vesting date that corresponds to the grant date. All the above warrant programs were vested in full in 2013.

*Employee stock option programs granted to employees in Q1 2013 and vested over a service period (Warrants 2012/2017 series III and Warrants 2012/2017 series IIII)*

**Measurement:** A fair value for each stock option was calculated at the grant date. The value per option was calculated with the Black-Scholes model.

**Recognition:** personnel costs and related equity are recognised over the vesting period, which corresponds to the required service period for the employees. 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 period respectively). The cost is therefore recognized linearly for each tranche over the vesting period, meaning that the cost for the 1/3rd of the options that vest on November 12, 2013 is recognized in the first year, the cost for the 1/3rd of the options that vest on November 12, 2014 is recognized in the first two years, and the cost for the last 1/3rd of the options that vest on November 12, 2015 is recognized in all three years. This results in higher recognised personnel costs in the first accounting periods compared to the later periods under which the program runs.

When acquired warrants are used by employees to acquire shares and the company issues new shares, this is accounted for as any other share issuance.

#### **(r) Leasing**

A financial leasing contract is one in which, in all-significant respects, the economic risks and benefits associated with ownership of an object are transferred from the lessor to the lessee. Those leasing contracts that are not financial are classified as operational leasing contracts. Assets that are held according to financial leasing contracts are reported as fixed assets in the consolidated statement of financial position at the lower of the market value of the assets and the 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 distributed 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 that apply for other assets of the same kind.

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

#### **(s) 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 out. 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 represent 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 and restoration asset.

#### **(t) 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 expense is reported on the basis of the tax regulations that were 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. The 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 made for amounts that are likely to be payable to the Tax Agency.

Deferred income taxes are recognised, using 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, the deferred tax is not recognised if it arises as a consequence of a transaction, which constitutes the initial recognition of an asset, or liability that is not a business combination and which, at the date of the transaction, neither affects the recognised or the taxable result. Deferred income tax is calculated using the tax rates (and legislation) which have been determined or announced on the balance sheet date and that 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 the 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.

#### **(u) Equity**

Transaction costs directly related to the issue of new shares or options are recognised in equity as a reduction of the issue proceeds.



**(v) 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.

**(w) Management of financial risks***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, time lapse, translation exposure and interest rate risk), b) credit risk and c) liquidity risk including capital 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 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 described further in Note 20.

**(x) Segment reporting**

Operating segments are recognised in a manner that complies with the internal reporting submitted to the highest decision-making authoritative function. At the Group, 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 that are exposed to risks and rewards that differentiate 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 that differentiates them from risks associated with activities in other economic environments. Hence, the Group is only considered to have one operating segment.

**New and amended standards and interpretations**

There were a number of new standards and interpretations, effective from 1 January 2013 that the Group applied for the first time in the current year. These include IAS 1 Presentation of Financial Statements, IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, IFRS

10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 Separate Financial Statements and IFRS 13 Fair Value Measurement. Other than IFRIC 20, none of these standards required a restatement of previous financial statements.

The nature and the impact of each new standard and/or amendment is described below. Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year.

*IAS 1 Presentation of Financial Statements*

The changed standard requires items in "Other comprehensive Income" to be presented based on whether or not they subsequently may be reclassified to profit or loss. Therefore the interim report has a new heading in the statement for Other Comprehensive Income: "Items that may be reclassified subsequently to profit or loss".

*IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine*

IFRIC 20 now clarifies when an entity should recognise production phase waste removal (stripping) costs (production stripping costs) incurred in relation to a surface mining operation, as an asset. Such an asset will be referred to as a stripping activity asset. The interpretation is effective for annual reporting periods beginning on or after 1 January 2013 and has impacted the way in which the Group accounts for production stripping costs. For details of amended accounting policy refer to the paragraph (f) "Stripping costs" above. Refer to "Restatement" paragraph below of this Report for details of the financial effect of adopting this interpretation.

*IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements*

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues covered in SIC-12 Consolidation – Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including structured entities (previously referred to as special purpose entities). The changes introduced by IFRS 10 require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27.

The application of IFRS 10 and IAS 27 did not impact the Group's accounts.

*IFRS 11 Joint arrangements*

This standard focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and

joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. The application of IFRS 11 did not impact the Group's accounts as no proportional consolidation is used.

#### *IFRS 12 Disclosure of Interests in Other Entities*

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for such investments but will have no impact on the Group's financial position or performance. IFRS 12 disclosures are provided in Note 13.

#### *IFRS 13 Fair Value Measurement*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not

change when an entity is required to use fair value but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. IFRS13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Group reassessed its policies for measuring fair values — in particular its valuation inputs such as non-performance risk for fair value measurement of liabilities. IFRS 13 also requires additional disclosures. Application of IFRS 13 has not materially impacted the fair value measurements of the Group.

#### **Restatement**

In accordance with the transitional provisions of IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine", the new policy related to accounting of waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine has been applied prospectively from the start of the comparative period, being 1 January 2012. As a result of the adoption of the interpretation, the financial statements of prior periods were restated.

The Group also made corrections of accounting misstatements in 12 months 2012 accounts. Effect of restatement on consolidated 2012 Net loss is as follows:

		<b>TSEK</b>	<b>US\$ 000</b>
<b>Notes #</b>	<b>Net loss 2012 before restatement</b>	<b>(73,955)</b>	<b>(11,350)</b>
<b>Effect of restatement adjustments:</b>			
1	Capitalized stripping works accounted for on the 31 December 2012 balance sheet, are written off in 2012 P&L in accordance with IFRIC 20 Interpretation	(8,746)	(1,342)
2	Reversal of options and warrants plans from 2013 accounts and recognition in 2012 P&L as related to 2012	(1,707)	(262)
3	Reversal of bonus expenses accounted for in 2013, but related to 2012 and its recognition in 2012 P&L	(4,992)	(766)
4	Correction of excess impairment of work in progress balance at GRE-324 in 2012	1,930	296
5	Reversal of fixed assets impairment at Solcocon in 2013 and its recognition in 2012	(3,705)	(569)
6	Tailings (waste) balances accumulated as the result of gold processing plant operation at Tardan are written off on 2012 P&L in amount of MSEK 14,715 (US\$ 2.3 m) and on Retained earnings in amount of MSEK 37,225 (US\$ 5.7 m). The correction is as a result of the changed production method since the start of the heap leaching plant. Inventories balance is decreased as a result.	(14,715)	(2,258)
<b>Net loss 2012 after restatement</b>		<b>(105,891)</b>	<b>(16,252)</b>

Effect of restatement on the consolidated Statement of Financial position as of 31 December 2012 in TSEK is as follows:

	Before restatement 31 December 2012, TSEK	Notes #						After restatement 31 December 2012, TSEK
		1	2	3	4	5	6	
<b>FIXED ASSETS</b>								
Intangible fixed assets	152,184							152,184
Tangible fixed assets	245,154					-3,705		241,449
Financial fixed assets	46,378							46,378
<b>Total fixed assets</b>	<b>443,716</b>							<b>440,011</b>
<b>CURRENT ASSETS</b>								
Inventories	143,217	-10,851			2,412		-51,940	82,839
Stripping asset	-							-
Current receivables	36,926							36,926
Cash and cash equivalents	22,266							22,266
<b>Total current assets</b>	<b>202,409</b>							<b>142,031</b>
<b>TOTAL ASSETS</b>	<b>646,125</b>							<b>582,042</b>
Equity	225,163	-10,851	-1,707	-4,992	2,412	-3,705	-51,940	154,380
Non-controlling interest	-							-
<b>Total equity</b>	<b>225,163</b>							<b>154,380</b>
<b>Long term liabilities</b>	<b>257,877</b>							<b>257,877</b>
<b>Current liabilities</b>	<b>163,085</b>		1,707	4,992				<b>169,784</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>646,125</b>							<b>582,042</b>

Effect of the restatement on the consolidated Statement of Financial position as of 31 December 2012 in US\$ 000 is as follows:

	Before restatement 31 December 2012, US\$ 000	Notes #						After restatement 31 December 2012, US\$ 000
		1	2	3	4	5	6	
<b>FIXED ASSETS</b>								
Intangible fixed assets	23,357							23,357
Tangible fixed assets	37,626					-569		37,057
Financial fixed assets	7,118							7,118
<b>Total fixed assets</b>	<b>68,101</b>							<b>67,532</b>
<b>CURRENT ASSETS</b>								
Inventories	21,981	-1,665			370		-7,972	12,714
Current receivables	5,667							5,667
Cash and cash equivalents	3,417							3,417
<b>Total current assets</b>	<b>31,065</b>							<b>21,799</b>
<b>TOTAL ASSETS</b>	<b>99,166</b>							<b>89,330</b>
Equity	34,558	-1,665	-262	-766	370	-569	-7,972	23,694
Non-controlling interest	-							-
<b>Total equity</b>	<b>34,558</b>							<b>23,694</b>
<b>Long term liabilities</b>	<b>39,578</b>							<b>39,578</b>
<b>Current liabilities</b>	<b>25,030</b>		262	766				<b>26,058</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>99,166</b>							<b>89,330</b>

### **Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

#### *IFRS 9 Financial Instruments*

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities, as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 may have an effect on the classification and measurement of the Group's financial assets but it will not have an impact on classification and measurement of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

#### *IFRIC Interpretation 21 Levies (IFRIC 21)*

IFRIC 21 sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

### **Estimations and evaluations in the financial statements**

In order to prepare financial statements in accordance with IFRS, estimations and assumptions must be made that affect 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 are based on historic experience and forecasts of future developments. The actual outcome may differ 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 short 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. Such amortisation has been carried out for the Tardan deposit since 2005. For Tardan, the calculation of the amortisation for the years 2005–2008 was based on gold reserves of 6.8 tonnes established in the early 1990s. In 2008, a new examination of reserves was carried out at Tardan and the established gold reserves were determined at 8.5 tonnes. These gold reserves have formed the basis for the calculation of the amortisation according to the unit of production method since 2009. For the Staroverinskaya license area, gold reserves for the Bogomolovskoye deposit are 7 tonnes and, together with the 8.7 tonnes of reserves at the Kozlovskoye deposit, form the basis for the calculation of the amortisation for the Staroverinskaya license area according to the unit of production method.

The registered ore reserves are, thus, established by an external, governmental body (GKZ), that 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 made. The provision at 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 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 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 impairment of the asset as a whole and test for impairment in accordance with IAS 36.

The size 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 18 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 that reflects current market assessments of the time value of money and the risks specific to the asset. Management has assessed its cash generating units as being 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 of 31 December 2013. The most significant portion of the intangible and tangible fixed assets relates to the Tardan and Staroverinskaya 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 1,340 US\$/oz and the yield required is 12% 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 2013.

See Note 8 and Note 11 for further details.

An impairment tests of significant assets is also performed at the Parent company level. The impairment test is based on 5 year cash flow model forecasts prepared for Auriant's production units. Cash flows are discounted to their present value using a discount rate that reflects 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 given by the Parent company. Where an indicator of impairment exists, i.e. book value exceeds the net present value of the forecasted cash flow, a respective impairment provision is created at the year end date.

