

A close-up photograph of several gold bars. The bars are stacked, with one bar in the foreground showing a textured, slightly mottled surface. The lighting is warm, highlighting the golden hue of the metal.

Auriant Mining

# INTERIM REPORT

January – December 2019

## Financial Highlights

- **Consolidated revenue** was US\$ 29.8 mln (MSEK 281.6), up 71% YoY (12m 2018: US\$ 17.4 mln (MSEK 151.0)).
- **Net loss after tax** of US\$ -1.2 mln (MSEK -6.0) decreased by 88% YoY (12m 2018: US\$ -10.1 mln (MSEK -88.5)).
- Positive **EBITDA** was US\$ 7.2 mln (MSEK 68.2) compared to US\$ -1.7 mln (MSEK -14.2) in the previous reporting period.
- **Net cash flow generated from operating activities** was US\$ 8.9 mln (MSEK 84.9), up 159% YoY (12m 2018: US\$ 3.4 mln (MSEK 28.8)).

## Operational Highlights

- Heap leach gold production amounted to 525 kg (16,867 oz), up 50% YoY (12m 2018: 350 kg (11,267 oz)). Heap leach operations were discontinued at the end of December.
- 334 thousand tonnes of ore was stacked on the heap leach with an average grade of 2.08 g/t, a 20% reduction YoY (12m 2018: 2.59 g/t).
- In November 2019, the construction of the CIL plant at Tardan was completed. At the end of December the plant reached its designed throughput of 50 tonnes per working hour. CIL gold production amounted to 110 kg (3,540 oz).
- CIL ore processing was 38 thousand tonnes with an average grade of 3.94 g/t.
- Alluvial gold production decreased by 26% to 54 kg (1,730 oz) compared to 73 kg (2,337 oz) in 12m 2018.
- **Total gold production** was 689 kg (22,137 oz), up 63% YoY (12m 2018: 423 kg (13,604 oz)).
- Average selling price for gold increased by 15% to US\$ 1,416 per oz (12m 2018: US\$ 1,228 per oz).
- Total Cash cost reduced by 17% to US\$ 884 per oz (12m 2018: US\$ 1,059 per oz).
- In April 2019, the resources of the Kara-Beldyr deposit were approved by the State Reserve Committee (GKZ). According to the resource statement filed by Auriant Mining for approval, Kara-Beldyr C1 and C2 resources amounted to 842,000 ozs of gold (26.2 tonnes) with an average grade of 3.38 g/t and 2,044m ozs of silver, (63.6 tonnes) with an average grade of 8.2 g/t. This latest resource statement confirms Auriant's confidence of building a mine that is able to produce up to 2 tonnes of gold/year with a mine life of over 10 years.
- 2020 annual Tardan gold production forecast is 900 - 940 kg (28,936 – 30,222 oz). Annual throughput of the CIL plant will amount to 350 - 380 thousand tonnes.

# Comments by the CFO

Dear Stakeholders,

I'm pleased to present our consolidated financial statements for 2019.

In the reporting period, mining activities were focused on the Pravoberezhnyi deposit, which was the main source of ore in 2019. The Company mined 473 thousand tonnes of ore with an average grade of 2.42 g/t (total gold in ore was 1,144 kg) in 2019, compared to 219 thousand tonnes of ore at an average grade of 2.58 g/t in 2018. Volume of stripping works amounted to 982 thousand m<sup>3</sup> compared to 358 thousand m<sup>3</sup> in 2018. In the first half of 2018, no mining operations were carried out as Auriant made the decision to halt mining operations at Tardan in order to save the ore for the CIL plant, and thus, maximize long-term value for shareholders. As planned, the Company resumed mining operations at Tardan in July 2018.

In 2019, Tardan continued production on the heap leach. The Company stacked 334 thousand tonnes of ore with an average grade of 2.08 g/t. Total gold production from the heap leach for 2019 was 525 kg (16,867 oz), an increase of 50% compared to 350 kg (11,267 oz) in 2018. The Company stopped crushing ore for the heap leach in the middle of October, but continued irrigating the heap leach up to the end of the year. Heap leach operations were discontinued at the end of December.

In May 2019, alluvial gold production resumed at Solcocon. Alluvial gold production is seasonal, usually from June to October. This production is 100% outsourced and generates a net margin of 30% of sales. In 2018, the Company engaged 2 contractors working on 2 placers, and the same contractors continue to work in 2019. During the reporting period, the Company produced 54 kg (1,730 oz) of alluvial gold, a decrease of 26% compared to 73 kg (2,337 oz) produced in the previous period.

In 2019, besides its operating activities the Company was focused on the CIL construction project. During 2019, the Company invested US\$ 9.0 mln in the CIL plant.

In Q1 2019, the Company received US\$ 0.8 mln, as the result of a sale and leaseback transaction and used these funds for the CIL construction.

In Q2 2019, the Company drew down the second tranche of the loan facility, US\$ 2.2 mln, provided by VTB to finance the CIL construction at Tardan with a maturity date of December 31, 2021.

In Q3 2019, the Company repaid US\$ 0.4 mln to VTB in line with the repayment schedule. The Company also drew down the new loan facility, US\$ 1.4 mln, provided by VTB to finance the CIL construction at Tardan and restructured the maturity schedule for repayment of US\$ 7.1 mln to VTB from the second half of 2019 to the second quarter of 2020.

In Q4 2019, the Company drew down the third and the final tranche of loan facility, US\$ 1.0 mln, provided by VTB to finance the CIL construction at Tardan. In Q4 2019, the Company repaid US\$ 0.4 mln to VTB in line with the repayment schedule.

The construction of the CIL plant at Tardan was completed in November 2019 and then production commenced and was progressively increased. Since the start of production in mid-November, high grade ore has been fed into the plant and this will be continued until the end of January 2020 during the ramp up period. The plant reached its projected throughput and recovery rate by the end of December 2019. Total CIL production for 2019 since its inception amounted to 110 kg (15 kg in November; 95 kg in December). Production in January 2020 was 115 kg, and the plant produced a total of 225 kg in the two months of its ramp up.

In November 2019, Tardan had a sufficient stock pile of high grade ore (4.7 g/t) to feed the CIL plant for three months from the start of production. By the end of January, the Company started to mix high



grade and regular ore in order to ensure a smooth transition to regular ore processing. From February 2020, the Company will be feeding regular ore into the CIL plant.

Ore on the heap leach was irrigated until the end of December 2019 when heap leach production was ceased. Total heap leach production for 2019 amounted to 525 kg.

Net cash flow generated from operating activities increased by US\$ 5.5 mln, or 159%, and amounted to US\$ 8.9 mln in the reporting period, compared to US\$ 3.4 mln in the previous reporting period. During 2019, operating activities were financed by gold sales and the reimbursement of VAT. During 2018, operating activities were financed from the same sources and through the sale of Solcocon's equipment for US\$ 1.8 mln.

Following growth in production and sales volumes, EBITDA became positive, increasing by US\$ 8.9 mln, and amounted to US\$ 7.2 mln in 2019 as compared to US\$ -1.7 mln in 2018.

All changes in financial results shown in per cent (%) relate to changes in US\$ amounts.

## INCOME, FINANCIAL RESULTS AND FINANCIAL POSITION

### INCOME AND RESULTS

As previously announced, during 2019, the Company focused its mining activities at the Pravoberezhnyi deposit in Tardan, which was the main source of ore in 2019. An increase of 63% in total gold production in the reporting period was occurred as no mining activities at Tardan were carried out in H1 2018, Tardan produced gold from ore stacked on the heap leach during 2017.

The Company's revenue from the sale of gold amounted to US\$ 29.8 mln, a 71% increase compared to 2018, driven by a higher volume of produced gold. Total gold sales volumes amounted to 654 kg (21,021 oz), which is 49%, or 214 kg (6,874 oz), more than in the previous reporting period.

The average realized gold price per ounce increased by 15% from US\$ 1,228 in 2018 up to US\$ 1,416 in 2019.

|                                      | 12M 2019<br>US\$000 | 12M 2018<br>US\$000 | Change<br>US\$000 | Change<br>% |
|--------------------------------------|---------------------|---------------------|-------------------|-------------|
| Revenue from Hard rock gold sales    | 27,683              | 14,837              | 12,846            | 87%         |
| Revenue from Alluvial gold sales     | 2,079               | 2,536               | (457)             | (18%)       |
| <b>Total revenue</b>                 | <b>29,762</b>       | <b>17,373</b>       | <b>12,389</b>     | <b>71%</b>  |
| Alluvial gold costs                  | (1,441)             | (1,678)             | 237               | 14%         |
| <b>Revenue net of alluvial costs</b> | <b>28,321</b>       | <b>15,695</b>       | <b>12,626</b>     | <b>80%</b>  |

In 2019, cash expenses increased by 44%, or US\$ 6.4 mln, due to higher production volumes and growth of mining operations (waste stripping increased by 174% and ore stacking by 56% compared to 2018).