See Note 6 for further details.

#### *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 the 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 obtain tax deductions in future periods.

See Note 7 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 14 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 20 for further details.

## NOTE 1

## REVENUE

All revenue from sale of gold is generated by Russian entities of the Group. No revenue is generated in Sweden. In 2013 the Group had two customers – the Russian banks Promsvyazbank and Svyazbank (in 2012 – single customer Svyazbank).

## NOTE 1a

## OTHER INCOME AND EXPENSES

	Group		Parent company		Group		Parent company	
	2013	2012	2013	2012	2013	2012	2013	2012
	TSEK	TSEK	TSEK	TSEK	US\$ 000	US\$ 000	US\$ 000	US\$ 000
<b>Other operating income</b>								
Services to contractors (rent, accomodation services, other)	4,900	1,966	-	-	752	302	-	-
Stock-take surplus	1,845	2,970	-	-	283	456	-	-
Reversal of site restoration reserve	1,808	-	-	-	278	-	-	-
Reversal of provision	-	2,490	-	-	-	382	-	-
Profit from sale of subsidiaries and joint venture	-	6,753	-	6,752	-	1,036	-	1,036
Other	2,206	7,336	13	1,310	339	1,126	2	201
<b>Total other operating income</b>	<b>10,759</b>	<b>21,515</b>	<b>13</b>	<b>8,062</b>	<b>1,652</b>	<b>3,302</b>	<b>2</b>	<b>1,237</b>

**Services to contractors**

Services to contractors relates to property rental services to alluvial operator LLC Urumkan for the entire year 2013 (and since May in 2012) and to sales of fuel, provision of accomodation services for major contractors of LLC Tardan, a subsidiary of the Group.

**Reversal of site restoration reserve**

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

	Group		Parent company		Group		Parent company	
	2013	2012	2013	2012	2013	2012	2013	2012
	TSEK	TSEK	TSEK	TSEK	US\$ 000	US\$ 000	US\$ 000	US\$ 000
<b>Other operating expenses</b>								
Impairment of WIP, FA	-8,154	-28,172	-	-	-1,252	-4,324	-	-
Household expenses	-4,247	-2,351	-	-	-652	-361	-	-
Bad debt expenses, shortage of materials write-off	-2,622	-	-	-	-403	-	-	-
Penalties, fines on Taxes, uncompensated VAT	-2,406	-1,206	-	-	-369	-185	-	-
Bank fees	-432	-1,473	-	-	-66	-226	-	-
Loss on disposals of fixed assets/materials	-334	-1,346	-	-	-52	-207	-	-
Other	-1,800	-7,479	-	-	-276	-1,148	-	-
<b>Total other operating expenses</b>	<b>-19,995</b>	<b>-42,027</b>	<b>-</b>	<b>-</b>	<b>-3,070</b>	<b>-6,450</b>	<b>-</b>	<b>-</b>

**Impairment of WIP and fixed assets**

Impairment of WIP in 2013 relates to GRE-324 subsidiary in amount MSEK-8.154 (US\$ -1.252 m) (2012: MSEK -24.467 (US\$ -3.755 m)). In 2012 fixed assets impairment at LLC Solcocon in the amount of MSEK -3.705 TSEK (US\$ -0.569 m) related to mining fleet was recognized.

## NOTE 2

## COST OF SALES

	Group		Group	
	2013 TSEK	2012 TSEK	2013 US\$ 000	2012 US\$ 000
Employee benefit expenses	87,178	64,957	13,383	9,969
Alluvial operator cost	79,260	31,456	12,168	4,828
Materials	73,062	67,119	11,216	10,301
Depreciation and amortization	51,779	47,168	7,949	7,239
External expenses	40,441	14,377	6,208	2,206
Taxes	24,613	16,404	3,778	2,518
Change in stock of finished and semi-finished goods	6,936	5,522	1,065	849
<b>Total cost of sales</b>	<b>363,269</b>	<b>247,003</b>	<b>55,767</b>	<b>37,910</b>

Increase in employee benefit expenses related to rise of the average number of employees at the production units from 686 in 2012 to 869 in 2013.

Alluvial operator (Uryumkan) costs related to alluvial gold production increased by MSEK -47.804 (US\$ -7.340 m) in line with the increase in production of alluvial gold. Uryumkan has been involved in alluvial gold production since August 2012.

Material expenses grew due to increased use of chemicals, cement and other materials for heap leaching. In H1 2012 and H2 2012 gold production at Tardan was through the gravitational circuit and heap leach respectively, while in 2013 all production came from heap leaching.

Depreciation and amortization expenses increased mainly due to the commissioning of the heap leaching plant at Tardan.

External expenses grew mostly due to the increase of drilling and blasting services both at Tardan and Solcocon and hiring of transportation contractors at Tardan in 2013.

Mineral extraction and other taxes (property tax, vehicle tax) increased due to the increase of mineral extraction tax correlated to the increase of revenue.

Decrease in work in progress related to the gold production activity and increased cost of sales.



## NOTE 3

## EMPLOYEE BENEFIT EXPENSES

	Group		Parent company		Group		Parent company	
	2013 TSEK	2012 TSEK	2013 TSEK	2012 TSEK	2013 US\$ 000	2012 US\$ 000	2013 US\$ 000	2012 US\$ 000
<b>Salaries and remuneration in Sweden</b>								
Board of Directors	2,027	517	2,027	517	311	79	311	79
Other employees	642	395	642	395	99	61	99	61
	<b>2,669</b>	<b>912</b>	<b>2,669</b>	<b>912</b>	<b>410</b>	<b>140</b>	<b>410</b>	<b>140</b>
<b>Salaries and remuneration in Russia</b>								
CEO and Senior executives	15,275	11,626	-	-	2,345	1,784	-	-
Including stock options & warrants	2,678	1,707	-	-	411	262	-	-
Other employees	80,098	62,667	-	-	12,296	9,618	-	-
	<b>95,373</b>	<b>74,293</b>	<b>-</b>	<b>-</b>	<b>14,641</b>	<b>11,402</b>	<b>-</b>	<b>-</b>
<b>Total salaries and remuneration</b>	<b>98,042</b>	<b>75,205</b>	<b>2,669</b>	<b>912</b>	<b>15,051</b>	<b>11,542</b>	<b>410</b>	<b>140</b>
<b>Social security expenses in Sweden</b>								
Board of Directors	649	187	649	187	100	29	100	29
Other employees	186	143	186	143	28	22	28	22
	<b>835</b>	<b>330</b>	<b>835</b>	<b>330</b>	<b>128</b>	<b>51</b>	<b>128</b>	<b>51</b>
<b>Social security expenses in Russia</b>								
CEO and Senior executives	1,410	642	-	-	216	99	-	-
Other employees	19,256	13,543	-	-	2,957	2,078	-	-
	<b>20,666</b>	<b>14,185</b>	<b>-</b>	<b>-</b>	<b>3,173</b>	<b>2,177</b>	<b>-</b>	<b>-</b>
<b>Total social security expenses</b>	<b>21,501</b>	<b>14,515</b>	<b>835</b>	<b>330</b>	<b>3,301</b>	<b>2,228</b>	<b>128</b>	<b>51</b>
Other employee benefit expenses	-	153	-	153	-	23	-	23
<b>Total employee benefit expenses</b>	<b>119,543</b>	<b>89,873</b>	<b>3,503</b>	<b>1,395</b>	<b>18,352</b>	<b>13,793</b>	<b>538</b>	<b>214</b>

	Group		Parent company	
	2013	2012	2013	2012
<b>Group – Board of Directors and CEO at year-end</b>				
Women	-	-	-	-
Men	6	5	5	5
<b>Group – Management at year-end</b>				
Women	1	1	-	-
Men	5	5	-	-

	<b>Total</b>	<b>of which</b>	<b>Total</b>	<b>of which</b>
<b>Number of employees</b>	<b>2013</b>	<b>Woman</b>	<b>2012</b>	<b>Woman</b>
<b>Average number of employees</b>				
Parent company in Sweden	2	1	1	1
Subsidiaries in Russia	869	142	685	127
<b>Total for the Group</b>	<b>871</b>	<b>143</b>	<b>686</b>	<b>128</b>
<b>Number of employees at year-end</b>				
Parent company in Sweden	2	1	2	1
Subsidiaries in Russia	764	141	714	140
<b>Total for the Group</b>	<b>766</b>	<b>142</b>	<b>716</b>	<b>141</b>

Growth in operations required additional production and management staff at the Russian subsidiaries, which increased the total number of employees at year-end 2013 compared to 2012.

#### Remuneration and other benefits for 2013 of the Board and Senior executives

	<b>Remuneration TSEK</b>	<b>Remuneration US\$ 000</b>
<b>Board of directors</b>		
Preston Haskell, Chairman of the Board	660	101
Ingmar Haga	312	48
Andre Bekker	248	38
Peter Daresbury	263	40
Denis Alexandrov	352	54
Bertill Villard	146	23
Sergey Kashuba*	46	7
<b>Total Board of directors</b>	<b>2,027</b>	<b>311</b>
<b>Senior Executives**</b>		
Senior Executives excluding Chief Executive Officer	<b>6,856</b>	<b>1,053</b>
Including stock options & warrants	527	81
Chief Executive Officer	<b>8,419</b>	<b>1,292</b>
Including stock options & warrants	2,151	330
<b>Total Senior Executives</b>	<b>15,275</b>	<b>2,345</b>

\*Board members who left the board of directors of Auriant Mining AB in 2013.

\*\*Senior Executives includes Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Investment Officer, Chief Geologist, Chief Legal Counsel, Head of HR.

At November 2012 Extraordinary General Meeting established an incentive program for the Group's Chief Executive Office Denis Alexandrov and Chief Investment Office Max Yacoub through issue of warrants. For warrants detailed description, please, refer to "Share capital and ownership" section of the report.

Amount of annual bonus to be paid to the Group's management for 2014 depends on the fulfillment of the individual KPIs. KPIs for each senior executive are developed in the beginning of the year and approved by the Board and corresponds to the Group's objectives such as operating activities and other indicators.