Stripping works on Pravoberezhnyi deposit in 2019 were pulled forward to secure access to ore which would be mined in the future, which resulted in increased stripping assets compared to the beginning of the period, and respective charge to cost of sales in the amount of US\$ 0.7 mln.

Change in work in progress in 2019 was driven by commence of CIL gold production.

|  | 12M 2019<br>US\$000 | 12M 2018<br>US\$000 | Change<br>US\$000 | Change<br>%  |
|--|---------------------|---------------------|-------------------|--------------|
| Cash expenses                          | (20,980)            | (14,552)            | (6,428)           | (44%)        |
| Change in stripping asset (non-cash)   | 826                 | 148                 | 678               | 461%         |
| Change in work in progress (non-cash)  | 544                 | (2,386)             | 2,930             | 123%         |
| Depreciation & amortization (non-cash) | (5,011)             | (4,659)             | (352)             | (8%)         |
| <b>Cost of sales</b>                   | <b>(24,621)</b>     | <b>(21,449)</b>     | <b>(3,172)</b>    | <b>(15%)</b> |

General and administrative expenses attributable to the Company's headquarter in 2019 decreased by 10% compared to previous reporting period, and amounted to US\$ 2.2 mln.

In 2019, other operating income decreased by 48% and amounted to US\$ 0.2 mln. Other operating income primarily related to recovery of the provisions for bad debt and site restoration. In 2018, other operating income mainly related to sales of materials and services to contractors, as well as accrued penalty charges to LLC Uryumkan for non-compliance of the equipment sale agreement at Solcocon.

Other operating expenses in 2019 amounted to US\$ 1.0 mln and increased by 188% compared to the previous reporting period. The increase was attributable to waste disposal fees accrued for previous periods.

The Company's financial expenses represented by the interest on borrowings and amounted to US\$ 4.4 mln in 2019, which slightly increased by 10% compared to the previous period (2018: US\$ 4.0 mln).

As the result of US\$ appreciation against the SEK by 4% and depreciation against the RUB by 11% from the beginning of 2019 the Company benefited from a forex gain of US\$ 0.7 mln.

Income tax of US\$ 0.3 mln in 2019 and US\$ 1.8 mln in 2018 was positive in both periods and related to a change in the deferred tax at the subsidiaries level and represented deferred tax timing differences and tax loss carry-forward accumulation.

The loss after tax in 2019 was US\$ 1.2 mln compared to US\$ 10.1 mln in 2018. Earnings per share for the period were US\$ -0.01 compared to 2018 of US\$ -0.11.

## STATEMENT OF FINANCIAL POSITION

The construction project of the CIL plant led to an increase in tangible fixed assets by 24% to US\$ 33.6 mln as at 31 December 2019. The Company spent US\$ 9.0 mln on the CIL construction in the reporting period, which is 18% more than in 2018.

As at 31 December 2019, the Company increased its stripping assets by US\$ 1.5 million, or 57%, compared to 31 December 2018 as a result of focusing on stripping works to provide access to the ore on Pravoberezhniy deposit in the future.

The short-term and long-term bank loans balance increased by US\$ 3.7 mln, or 10%, compared to 31 December 2018. During 2019, the Company drew down the loan facility in three tranches (US\$ 4,6 mln) provided by VTB to finance the CIL construction at Tardan and repaid US\$ 0.9 mln to VTB in line with a repayment schedule.

As at 31 December 2019, the trade accounts payable increased by US\$ 2.0 mln compared to 31 December 2018, as a result of working capital optimization process.

The debt to shareholders increased by the amount of interest expense for the reporting period and amounted to US\$ 35.3 mln as at 31 December 2019.

Other non-current liabilities were mainly represented by liability to Centerra in accordance with the royalty agreement at the amount of US\$ 7.0 mln as at 31 December 2019.

As at 31 December 2019, other current interest bearing liabilities were represented by the following balances: US\$ 4.2 mln – liability to KFM, US\$ 2.3 mln - revolving bridging loan facility provided by Golden Impala and US\$ 1.3 mln – current lease liability.

## INVESTMENTS, LIQUIDITY AND FINANCING

During 2019, cash flow from operating activities amounted to US\$ 8.9 mln, compared to US\$ 3.4 mln in 2018, including proceeds from the sale of Solcocon's equipment of US\$ 1.8 mln.

In 2019, the Company invested US\$ 9.0 mln in CIL construction. The construction of the CIL plant at Tardan was completed in November 2019. Total capitalized borrowing costs amounted to US\$ 0.5 mln in 2019.

Purchase of equipment and construction of the CIL plant were mainly financed by the loan facilities provided by VTB, at the amount of US\$ 4.6 mln, received in 2019 and the proceeds from the sale and leaseback transaction (US\$ 0.8 mln), received in March, 2019. Also in 2019, the company attracted US\$ 0.4 million in leasing financing.

Total VAT and other reimbursements during the reporting period was US\$ 3.2 mln compared to US\$ 4.5 mln in 2018.

Acting Chief Financial Officer  
Marina Makarova

## Other financial information

We are reporting all our financial numbers in SEK and in US dollars. The exchange rates used in this report were US\$/SEK 9.4604 for 2019 P&L accounts and US\$/SEK 9.3171 for the statement of financial position as of December 31, 2019. For 2018 accounts US\$/SEK 8.6912 for P&L and US\$/SEK 8.9710 for the statement of financial position as of December 31, 2018 was used.

### SEGMENT INFORMATION

The company accounts for segments in accordance with IFRS 8. At present the company only has one segment, as only one product, gold, is produced and all operations are performed in one economic environment, Russia.

### TRANSACTIONS WITH RELATED PARTIES

As at 31 December 2019, the long-term bond liability to Golden Impala amounted to US\$ 35.3 mln and US\$ 2.3 mln of the short-term liability to Golden Impala (revolving bridging loan facility).

Accrued interest expenses for transactions with related parties in the 2019 amounted to US\$ 1.3 mln, compared to US\$ 0.3 mln in 2018. During 2019, interest of US\$ 0.02 mln was repaid to Golden Impala.

During 2019, the Company received consulting services from a company associated with a member of the Board of Directors in the amount of US\$ 0.08 mln and legal services from a company related to the major shareholder in the amount of US\$ 0.09 mln.

### EMPLOYEES

During the reporting period, the Group had an average of 507 employees. As of 31 December 2019, the number of employees in the Group was 550 (455 as of 31 December 2018).

### CAPITAL STRUCTURE

As at 31 December 2019, the number of shares in issue was 98,648,502. The limits of the share capital are a minimum of MSEK 5.3 and a maximum of MSEK 21.3 and the quota value of each share is SEK 0.1125 (US\$ 0.0115). Each share carries one vote.

## THE PARENT COMPANY

The parent company is a holding company without significant operations. It supports the subsidiaries with financing, investor relations, strategy formulation, etc. Thus, usually it has no income other than income for consulting services provided to the subsidiary company and interest on loans extended to the subsidiaries from time to time.

## INCOME AND RESULTS OF THE PARENT COMPANY

Revenue for consulting services provided to the subsidiary company during 2019 was at the same level of MSEK 0.720 (US\$ 0.076 mln) compared to MSEK 0.720 (US\$ 0.083 mln) in the previous reporting period.

External expenses decreased by MSEK 0.628 (US\$ 0.118 mln) down to MSEK 4.883 (US\$ 0.516 mln) mainly as the result of lower volume of legal services, which were connected with the rights issue in the previous year.

The operating loss for 2019 was MSEK 6.960 (US\$ 0.736 mln) compared to 2018 of MSEK 7.751 (US\$ 0.892 mln).

Net financial items for 2019 amounted to MSEK 20.083 (US\$ 2.123 mln) compared to MSEK -40.271 (US\$ -4.634 mln) in 2018 and included interest expenses related to Golden Impala (the Shareholder's bond and revolving bridging loan facility) of MSEK 12.171 (US\$ 1.282 mln); interest expenses of MSEK 0.763 (US\$ 0.083 mln) to KFM. These expenses were compensated by net forex gain of MSEK 13.476 (US\$ 1.425 mln) and intergroup loan interest income in amount of MSEK 19.539 (US\$ 2.065 mln).

During 2019, interest expenses increased by 88% or MSEK 6.050 (US\$ 0.573 mln) as the parent company received a new revolving bridging loan facility in December, 2018 and interest rate growth of Golden Impala Consolidated bond from 2% to 4% effective since 1 July 2019 till 31 December 2019.

As the subsidiaries' liabilities under the loan agreements denominated in RUR the effect of forex on net financial items in 2019 was significant due to RUB appreciation against SEK by 14%.

## FINANCIAL POSITION OF THE PARENT COMPANY

As at 31 December 2019, the cash balance in the Parent Company was MSEK 1.081 (US\$ 0.116 mln) compared to MSEK 0.175 (US\$ 0.020 mln) as at 31 December 2018.

As at 31 December 2019, long-term liabilities were represented by the debt to Golden Impala (the Shareholder's bond) and amounted to MSEK 329.251 (US\$ 35.338 mln). Current liabilities were mainly represented by revolving bridging loan facility to Golden Impala of MSEK 21.083 (US\$ 2.263 mln) and liability to KFM of MSEK 39.539 (US\$ 4.244 mln) as at 31 December 2019. The increase in liabilities in SEK currency was mainly due to USD appreciation against SEK by 4%.

## ACCOUNTING PRINCIPLES AND BASIS OF PREPARATION

The consolidated accounts for Auriant Mining AB have been prepared in accordance with International Financial Reporting Standards (IFRS) as described on page 71 in the annual report for financial year 2018. The evaluations and estimations made by the board of directors and management in preparing the interim report are described on page 80 in the annual report for 2018.

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting and in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary accounting regulations for groups. 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 are the same as for the group with the exceptions described in the annual report 2018.

The same accounting principles are applied in this interim report as in the annual report 2018.

No material changes in accounting principles have taken place since the Annual Report for 2018, other than the information below.

## CHANGES IN ACCOUNTING PRINCIPLES APPLIED FROM JANUARY 1, 2019

### *IFRS 16 Leasing*

This standard was applied from January 1, 2019. The Group applied the standard from January 1, 2019. IFRS 16 mainly affects lessee accounting and the main impact is that all leases that have been recognized as operating leases are recognized in a way that resembles the existing recognition of finance leases, i.e. a right-of-use asset and a leasing liability are recognized.

The Group applied the simplified transition approach and did not restate the comparative figures. The Group applied an exemption to the new rules whereby in the recognition of low value leases, no right-of-use assets or leasing liability were recognized.

Group's non-cancellable operating lease commitments had no significant impact on the Group's consolidated financial statements as of December 31, 2019.

The Parent company applied the exemption rules under RFR 2 and so did not apply IFRS 16.

## RISKS AND UNCERTAINTIES ASSOCIATED WITH THIS INTERIM REPORT

The group's risk exposure is presented on page 102 of the 2018 annual report. The Board of Directors believes that the most important risk factors for the time being are:

- a. Gold price risk: The fluctuations of the international gold price directly influence the revenues of a gold producing company.
- b. Currency risk: Auriant Mining operations and reporting is influenced by the gold price which is quoted in US\$, whereas production costs are in RUB, and reporting in SEK. Fluctuations in exchange rates could have a major impact on both local operational results and the SEK reported results.
- c. Inflation risk: The Russian economy has been subject to significant inflation pressure during the last few years. This directly impacts on the production costs in a gold mining company.
- d. Geological risk: The recoverable gold reserves of a gold exploration and production company are influenced by geological and economic factors. The estimation of reserves is therefore at all times dependent on the international gold price, costs associated with the extraction of the gold, etc. Therefore the estimated gold reserves of any gold company may change at any point in time. In particular the alluvial subsidiaries of the Auriant Mining group are sensitive to cost increases.
- e. Financial and project risk: Auriant Mining AB is a gold mining company and is involved in production of gold as well as exploration. The company is still dependent on external financing for the development of its business. If the availability of external financing were to be reduced it would negatively influence the future outlook of the company. The currently poor sentiments on global capital markets must be taken in to account.
- f. Legal risks: Auriant Mining operates in a complicated and challenging legal environment in Russia. Changes in the interpretations of tax legislation and in the legal environment may have significant impact on the company.



# 12 months 2019 operational update

## **TARDAN OPERATIONS AND PRODUCTION**

During 2019, the Company's main source of ore was the Pravoberezhniy deposit. Total stripping works amounted to 982 thousand m<sup>3</sup>. Ore mined amounted to 473 thousand tonnes with an average grade of 2.42 g/t (total gold in ore was 1,144 kg). In 2020, the Company will continue mining the Pravoberezhniy deposit. The Company will also undertake stripping works on Ore zone #3 and Ore body #26 of the Tardan deposit in order to secure access to ore on these ore bodies in 2021 and 2022.

Total 12m 2019 gold production was 635 kg (20,407 oz), an increase of 81% compared to 350 kg (11,267 oz) in 12m 2018. Heap leach ore stacking was 334 thousand tonnes with an average grade of 2.08 g/t. CIL ore processing started in November and amounted to 38 thousand tonnes with an average grade of 3.94 g/t. Heap leach operations were discontinued at the end of December.

## **SOLCOCON PRODUCTION**

In May 2019, alluvial production was resumed at Solcocon. This production is 100% outsourced. In 2018 the Company engaged 2 contractors working on 2 placers, and the same contractors continue to work in 2019.

During 2019, the Company produced 54 kg (1,730 oz) of alluvial gold compared to 73 kg (2,337 oz) in the previous period.

## **TARDAN CIL RAMP UP REVIEW**

It was expected that the ramp up stage of the newly constructed CIL plant would take 2.5 months from inception. On November 18th, the Company began feeding high grade ore into the CIL plant, and it is expected to be fully ramped up by the end of January 2020.

Over the ramp up stage, the Company has been monitoring equipment operations, development of chemical processes, staff performance, materials and energy consumption, grades at all stages of processing, including residual grades in the tailings. Based on the results, the Company has upgraded the leaching tanks in order to improve ore oxidization to ensure stable processing results.

As a result of this work, the Company reached a stable projected processing capacity of 50 tonnes per working hour and projected gold recovery by the end of December.

In January 2020, the Company expects to process 31 thousand tonnes of ore and will continue to supply high grade ore to the CIL plant. Over last 10 days of January 2020, we will begin mixing high and low grade ore to ensure steady transition to year round average grades. It is expected that in January production will amount to 115 kg of gold.

## **INCREASE IN WIRE ELECTRIC POWER SUPPLY**

Over the course of the ramp up, the CIL plant has demonstrated better than projected energy efficiency per tonne of processed ore.

In December 2019, the Company agreed a new energy deal to increase the power allocated to the Tardan CIL plant using a newly built 35kV power line from 2.0 MWt to 2.5 MWt. Coupled with better than expected energy efficiency, it will allow us to minimize the use of diesel generators or to cease their use entirely.

## PRODUCTION

| Production unit            | 12m 2019   |               | 12m 2018   |               | Change     |              |            |
|----------------------------|------------|---------------|------------|---------------|------------|--------------|------------|
|                            | kg         | oz            | kg         | oz            | kg         | oz           | %          |
| <b>Hard rock</b>           |            |               |            |               |            |              |            |
| Tardan (heap leach)        | 525        | 16,867        | 350        | 11,267        | 174        | 5,600        | 50%        |
| Tardan (CIL)               | 110        | 3,540         | 0          | 0             | 110        | 3,540        | 100%       |
| <b>Alluvial</b>            |            |               |            |               |            |              |            |
| Solcocon                   | 54         | 1,730         | 73         | 2,337         | (19)       | (608)        | (26%)      |
| <b>Total gold produced</b> | <b>689</b> | <b>22,137</b> | <b>423</b> | <b>13,604</b> | <b>265</b> | <b>8,532</b> | <b>63%</b> |

## TARDAN

|                                 | Unit       | 12m 2019   | 12m 2018   | Change     |            |
|---------------------------------|------------|------------|------------|------------|------------|
| <b>Mining</b>                   |            |            |            |            |            |
| Waste stripping                 | 000 m3     | 982        | 358        | 625        | 175%       |
| Ore mined                       | 000 tonnes | 473        | 219        | 254        | 116%       |
| Average grade                   | g/t        | 2.42       | 2.58       | (0.16)     | (6%)       |
| <b>Heap leach</b>               |            |            |            |            |            |
| Ore stacking                    | 000 tonnes | 334        | 214        | 120        | 56%        |
| Grade                           | g/t        | 2.08       | 2.59       | (0.51)     | (20%)      |
| Gold in ore stacked             | kg         | 694        | 554        | 140        | 25%        |
| Gold produced HL                | kg         | 525        | 350        | 174        | 50%        |
| <b>CIL</b>                      |            |            |            |            |            |
| Ore processed                   | 000 tonnes | 38         | -          | -          | -          |
| Grade                           | g/t        | 3.94       | -          | -          | -          |
| Gold in ore stacked             | kg         | 151        | -          | -          | -          |
| Gold produced CIL               | kg         | 110        | -          | -          | -          |
| <b>Gold produced total</b>      | <b>kg</b>  | <b>635</b> | <b>350</b> | <b>284</b> | <b>81%</b> |
| <b>Warehouse on December 31</b> |            |            |            |            |            |
| Ore                             | 000 tonnes | 108        | 5          | 103        | 2055%      |
| Grade                           | g/t        | 2.90       | 2.29       | 0.61       | 27%        |