## NOTE 4

## GENERAL AND ADMINISTRATIVE EXPENSES

	Group		Parent company		Group		Parent company	
	2013 TSEK	2012 TSEK	2013 TSEK	2012 TSEK	2013 US\$ 000	2012 US\$ 000	2013 US\$ 000	2012 US\$ 000
Employee benefit expenses	32,365	24,916	3,503	1,395	4,969	3,824	538	214
External expenses	9,577	14,048	3,764	8,676	1,470	2,156	577	1,332
Audit fees	1,418	1,428	1,418	1,428	218	219	218	219
Depreciation, amortization and write downs	235	97	-	-	36	15	-	-
<b>Total general and administrative expenses</b>	<b>43,595</b>	<b>40,489</b>	<b>8,685</b>	<b>11,499</b>	<b>6,693</b>	<b>6,214</b>	<b>1,333</b>	<b>1,765</b>

General and administrative expenses relate to Management company and Parent Company.  
For remuneration to the auditors please refer to the table below:

## Audit fees

	Group		Parent company		Group		Parent company	
	2013 TSEK	2012 TSEK	2013 TSEK	2012 TSEK	2013 US\$ 000	2012 US\$ 000	2013 US\$ 000	2012 US\$ 000
<b>PWC</b>								
Audit assignments	1,372	1,278	1,372	1,278	211	196	211	196
<b>Audit related assignments</b>							-	-
Tax consultancy services	46		46		7		7	
Other consulting services	-	150	-	150	-	23	-	23
<b>Total PWC</b>	<b>1,418</b>	<b>1,428</b>	<b>1,418</b>	<b>1,428</b>	<b>218</b>	<b>219</b>	<b>218</b>	<b>219</b>

## NOTE 5

## FINANCIAL INCOME

	Group		Group		Parent company		Parent company	
	2013 TSEK	2012 TSEK	2013 US\$000	2012 US\$000	2013 TSEK	2012 TSEK	2013 US\$000	2012 US\$000
Other interest income	15	56	2	9	-	-	-	-
Interest income from group companies	-	-	-	-	17,756	19,232	2,726	2,952
Exchange rate differences	-	15,956	-	2,448	-	9,323	-	1,431
<b>Total financial income</b>	<b>15</b>	<b>16,012</b>	<b>2</b>	<b>2,457</b>	<b>17,756</b>	<b>28,555</b>	<b>2,726</b>	<b>4,383</b>

## NOTE 6

## FINANCIAL EXPENSES

	Group		Group		Parent company		Parent company	
	2013 TSEK	2012 TSEK	2013 US\$000	2012 US\$000	2013 TSEK	2012 TSEK	2013 US\$000	2012 US\$000
Interest expenses on loans and borrowings	-56,726	-46,107	-8,708	-7,076	-37,027	-32,409	-5,684	-4,974
Exchange rate differences	-13,578	-	-2,084	-	-2,308	-	-355	-
Interest expenses on leasing	-1,985	-1,706	-305	-262	-	-	-	-
Impairment of intercompany loans*	-	-	-	-	-	-238,888	-	-36,664
<b>Total financial expenses</b>	<b>-72,289</b>	<b>-47,813</b>	<b>-11,097</b>	<b>-7,338</b>	<b>-39,335</b>	<b>-271,297</b>	<b>-6,039</b>	<b>-41,638</b>

\*The impairment test performed of 31 December 2012 has indicated a need for impairment of loans granted to Tardan Gold business unit in a total amount of MSEK – 238.888 (US\$ -36.664 m). No impairment required per results of impairment test of 31 December 2013.

## NOTE 7

## INCOME TAX AND DEFERRED INCOME TAX

	Group		Parent company		Group		Parent company	
	2013 TSEK	2012 TSEK	2013 TSEK	2012 TSEK	2013 US\$ 000	2012 US\$ 000	2013 US\$ 000	2012 US\$ 000
Current tax	-	-628	-	-	-	-96	-	-
Deferred tax	30,440	409	-	-	4,673	64	-	-
	<b>30,440</b>	<b>-219</b>			<b>4,673</b>	<b>-34</b>		
<b>Connection between tax expense and reported profit/loss</b>								
Pre-tax profit/loss	-159,404	-105,672	-30,251	-246,179	-24,471	-16,218	-4,644	-37,783
Tax according to applicable tax rate	32,486	21,134	6,655	64,745	4,987	3,244	1,022	9,937
Tax effect of expenses that are non-deductible for tax purposes	-18,630	-11,411	-34	-64,028	-2,860	-1,751	-5	-9,827
Tax effect of non-taxable income	23,392	1,415	-	-	3,591	217	-	-
Expenditure is booked directly against equity	-	-	-	-	-	-	-	-
Tax effect of changes in previous years taxation	-	-	-	-	-	-	-	-
Impairment of deferred tax assets	-320	-8,647	-	-	-48	-1,328	-	-
Reversal of deferred tax liability	2,126	-10,579	-	-	326	-1,624	-	-
Difference between the group's tax rate and the individual companies' tax rates	-	-	-	-	-	-	-	-
Tax losses for which no deferred income tax asset was recognised	-	-	-	-	-	-	-	-
Utilisation of previously unrecognised tax losses	-	9,077	-	-	-	1,393	-	-
Adjustments in respect to income tax of previous years	-2,213	-1,208	-	-	-340	-185	-	-
Tax effect of loss carry-forwards for which deferred taxes recoverable are not reported	-6,401	-	-6,621	-717	-983	-	-1,017	-110
<b>Total</b>	<b>30,440</b>	<b>-219</b>	<b>-</b>	<b>-</b>	<b>4,673</b>	<b>-34</b>	<b>-</b>	<b>-</b>



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%.

	Group					
	31-12-2013	31-12-2012	01-01-2012	31-12-2013	31-12-2012	01-01-2012
Deferred tax recoverable	TSEK	TSEK	TSEK	US\$ 000	US\$ 000	US\$ 000
Incoming deferred tax recoverable	22,409	50,879	36,171	3,439	7,809	5,551
Change in deferred tax recoverable	48,842	-10,292	22,402	7,504	-1,580	3,438
Impairment of deferred tax	-321	-8,647	-14,533	-49	-1,327	-2,230
Offset of deferred tax asset against deferred tax liability	-26,800	-9,531	-	-4,114	-1,463	-
<b>Closing deferred tax recoverable</b>	<b>44,130</b>	<b>22,409</b>	<b>50,879</b>	<b>6,780</b>	<b>3,439</b>	<b>7,809</b>

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.

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 can be utilised within a period of 10 years from the year when the loss was incurred.

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 above companies will generate taxable profits that enable the deferred tax asset on their tax losses carried forward to be utilised within 3 years.

	Group					
	31-12-2013	31-12-2012	01-01-2012	31-12-2013	31-12-2012	01-01-2012
Deferred tax liability	TSEK	TSEK	TSEK	US\$ 000	US\$ 000	US\$ 000
Incoming deferred tax liability	25,298	50,318	45,570	3,883	7,723	6,994
Change in deferred tax liability on the acquired mining licences and capitalised work for own account	-3,375	-2,419	230	-519	-371	35
Disposal values from sold subsidiaries	-	-	-10,052	-	-	-1,542
Change in deferred tax liability on the acquired non-current assets	24,425	-13,070	14,570	3,753	-2,006	2,236
Offset of deferred tax asset against deferred tax liability	-26,800	-9,531	-	-4,114	-1,463	-
<b>Total deferred tax liability</b>	<b>19,548</b>	<b>25,298</b>	<b>50,318</b>	<b>3,003</b>	<b>3,883</b>	<b>7,723</b>

Deferred tax is calculated on the difference between reported values and taxable values of assets and liabilities. There is no deferred tax attributable to items reported directly in equity or other comprehensive income.

## NOTE 8

## MINING PERMITS AND CAPITALISED EXPLORATION COSTS

	Group			Parent company		
	31-12-2013	31-12-2012	01-01-2012	31-12-2013	31-12-2012	01-01-2012
All amounts in TSEK	TSEK	TSEK	TSEK	TSEK	TSEK	TSEK
Opening balance	175,137	171,044	161,353	392	392	392
Capitalized exploration costs	35,213	-	4,112	-	-	-
Internal movement	-	-	-	-	-	-
Capitalised provision for site restoration	-	1,564	4,081	-	-	-
Disposals of provision for site restoration	-1,441	-	-	-	-	-
Translation diff	-3,077	2,529	1,498	-	-	-
<b>Closing balance</b>	<b>205,832</b>	<b>175,137</b>	<b>171,044</b>	<b>392</b>	<b>392</b>	<b>392</b>
Opening balance amortizations and write downs	-22,952	-11,548	-7,052	-392	-392	-392
Amortization for the period	-15,147	-11,405	-4,496	-	-	-
Write downs for the period	-	-	-	-	-	-
<b>Closing amortizations and write downs</b>	<b>-38,099</b>	<b>-22,953</b>	<b>-11,548</b>	<b>-392</b>	<b>392</b>	<b>-392</b>
<b>Closing net book value</b>	<b>167,733</b>	<b>152,184</b>	<b>159,496</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Group			Parent company		
	31-12-2013	31-12-2012	01-01-2012	31-12-2013	31-12-2012	01-01-2012
All amounts in US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000
Opening balance	26,880	26,251	24,764	60	60	60
Capitalized exploration costs	5,410	-	631	-	-	-
Internal movement	-	-	-	-	-	-
Capitalised provision for site restoration	-	240	626	-	-	-
Disposals of provision for site restoration	-221	-	-	-	-	-
Translation diff	-443	388	230	-	-	-
<b>Closing balance</b>	<b>31,626</b>	<b>26,879</b>	<b>26,251</b>	<b>60</b>	<b>60</b>	<b>60</b>
Opening balance amortizations and write downs	-3,523	-1,772	-1,082	-60	-60	-60
Amortization for the period	-2,331	-1,750	-690	-	-	-
Write downs for the period	-	-	-	-	-	-
<b>Closing amortizations and write downs</b>	<b>-5,854</b>	<b>-3,522</b>	<b>-1,772</b>	<b>-60</b>	<b>-60</b>	<b>-60</b>
<b>Closing net book value</b>	<b>25,772</b>	<b>23,357</b>	<b>24,479</b>	<b>-</b>	<b>-</b>	<b>-</b>

Assets are mainly represented by exploration and mine development costs and held by the Russian subsidiaries of the Group (no assets are held by the Swedish parent company). The intangible assets represent a significant portion of the assets in the Group and impairment tests are regularly carried out by the management in order to review that the recoverable values of these assets are 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 of 31 December 2013. The most significant portion of the intangible 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 US\$ 1,340 per oz, and a required yield of 12% per year. The result of the impairment tests was that no impairment of the intangible assets was required as of 31 December 2013.

## NOTE 9

## BUILDINGS AND LAND

	Group					
	31-12-2013	31-12-2012	01-01-2012	31-12-2013	31-12-2012	01-01-2012
	TSEK	TSEK	TSEK	US\$ 000	US\$ 000	US\$ 000
Opening balance	103,581	25,525	34,132	15,897	3,917	5,239
Purchases	898	-	1,825	138	-	280
Fixed assets put into usage	-	78,155	-	-	11,995	-
Internal transfer	-164	2,007	-9,336	-25	308	-1,433
Disposals	-73	-81	-3,490	-11	-12	-536
Translation difference	-7,581	-2,025	2,393	-1,147	-311	367
<b>Closing balance accumulated acquisition values</b>	<b>96,661</b>	<b>103,581</b>	<b>25,524</b>	<b>14,852</b>	<b>15,897</b>	<b>3,917</b>
Opening balance	-10,998	-5,646	-5,854	-1,688	-867	-898
Depreciation for the financial year	-6,186	-5,627	-3,094	-950	-864	-475
Disposals	73	66	90	11	10	14
Internal transfer	43	-4	3,348	7	-1	514
Translation difference	1,249	213	-135	190	34	-21
<b>Closing balance accumulated depreciation</b>	<b>-15,818</b>	<b>-10,998</b>	<b>-5,645</b>	<b>-2,430</b>	<b>-1,688</b>	<b>-866</b>
<b>Closing net book value</b>	<b>80,843</b>	<b>92,583</b>	<b>19,879</b>	<b>12,422</b>	<b>14,209</b>	<b>3,051</b>

## NOTE 10

## MACHINERY, EQUIPMENT AND OTHER TECHNICAL PLANTS

	Group					
	31-12-2013 TSEK	31-12-2012 TSEK	01-01-2012 TSEK	31-12-2013 US\$000	31-12-2012 US\$000	01-01-2012 US\$000
Opening balance	212,315	154,592	82,671	32,586	23,727	12,688
Purchases	43,346	7,452	42,045	6,660	1,144	6,453
Fixed assets put into usage	12,768	65,098	24,223	1,962	9,991	3,718
Internal transfer	1,514	-2,007	20,770	233	-308	3,188
Disposals	-9,627	-6,235	-9,435	-1,479	-957	-1,448
Stocktake write-off/Impairment for the year	-1,741*	-3,705*	-	-268	-569	-
Translation difference	-16,959	-2,880	-5,682	-2,569	-443	-872
<b>Closing accumulated acquisition values</b>	<b>241,616</b>	<b>212,315</b>	<b>154,592</b>	<b>37,124</b>	<b>32,586</b>	<b>23,727</b>
Opening balance	-81,398	-56,945	-20,984	-12,493	-8,741	-3,221
Depreciation for the financial year	-30,681	-27,058	-20,900	-4,714	-4,153	-3,208
Disposals	9,200	2,686	5,201	1,414	412	798
Internal transfer	310	4	-14,782	48	1	-2,269
Stocktake write-off/Impairment for the year	1,392*	-	-3,488	214	-	-535
Translation difference	6,166	-85	-1,992	934	-12	-306
<b>Closing accumulated depreciation</b>	<b>-95,012</b>	<b>-81,398</b>	<b>-56,945</b>	<b>-14,598</b>	<b>-12,493</b>	<b>-8,741</b>
<b>Closing residual value according to plan</b>	<b>146,604</b>	<b>130,917</b>	<b>97,647</b>	<b>22,525</b>	<b>20,093</b>	<b>14,986</b>

The increase in tangible assets is mainly explained by the acquisition of additional vehicle mining fleet and modernization of pit roads at Tardan and renovation of equipment at Solcocon. Disposals in 2013 relate to the terms of leaseback agreement on Tardan.

\*In 2012 the Group recognized an impairment of obsolete mining fleet at Solcocon. In 2013 a stock-take write off was recognized.



## NOTE 11

## CONSTRUCTION IN PROGRESS

	Group					
	31-12-2013 TSEK	31-12-2012 TSEK	01-01-2012 TSEK	31-12-2013 US\$000	31-12-2012 US\$000	01-01-2012 US\$000
Opening balance	17,948	111,840	53,122	2,755	17,165	8,153
Purchases during the year	15,870	48,231	97,857	2,438	7,402	15,019
Fixed assets put into usage	-12,835	-143,253	-24,223	-1,972	-21,986	-3,718
Stocktake write-off/Impairment for the year*	-89	-	-11,038*	-14	-	-1,694
Translation difference	-1,687	1,131	-3,879	-257	174	-595
<b>Closing book value</b>	<b>19,208</b>	<b>17,949</b>	<b>111,839</b>	<b>2,951</b>	<b>2,755</b>	<b>17,165</b>

Increase of construction in progress balance at year end 2013 caused by the construction of new heap leach stacks at LLC GRE-324. All tangible fixed assets are held by the Russian subsidiaries and no assets are held by the Swedish Parent Company.

\*In 2011 the Group recognized a pit road impairment due to weakness in construction. In 2013 a stock-take write off was recognized.

In 2012 the Group capitalized interest expenses at 13% in the amount of MSEK 2.4 (US\$ 0.4 m) during construction, the amount of interest expenses capitalized in 2013 is nil.

An impairment test was carried out on the Group's productive gold assets as of 31 December 2013. 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 US\$ 1,340 per oz, and a required yield of 12% per year. The result of the impairment tests was that no impairment of the tangible assets was required as of 31 December 2013.

## NOTE 12

## SHARES IN GROUP COMPANIES

Shares in group companies	Co. ID	Office	Proportion of equity/ Share of voting power	Book value
LLC Tardan Gold	1041700563519	Kyzyl	100%	258,384
LLC Uzhunzhul*	1071901004746	Abakan	-	-
LLC GRE 324	1037542001441	Chita	100%	-
LLC Gold Borziya	1077530001174	Krasnokamensk	100%	21,102
LLC Rudtehnologiya	1077530000570	Krasnokamensk	100%	92,450
LLC Auriant Management	1097746422840	Moscow	100%	412
<b>Total</b>				<b>372.348</b>

\*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.

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. Based on the impairment tests performed as of 31 December 2013, the board and management has not identified any need for impairment of the shares in subsidiaries.

In March 2013 as a part of a restructuring programme, the Group subsidiary LLC Solcocon was merged with subsidiary LLC Rudtehnologiya. Per Group Management decision, LLC CAG Promstroy and LLC Borservice, the Group subsidiaries, due to absence of operational activity, were liquidated in February and April 2013 respectively.

## NOTE 13

## SHARES AND INVESTMENTS IN JOINT VENTURES

All amounts in TSEK	Group, carrying amount			Parent company, carrying amount		
	31-12-2013 TSEK	31-12-2012 TSEK	01-01-2012 TSEK	31-12-2013 TSEK	31-12-2012 TSEK	01-01-2012 TSEK
<b>Joint ventures</b>						
Awilia Enterprises Limited**	24,705	23,969	28,919	22,280	20,663	22,216
	<b>24,705</b>	<b>23,969</b>	<b>28,919</b>	<b>22,280</b>	<b>20,663</b>	<b>22,216</b>

Changes in book value of the joint venture	Group			Parent company		
	31-12-2013 TSEK	31-12-2012 TSEK	01-01-2012 TSEK	31-12-2013 TSEK	31-12-2012 TSEK	01-01-2012 TSEK
Opening balance	23,969	28,919	24,652	20,663	22,216	16,924
Investment in joint venture	1,616	8,413	5,292	1,617	8,413	5,292
Joint venture investment disposal	-	-12,735	-	-	-9,966	-
Profit/loss from joint venture	-880	-628	-1,025	-	-	-
<b>Closing balance</b>	<b>24,705</b>	<b>23,969</b>	<b>28,919</b>	<b>22,280</b>	<b>20,663</b>	<b>22,216</b>

All amounts in US\$ 000	Group, carrying amount			Parent company, carrying amount		
	31-12-2013 US\$ 000	31-12-2012 US\$ 000	01-01-2012 US\$ 000	31-12-2013 US\$ 000	31-12-2012 US\$ 000	01-01-2012 US\$ 000
<b>Joint ventures</b>						
Awilia Enterprises Limited**	3,796	3,679	4,438	3,423	3,171	3,410
	<b>3,796</b>	<b>3,679</b>	<b>4,438</b>	<b>3,423</b>	<b>3,171</b>	<b>3,410</b>

Changes in book value of the joint venture	Group			Parent company		
	31-12-2013 US\$ 000	31-12-2012 US\$ 000	01-01-2012 US\$ 000	31-12-2013 US\$ 000	31-12-2012 US\$ 000	01-01-2012 US\$ 000
Opening balance	3,679	4,438	3,784	3,171	3,410	2,597
Investment in joint venture	248	1,291	812	248	1,291	813
Joint venture investment disposal	-	-1,955	-	-	-1,530	-
Profit/loss from joint venture	-135	-96	-158	-	-	-
Translation differences	4	1	-	4	-	-
<b>Closing balance</b>	<b>3,796</b>	<b>3,679</b>	<b>4,438</b>	<b>3,423</b>	<b>3,171</b>	<b>3,410</b>

\*\* Awilia Enterprises Ltd. is a Joint Venture company with Centerra Gold Inc, registered in Cyprus. Awilia owns 100% of LLC Kara Beldyr, the company in which the joint venture operations are carried out in Russia. In January 2012, Centerra Gold Inc. fulfilled the second phase of investments in the joint venture, thereby earning another 20% ownership in the joint venture. Auriant ownership in Awilia as of the reporting date is therefore 30%.

The interest in this joint venture is accounted using the equity method.

Summarised financial statement information (100% share) of the joint venture, based on its IFRS statement of financial position, and reconciliation with the carrying amount of the investment in the Group's consolidated financial statement are set out below:

	2013 TSEK	2012 TSEK	2013 US\$ 000	2012 US\$ 000
Sales and other operating revenues	6	26	1	4
Interest income	1	2	-	-
Depretiation and amortisation	-22	-24	-3	-4
Other expenses	-3,259	-2,510	-501	-385
<b>Profit before income tax</b>	<b>-3,274</b>	<b>-2,506</b>	<b>-503</b>	<b>-385</b>
Income tax expense	-	-	-	-
Deferred tax	341	413	52	63
<b>Profit for the year</b>	<b>-2,933</b>	<b>-2,093</b>	<b>-451</b>	<b>-322</b>
<b>Group's share of profit for the year</b>	<b>-880</b>	<b>-628</b>	<b>-135</b>	<b>-96</b>
Current assets	56,027	54,341	8,608	8,340
Non-current assets	3,251	3,491	500	536
<b>Total assets</b>	<b>59,278</b>	<b>57,832</b>	<b>9,108</b>	<b>8,876</b>
Current liabilities	325	5,807	50	891
Non-current liabilities	-	-	-	-
<b>Total liabilities</b>	<b>325</b>	<b>5,807</b>	<b>50</b>	<b>891</b>
<b>Net assets</b>	<b>58,953</b>	<b>52,025</b>	<b>9,058</b>	<b>7,985</b>
Proportion of the Group's ownership	30%	30%	30%	30%
<b>Carrying amount of investment in consolidated statement of financial position</b>	<b>17,686</b>	<b>15,608</b>	<b>2,717</b>	<b>2,395</b>
Gain on disposal of 50% of Kara-beldyr in 2010	7,762	7,762	1,193	1,191
Translation difference	-743	599	-114	93
<b>Total</b>	<b>24,705</b>	<b>23,969</b>	<b>3,796</b>	<b>3,679</b>

## NOTE 14

## INVENTORIES

	Group					
	31-12-2013 TSEK	31-12-2012 TSEK	01-01-2012 TSEK	31-12-2013 US\$ 000	31-12-2012 US\$ 000	01-01-2012 US\$ 000
Raw materials and consumables, gross	19,868	16,435	23,646	3,053	2,522	3,629
Impairment of raw materials and consumables	-1,589	-352	-3,129	-244	-54	-480
Raw materials and consumables, net	18,279	16,083	20,517	2,809	2,468	3,149
Finished goods	712	3,098	648	109	476	99
Work in progress*	42,424	63,658	95,230	6,518	9,770	14,616
<b>Total</b>	<b>61,415</b>	<b>82,839</b>	<b>116,395</b>	<b>9,436</b>	<b>12,714</b>	<b>17,864</b>

The cost of inventories recognised as an expense amounted to TSEK 73,062 (US\$ 11,216 thousands) (2012: TSEK 67,119 (US\$ 10,301 thousands)).