# Financial reports

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

|  | Q4<br>Oct-Dec<br>2019<br>TSEK | Q4<br>Oct-Dec<br>2018<br>TSEK | 12 months<br>Jan-Dec<br>2019<br>TSEK | 12 months<br>Jan-Dec<br>2018<br>TSEK | Q4<br>Oct-Dec<br>2019<br>US\$000 | Q4<br>Oct-Dec<br>2018<br>US\$000 | 12 months<br>Jan-Dec<br>2019<br>US\$000 | 12 months<br>Jan-Dec<br>2018<br>US\$000 |
|--|-------------------------------|-------------------------------|--------------------------------------|--------------------------------------|----------------------------------|----------------------------------|---|---|
| Revenue  | 86,127                        | 56,321                        | 281,565                              | 150,992                              | 8,975                            | 6,332                            | 29,762                                  | 17,373                                  |
| Cost of sales  | (62,079)                      | (55,349)                      | (232,853)                            | (186,509)                            | (6,482)                          | (6,165)                          | (24,621)                                | (21,449)                                |
| <b>Gross profit/(loss)</b>                             | <b>24,048</b>                 | <b>972</b>                    | <b>48,712</b>                        | <b>(35,517)</b>                      | <b>2,493</b>                     | <b>167</b>                       | <b>5,141</b>                            | <b>(4,076)</b>                          |
| General and administrative expenses                    | (4,624)                       | (5,512)                       | (20,633)                             | (20,918)                             | (480)                            | (616)                            | (2,184)                                 | (2,417)                                 |
| Other operating income                                 | 80                            | 1,352                         | 2,283                                | 4,506                                | 7                                | 131                              | 241                                     | 467                                     |
| Other operating expenses                               | (7,161)                       | (1,253)                       | (9,469)                              | (2,973)                              | (755)                            | (146)                            | (1,001)                                 | (347)                                   |
| <b>Operating profit/(loss)</b>                         | <b>12,343</b>                 | <b>(4,441)</b>                | <b>20,893</b>                        | <b>(54,902)</b>                      | <b>1,265</b>                     | <b>(464)</b>                     | <b>2,197</b>                            | <b>(6,373)</b>                          |
| Financial income                                       | -                             | 1                             | -                                    | 45                                   | -                                | -                                | -                                       | 5                                       |
| Financial expenses                                     | (11,560)                      | (8,790)                       | (41,580)                             | (34,806)                             | (1,200)                          | (965)                            | (4,390)                                 | (3,997)                                 |
| Currency gain/loss                                     | (2,143)                       | (2,705)                       | 12,095                               | (14,665)                             | (240)                            | (219)                            | 679                                     | (1,569)                                 |
| <b>Profit/(Loss) before income tax</b>                 | <b>(1,360)</b>                | <b>(15,935)</b>               | <b>(8,592)</b>                       | <b>(104,328)</b>                     | <b>(175)</b>                     | <b>(1,648)</b>                   | <b>(1,514)</b>                          | <b>(11,934)</b>                         |
| Income tax   | (4,235)                       | 404                           | 2,616                                | 15,869                               | (445)                            | 16                               | 278                                     | 1,831                                   |
| <b>Net profit/(loss) for the period</b>                | <b>(5,595)</b>                | <b>(15,531)</b>               | <b>(5,976)</b>                       | <b>(88,459)</b>                      | <b>(620)</b>                     | <b>(1,632)</b>                   | <b>(1,236)</b>                          | <b>(10,103)</b>                         |
| Whereof attributable to:                               |                               |                               |                                      |                                      |                                  |                                  |   |   |
| The owners of the parent company                       | (5,595)                       | (15,531)                      | (5,976)                              | (88,459)                             | (620)                            | (1,632)                          | (1,236)                                 | (10,103)                                |
| Earnings per share before dilution (SEK, US\$)         | (0.06)                        | (0.16)                        | (0.06)                               | (0.96)                               | (0.01)                           | (0.02)                           | (0.01)                                  | (0.11)                                  |
| Earnings per share after dilution (SEK, US\$)          | (0.06)                        | (0.16)                        | (0.06)                               | (0.96)                               | (0.01)                           | (0.02)                           | (0.01)                                  | (0.11)                                  |
| Number of shares issued at period end                  | 98,648,502                    | 98,648,502                    | 98,648,502                           | 98,648,502                           | 98,648,502                       | 98,648,502                       | 98,648,502                              | 98,648,502                              |
| Average number of shares for the period                | 98,648,502                    | 98,648,502                    | 98,648,502                           | 92,192,802                           | 98,648,502                       | 98,648,502                       | 98,648,502                              | 92,192,802                              |
| Average number of shares for the period after dilution | 98,648,502                    | 99,208,502                    | 98,648,502                           | 92,752,802                           | 98,648,502                       | 99,208,502                       | 98,648,502                              | 92,752,802                              |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|   | Q4<br>Oct-Dec<br>2019<br>TSEK | Q4<br>Oct-Dec<br>2018<br>TSEK | 12 months<br>Jan-Dec<br>2019<br>TSEK | 12 months<br>Jan-Dec<br>2018<br>TSEK | Q4<br>Oct-Dec<br>2019<br>US\$000 | Q4<br>Oct-Dec<br>2018<br>US\$000 | 12 months<br>Jan-Dec<br>2019<br>US\$000 | 12 months<br>Jan-Dec<br>2018<br>US\$000 |
|---|-------------------------------|-------------------------------|--------------------------------------|--------------------------------------|----------------------------------|----------------------------------|---|---|
| Net profit/(loss) for the period                        | (5,595)                       | (15,531)                      | (5,976)                              | (88,459)                             | (620)                            | (1,632)                          | (1,236)                                 | (10,103)                                |
| <b>Other comprehensive income/(loss)</b>                |                               |                               |                                      |                                      |                                  |                                  |   |   |
| Translation difference                                  | 18,730                        | (2,376)                       | (13,943)                             | (18,927)                             | 597                              | (10)                             | 72                                      | (181)                                   |
| <b>Total comprehensive income/(loss) for the period</b> | <b>13,135</b>                 | <b>(17,907)</b>               | <b>(19,919)</b>                      | <b>(107,386)</b>                     | <b>(23)</b>                      | <b>(1,642)</b>                   | <b>(1,164)</b>                          | <b>(10,284)</b>                         |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|   | December 31,<br>2019<br>TSEK | December 31,<br>2018<br>TSEK | December 31,<br>2019<br>US\$000 | December 31,<br>2018<br>US\$000 |
|---|------------------------------|------------------------------|---------------------------------|---------------------------------|
| <b>ASSETS</b>                                   |                              |                              |                                 |                                 |
| <b>NON-CURRENT ASSETS</b>                       |                              |                              |                                 |                                 |
| Intangible fixed assets                         | 149,734                      | 172,038                      | 20,036                          | 23,016                          |
| Tangible fixed assets                           | 312,807                      | 243,823                      | 33,552                          | 27,165                          |
| Stripping assets                                | 37,721                       | 23,171                       | 4,049                           | 2,583                           |
| Deferred tax assets                             | 63,964                       | 50,434                       | 6,048                           | 4,926                           |
| <b>TOTAL NON-CURRENT ASSETS</b>                 | <b>564,226</b>               | <b>489,466</b>               | <b>63,685</b>                   | <b>57,690</b>                   |
| <b>CURRENT ASSETS</b>                           |                              |                              |                                 |                                 |
| Materials                                       | 12,879                       | 8,714                        | 1,382                           | 972                             |
| Work in progress                                | 33,597                       | 24,408                       | 3,606                           | 2,721                           |
| Finished products                               | 647                          | 541                          | 69                              | 60                              |
| Trade and other receivables                     | 38,299                       | 29,602                       | 4,111                           | 3,298                           |
| Advanced paid to suppliers and prepaid expenses | 6,857                        | 1,757                        | 737                             | 196                             |
| Cash and cash equivalents                       | 1,343                        | 10,666                       | 145                             | 1,189                           |
| <b>TOTAL CURRENT ASSETS</b>                     | <b>93,622</b>                | <b>75,688</b>                | <b>10,050</b>                   | <b>8,436</b>                    |
| <b>TOTAL ASSETS</b>                             | <b>657,848</b>               | <b>565,154</b>               | <b>73,735</b>                   | <b>66,126</b>                   |
| <b>EQUITY AND LIABILITIES</b>                   |                              |                              |                                 |                                 |
| <b>EQUITY</b>                                   |                              |                              |                                 |                                 |
| Share capital                                   | 11,098                       | 11,098                       | 1,436                           | 1,436                           |
| Additional paid-in capital                      | 553,720                      | 553,720                      | 79,197                          | 79,160                          |
| Translation difference reserve                  | (154,913)                    | (140,970)                    | (13,824)                        | (13,859)                        |
| Retained earnings                               | (665,660)                    | (659,684)                    | (91,127)                        | (89,891)                        |
| <b>TOTAL EQUITY</b>                             | <b>(255,755)</b>             | <b>(235,836)</b>             | <b>(24,318)</b>                 | <b>(23,154)</b>                 |
| <b>NON-CURRENT LIABILITIES</b>                  |                              |                              |                                 |                                 |
| Bank loans and other notes                      | 227,739                      | 254,330                      | 24,443                          | 28,350                          |
| Debt to shareholder                             | 329,251                      | 307,891                      | 35,338                          | 34,321                          |
| Lease payable                                   | 13,336                       | 15,845                       | 1,431                           | 1,766                           |
| Deferred tax liabilities                        | 38                           | -                            | 2                               | -                               |
| Other non-current liabilities                   | 71,272                       | 77,289                       | 7,650                           | 8,616                           |
| <b>TOTAL NON-CURRENT LIABILITIES</b>            | <b>641,636</b>               | <b>655,355</b>               | <b>68,864</b>                   | <b>73,053</b>                   |
| <b>CURRENT LIABILITIES</b>                      |                              |                              |                                 |                                 |
| Bank loans and other notes                      | 141,687                      | 67,935                       | 15,207                          | 7,573                           |
| Other interest bearing liabilities              | 73,004                       | 61,238                       | 7,835                           | 6,826                           |
| Trade accounts payable                          | 24,114                       | 5,285                        | 2,588                           | 586                             |
| Other current liabilities                       | 33,162                       | 11,177                       | 3,559                           | 1,242                           |
| <b>TOTAL CURRENT LIABILITIES</b>                | <b>271,967</b>               | <b>145,635</b>               | <b>29,189</b>                   | <b>16,227</b>                   |
| <b>TOTAL EQUITY AND LIABILITIES</b>             | <b>657,848</b>               | <b>565,154</b>               | <b>73,735</b>                   | <b>66,126</b>                   |



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| TSEK  | Attributable to the shareholders of the parent company |                            |                                |                   | Total equity  |
|---|--|----------------------------|--------------------------------|-------------------|---------------|
|   | Share capital  | Additional paid in capital | Translation difference reserve | Retained earnings |               |
| Equity as at December 31, 2017                                    | 8,420  | 498,856                    | (122,043)                      | (571,225)         | (185,992)     |
| <b>Comprehensive income</b>                                       |  |                            |                                |                   |               |
| Net profit/loss for the period                                    | -  | -                          | -                              | (88,459)          | (88,459)      |
| Other comprehensive income  | -  | -                          | (18,927)                       | -                 | (18,927)      |
| <b>Total comprehensive income for the period</b>                  | -  | -                          | (18,927)                       | (88,459)          | (107,386)     |
| <b>Transactions with owners in their capacity as owners</b>       |  |                            |                                |                   |               |
| Proceeds from share issued  | 2,678  | 54,855                     | -                              | -                 | 57,533        |
| Warrants and options issue  | -  | 9                          | -                              | -                 | 9             |
| <b>Total transactions with owners in their capacity as owners</b> | <b>2,678</b>   | <b>54,864</b>              | <b>-</b>                       | <b>-</b>          | <b>57,542</b> |
| Equity as at December 31, 2018                                    | 11,098   | 553,720                    | (140,970)                      | (659,684)         | (235,836)     |
| <b>Comprehensive income</b>                                       |  |                            |                                |                   |               |
| Net profit/loss for the period                                    | -  | -                          | -                              | (5,976)           | (5,976)       |
| Other comprehensive income  | -  | -                          | (13,943)                       | -                 | (13,943)      |
| <b>Total comprehensive income for the period</b>                  | -  | -                          | (13,943)                       | (5,976)           | (19,919)      |
| <b>Transactions with owners in their capacity as owners</b>       |  |                            |                                |                   |               |
| Warrants and options issue  | -  | -                          | -                              | -                 | -             |
| <b>Total transactions with owners in their capacity as owners</b> | -  | -                          | -                              | -                 | -             |
| Equity as at December 31, 2019                                    | 11,098   | 553,720                    | (154,913)                      | (665,660)         | (255,755)     |

  

| US\$000   | Attributable to the shareholders of the parent company |                            |                                |                   | Total equity   |
|---|--|----------------------------|--------------------------------|-------------------|----------------|
|   | Share capital  | Additional paid in capital | Translation difference reserve | Retained earnings |                |
| Equity as at December 31, 2017                                    | 1,117  | 72,615                     | (13,678)                       | (79,788)          | (19,734)       |
| <b>Comprehensive income</b>                                       |  |                            |                                |                   |                |
| Net profit/loss for the period                                    | -  | -                          | -                              | (10,103)          | (10,103)       |
| Other comprehensive income  | -  | -                          | (181)                          | -                 | (181)          |
| <b>Total comprehensive income for the period</b>                  | -  | -                          | (181)                          | (10,103)          | (10,284)       |
| <b>Transactions with owners in their capacity as owners</b>       |  |                            |                                |                   |                |
| Proceeds from share issued  | 319  | 6,544                      | -                              | -                 | 6,863          |
| Warrants and options issue  | -  | 1                          | -                              | -                 | 1              |
| <b>Total transactions with owners in their capacity as owners</b> | <b>319</b>   | <b>6,545</b>               | <b>-</b>                       | <b>-</b>          | <b>6,864</b>   |
| Equity as at December 31, 2018                                    | 1,436  | 79,160                     | (13,859)                       | (89,891)          | (23,154)       |
| <b>Comprehensive income</b>                                       |  |                            |                                |                   |                |
| Net profit/loss for the period                                    | -  | -                          | -                              | (1,236)           | (1,236)        |
| Other comprehensive income  | -  | 37                         | 35                             | -                 | 72             |
| <b>Total comprehensive income for the period</b>                  | -  | <b>37</b>                  | <b>35</b>                      | <b>(1,236)</b>    | <b>(1,164)</b> |
| <b>Transactions with owners in their capacity as owners</b>       |  |                            |                                |                   |                |
| Warrants and options issue  | -  | -                          | -                              | -                 | -              |
| <b>Total transactions with owners in their capacity as owners</b> | -  | -                          | -                              | -                 | -              |
| Equity as at December 31, 2019                                    | 1,436  | 79,197                     | (13,824)                       | (91,127)          | (24,318)       |