\*Net amount includes one-item write-off of ore stacked at GRE-324 in amount of TSEK 7,911 (US\$000 1,216) (TSEK 21,521 (US\$ 000 3,303) in 2012).

## NOTE 15

## OTHER CURRENT RECEIVABLES AND PREPAID EXPENSES

	Group			Parent company		
All amounts in TSEK	31-12-2013 TSEK	31-12-2012 TSEK	01-01-2012 TSEK	31-12-2013 TSEK	31-12-2012 TSEK	01-01-2012 TSEK
VAT receivable*	33,298	21,239	23,267	167	272	254
Other current receivables	2,077	1,555	5,879	32	46	59
<b>Total other current receivables</b>	<b>35,375</b>	<b>22,794</b>	<b>29,146</b>	<b>199</b>	<b>318</b>	<b>313</b>
Prepaid expenses	5,368	13,623	12,382	248	161	89
<b>Total prepaid expenses</b>	<b>5,368</b>	<b>13,623</b>	<b>12,382</b>	<b>248</b>	<b>161</b>	<b>89</b>

	Group			Parent company		
All amounts in US\$ 000	31-12-2013 US\$ 000	31-12-2012 US\$ 000	01-01-2012 US\$ 000	31-12-2013 US\$ 000	31-12-2012 US\$ 000	01-01-2012 US\$ 000
VAT receivable*	5,116	3,260	3,571	26	42	39
Other current receivables	319	238	902	5	7	9
<b>Total other current receivables</b>	<b>5,435</b>	<b>3,498</b>	<b>4,473</b>	<b>31</b>	<b>49</b>	<b>48</b>
Prepaid expenses	825	2,091	1,900	38	25	14
<b>Total prepaid expenses</b>	<b>825</b>	<b>2,091</b>	<b>1,900</b>	<b>38</b>	<b>25</b>	<b>14</b>

\* The sale of gold is subject to 0% output VAT, but purchase of most materials are subject to input VAT at the rate of 18%. Therefore Auriant Mining companies always have significant amounts of VAT receivable from the state. Usually it takes 3-6 months to recover VAT.

Prepaid expenses are represented by advances paid out to suppliers for materials and services to be provided in 2014 which is within the normal course of business of the Group



## NOTE 16

## CASH AND CASH EQUIVALENTS

All amounts in TSEK	Group			Parent company		
	31-12-2013 TSEK	31-12-2012 TSEK	01-01-2012 TSEK	31-12-2013 TSEK	31-12-2012 TSEK	01-01-2012 TSEK
Cash at bank	10,776	2,715	10,995	5,752	1,193	8,119
Bank deposits*	-	19,551	-	-	-	-
<b>Total cash and cash equivalents</b>	<b>10,776</b>	<b>22,266</b>	<b>10,995</b>	<b>5,752</b>	<b>1,193</b>	<b>8,119</b>

All amounts in US\$ 000	Group			Parent company		
	31-12-2013 US\$ 000	31-12-2012 US\$ 000	01-01-2012 US\$ 000	31-12-2013 US\$ 000	31-12-2012 US\$ 000	01-01-2012 US\$ 000
Cash at bank	1,656	417	1,687	884	183	1,246
Bank deposits*	-	3,000	-	-	-	-
<b>Total cash and cash equivalents</b>	<b>1,656</b>	<b>3,417</b>	<b>1,687</b>	<b>884</b>	<b>183</b>	<b>1,246</b>

## NOTE 17

## 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.

All amounts in TSEK	Group			
	2013 TSEK	2012 TSEK	2013 US\$ 000	2012 US\$ 000
Loss attributable to the Parent Company's shareholders (TSEK)	-128,964	-105,891	-19,798	-16,252
Weighted average number of ordinary shares	17,802,429	17,616,987	17,802,429	17,616,987
Earnings per share, SEK	-7.24	-6.01	-1.11	-0.92

## b) After dilution

At year-end 2011, there were 510,650,000 outstanding warrants with the right to subscribe for 1,315,000 shares. 250,000 shares had a strike price of SEK 221.10 per share with last date of exercising in January 2012. 1,065,000 shares had a strike price of SEK 25 per share and were exercisable until August 2012. The warrants with last date of exercising in January 2012 expired without any warrants being exercised. The warrants exercisable until August 2012 relate to a warrant program for employees of the group. The warrants in this program have not been allocated to any employees and were cancelled by a decision of the Annual General Meeting on May 24, 2012. In November 2012 an Extraordinary General Meeting established an incentive program for the Group's Chief Executive Office Denis Alexandrov and Chief Investment Office Max Yacoub through issue of warrants with the right to subscribe for shares in the amount of 1,057,210.

In April 2013 the Chief Executive Office Denis Alexandrov exercised 185,442 options and subscribed for 185,442 shares. The 2013 Annual General Meeting established an incentive program for Board members, members of management and other key employees through issue of stock options with the right to subscribe for shares in the amount of 545,000. During 2013 some participants of the program resigned from the Group and 110,000 of stock options were canceled. For a more detailed description of options and warrants please refer to the "Share capital and ownership" section in this report. Average number of shares outstanding for the period after dilution was 18,923,755.

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

At the 2013 and 2012 year-ends, the number of shares was as follows.

Number of shares	Group				Parent Company			
	2013	2013 US\$	2012	2012 US\$	2013	2013 US\$	2012	2012 US\$
Opening balance	17,616,987		17,616,987		17,616,987		17,616,987	
New share issues during the period	185,442		-		185,442		-	
Number of shares outstanding at each year-end	17,802,429		17,616,987		17,802,429		17,616,987	
<b>Share capital (Quotient value SEK 11,25 per share)</b>	<b>200,277,326</b>	<b>30,738,429</b>	<b>198,191,104</b>	<b>30,417,936</b>	<b>200,277,326</b>	<b>30,738,429</b>	<b>198,191,104</b>	<b>30,417,936</b>

The share capital limits at the 2013 year-end according to the articles of association were not less than TSEK 150,000 and not more than TSEK 600,000. 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 year-end 2013 was 17,802,429.

## NOTE 18

### PROVISIONS

	Group					
	31-12-2013 TSEK	31-12-2012 TSEK	01-01-2012 TSEK	31-12-2013 US\$000	31-12-2012 US\$000	01-01-2012 US\$000
Opening provision for restoration costs	11,825	10,261	5,599	1,815	1,575	859
Disposal values from sold subsidiaries	-	-	-1,004	-	-	-154
Additional provisions during the year	214	1,564	5,666	33	240	870
Disposals of provision for site restoration	-3,742	-	-	-573	-	-
<b>Total provisions</b>	<b>8,297</b>	<b>11,825</b>	<b>10,261</b>	<b>1,275</b>	<b>1,815</b>	<b>1,575</b>

The provision for restoration costs referring to the Tardan license area is estimated to be utilised at the end of the mining license period in 2032. The provision relating to the Starovereenskaya license area is estimated to be utilized at the end of the mining license period in 2029.

The amount of the restoration costs for each individual license area is largely dependent on the type of land on which the mining operation is located. None of the Group's productive units has its facilities located on land that is sensitive from an environmental or other perspective. The assessment of future restoration costs has primarily been based on the assumptions stated in each license agreement.

A calculation of the present value of restoration costs is performed for each license in each subsidiary on a yearly basis and is based on the assessment of technical specialists assessment of the amount of work and machinery needed to comply with the restoration requirements in each license agreement.

## NOTE 19

## LONG TERM AND SHORT TERM LOANS, BONDS AND NOTES

All amounts in TSEK	Group					
	31-12-2013 TSEK	31-12-2013 Effective interest rate	31-12-2012 TSEK	31-12-2012 Effective interest rate	01-01-2012 TSEK	01-01-2012 Effective interest rate
Bond issued, US\$	-	-	214,422	11.5-13%	-	-
Long-term loans payable, US\$	31,432	9.1%	-	0%	14,020	0%
Long-term notes payable, RUR	4,006	0%	4,306	0%	3,451	0%
Interest payable, RUR	-	-	-	-	-	-
Interest payable, US\$	-	-	-	-	894	-
<b>Total long-term loans and notes</b>	<b>35,438</b>		<b>218,728</b>		<b>18,365</b>	
Bond issued, US\$	247,879	16%	-	-	-	-
Short-term loans received, RUR	47,595	12.5%	69,422	13%	65,348	13%
Short-term loans received, US\$	155,649	7.9%	60,335	10%	159,931	18%
Interest payable, RUR	-	-	-	-	40	-
Interest payable, US\$	-	-	-	-	5,771	-
<b>Total short-term loans, including interest payable</b>	<b>451,123</b>		<b>129,757</b>		<b>231,090</b>	
<b>Total</b>	<b>486,561</b>		<b>348,485</b>		<b>249,455</b>	

All amounts in US\$ 000	Group					
	31-12-2013 US\$ 000	31-12-2013 Effective interest rate	31-12-2012 US\$ 000	31-12-2012 Effective interest rate	01-01-2012 US\$ 000	01-01-2012 Effective interest rate
Bond issued, US\$	-	-	32,909	11.5-13%	-	-
Long-term loans payable, US\$	4,829	9.1%	-	0%	2,152	0%
Long-term notes payable, RUR	615	0%	661	0%	530	0%
Interest payable, RUR	-	-	-	-	-	-
Interest payable, US\$	-	-	-	-	137	-
<b>Total long-term loans and notes</b>	<b>5,444</b>		<b>33,570</b>		<b>2,819</b>	
Bond issued, US\$	38,086	16%	-	-	-	-
Short-term loans received, RUR	7,313	12.5%	10,655	13%	10,029	13%
Short-term loans received, US\$	23,915	7.9%	9,260	10%	24,546	18%
Interest payable, RUR	-	-	-	-	6	-
Interest payable, US\$	-	-	-	-	886	-
<b>Total short-term loans, including interest payable</b>	<b>69,314</b>		<b>19,915</b>		<b>35,467</b>	
<b>Total</b>	<b>74,758</b>		<b>53,485</b>		<b>38,286</b>	

## NOTE 20

## FINANCIAL ASSETS, LIABILITIES AND RISKS

This note contains disclosure information regarding financial assets and liabilities, including the risks in these financial instruments that the group is exposed to.