## CONSOLIDATED CASH FLOW STATEMENT

|  | Q4<br>Oct-Dec<br>2019<br>TSEK | Q4<br>Oct-Dec<br>2018<br>TSEK | 12 months<br>Jan-Dec<br>2019<br>TSEK | 12 months<br>Jan-Dec<br>2018<br>TSEK | Q4<br>Oct-Dec<br>2019<br>US\$000 | Q4<br>Oct-Dec<br>2018<br>US\$000 | 12 months<br>Jan-Dec<br>2019<br>US\$000 | 12 months<br>Jan-Dec<br>2018<br>US\$000 |
|--|-------------------------------|-------------------------------|--------------------------------------|--------------------------------------|----------------------------------|----------------------------------|---|---|
| <b>OPERATING ACTIVITIES</b>  |                               |                               |                                      |                                      |                                  |                                  |   |   |
| Receipts from gold sales   | 86,527                        | 43,659                        | 283,108                              | 139,443                              | 8,983                            | 4,829                            | 29,763                                  | 15,864                                  |
| Receipts from assets sale  | -                             | -                             | -                                    | 14,317                               | -                                | -                                | -                                       | 1,766                                   |
| VAT and other reimbursement  | 10,496                        | 19,570                        | 30,428                               | 38,585                               | 1,095                            | 2,164                            | 3,217                                   | 4,462                                   |
| Payments to suppliers  | (46,105)                      | (30,716)                      | (149,355)                            | (92,959)                             | (4,810)                          | (3,397)                          | (15,743)                                | (10,560)                                |
| Payments to employees and social taxes                               | (17,656)                      | (17,277)                      | (65,189)                             | (56,549)                             | (1,842)                          | (1,911)                          | (6,897)                                 | (6,499)                                 |
| Income tax paid  | -                             | -                             | -                                    | (499)                                | -                                | -                                | -                                       | (58)                                    |
| Other taxes paid   | (4,611)                       | (3,547)                       | (14,116)                             | (13,524)                             | (481)                            | (392)                            | (1,484)                                 | (1,558)                                 |
| <b>Net cash flows from/(used in) operating activities</b>            | <b>28,651</b>                 | <b>11,689</b>                 | <b>84,876</b>                        | <b>28,814</b>                        | <b>2,945</b>                     | <b>1,293</b>                     | <b>8,856</b>                            | <b>3,417</b>                            |
| <b>INVESTING ACTIVITIES</b>  |                               |                               |                                      |                                      |                                  |                                  |   |   |
| Purchase and construction of property, plant and equipment           | (17,791)                      | (22,591)                      | (85,483)                             | (67,070)                             | (1,847)                          | (2,499)                          | (8,999)                                 | (7,621)                                 |
| Interest capitalized in construction                                 | (1,695)                       | (1,041)                       | (9,094)                              | (2,806)                              | (176)                            | (115)                            | (480)                                   | (315)                                   |
| Exploration and research works                                       | (241)                         | (1,005)                       | (722)                                | (5,752)                              | (25)                             | (111)                            | (77)                                    | (669)                                   |
| <b>Net cash flows used in investing activities</b>                   | <b>(19,727)</b>               | <b>(24,637)</b>               | <b>(95,299)</b>                      | <b>(75,628)</b>                      | <b>(2,048)</b>                   | <b>(2,725)</b>                   | <b>(9,556)</b>                          | <b>(8,605)</b>                          |
| <b>FINANCING ACTIVITIES</b>  |                               |                               |                                      |                                      |                                  |                                  |   |   |
| Proceeds from borrowings, net  | 9,469                         | 38,744                        | 43,611                               | 38,744                               | 983                              | 4,285                            | 4,576                                   | 4,285                                   |
| Receipts from share issue  | -                             | (10)                          | -                                    | 27,214                               | -                                | -                                | -                                       | 3,173                                   |
| Repayment of borrowings, net   | (4,161)                       | (18,644)                      | (8,359)                              | (18,644)                             | (432)                            | (2,062)                          | (870)                                   | (2,062)                                 |
| Interest paid  | (7,523)                       | (7,552)                       | (23,336)                             | (27,167)                             | (781)                            | (835)                            | (2,943)                                 | (3,126)                                 |
| Lease payments   | (5,336)                       | (83)                          | (18,567)                             | (1,795)                              | (554)                            | (9)                              | (1,957)                                 | (213)                                   |
| Proceeds from sale and leaseback transactions                        | -                             | -                             | 7,694                                | -                                    | -                                | -                                | 839                                     | -                                       |
| Transaction costs arising on share issue                             | -                             | (3)                           | -                                    | (647)                                | -                                | -                                | -                                       | (76)                                    |
| Other finance income/expenses  | -                             | -                             | -                                    | 499                                  | -                                | -                                | -                                       | 58                                      |
| <b>Net cash from/(used in) financing activities</b>                  | <b>(7,551)</b>                | <b>12,452</b>                 | <b>1,043</b>                         | <b>18,204</b>                        | <b>(784)</b>                     | <b>1,379</b>                     | <b>(355)</b>                            | <b>2,039</b>                            |
| Net increase/(decrease) in cash and cash equivalents                 | 1,373                         | (496)                         | (9,380)                              | (28,610)                             | 113                              | (53)                             | (1,055)                                 | (3,149)                                 |
| Effect of foreign exchange rate changes on cash and cash equivalents | (314)                         | (5,037)                       | 57                                   | (2,454)                              | 3                                | (755)                            | 11                                      | (731)                                   |
| Opening balance cash and cash equivalents                            | 284                           | 16,199                        | 10,666                               | 41,730                               | 29                               | 1,997                            | 1,189                                   | 5,069                                   |
| <b>Closing balance cash and cash equivalents</b>                     | <b>1,343</b>                  | <b>10,666</b>                 | <b>1,343</b>                         | <b>10,666</b>                        | <b>145</b>                       | <b>1,189</b>                     | <b>145</b>                              | <b>1,189</b>                            |

## CONSOLIDATED KEY RATIOS

|                               | Definitions  | 12 months<br>Jan-Dec<br>2019<br>TSEK | 12 months<br>Jan-Dec<br>2018<br>TSEK | 12 months<br>Jan-Dec<br>2019<br>US\$000 | 12 months<br>Jan-Dec<br>2018<br>US\$000 |
|-------------------------------|--|--------------------------------------|--------------------------------------|---|---|
| Total assets                  | Total assets at period end   | 657,848                              | 565,154                              | 73,735                                  | 66,126                                  |
| Total equity                  | Total equity including non-controlling interest at period end  | (255,755)                            | (235,836)                            | (24,318)                                | (23,154)                                |
| Interest bearing debt         | Total interest bearing debt at the period end  | 781,980                              | 704,633                              | 83,928                                  | 78,546                                  |
| Employees at period end       | -  | 550                                  | 455                                  | 550                                     | 455                                     |
| EBITDA                        | Earnings Before Interest, Tax, Depreciation, Amortization and any Impairment   | 68,242                               | (14,194)                             | 7,211                                   | (1,714)                                 |
| <b>Per share data</b>         |  |                                      |                                      |   |   |
| Earnings per share (SEK, USD) | Net result after tax for the period divided by the average number of outstanding shares for the period before dilution     | (0.06)                               | (0.96)                               | (0.01)                                  | (0.11)                                  |
| Equity per share (SEK, USD)   | Equity excluding non-controlling interests at the period end divided by the number of outstanding shares at the period end | (2.59)                               | (2.39)                               | (0.25)                                  | (0.23)                                  |

## PARENT COMPANY CONSOLIDATED STATEMENT OF PROFIT OR LOSS

|   | Q4<br>Oct-Dec<br>2019<br>TSEK | Q4<br>Oct-Dec<br>2018<br>TSEK | 12 months<br>Jan-Dec<br>2019<br>TSEK | 12 months<br>Jan-Dec<br>2018<br>TSEK | Q4<br>Oct-Dec<br>2019<br>US\$000 | Q4<br>Oct-Dec<br>2018<br>US\$000 | 12 months<br>Jan-Dec<br>2019<br>US\$000 | 12 months<br>Jan-Dec<br>2018<br>US\$000 |
|---|-------------------------------|-------------------------------|--------------------------------------|--------------------------------------|----------------------------------|----------------------------------|---|---|
| Operating income                        | 180                           | 180                           | 720                                  | 720                                  | 19                               | 20                               | 76                                      | 83                                      |
| <b>Total income</b>                     | <b>180</b>                    | <b>180</b>                    | <b>720</b>                           | <b>720</b>                           | <b>19</b>                        | <b>20</b>                        | <b>76</b>                               | <b>83</b>                               |
| External expenses                       | (864)                         | (1,695)                       | (4,883)                              | (5,511)                              | (89)                             | (194)                            | (516)                                   | (634)                                   |
| Employee benefit expenses               | (414)                         | (723)                         | (2,797)                              | (2,960)                              | (43)                             | (80)                             | (296)                                   | (341)                                   |
| <b>Total operating costs</b>            | <b>(1,278)</b>                | <b>(2,418)</b>                | <b>(7,680)</b>                       | <b>(8,471)</b>                       | <b>(132)</b>                     | <b>(274)</b>                     | <b>(812)</b>                            | <b>(975)</b>                            |
| <b>Operating profit/(loss)</b>          | <b>(1,098)</b>                | <b>(2,238)</b>                | <b>(6,960)</b>                       | <b>(7,751)</b>                       | <b>(113)</b>                     | <b>(254)</b>                     | <b>(736)</b>                            | <b>(892)</b>                            |
| Net financial items                     | 6,219                         | (11,969)                      | 20,083                               | (40,271)                             | 648                              | (1,328)                          | 2,123                                   | (4,634)                                 |
| <b>Profit/(Loss) before income tax</b>  | <b>5,121</b>                  | <b>(14,207)</b>               | <b>13,123</b>                        | <b>(48,022)</b>                      | <b>535</b>                       | <b>(1,582)</b>                   | <b>1,387</b>                            | <b>(5,526)</b>                          |
| Income tax                              | 200                           | -                             | -                                    | -                                    | 21                               | -                                | -                                       | -                                       |
| <b>Net profit/(loss) for the period</b> | <b>5,321</b>                  | <b>(14,207)</b>               | <b>13,123</b>                        | <b>(48,022)</b>                      | <b>556</b>                       | <b>(1,582)</b>                   | <b>1,387</b>                            | <b>(5,526)</b>                          |

## PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

|  | Q4<br>Oct-Dec<br>2019<br>TSEK | Q4<br>Oct-Dec<br>2018<br>TSEK | 12 months<br>Jan-Dec<br>2019<br>TSEK | 12 months<br>Jan-Dec<br>2018<br>TSEK | Q4<br>Oct-Dec<br>2019<br>US\$000 | Q4<br>Oct-Dec<br>2018<br>US\$000 | 12 months<br>Jan-Dec<br>2019<br>US\$000 | 12 months<br>Jan-Dec<br>2018<br>US\$000 |
|--|-------------------------------|-------------------------------|--------------------------------------|--------------------------------------|----------------------------------|----------------------------------|---|---|
| Net profit/loss for the period                   | 5,321                         | (14,207)                      | 13,123                               | (48,022)                             | 556                              | (1,582)                          | 1,387                                   | (5,526)                                 |
| Translation differences                          | -                             | -                             | -                                    | -                                    | 2,051                            | (557)                            | (1,526)                                 | (3,920)                                 |
| <b>Total comprehensive income for the period</b> | <b>5,321</b>                  | <b>(14,207)</b>               | <b>13,123</b>                        | <b>(48,022)</b>                      | <b>2,607</b>                     | <b>(2,139)</b>                   | <b>(139)</b>                            | <b>(9,446)</b>                          |

## PARENT CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|                                     | December 31,<br>2019<br>TSEK | December 31,<br>2018<br>TSEK | December 31,<br>2019<br>US\$000 | December 31,<br>2018<br>US\$000 |
|-------------------------------------|------------------------------|------------------------------|---------------------------------|---------------------------------|
| <b>ASSETS</b>                       |                              |                              |                                 |                                 |
| <b>FIXED ASSETS</b>                 |                              |                              |                                 |                                 |
| Financial fixed assets              | 775,886                      | 737,113                      | 83,275                          | 82,166                          |
| <b>Total fixed assets</b>           | <b>775,886</b>               | <b>737,113</b>               | <b>83,275</b>                   | <b>82,166</b>                   |
| <b>CURRENT ASSETS</b>               |                              |                              |                                 |                                 |
| Current receivables                 | 1,371                        | 1,191                        | 147                             | 133                             |
| Cash and bank                       | 1,081                        | 175                          | 116                             | 20                              |
| <b>Total current assets</b>         | <b>2,452</b>                 | <b>1,366</b>                 | <b>263</b>                      | <b>153</b>                      |
| <b>TOTAL ASSETS</b>                 | <b>778,338</b>               | <b>738,479</b>               | <b>83,538</b>                   | <b>82,319</b>                   |
| <b>EQUITY AND LIABILITIES</b>       |                              |                              |                                 |                                 |
| <b>EQUITY</b>                       | <b>386,735</b>               | <b>373,612</b>               | <b>41,508</b>                   | <b>41,647</b>                   |
| <b>LONG-TERM LIABILITIES</b>        | <b>329,251</b>               | <b>307,891</b>               | <b>35,338</b>                   | <b>34,321</b>                   |
| <b>CURRENT LIABILITIES</b>          | <b>62,352</b>                | <b>56,976</b>                | <b>6,692</b>                    | <b>6,351</b>                    |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>778,338</b>               | <b>738,479</b>               | <b>83,538</b>                   | <b>82,319</b>                   |

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

| TSEK  | Share capital | Statutory reserve | Share premium reserve | Translation difference reserve | Retained earnings | Net income for the period | Total equity    |
|---|---------------|-------------------|-----------------------|--------------------------------|-------------------|---------------------------|-----------------|
| <b>Equity as at December 31, 2017</b>                             | <b>8,420</b>  | <b>266,306</b>    | <b>725,562</b>        | <b>-</b>                       | <b>(651,794)</b>  | <b>15,598</b>             | <b>364,092</b>  |
| Profit/(loss) brought forward                                     | -             | -                 | -                     | -                              | 15,598            | (15,598)                  | -               |
| <b>Comprehensive income</b>                                       |               |                   |                       |                                |                   |                           |                 |
| Net profit/(loss) for the period                                  | -             | -                 | -                     | -                              | -                 | (48,022)                  | (48,022)        |
| Other comprehensive income  | -             | -                 | -                     | -                              | -                 | -                         | -               |
| <b>Total comprehensive income for the period</b>                  | <b>-</b>      | <b>-</b>          | <b>-</b>              | <b>-</b>                       | <b>-</b>          | <b>(48,022)</b>           | <b>(48,022)</b> |
| <b>Transactions with owners in their capacity as owners</b>       |               |                   |                       |                                |                   |                           |                 |
| Proceeds from share issued  | 2,678         | -                 | 54,855                | -                              | -                 | -                         | 57,533          |
| Warrants and options issue  | -             | -                 | 9                     | -                              | -                 | -                         | 9               |
| <b>Total transactions with owners in their capacity as owners</b> | <b>2,678</b>  | <b>-</b>          | <b>54,864</b>         | <b>-</b>                       | <b>-</b>          | <b>-</b>                  | <b>57,542</b>   |
| <b>Equity as at December 31, 2018</b>                             | <b>11,098</b> | <b>266,306</b>    | <b>780,426</b>        | <b>-</b>                       | <b>(636,196)</b>  | <b>(48,022)</b>           | <b>373,612</b>  |
| Profit/(loss) brought forward                                     | -             | -                 | -                     | -                              | (48,022)          | 48,022                    | -               |
| <b>Comprehensive income</b>                                       |               |                   |                       |                                |                   |                           |                 |
| Net profit/(loss) for the period                                  | -             | -                 | -                     | -                              | -                 | 13,123                    | 13,123          |
| Other comprehensive income  | -             | -                 | -                     | -                              | -                 | -                         | -               |
| <b>Total comprehensive income for the period</b>                  | <b>-</b>      | <b>-</b>          | <b>-</b>              | <b>-</b>                       | <b>-</b>          | <b>13,123</b>             | <b>13,123</b>   |
| <b>Transactions with owners in their capacity as owners</b>       |               |                   |                       |                                |                   |                           |                 |
| Warrants and options issue  | -             | -                 | -                     | -                              | -                 | -                         | -               |
| <b>Total transactions with owners in their capacity as owners</b> | <b>-</b>      | <b>-</b>          | <b>-</b>              | <b>-</b>                       | <b>-</b>          | <b>-</b>                  | <b>-</b>        |
| <b>Equity as at December 31, 2019</b>                             | <b>11,098</b> | <b>266,306</b>    | <b>780,426</b>        | <b>-</b>                       | <b>(684,218)</b>  | <b>13,123</b>             | <b>386,735</b>  |

| US\$000   | Share capital | Statutory reserve | Share premium reserve | Translation difference reserve | Retained earnings | Net income for the period | Total equity   |
|---|---------------|-------------------|-----------------------|--------------------------------|-------------------|---------------------------|----------------|
| <b>Equity as at December 31, 2017</b>                             | <b>1,117</b>  | <b>40,872</b>     | <b>107,409</b>        | <b>(5,571)</b>                 | <b>(101,423)</b>  | <b>1,825</b>              | <b>44,229</b>  |
| Profit/(loss) brought forward                                     | -             | -                 | -                     | -                              | 1,825             | (1,825)                   | -              |
| <b>Comprehensive income</b>                                       |               |                   |                       |                                |                   |                           |                |
| Net profit/(loss) for the period                                  | -             | -                 | -                     | -                              | -                 | (5,526)                   | (5,526)        |
| Other comprehensive income  | -             | -                 | -                     | (3,920)                        | -                 | -                         | (3,920)        |
| <b>Total comprehensive income for the period</b>                  | <b>-</b>      | <b>-</b>          | <b>-</b>              | <b>(3,920)</b>                 | <b>-</b>          | <b>(5,526)</b>            | <b>(9,446)</b> |
| <b>Transactions with owners in their capacity as owners</b>       |               |                   |                       |                                |                   |                           |                |
| Proceeds from share issued  | 319           | -                 | 6,544                 | -                              | -                 | -                         | 6,863          |
| Warrants and options issue  | -             | -                 | 1                     | -                              | -                 | -                         | 1              |
| <b>Total transactions with owners in their capacity as owners</b> | <b>-</b>      | <b>-</b>          | <b>6,545</b>          | <b>-</b>                       | <b>-</b>          | <b>-</b>                  | <b>6,864</b>   |
| <b>Equity as at December 31, 2018</b>                             | <b>1,436</b>  | <b>40,872</b>     | <b>113,954</b>        | <b>(9,491)</b>                 | <b>(99,598)</b>   | <b>(5,526)</b>            | <b>41,647</b>  |
| Profit/(loss) brought forward                                     | -             | -                 | -                     | -                              | (5,526)           | 5,526                     | -              |
| <b>Comprehensive income</b>                                       |               |                   |                       |                                |                   |                           |                |
| Net profit/(loss) for the period                                  | -             | -                 | -                     | -                              | -                 | 1,387                     | 1,387          |
| Other comprehensive income  | -             | -                 | -                     | (1,526)                        | -                 | -                         | (1,526)        |
| <b>Total comprehensive income for the period</b>                  | <b>-</b>      | <b>-</b>          | <b>-</b>              | <b>(1,526)</b>                 | <b>-</b>          | <b>1,387</b>              | <b>(139)</b>   |
| <b>Transactions with owners in their capacity as owners</b>       |               |                   |                       |                                |                   |                           |                |
| Warrants and options issue  | -             | -                 | -                     | -                              | -                 | -                         | -              |
| <b>Total transactions with owners in their capacity as owners</b> | <b>-</b>      | <b>-</b>          | <b>-</b>              | <b>-</b>                       | <b>-</b>          | <b>-</b>                  | <b>-</b>       |
| <b>Equity as at December 31, 2019</b>                             | <b>1,436</b>  | <b>40,872</b>     | <b>113,954</b>        | <b>(11,017)</b>                | <b>(105,124)</b>  | <b>1,387</b>              | <b>41,508</b>  |