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

All amounts in TSEK	Group			Parent company		
	31-12-2013 TSEK	31-12-2012 TSEK	01-01-2012 TSEK	31-12-2013 TSEK	31-12-2012 TSEK	01-01-2012 TSEK
Bond issued	-	214,422	-	-	214,422	-
Loan from Centerra Gold Inc. under joint venture agreement	-	-	14,020	-	-	14,020
Notes and loans payable	35,438	4,306	4,345	-	-	-
Lease payable	18,651	1,134	5,575	-	-	-
Other long-term liabilities	893	894	984	64,872	893	984
<b>Total long-term financial liabilities</b>	<b>54,982</b>	<b>220,756</b>	<b>24,924</b>	<b>64,872</b>	<b>215,315</b>	<b>15,004</b>

Bond issued	247,879	-	-	247,879	-	-
Loans from shareholder	-	-	165,702	-	-	165,702
Loans payable	203,244	129,757	65,388	12,793	-	-
Lease payable	6,722	5,217	8,874	-	-	-
Trade accounts payable	25,647	7,530	13,527	782	1,381	148
Other current liabilities	22,315	18,863	8,719	1,342	1,440	5,900
<b>Total short-term financial liabilities</b>	<b>505,807</b>	<b>161,367</b>	<b>262,210</b>	<b>262,796</b>	<b>2,821</b>	<b>171,750</b>

All amounts in US\$ 000	Group			Parent company		
	31-12-2013 US\$ 000	31-12-2012 US\$ 000	01-01-2012 US\$ 000	31-12-2013 US\$ 000	31-12-2012 US\$ 000	01-01-2012 US\$ 000
Bond issued	-	32,909	-	-	32,909	-
Loan from Centerra Gold Inc. under joint venture agreement	-	-	2,152	-	-	2,152
Notes and loans payable	5,444	661	667	-	-	-
Lease payable	2,866	174	856	-	-	-
Other long-term liabilities	138	137	150	9,967	137	151
<b>Total long-term financial liabilities</b>	<b>8,448</b>	<b>33,881</b>	<b>3,825</b>	<b>9,967</b>	<b>33,046</b>	<b>2,303</b>

Bond issued	38,086	-	-	38,086	-	-
Loans from shareholder	-	-	25,432	-	-	25,432
Loans payable	31,228	19,915	10,036	1,966	-	-
Lease payable	1,033	801	1,362	-	-	-
Trade accounts payable	3,941	1,156	2,076	120	212	23
Other current liabilities	3,429	2,894	1,337	206	221	906
<b>Total short-term financial liabilities</b>	<b>77,716</b>	<b>24,766</b>	<b>40,243</b>	<b>40,378</b>	<b>433</b>	<b>26,361</b>



Maturity analysis in relation to the total contractual, undiscounted cash flows is presented below (TSEK):

	2014 TSEK	2015 TSEK	2016 TSEK	2017 TSEK	2018 TSEK
Bank loans	224,506	34,292	-	-	-
Bond issued	247,879	-	-	-	-
Notes payable	-	4,006	-	-	-
Lease liability	8,807	8,298	7,848	6,578	1,723
Other long term liabilities	-	894	-	-	-
Trade accounts payable	25,647	-	-	-	-
Other current liabilities	22,315	-	-	-	-
<b>Total</b>	<b>529,154</b>	<b>47,490</b>	<b>7,848</b>	<b>6,578</b>	<b>1,723</b>

Maturity analysis in relation to the total contractual, undiscounted cash flows is presented below (US\$ 000):

	2014 US\$ 000	2015 US\$ 000	2016 US\$ 000	2017 US\$ 000	2018 US\$ 000
Bank loans	34,495	5,269	-	-	-
Bond issued	38,086	-	-	-	-
Notes payable	-	615	-	-	-
Lease liability	1,353	1,275	1,206	1,011	265
Other long term liabilities	-	137	-	-	-
Trade accounts payable	3,941	-	-	-	-
Other current liabilities	3,429	-	-	-	-
<b>Total</b>	<b>81,303</b>	<b>7,297</b>	<b>1,206</b>	<b>1,011</b>	<b>265</b>

	31-12-2013 TSEK	31-12-2013 TSEK	31-12-2012 TSEK	31-12-2012 TSEK	01-01-2012 TSEK	01-01-2012 TSEK
<b>Fair and carrying values of financial liabilities, TSEK</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>
Trade accounts payable	25,647	25,647	7,530	7,530	13,527	13,527
Other current and long-term liabilities	23,209	23,209	19,757	19,757	9,703	9,703
Bond issued	247,879	247,879	214,422	214,422	-	-
Loans payable	234,676	234,676	129,758	129,758	239,299	239,299
Notes payable	4,006	4,006	4,306	4,306	3,451	3,451
Lease payable	25,373	25,373	6,350	6,350	14,449	14,449
<b>Total financial liabilities</b>	<b>560,789</b>	<b>560,789</b>	<b>382,123</b>	<b>382,123</b>	<b>280,429</b>	<b>280,429</b>

	31-12-2013 US\$ 000	31-12-2013 US\$ 000	31-12-2012 US\$000	31-12-2012 US\$000	01-01-2012 US\$000	01-01-2012 US\$000
<b>Fair and carrying values of financial liabilities, US\$ 000</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>
Trade accounts payable	3,941	3,941	1,156	1,156	2,076	2,076
Other current and long-term liabilities	3,566	3,566	2,895	2,895	1,337	1,337
Bond issued	38,086	38,086	32,909	32,909	-	-
Loans payable	36,057	36,057	19,915	19,915	36,727	36,727
Notes payable	615	615	661	661	530	530
Lease payable	3,898	3,898	975	975	2,218	2,218
<b>Total financial liabilities</b>	<b>86,164</b>	<b>86,164</b>	<b>58,511</b>	<b>58,511</b>	<b>42,889</b>	<b>42,889</b>

Maturity structure of financial liabilities as of 31 December 2013	< 1 year from reporting date, TSEK	> 1 year but < 5 years from reporting date, TSEK	> More than 5 years, TSEK	> 1 year from reporting date, US\$000	> 1 year but < 5 years from reporting date, US\$000	> More than 5 years, US\$000
Trade accounts payable	25,647	-	-	3,941	-	-
Other liabilities	22,315	894	-	3,429	137	-
Bond issued	247,879	-	-	38,086	-	-
Loans payable	203,244	31,432	-	31,228	4,829	-
Notes payable	-	4,006	-	-	615	-
Lease payable	6,722	18,651	-	1,033	2,866	-
<b>Total financial liabilities</b>	<b>505,807</b>	<b>54,983</b>	<b>-</b>	<b>77,716</b>	<b>8,447</b>	<b>-</b>

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					
	31-12-2013 TSEK Minimum lease payments	31-12-2013 TSEK Interest	31-12-2013 TSEK Present value of payments	31-12-2013 US\$ 000 Minimum lease payments	31-12-2013 US\$ 000 Interest	31-12-2013 US\$ 000 Present value of payments
Less than one year	8,807	2,085	6,722	1,353	320	1,033
Between one and five years	24,447	5,796	18,651	3,756	891	2,866
<b>Total</b>	<b>33,254</b>	<b>7,881</b>	<b>25,373</b>	<b>5,109</b>	<b>1,211</b>	<b>3,899</b>

Financial assets disclosures

	31-12-2013 TSEK Fair value	31-12-2013 TSEK Reported value	31-12-2012 TSEK Fair value	31-12-2012 TSEK Reported value	01-01-2012 TSEK Fair value	01-01-2012 TSEK Reported value
<b>Cash and cash equivalents, TSEK</b>						
Cash and cash equivalents in SEK	270	270	790	790	1,880	1,880
Cash and cash equivalents in US\$	6,062	6,062	6	6	6,239	6,239
Cash and cash equivalents in RUR	4,444	4,444	21,470	21,470	2,876	2,876
<b>Total cash and cash equivalents</b>	<b>10,776</b>	<b>10,776</b>	<b>22,266</b>	<b>22,266</b>	<b>10,995</b>	<b>10,995</b>

	31-12-2013 US\$000 Fair value	31-12-2013 US\$000 Reported value	31-12-2012 US\$000 Fair value	31-12-2012 US\$000 Reported value	01-01-2012 US\$000 Fair value	01-01-2012 US\$000 Reported value
<b>Cash and cash equivalents, US\$ 000</b>						
Cash and cash equivalents in SEK	42	42	121	121	289	289
Cash and cash equivalents in US\$	931	931	1	1	958	958
Cash and cash equivalents in RUR	683	683	3,295	3,295	440	440
<b>Total cash and cash equivalents</b>	<b>1,656</b>	<b>1,656</b>	<b>3,417</b>	<b>3,417</b>	<b>1,687</b>	<b>1,687</b>

## Fair and carrying values of financial assets

	31-12-2013 TSEK	31-12-2013 TSEK	31-12-2013 TSEK	31-12-2012 TSEK	31-12-2012 TSEK	31-12-2012 TSEK	01-01-2012 TSEK	01-01-2012 TSEK	01-01-2012 TSEK
All amounts in TSEK	Fair value	Reported value	Maximum credit risk	Fair value	Reported value	Maximum credit risk	Fair value	Reported value	Maximum credit risk
Accounts receivable trade	425	425	425	508	508	508	986	986	986
Less, provision for impairment of trade accounts receivable	-	-	-	-	-	-	-	-	-
Accounts receivable, net	425	425	425	508	508	508	986	986	986
Other current receivables	2,157	2,157	2,157	1,556	1,556	1,556	5,878	5,878	5,878
Total cash and cash equivalents	10,776	10,776	-	22,266	22,266	-	10,995	10,995	-
<b>Total financial assets</b>	<b>13,358</b>	<b>13,358</b>	<b>2,582</b>	<b>24,330</b>	<b>24,330</b>	<b>2,064</b>	<b>17,859</b>	<b>17,859</b>	<b>6,864</b>

	31-12-2013 US\$ 000	31-12-2013 US\$ 000	31-12-2013 US\$ 000	31-12-2012 US\$ 000	31-12-2012 US\$ 000	31-12-2012 US\$ 000	01-01-2012 US\$ 000	01-01-2012 US\$ 000	01-01-2012 US\$ 000
All amounts in US\$ 000	Fair value	Reported value	Maximum credit risk	Fair value	Reported value	Maximum credit risk	Fair value	Reported value	Maximum credit risk
Accounts receivable trade	65	65	65	78	78	78	151	151	151
Less, provision for impairment of trade accounts receivable	-	-	-	-	-	-	-	-	-
Accounts receivable, net	65	65	65	78	78	78	151	151	151
Other current receivables	331	331	331	239	239	239	902	902	902
Total cash and cash equivalents	1,656	1,656	-	3,417	3,417	-	1,687	1,687	-
<b>Total financial assets</b>	<b>2,052</b>	<b>2,052</b>	<b>396</b>	<b>3,734</b>	<b>3,734</b>	<b>317</b>	<b>2,740</b>	<b>2,740</b>	<b>1,053</b>

The fair value of the financial instruments is included in the price that would be received in the sale of 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, time lapse and interest rate risk), b) credit risk and c) liquidity risk including capital 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 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.

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 the subsidiaries is the Russian rouble, the reporting currency is SEK. Assets and liabilities are translated from the functional currency to the reporting currency at the closing rate of 0.1985 SEK per Rouble (0.2134 on 31 December 2012), income and expenses are translated using the average rate of 0.2046 SEK per Rouble (2012: 0.2181). 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.

Financial assets and liabilities of the Group by currency:

	31-12-2013 TSEK	31-12-2013 TSEK	31-12-2013 TSEK	31-12-2013 TSEK
<b>All amounts in TSEK</b>	<b>SEK</b>	<b>US\$</b>	<b>RUR</b>	<b>Total</b>
Cash and cash equivalents	271	6,062	4,444	10,776
Trade accounts receivable	-	-	394	394
Other current receivables	31	-	2,125	2,157
<b>Total financial assets</b>	<b>302</b>	<b>6,062</b>	<b>6,963</b>	<b>13,327</b>
Trade accounts payable	782	-	24,865	25,647
Other current and long term liabilities	2,201	-	21,008	23,209
Bond issued	-	247,879	-	247,879
Loans payable	-	187,081	47,595	234,676
Notes payable	4,006	-	-	4,006
Lease payable	-	-	25,373	25,373
<b>Total financial liabilities</b>	<b>6,989</b>	<b>434,960</b>	<b>118,841</b>	<b>560,789</b>
<b>Net financial items</b>	<b>-6,687</b>	<b>-428,898</b>	<b>-111,878</b>	<b>-547,463</b>

	31-12-2013 US\$ 000	31-12-2013 US\$ 000	31-12-2013 US\$ 000	31-12-2013 US\$ 000
<b>All amounts in US\$ 000</b>	<b>SEK</b>	<b>US\$</b>	<b>RUR</b>	<b>Total</b>
Cash and cash equivalents	42	931	683	1,656
Trade accounts receivable	-	-	60	60
Other current receivables	4	-	327	332
<b>Total financial assets</b>	<b>46</b>	<b>931</b>	<b>1,070</b>	<b>2,048</b>
Trade accounts payable	120	-	3,820	3,941
Other current and long term liabilities	339	-	3,228	3,566
Bond issued	-	38,086	-	38,086
Loans payable	-	28,745	7,313	36,057
Notes payable	615	-	-	615
Lease payable	-	-	3,898	3,898
<b>Total financial liabilities</b>	<b>1,074</b>	<b>66,831</b>	<b>18,260</b>	<b>86,164</b>
<b>Net financial items</b>	<b>-1,028</b>	<b>-65,900</b>	<b>-17,190</b>	<b>-84,116</b>



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

<b>RUR</b>	<b>RUR</b>	<b>RUR</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
<b>31-12-2013</b>	<b>31-12-2013</b>	<b>31-12-2013</b>	<b>31-12-2013</b>	<b>31-12-2013</b>	<b>31-12-2013</b>
<b>Changes in</b>	<b>Effect on loss</b>	<b>Effect on loss</b>	<b>Changes in</b>	<b>Effect on loss</b>	<b>Effect on loss</b>
<b>Exchange rate, %</b>	<b>Before income tax, TSEK</b>	<b>Before income tax, US\$ 000</b>	<b>Exchange rate, %</b>	<b>Before income tax, TSEK</b>	<b>Before income tax, US\$ 000</b>
10%	Increase by 11,188	Increase by 1,719	10%	Increase by 42,889	Increase by 6,590
-10%	Decrease by 11,188	Decrease by 1,719	-10%	Decrease by 42,889	Decrease by 6,590

#### Price risk analysis

The Group is exposed to the risk of fluctuations in market prices of the gold it produces. 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).

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.

<b>Change in price of gold in US\$ by:</b>	<b>Effect on operating loss, TSEK</b>	<b>Effect on operating loss, US\$ 000</b>
+10%, other things being equal	Decrease by 32,897	Decrease by 5,050
-10%, other things being equal	Increase by 32,897	Increase by 5,050

#### a2) Time lapse

This exposure primarily related to the Group's alluvial gold production. Alluvial gold production is highly seasonal and takes place during the warm period of the year (May–October). The rest of the year is devoted to preparing for production and during the first four months of the calendar year there are substantial expenses prior to the initiation of production. This includes the purchase of large amounts of fuel, service overhauls of all equipment, transport of workers to remote production sites, etc. This implies that a large proportion of the current year's production costs are determined during the first six months of the year, while actual gold production predominantly takes place during the third quarter. Sales subsequently take place during both the third and fourth quarters. Hence, the final price of the gold sold (the sales value) can differ markedly from the acquisition value of the gold produced.

This risk is no longer applicable as in 2012 the Group outsourced its alluvial gold production to an experienced operator, with Auriant receiving an effective royalty of 24.5% on all gold sales and 18.5% net of MRET.

#### a3) Interest rate risk

The Group's Interest-bearing loans refer to short-term RUR and US\$ loans in Russian banks (Svyaz bank and PromSvyazbank respectively) 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.

#### b) Credit risk

As a rule, surplus liquidity shall be invested in savings accounts or in short-term interest-bearing instruments without any significant credit risk. With respect to pure gold sales, there are generally no bad debts. The purchasers are comprised of the large, licensed, gold purchasing Russian banks. Payment is usually received within 30 days. Auriant has quite small amounts of accounts receivable from other parties than the Russian banks that are subject to bad debt risks. Provisions for bad debt are made based on individual estimations of possible payments from each counter party.

#### c1) Liquidity risk

Auriant Mining Group is at an early development stage, and, therefore, requires continued high levels of capital expenditure. Funds for these investments cannot only be gained from internally generated income. The Company's growth, therefore, remains dependent on external financing. External financing may be received in the form of borrowing or via an injection of equity. For companies at an early stage, equity financing is the most common method. Since its formation, the Company has implemented preferential or directed new issues on several occasions. Successful implementation of share issues is, however, 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. Having a positive credit history, Auriant has strengthened its relationships with the banks, which allows for confidence as regards further successful cooperation.

As part of the debt restructuring programme, in February 2014 the Group agreed to reduce the interest rate on the debt in the amount of MSEK 248 (US\$ 38 m) from the Shareholder from 16% to 10%. This did not reduce the amount of debt but lowered the interest burden.

In March 2014 Promsvyazbank agreed to provide up to MSEK 293 (US\$45 m) under a new debt facility to support the further development of Auriant Mining. As a result of this refinancing Auriant's bank debt will increase from MSEK 222 (US\$ 34 m) to MSEK 293 (US\$ 45 m), while the overall interest rate on bank debt will decrease from 9.7 % to at least 8.6 %. At the same time Auriant Mining's bank debt maturity will be extended by 4 years to 2018, with a 1 year grace period. First repayments of the debt principal will occur in 2015, compared with previous repayments of

MSEK 63 (US \$9.7 m) in 2014 and MSEK 112 (US \$17.2 m) in 2015. The new debt facility will be used to finance capital investments and repayment of the current Svyazbank short term loan of MSEK 47.6 (US\$7.3 m). As a result of this refinancing Promsvyazbank becomes the only bank creditor to the Group.

c2) Capital risk

Issues concerning capital risk, optimum capital structure and the cost of capital are central in all companies. The Board of Auriant Mining always tries to optimise the cost of capital. However, in accordance with the above, it must also take into account that, at present, the Group is at an early stage of development and the equity/assets ratio must, consequently, be maintained at a relatively high level. The Board of Directors considers that the equity ratio of the Group, at least during the start-up phase (before large-scale production has started) shall be a minimum of 50%. The ratio may be reduced at a later stage. As at year-end 2013, the Group's equity/assets ratio, which is at 1.2% is insufficient. The Board of Directors is working actively to strengthen the equity ratio of the Group.

## NOTE 21

### TRADE AND OTHER ACCOUNTS PAYABLE

All amounts in TSEK	Group			Parent company		
	31-12-2013 TSEK	31-12-2012 TSEK	01-01-2012 TSEK	31-12-2013 TSEK	2012-12-31 TSEK	01-01-2012 TSEK
Trade accounts payable	25,647	7,530	13,527	782	1,380	148
Accrued fees	741	600	1,200	695	600	1,200
Accrual for employee benefit expenses	8,917	7,817	824	613	840	824
Other accruals	-	-	3,968	-	-	3,965
Total accrued expenses	9,658	8,417	5,992	1,308	1,440	5,989
<b>Total trade and other accounts payable</b>	<b>35,304</b>	<b>15,947</b>	<b>19,519</b>	<b>2,090</b>	<b>2,820</b>	<b>6,137</b>

All amounts in US\$ 000	Group			Parent company		
	31-12-2013 US\$000	31-12-2012 US\$000	01-01-2012 US\$000	31-12-2013 US\$000	31-12-2012 US\$000	01-01-2012 US\$000
Trade accounts payable	3,941	1,156	2,076	120	212	23
Accrued fees	114	92	184	107	92	184
Accrual for employee benefit expenses	1,369	1,200	126	94	129	126
Other accruals	-	-	610	-	-	609
Total accrued expenses	1,483	1,292	920	201	221	920
<b>Total trade and other accounts payable</b>	<b>5,424</b>	<b>2,448</b>	<b>2,996</b>	<b>321</b>	<b>433</b>	<b>942</b>

## NOTE 22

## LOANS TO SUBSIDIARIES

	Parent company			
	31-12-2013 TSEK	31-12-2012 TSEK	31-12-2013 US\$000	31-12-2012 US\$000
Opening balance	84,883	237,111	13,042	36,391
Reclassifications	63,978	184,541	9,830	28,323
Loans during the year	10,426	19,645	1,602	3,015
Accrued interest	17,756	19,232	2,728	2,952
repaid during the year	-17,036	-12,514	-2,618	-1,921
Translation difference	-11,551	-14,946	-1,774	-2,293
Loans converted into equity	-	-109,298	-	-16,775
Provision of loan receivables	-	-238,888	-	-36,664
<b>Closing book value</b>	<b>148,456</b>	<b>84,883</b>	<b>22,810</b>	<b>13,028</b>

Loans to subsidiaries represent a significant part of the assets in the Parent Company, and impairment tests are regularly 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 test performed as of 31 December 2013 did not indicate a need for impairment of loans and investments granted to the subsidiary companies (the amount of impairment in 2012 was TSEK - 238,888).

In 2013 the Company reclassified debt to Tardan Gold in the amount MSEK 63,978 into long-term liabilities. The closing book value of loans to subsidiaries increased as result.