## PARENT COMPANY CASH FLOW STATEMENT

|  | Q4<br>Oct-Dec<br>2019<br>TSEK | Q4<br>Oct-Dec<br>2018<br>TSEK | 12 months<br>Jan-Dec<br>2019<br>TSEK | 12 months<br>Jan-Dec<br>2018<br>TSEK | Q4<br>Oct-Dec<br>2019<br>US\$000 | Q4<br>Oct-Dec<br>2018<br>US\$000 | 12 months<br>Jan-Dec<br>2019<br>US\$000 | 12 months<br>Jan-Dec<br>2018<br>US\$000 |
|--|-------------------------------|-------------------------------|--------------------------------------|--------------------------------------|----------------------------------|----------------------------------|---|---|
| <b>OPERATING ACTIVITIES</b>  |                               |                               |                                      |                                      |                                  |                                  |   |   |
| Receipts from customers  | 180                           | 432                           | 720                                  | 1,536                                | 19                               | 48                               | 76                                      | 174                                     |
| VAT and other reimbursement  | 52                            | 33                            | 279                                  | 554                                  | 5                                | 4                                | 30                                      | 64                                      |
| Payments to suppliers  | (1,591)                       | (1,203)                       | (5,350)                              | (6,153)                              | (165)                            | (133)                            | (566)                                   | (718)                                   |
| Payments to employees and the Board members                          | (560)                         | (718)                         | (2,558)                              | (2,842)                              | (58)                             | (79)                             | (271)                                   | (328)                                   |
| Income tax paid  | -                             | -                             | -                                    | -                                    | -                                | -                                | -                                       | -                                       |
| Other taxes paid   | -                             | -                             | -                                    | -                                    | -                                | -                                | -                                       | -                                       |
| <b>Net cash flows from/(used in) operating activities</b>            | <b>(1,919)</b>                | <b>(1,456)</b>                | <b>(6,909)</b>                       | <b>(6,905)</b>                       | <b>(199)</b>                     | <b>(160)</b>                     | <b>(731)</b>                            | <b>(808)</b>                            |
| <b>INVESTING ACTIVITIES</b>  |                               |                               |                                      |                                      |                                  |                                  |   |   |
| Borrowings given/Proceeds from borrowings given                      | 2,977                         | (15,593)                      | 8,119                                | (34,443)                             | 309                              | (1,725)                          | 859                                     | (3,874)                                 |
| <b>Net cash flows from/(used in) investing activities</b>            | <b>2,977</b>                  | <b>(15,593)</b>               | <b>8,119</b>                         | <b>(34,443)</b>                      | <b>309</b>                       | <b>(1,725)</b>                   | <b>859</b>                              | <b>(3,874)</b>                          |
| <b>FINANCING ACTIVITIES</b>  |                               |                               |                                      |                                      |                                  |                                  |   |   |
| Proceeds from borrowings   | -                             | 18,055                        | -                                    | 18,055                               | -                                | 1,997                            | -                                       | 1,997                                   |
| Receipts from share issue  | -                             | -                             | -                                    | 27,224                               | -                                | -                                | -                                       | 3,173                                   |
| Repayment of borrowings  | -                             | -                             | -                                    | -                                    | -                                | -                                | -                                       | -                                       |
| Interest paid  | (50)                          | (748)                         | (135)                                | (1,375)                              | (5)                              | (83)                             | (14)                                    | (158)                                   |
| Transaction costs arising on share issue                             | -                             | -                             | (160)                                | (644)                                | -                                | -                                | (17)                                    | (76)                                    |
| Other finance income/expenses (Arrangement fee GI)                   | -                             | -                             | -                                    | (1,789)                              | -                                | -                                | -                                       | (210)                                   |
| <b>Net cash from/(used in) financing activities</b>                  | <b>(50)</b>                   | <b>17,307</b>                 | <b>(295)</b>                         | <b>41,471</b>                        | <b>(5)</b>                       | <b>1,914</b>                     | <b>(31)</b>                             | <b>4,726</b>                            |
| Net increase/(decrease) in cash and cash equivalents                 | 1,008                         | 258                           | 915                                  | 123                                  | 105                              | 29                               | 97                                      | 44                                      |
| Effect of foreign exchange rate changes on cash and cash equivalents | (1)                           | (167)                         | (9)                                  | (205)                                | 3                                | (18)                             | (1)                                     | (55)                                    |
| Opening balance cash and cash equivalents                            | 74                            | 84                            | 175                                  | 257                                  | 8                                | 9                                | 20                                      | 31                                      |
| <b>Closing balance cash and cash equivalents</b>                     | <b>1,081</b>                  | <b>175</b>                    | <b>1,081</b>                         | <b>175</b>                           | <b>116</b>                       | <b>20</b>                        | <b>116</b>                              | <b>20</b>                               |

# Additional information

## NEXT REPORTS DUE

2019 Annual report:

[April 28, 2020](#)

Interim report (Q1) January - March, 2020:

[May 29, 2020](#)

Interim report (Q2) January - June, 2020:

[August 31, 2020](#)

Interim report (Q3) January - September, 2020:

[November 30, 2020](#)

Interim report (Q4) January - December, 2020:

[February 28, 2021](#)

## COMPANY INFORMATION

Auriant Mining AB (AUR) is a Swedish junior mining company focused on gold exploration and production in Russia, primarily in Zabaikalye and the Republics of Khakassia and Tyva. The company has currently four assets, including two operating mines (Tardan and Solcocon), one early stage exploration asset and one development asset. Since July 19, 2010, Auriant Mining's shares are traded on Nasdaq First North Premier Growth Market under the short name AUR. For more information please visit [www.auriant.com](http://www.auriant.com).

Mangold Fondkommission is Certified Adviser to Auriant, for more information please call +46 8 503 015 50 or visit [www.mangold.se](http://www.mangold.se).

## BOARD ASSURANCE

The Board of directors and the managing director confirm that the interim report provides an accurate overview of the company's and the group's operations, position, results and that it describes significant risks and uncertainties that the company and group companies are exposed to.

Stockholm, February 28, 2020

Auriant Mining AB (publ.)

Lord Daresbury  
Chairman of the Board

Preston Haskell  
Board Member

Ingmar Haga  
Board Member

Patrik Perenius  
Board Member

Sergey Ustimenko  
CEO

This report has not been reviewed by the Company's Auditors.

**Cautionary Statement:** Statements and assumptions made in this report with respect to Auriant Mining AB's ("AUR") current plans, estimates, strategies and beliefs, and other statements that are not historical facts, are forward-looking statements about the future performance of AUR. Forward-looking statements include, but are not limited to, those using words such as "may", "might", "seeks", "PRESS RELEASE Stockholm, 9 April 2018 "expects", "anticipates", "estimates", "believes", "projects", "plans", "strategy", "forecast" and similar expressions. These statements reflect management's expectations and assumptions in light of currently available information. They are subject to a number of risks and uncertainties, including, but not limited to, (i) changes in the economic, regulatory and political environments in the countries where AUR operates; (ii) changes relating to the geological information available in respect of the various projects undertaken; (iii) AUR's continued ability to secure enough financing to carry on its operations as a going concern; (iv) the success of its potential joint ventures and alliances, if any; (v) exchange rates, particularly between the Russian rouble and the U.S. dollar. In the light of the many risks and uncertainties surrounding any gold production and exploration company at an early stage of its development, the actual results could differ materially from those presented and forecast in this report. AUR assumes no unconditional obligation to immediately update any such statements and/or forecasts. This press release shall not, directly or indirectly, be released, published or distributed in or to the United States, Australia, Japan, Canada, New Zealand, Hong Kong, South Africa or other country where such action as a whole or in part is subject to legal restrictions. Nothing in this press release should be considered as an offer to invest or otherwise trade in shares of Auriant Mining AB (publ). The proposed issue will not be directed at residents or those living in the United States, Australia, Japan, Canada, New Zealand, Hong Kong, South Africa or other country where such action would require further prospectus, other offering documentation, registration or other measures beyond those required by Swedish law. No securities will be registered under the United States Securities Act of 1933, a similar law in any state in the United States, or under any provincial law in Canada, nor under the applicable law of another country.