## NOTE 23

## PLEDGED ASSETS

	Group		Parent company	
Pledged assets, TSEK	31-12-2013 TSEK	31-12-2012 TSEK	31-12-2013 TSEK	31-12-2012 TSEK
Fixed assets	60,510	138,484	-	-
Net assets of pledged subsidiaries (excluding directly pledged fixed assets)	-11,891	23,575	-	-
Shares in subsidiaries	-	-	258,383	271,853
Receivables on subsidiaries	-	-	46,567	-
Pledged bank accounts	50	50	50	50
<b>Total</b>	<b>48,669</b>	<b>162,109</b>	<b>305,000</b>	<b>271,903</b>

	Group		Parent company	
Pledged assets, US\$ 000	31-12-2013 US\$000	31-12-2012 US\$000	31-12-2013 US\$000	31-12-2012 US\$000
Fixed assets	9,297	21,254	-	-
Net assets of pledged subsidiaries (excluding directly pledged fixed assets)	-1,827	3,618	-	-
Shares in subsidiaries	-	-	39,700	41,722
Receivables on subsidiaries	-	-	7,154	-
Pledged bank accounts	8	8	8	8
<b>Total</b>	<b>7,478</b>	<b>24,880</b>	<b>46,862</b>	<b>41,730</b>

All assets except bank accounts in Sweden are pledged under the loan agreements with Promsvyazbank (US\$) and Svyazbank (RUR) concluded in 2013 by Tardan Gold and GRE-324. For details refer to Note 19.

## NOTE 24

## BUSINESS COMBINATIONS

**Acquisitions**

The Group did not acquire any subsidiaries in 2013 and 2012.

**Disposals**

There were no disposals in 2013. In 2012 the Group sold a 20% ownership in Awilia Enterprises Ltd. (further – "Awilia") to Centerra Gold Inc. Awilia is a joint venture company with Centerra Gold Inc. Awilia owns 100% of LLC Kara-Beldyr, the company that owns the Kara-Beldyr license area and in which the joint venture operations are carried out in Russia. In January 2012, Centerra Gold Inc. fulfilled the second phase of investments in the joint venture by investing US\$ 4 m and earned an additional 20% ownership in the joint venture under the Option and Shareholders Agreement. The Consideration was paid by means of a set-off of the Phase Two Advances provided to the Group in the total amount of US\$ 4 m against the Consideration. The Group's ownership in Awilia as of the reporting date decreased from 50% to 30% and the intention of the Group is to keep this share of the joint venture and continue to be involved in the future exploration of the Kara-Beldyr license area.

## NOTE 25

## 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 Board Chairman, Mr. Preston Haskell, who is Auriant's ultimate controlling party. The remaining 47% of the shares in Auriant are held among approximately 3,000 shareholders.

**Financing**

During the reporting period Auriant Mining made bond interest payments to Golden Impala, a company related to the ultimate controlling party of Auriant Mining, Mr. Preston Haskell, in the total amount of MSEK 4.918 (US\$ 0.755 m). The bond liability to Golden Impala as of 31 December 2013 is MSEK 247.879 (US\$ 38.086 m).

During the reporting period Auriant Mining received short term loans from Mr. Preston Haskell, a related party, in the amount of MSEK 18.239 (US\$ 2.800 m) and repaid loans in the amount of MSEK 5.960 (US\$ 0.915 m). The loan liability to Mr. Preston Haskell as of 31 December 2013 is MSEK 12.793 (US\$ 1.966).

Accrued interest expenses for transactions with related parties in 2013 amounted to MSEK -37.027 (US\$ -5.684 m).

<b>Financing from Golden Impala</b>	<b>TSEK</b>	<b>US\$000</b>
Opening balance including interests	214,422	33,235
Loans received during the period	-	-
Interest accrued for the period	36,534	5,609
Loans repaid during the period including interests	-4,918	-755
Exchange rate differences	1,841	-3
<b>Outstanding debt including interests</b>	<b>247,879</b>	<b>38,086</b>

<b>Financing from Mr. Preston Haskell</b>	<b>TSEK</b>	<b>US\$000</b>
Opening balance including interests	-	-
Loans received during the period	18,239	2,800
Interest accrued for the period	492	76
Loans repaid during the period including interests	-5,960	-915
Exchange rate differences	22	5
<b>Outstanding debt including interests</b>	<b>12,793</b>	<b>1,966</b>

As part of the debt restructuring programme, in February 2014 the Group agreed to reduce the interest rate on the debt in the amount of MSEK 248 (US\$ 38 m) from Golden Impala from 16% to 10%. This did not reduce the amount of debt but lowered the interest burden.

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

	<b>Group</b>			
	<b>2013 TSEK</b>	<b>2012 TSEK</b>	<b>2013 US\$000</b>	<b>2012 US\$000</b>
<b>Purchases from related parties:</b>				
Purchases from companies related to the ultimate controlling party	-	36	-	6
<b>Interest expenses to related parties:</b>				
Interest to companies controlled by the ultimate controlling party	36,534	32,409	5,609	4,974
Mr. Preston Haskell	492	-	76	-
<b>Balances with related parties at the end of the year</b>				
<b>Receivables from</b>				
Companies related to the ultimate controlling party	-	112	-	17
<b>Liabilities to</b>				
Companies related to the ultimate controlling party	249,571	215,338	38,346	33,050
Mr. Preston Haskell	12,793	-	1,966	-

For Board and Senior Executive remuneration please refers to Note 3.

## NOTE 26

### SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

As part of the debt restructuring programme, in February 2014 the Group agreed to reduce the interest rate on the debt in amount of MSEK 248 (US\$ 38 m) from the Shareholder from 16% to 10%. This did not reduce the amount of debt but lowered the interest burden.

In March 2014 the Promsvyazbank has agreed to provide up to MSEK 293 (US\$45 m) under a new debt facility to support the further development of Auriant Mining. As a result of the refinancing, Auriant's bank debt will increase from MSEK 222 (US\$ 34 m) to MSEK 293 (US\$ 45 m), while the overall interest rate on bank debt will decrease from 9.7 % to at least 8.6 %. At the same time Auriant Mining's bank debt maturity will be extended by 4 years to 2018, with a 1 year grace period. First repayments of the debt principal will occur in 2015, compared with previous repayments of MSEK 63 (US \$9.7 m) in 2014 and MSEK 112 (US \$17.2 m) in 2015. The new debt facility will be used to finance capital investments and repayment of the current Svyazbank short term loan of MSEK 47.6 (US\$7.3 m). As a result of this refinancing Promsvyazbank becomes the only bank creditor to the Group.



# Board Assurance

The Board and the Chief Executive Officer confirm that the consolidated financial statements and the annual report, respectively, have been prepared in accordance with International Financial Reporting Standards, IFRS as adopted by the EU and give 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 give 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, gives a true and fair view of the Group's and the Parent Company's activities, results and financial positions, and describes significant risks and points of uncertainty faced by the Parent Company and the companies within the Group.

Stockholm, April 22, 2014



Preston Haskell  
Chairman of the Board



Andre Bekker  
Board member



Lord Daresbury  
Board member



Ingmar Haga  
Board member



Bertil Villard  
Board member



Denis Alexandrov  
Chief Executive Officer

The annual report and the consolidated financial statements have, as stated above, been approved for issue by the Board on 22 April 2014. The Group's income statement and balance sheet, and the Parent Company's income statement and balance sheet will be subject to ratification at the annual general meeting on 13 May 2014.

Our audit report was submitted on 22 April 2014  
Öhrlings PricewaterhouseCoopers AB

Martin Johansson  
Authorised Public Accountant

## Auditor's report

To the annual meeting of the shareholders of Auriant Mining AB, corporate identity number 556659-4833

### REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Auriant Mining AB for the year 2013 excluding the corporate governance statement on pages 50–56. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 42–59 and 62–113.

### Responsibilities of the Board of Directors and the Managing

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal

control as the Board of Directors and the Managing Director 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.

### Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinions

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 the parent company as of 31 December 2013 and of its financial performance and its cash flows 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 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. We do not express our opinion on the corporate governance statement on pages 50–56. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's loss and the administration of the Board of Directors and the Managing Director of Auriant Mining AB for the year 2013.

We have also conducted a statutory examination of the corporate governance statement.

### 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 loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and the corporate governance statement on pages 50–56 has been prepared in accordance with the Annual Accounts Act.

### Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and my knowledge of the company and the group we believe that we have a sufficient basis for my opinions. This means that my statutory 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.

### Opinions

We recommend to the annual meeting of shareholders that the loss be appropriated 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.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts

### Emphasis of matter

Without impact on our conclusions from the audit, we emphasise the fact that social security charges and taxes in some instances have been paid late. This has not materially

damaged the company apart from interest charges. The company has a limited number of employees in Sweden, and therefore the amounts as such are limited from a group perspective. After the incidents, the company altered its organisation and procedures, and the errors have not reoccurred.

Stockholm 22 April 2014  
Ohrlings PricewaterhouseCoopers AB



Martin Johansson  
Authorized/Approved Public Accountant

## Additional Information

### TRANSLATION

This English text of the annual report is a translation of the annual report for 2013 in the Swedish language. If any discrepancies exist in the translation, the Swedish language version shall prevail.

### DEFINITIONS

“Auriant Mining AB”, “AUR” and “the Company” refer to Auriant Mining AB (publ) with Swedish corporate registration number 556659-4833 and its subsidiary companies.

### BUSINESS CONCEPT

To become an intermediate gold producer by global standards, by using existing knowledge of and contacts in Russia. The Company’s operations may diversify into other minerals and countries over time.

### DATES FOR FINANCIAL INFORMATION DURING 2014

Auriant Mining AB’s financial year runs from 1 January to 31 December. During 2014, the Company will issue interim financial information as follows:

Interim report (1) Jan–Mar 2014: 30 May 2014

Interim report (2) Jan–Jun 2014: 29 August 2014

Interim report (3) Jan–Sep 2014: 28 November 2014

### 2014 ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Tuesday, May 13, 2014 at 15.00 in Näringslivets Hus, Storgatan 19,

114 85 Stockholm. Registration for the meeting commences at 14.30. Shareholders wishing to participate in the meeting must:

- (i) Be entered in the shareholders’ register kept by Euroclear Sweden AB (the Swedish Central Securities Depository & Clearing Organization) on the record day Wednesday, May 7, 2014. Shareholders who have had their shares registered in the name of a nominee must, well in advance of May 7, 2014, through the nominee, temporarily register the shares in their own name in order to be entitled to participate in the meeting.
- (ii) Notify the Company of their attendance no later than 4 pm on May 7, 2014, via email at the address [agm@auriant.se](mailto:agm@auriant.se) or via letter to Auriant Mining AB, Tulegatan 2A, SE-113 58 Stockholm. Notification must include full name, personal ID number or corporate registration number, address and telephone number and, if applicable, information about proxy, representative and assistant.

In order to facilitate entry to the meeting, notification should, when appropriate, be accompanied by powers of attorney, registration certificate and other authorization documents. Forms for power of attorney can be downloaded from the Company’s website [www.auriant.se](http://www.auriant.se). A person representing a legal entity must present a registration certificate, not older than one year, or equivalent documentation indicating the signatory right.







# AURIANT

MINING

Tulegatan 2 A, 113 58 Stockholm, Sweden,  
Phone: +46(0)8-624 26 80, +46(0)70 7 27 70 97, Fax: +46(0)8-624 37 20, [info@auriant.se](mailto:info@auriant.se)

